

# UNFAIR TRADING BY PRODUCT SIMULATION: RULE OR RANKLE?

ERVIN H. POLLACK\*

The flexibility of business morality in pursuit of trade has had a retarding effect upon the development of superior rivalry standards. Through the processes of judicial accretion, the law of unfair competition has developed asymmetrically, embodying a variety of economic viewpoints. Since these opinions of the judiciary have reflected, in turn, philosophies of business management and protection of public interest, they have been, at times, both contradictory and confusing.<sup>1</sup>

From the long line of court decisions rendered during the past century affecting American trade practices, certain basic legal concepts have been formulated. The principle that it was wrong for a businessman fraudulently to sell his goods as those of a competitor was applied, initially, in cases involving misrepresentation by word ("passing off") or by conduct (wrongful appropriation of trademarks). This doctrine was extended to the copying of labels, packages, colors, wrappers, dress, and form and appearance of goods. Inevitably, it was expanded to include other competitive practices, which were designed to injure a rival's business. As one court observed, "Unfair competition can exist in any endeavor to which human ingenuity lends itself."<sup>2</sup>

However, the variety of judicial attitudes towards predatory and unethical business practices has created disparate concepts. Thus, in ruling on doubtful commercial conduct, the courts have variously sought (1) to protect the honest businessman in the trade to which he is fairly entitled,<sup>3</sup> (2) to punish the dishonest trader who attempts to take away his competitor's business by unfair means,<sup>4</sup> and (3) to protect the public from deception and unfair business practices.<sup>5</sup>

Applying these dissimilar concepts, a number of theories have

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\* Professor of Law and Director of Research Services, The Ohio State University, College of Law.

<sup>1</sup> For a discussion of the economic philosophy of unfair competition see Judge Frank's concurring opinion in *Standard Brands v. Smidler*, 151 F.2d 34, 37 (2d Cir. 1945).

<sup>2</sup> *Pocket Books v. Meyers*, 178 Misc. 59, 33 N.Y.S.2d 39, 40 (Sup. Ct. 1942).

<sup>3</sup> *Smith, Kline and French Laboratories v. Clark and Clark*, 62 F. Supp. 971 (D.N.J. 1945); *Mark Realty Corp. v. Major Amusement Co.*, 180 App. Div. 549, 168 N.Y. Supp. 244 (1st Dep't 1917).

<sup>4</sup> *Ibid.*

<sup>5</sup> *Stably, Inc. v. M. H. Jacobs Co., Inc.*, 183 F.2d 914 (7th Cir. 1950); *K. Taylor Distilling Co. v. Food Center of St. Louis, Inc.*, 31 F. Supp. 460 (E.D. Mo. 1940); *Standard Brands v. Smidler*, *supra* note 1.

been formulated by the courts to prevent unconscionable simulation of products. Notably, the courts are wary to permit the second comer "a free ride" at the expense of the originator of a commodity. Thus, if, in addition to the imitation of the originator's article, the second comer needlessly creates the impression in the minds of buyers that an originator is also the source of the simulated product, the courts will enjoin such conduct as "an unlawful concomitant of the privileged imitation."<sup>6</sup>

Associated with this relief in imitation cases is the correlative concept of consumer protection, although protection of the consumer has been limited to the prevention of confusion. Therefore, in invoking the principle of public protection, the courts have strictly applied the doctrine of secondary meaning and the attendant rule that the conduct of the second comer must create a likelihood of confusion as to its source if relief is to be granted.<sup>7</sup>

Equity also has extended its rules to restrain such unfair business practices as palming off,<sup>8</sup> actual deception,<sup>9</sup> or appropriation of another's property,<sup>10</sup> where these conditions are sufficient to invoke judicial relief without proof of secondary meaning. However, some courts, failing to distinguish between secondary meaning and other business-conduct cases, have incorrectly assumed the demise of the secondary meaning doctrine,<sup>11</sup> although the rule still possesses vitality and is actively applied.

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<sup>6</sup> American Safety Table Co. v. Schreiber & Goldberg, 269 F.2d 255, 272 (2d Cir.), *cert. denied*, 361 U.S. 915 (1959).

<sup>7</sup> 3 Restatement, Torts § 741 (1938); Lucien Lelong, Inc. v. Lander Co., 164 F.2d 395 (2d Cir. 1947).

<sup>8</sup> Santa's Workshop, Inc. v. Sterling, 282 App. Div. 328, 122 N.Y.S.2d 488 (3d Dep't 1953); Upjohn Co. v. Schwartz, 246 F.2d 254 (2d Cir. 1957).

<sup>9</sup> Oneida, Ltd. v. National Silver Co., 25 N.Y.S.2d 271 (Sup. Ct. 1940); Avon Periodicals v. Ziff-Davis Publishing Co., 282 App. Div. 200, 122 N.Y.S.2d 92 (1st Dep't 1953); Artype Inc. v. Zappulla, 228 F.2d 695 (2d Cir. 1956); Flint Co. v. Oleet Jewelry Mfg. Co., 133 F. Supp. 459 (S.D.N.Y. 1955).

<sup>10</sup> International News Service v. Associated Press, 248 U.S. 215 (1918); Dior v. Milton, 9 Misc. 2d 425, 155 N.Y.S.2d 443 (Sup. Ct. 1956), *aff'd*, 2 A.D.2d 878, 156 N.Y.S.2d 996 (1st Dep't 1956); Metropolitan Opera Ass'n. v. Wagner-Nichols Record Corp., 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1st Dep't 1951).

<sup>11</sup> *E.g.*, Norwich Pharmacal Co. v. Sterling Drug Co., 167 F. Supp. 427 (N.D.N.Y. 1958), *reversed* by 271 F.2d 569 (2d Cir. 1959). *But see*, Hygienic Specialties Co. v. H. G. Salzman, Inc., 189 F. Supp. 790 (S.D.N.Y. 1960), citing Santa's Workshop v. Sterling, *supra* note 8, and Avon Periodicals v. Ziff-Davis Pub. Co., *supra* note 9, as not requiring a showing of secondary meaning. See also Noma Lites, Inc. v. Lawn Spray, Inc., 130 F. Supp. 124 (E.D.N.Y. 1955), *aff'd*, 222 F.2d 716 (2d Cir. 1955). There has been some confusion as to the essentiality of secondary meaning under New York law, but Circuit Judge Moore's explanation in the Norwich Pharmacal Co. case, *supra*

Unfortunately, the intransigence of the secondary meaning rule raises serious questions as to its ethical adequacy in controlling modern business practices. This problem is further aggravated by continuing misinterpretation and growing confusion in the law of product simulation. The contradictions are illustrated by the assumption of secondary meaning or the application of varying degrees of proof, by the formulation of the fraudulent marketing theory in the recent *American Safety Table Co.* case<sup>12</sup> and by the courts' misapplication of the early *Rushmore* cases.<sup>13</sup> The purpose of this paper is to review these vagaries of the law of product simulation and to attempt a reassessment of the principles they embody.

### THE MAJORITY RULE

The copying of nonfunctional features of an article which have acquired a secondary meaning, with a resulting confusion as to source or origin, constitutes unfair competition and will be enjoined by the courts.<sup>14</sup> This is the majority rule reduced to its simplest formula.

In determining whether the imitation of features of a product should be enjoined, the courts initially are faced with the following basic issue:<sup>15</sup> Are the imitated features functional or nonfunctional? If they are functional, they are within the public domain and may generally be copied in every detail.

On the other hand, if the simulated features are nonfunctional, the fundamental issue is: Did the first comer establish a secondary meaning so that the conduct to the second comer created a likelihood of confusion as to the source of the simulated article?

Each of these questions presents a variety of problems with contradictory and perplexing solutions. In order to assess them ad-

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should eliminate it. Secondary meaning apparently continues as a requirement. However, under California law, an inference of secondary meaning is created by proof of copying. *Audio Fidelity, Inc. v. High Fidelity Recordings, Inc.*, 283 F.2d 551 (9th Cir. 1960).

<sup>12</sup> *American Safety Table Co. v. Schreiber & Goldberg*, *supra* note 6.

<sup>13</sup> *Rushmore v. Saxon*, 154 Fed. 213 (2d Cir. 1907); 158 Fed. 499 (2d Cir. 1908); *Rushmore v. Manhattan Screw and Stamping Works*, 163 Fed. 939 (2d Cir. 1908); *Rushmore v. Saxon*, 170 Fed. 1021 (2d Cir. 1909); *Rushmore v. Badger Brass Mfg. Co.*, 198 Fed. 379 (2d Cir. 1912).

<sup>14</sup> *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 Fed. 299 (2d Cir. 1917); *Sinko v. Snow-Craggs Corp.*, 105 F.2d 450 (7th Cir. 1939); *Rathbone, Sard & Co. v. Champion Steel Range Co.*, 189 Fed. 26 (6th Cir. 1911); *West Point Mfg. Co. v. Detroit Stamping Co.*, 222 F.2d 581 (6th Cir. 1955).

<sup>15</sup> For a more elaborate discussion, see Pollack, "A Projection for the Revaluation of Unfair Competition," 13 *Ohio State L.J.* 187, 216 (1952).

equately, the issues have been reviewed here in accordance with the normal processes of jurial determination.

The first question presented is whether the imitated features are functional or nonfunctional.

Imitation has been described as "the life blood of competition."<sup>16</sup> It is the free flow of competitive, like commodities that fixes prices and forestalls undesirable monopolistic conditions. Except for the limited monopoly placed on original creativity under patent, copyright, and trade-mark laws, the simple imitation of another's product, under certain conditions, is permissible.<sup>17</sup> As Judge Learned Hand identified the problem, "Under the guise of protecting against unfair competition, we must be jealous not to create perpetual monopolies."<sup>18</sup> Thus, functional features of unpatented or uncopyrighted articles may be freely copied by competitors.

Although it is easy to articulate this proposition, it is very difficult, at times, to determine which features are functional.<sup>19</sup> Judicial characterizations of features as functional or nonfunctional, grounded on differing definitions and policies, have resulted in conflicting classifications of the same or similar features.<sup>20</sup>

Some courts require the second comer to eliminate any confusion resulting from the imitation of functional features by distin-

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<sup>16</sup> American Safety Table Co. v. Schreiber & Goldberg, *op. cit. supra* note 6, at 272.

<sup>17</sup> Zangerle & Peterson Co. v. Venice Furniture Novelty Mfg. Co., 133 F.2d 266 (7th Cir. 1943); Remington-Rand, Inc. v. Mastercraft Corp., 67 F.2d 218 (6th Cir. 1933).

<sup>18</sup> Shredded Wheat Co. v. Humphrey Cornell Co., 250 Fed. 960, 964 (2d Cir. 1918).

<sup>19</sup> The classification is further complicated by the various definitions given to functional features. The significant definitions are:

a. Functional features are those which, in an engineering sense, are essential to the construction of a commodity. Lekto-Shave Corp. v. General Shaver Corp., 92 F.2d 435 (2d Cir. 1937).

b. Functional features are those which are commercially essential to the production of a marketable commodity. Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938), *rehearing denied*, 305 U.S. 674 (1938).

c. Functional features are those which have attained consumer acceptance and are desirable to the buyer. Ainsworth v. Gill Glass & Fixture Co., 26 F. Supp. 183 (E.D. Pa. 1938), *aff'd*, 106 F.2d 491 (3d Cir. 1939).

<sup>20</sup> Numerous illustrations of this confusion are available. For example, when goods are purchased largely for their aesthetic qualities, their design or style has been identified as functional by some courts. Ainsworth v. Gill Glass & Fixture Co., *ibid.* Hence, the contour of a bottle or container, because of its attractive design, may, under this interpretation, be functional, although the contents could be held equally as well in another receptacle. On the other hand, if the functional features were determined solely by their essentiality in an engineering sense, the contour of the bottle would be classified as nonfunctional.

For a discussion, see Pollack, "A Projection for the Revaluation of Unfair Competition," 13 Ohio St. L.J. 187, 208 (1952).

guishing his product through the addition of some arbitrary nonfunctional feature or nonessential mark.<sup>21</sup> On the other hand, other courts have held the opposing view that a burden should not be imposed, either by requiring a change in the appearance of the article or by adding unreasonably to the expense of its production and thus providing the first comer with a significant advantage and substantially handicapping his competitors.<sup>22</sup>

Through this development of the law, predatory practices have been condoned by the courts in the name of competition. However, the courts, in evaluating unfair practices, have failed to distinguish between situations where a threat to competition would prevail and where none exists. Thus, where the complainant and the defendant are the only manufacturers of a commodity, concern over monopolistic control should justifiably countervail unscrupulous conduct. But, if the complainant is in competition with other manufacturers, the monopolistic threat is unfounded, and, without doing competitive harm, the unfair practice could be disallowed under a more liberal doctrine. Unfortunately, the courts have taken only a broadside approach to the diverse problems, without recognizing such distinctions.

The second question raised is, if the imitated features are non-functional, did the first comer establish a secondary meaning?

The doctrine of secondary meaning requires that the appearance of an article has become associated in the public mind with the first comer as manufacturer or source.<sup>23</sup> Thus, as Judge Learned Hand so clearly stated in the leading *Crescent* case:

. . . if a second comer imitates the article exactly, . . . the public will believe his goods have come from the first, and will buy, in part, at least, because of that deception. Therefore it is apparent that it is an absolute condition to any relief whatever that the plaintiff in such cases show that the appearance of his wares has in fact come to mean that some particular person—the plaintiff may not be individually known—makes them, and that the public cares who does make them, and not merely for their appearance and structure.<sup>24</sup>

The application of the secondary meaning doctrine, under which relief is contingent upon a demonstration that the public associates

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<sup>21</sup> *J. C. Penny Co. v. H. D. Lee Mercantile Co.*, 120 F.2d 949 (8th Cir. 1941); *Champion Spark Plug Co. v. A. R. Mosler & Co.*, 233 Fed. 112 (S.D.N.Y. 1916); 1 Nims, *The Law of Unfair Competition and Trade Marks* 371 (4th ed. 1947); 3 Restatement Torts § 741(b)(ii)(1938); *Shredded Wheat Co. v. Humphrey Cornell Co.*, *supra* note 18.

<sup>22</sup> *Shredded Wheat Co. v. Humphrey Cornell Co.*, *ibid.*

<sup>23</sup> *Crescent Tool Co. v. Kilborn & Bishop Co.*, *op. cit. supra* note 14, at 300.

<sup>24</sup> *Ibid.*

the product with its source, rather than with the goods,<sup>25</sup> is subject to increasing criticism. This point is especially apparent in trade name cases, where the principle serves as a mere fiction, since the interest protected is not in the association of the article with its origin but in its name for which there is a created demand.

Thus, Judge Crane of the New York Court of Appeals realistically argued that when "Uneda biscuits or Cremo cigars or talcum powder" are purchased, the buyer does not have the producer in mind.<sup>26</sup> The corporate structure of the producer is vague and nebulous in the public mind, as is the producer's interest which may be transferred from one company to another. The public interest or good will in the article is associated with the specific name given it which, through advertising and general acceptance, has become popular. In the absence of a trade-mark, it is a formidable requirement to insist upon an association as to source which, by the very nature of the relationship of the purchaser to the producer and the product, makes for great difficulty in establishing secondary meaning.

The incongruity of the association as to source principle is further demonstrated by cases involving the title of a book, a play or a song. The general proposition is that an author, a playwright or a composer has no inherent right to the title of his publication.<sup>27</sup> Only when the title acquires secondary meaning, which identifies it in the public mind with the work, is the creator entitled to its exclusive use.<sup>28</sup> However, this principle is contrary to the rule that the article must be associated in the public mind with the source or origin of the product rather than with the goods if relief is to be given. In the publication cases, inconsonant with the secondary meaning rule, protection is contingent upon identification with the product—the book, the play or the song—and the producer's participation is not even remotely considered.

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<sup>25</sup> See *Sinko v. Snow-Craggs Corp.*, *op. cit. supra* note 14, at 453 where the court declares ". . . Sinko created a desire on the part of the public for one of two things, either for knobs made by Sinko, above all other knob makers, or for knobs made in a particular manner regardless of who made them. If it is the first situation, the law of unfair competition gives Sinko the right to monopolize or to exclude other makers from copying the product. If it is the latter situation, Sinko receives no such right to monopolize, even though he might have been the first one to make the article in the particularly desirable manner." For a criticism of this doctrine, see Galbally, "Unfair Trade in the Simulation of Rival Goods," 3 *Villan. L. Rev.* 333 (1958).

<sup>26</sup> See Judge Crane's dissent in *Gotham Music Service, Inc. v. Denton and Haskins Music Pub. Co.*, 259 N.Y. 86, 181 N.E. 57 (1932), *rehearing denied*, 259 N.Y. 629, 182 N.E. 211 (1932).

<sup>27</sup> *Jackson v. Universal International Pictures, Inc.*, 36 Cal. 2d 116, 222 P.2d 433 (1950).

<sup>28</sup> *Ibid.*

Similarly, the inadequacy of the source test was recently illustrated by the New York Supreme Court in a suit involving the name of a phonograph record company.<sup>29</sup> The action was brought to restrain the defendants' use of the name "Glad Record Company." The court recognized the word "glad" as being in the public domain, available to all, and in the absence of a showing of secondary meaning, dismissed the suit. The defendants were Lionel Hampton, an orchestra leader, and his wife, and the court admitted that "deception would be well nigh impossible, the interest of the user being in the artist rather than the artisan, the performer rather than the record producer."<sup>30</sup>

The ineffectuality of the requirement of public confusion as to source has been demonstrated further where an injunction was denied when allegedly the plaintiff's cartoon strip, rather than the name of the featured character, had been appropriated.<sup>31</sup> The Second Circuit, interpreting the doctrine strictly, reasoned that since the public interest in the cartoon characters was in their entertainment quality and the source was a matter of general indifference, a claim of public deception could not stand. "In the case of these silly pictures nobody cares who is the producer—least of all children who are the chief readers; the 'strips' sell because they amuse and please, and they amuse and please because they are what they are, not because they come from 'Detective.'"<sup>32</sup> A differentiation between cartoon characters, in which the public maintains no interest as to source, and other characters, in which it does, has been subject to criticism, since it roots the problem in an inconclusively subjective evaluation of the characters.<sup>33</sup> In this situation, the essence of the matter is in the nature of the appropriator's misconduct and the resultant harm done to his business competitor, rather than in an unelicitable quality of public responsiveness to the acts.

Thus, the consequences of the reinforcement of the underpinning of the court's actions, by dissimilar postulates, are discernible. Where the essentiality of relief is related to the protection of the public from deception, identification as to source is a prerequisite. But where the public is indifferent to the source of the product, protection is not provided, notwithstanding the harm done the complainant by unfair, predatory practices.

On the other hand, where relief is allowed in an effort to pro-

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<sup>29</sup> *Schwartz v. Hampton*, 219 N.Y.S.2d 106 (1961).

<sup>30</sup> *Id.* at 108.

<sup>31</sup> *National Comics Publications, Inc. v. Fawcett Publications, Inc.*, 191 F.2d 594 (2d Cir. 1951), *opinion clarified*, 198 F.2d 927 (2d Cir. 1952).

<sup>32</sup> *Id.* at 603.

<sup>33</sup> Note, 68 Harv. L. Rev. 349, 354-355 (1954).

tect the honest businessman in the trade to which he is fairly entitled, association as to source in the public mind is relegated to a less important position. This is consonant with the trend of the law to broaden the range of unfair trade practices by enforcing higher standards of business morality.<sup>34</sup>

It would appear, from the courts' adoption of the association as to source doctrine, that the attitude of the buyers should be decisive in determining whether the first comer has, in the public mind, successfully identified himself with the product. But such is not always the case, for some courts have held that buyers are seldom reliable interpreters of their mental reactions.<sup>35</sup>

Ancillary to the doctrine of secondary meaning is the concept of establishing a likelihood of confusion, but this rule, also, is charged with both substantive and procedural vagaries. The general rule is that where a manufacturer of a product has established that secondary meaning has been associated by the public with the article, protection from others who would simulate it is not dependent upon a showing of actual instances of confusion of the public, but upon a showing of a likelihood of confusion.<sup>36</sup> It has been established that confusion does not stem merely from similarity or even identity of an article with that of the originator's, but "it must be a confusion of manufacture and relate to that which attaches to the personality of the manufacturer."<sup>37</sup>

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<sup>34</sup> However, the law, as in the case of the biological sciences, has its atavistic reversals. See Professor Walter J. Derenberg's criticism of the ultra-conservative approach reflected in Judge Learned Hand's recent opinion in *American-Marietta Co. v. Krigsman*, 275 F.2d 287 (2d Cir. 1960), in contrast with the earlier observation of the Restatement of Torts that the trend of the law "has been in the direction of enforcing increasingly higher standards of fairness or commercial morality in trade." Restatement, Torts, Introduction, Note chap. 35, at 540 (1938). Derenberg, "The Thirteenth Year of Administration of the Lanham Trademark Act of 1946," 126 U.S.P.Q. No. 8, Part II, 31-32 (1960); 50 Trademark Rep. 773, 848-849 (1960).

<sup>35</sup> *Premier-Pabst Corp. v. Elm City Brewing Co.*, 9 F. Supp. 754 (D. Conn. 1934).

*Contra*, see *Skinner Mfg. Co. v. General Foods Sales Co.*, 52 F. Supp. 432 (D. C. Neb. 1943), *aff'd*, 143 F.2d 895 (8th Cir. 1944), *cert. denied*, 323 U.S. 766 (1944) and *Steem-Electric Corp. v. Herzfeld-Phillipson Co.*, 118 F.2d 122 (7th Cir. 1940), where the testimony of consumers is given greater weight than that of dealers, experts and other specialists.

<sup>36</sup> *Chas. D. Briddell, Inc. v. Alglobe Trading Corp.* 194 F.2d 416 (2d Cir. 1952).

<sup>37</sup> *Columbus Plastic Products v. Rona Plastic Corp.* 111 F. Supp. 623, 626 (S.D.N.Y. 1953).

What constitutes likelihood of confusion to one judge may be identified as a total absence of confusion by another. The standards are variable and inconstant; however, several factors, directly or indirectly, influence judicial determination. The first relates to the person the court is seeking to protect. Is he a "reasonably prudent" consumer?—the "ordinary" consumer?—the "less intelligent" consumer?—or the "most ignorant" consumer? Compare the descriptions in the Rushmore cases, *supra* note 13, with that in

However, the courts have not applied this doctrine with any consistency or uniformity. This is illustrated by the *Bridgell* case<sup>38</sup> where, in his dissent, Judge Charles E. Clark points to the court's contradictory conclusion that in practice there must be a showing of actual confusion if relief is to be granted, notwithstanding the rule that only a *likelihood* of confusion need be demonstrated.<sup>39</sup> As Judge Clark observed, this is "new" law, but the practice is not novel. In seeking relief from the imitation of nonfunctional features of articles, complainants frequently attempt to establish confusion by introducing evidence of actual deception, notwithstanding the less rigorous requirements of the law. This practice is generally followed, although it is more difficult to prove actual confusion, since the courts, quite naturally, give greater weight to such evidence.<sup>40</sup>

The ineffectuality of this "likelihood of confusion" rule is further illustrated by the recent case of *American-Marietta Co. v. Krigsman*.<sup>41</sup> In this decision, Judge Hand restricted the doctrine further by insisting that "one who seeks to enjoin the reproduction of what is in the public domain must affirmatively show that the copied features were the reason for the confusion; it is not enough that perhaps it *may* (emphasis not supplied) have contributed . . ." <sup>42</sup> Judge Hand argued that there was no evidence to suggest that the copied nonfunctional features misled buyers. However, if the courts were to conform to his insistence upon proof of actual confusion, the "likelihood" rule would become inoperative and moribund.

Should the confusion test relate solely to the disputed features, as prescribed by Judge Hand, or should it apply to the whole article with its differences and resemblances? Courts generally use the latter tests to determine whether the copying is sufficient to mislead the public. Thus, the differences and resemblances of the products are analyzed, and, in this connection, three distinct tests have been applied.

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*Yale & Towne Mfg. Co. v. Alder*, 154 Fed. 37 (2d Cir. 1907). The result in a case will depend significantly on what class of consumer the court is willing to protect. *E. Kahn's Sons Co. v. Columbus Packing Co.*, 82 F.2d 897 (6th Cir. 1936) (ordinary purchasers); *Bechik Products, Inc. v. Federal Silk Mills, Inc.*, 135 F. Supp. (D. Md. 1955) (sophisticated purchasers). A second consideration which affects the determination of likelihood of confusion relates to the nature of the simulated product. Is it an automobile lamp or a bar of soap? Is it a luxury or a necessity? To what economic or social class does it appeal?

<sup>38</sup> *Chas. D. Bridgell, Inc. v. Alglobe Trading Corp.*, *supra* note 36.

<sup>39</sup> *Id.* at 422.

<sup>40</sup> *Nims, op. cit. supra* note 21, at 1047.

<sup>41</sup> 275 F.2d 287 (2d Cir. 1960).

<sup>42</sup> *Id.* at 290.

One theory is that there is no simulation if the differences are more discernible to the ordinary buyer than the resemblances.<sup>43</sup> The second test is that simulation is not determinable by detailed descriptions of the differences after careful comparison of the articles, but rather by the resemblance between them.<sup>44</sup> By this theory, resemblances may be applied to both functional and nonfunctional features. The third procedure requires an examination of "the points of difference and resemblance as a whole and not merely the points of resemblance."<sup>45</sup> Attending differences and distinctions arise from the application of these dissimilar rules.

The doctrine of secondary meaning is unresponsive to the ethical requirements of modern commercial practices, being discursive in its content and furtive in its application. These discordancies may be attributed to the rule's theoretical vacuity and formalism, and suggest a need for doctrinal clarification and change. Regrettably, companion theories have developed with equal indeterminateness and irresolution.

#### FRAUDULENT MARKETING

In *American Safety Table Co. v. Schreiber & Goldberg*,<sup>46</sup> a recent two-to-one decision, the Second Circuit of the United States Court of Appeals departed from the majority rule which it had helped to create and develop. As dissenting Judge Charles E. Clark observed, by masking its opinion in a welter of detail, the Court parlayed a weak, simple, expired patent into a perpetual monopoly. Without disputing the finding of the district court that the plaintiff's machine had not acquired a secondary meaning, Judge Medina found in "improper and deceitful marketing methods" grounds for injunctive relief.

The Court, in this novel decision, stated that the production and marketing activities must be considered together. "While both production and marketing at heart deal with confusion as to source, . . . different elements and different policy considerations are involved in each . . ."<sup>47</sup> The Court further stated that with the copying of the machine in every detail, the use of plaintiff's parts in machines marketed by the defendants, the dissemination of misleading advertising, and several instances of customer confusion in making com-

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<sup>43</sup> *James Heddon's Sons v. Millsite Steel and Wire Works, Inc.*, 128 F.2d 6 (6th Cir. 1942).

<sup>44</sup> *Pocket Books, Inc. v. Myers*, 292 N.Y. 58, 65, 54 N.E.2d 6, 10 (1944), dissenting opinion of Judge Rippey.

<sup>45</sup> *American Automobile Assn. v. American Automobile Owners Assn.*, 216 Cal. 125, 138, 13 P.2d 707, 713 (1932).

<sup>46</sup> 269 F.2d 255, 272 (2d Cir.) *Cert. denied*, 361 U.S. 915 (1959).

<sup>47</sup> *Id.* at 271.

plaints, seeking replacements, and requesting repairs, a fraudulent scheme evolved which became actionable.

Twice in his opinion, Judge Medina indicated that secondary meaning need not be the controlling consideration,<sup>48</sup> and "in view of the deliberate plan to poach unjustifiably on [plaintiff's] goodwill," the Court was not "disposed to debate in detail the probabilities of confusion [as to source]."<sup>49</sup> The Court concluded "that the fraudulent scheme as a whole must be condemned. Because joined with improper and deceitful marketing methods the making of the Chinese copies becomes unlawful, in the absence of the taking of reasonable and proper steps by . . . [the defendants] to distinguish their machines from the [plaintiff's]."<sup>50</sup>

In the absence of secondary meaning, what were the deceitful marketing methods which, combined with the simulation of the machine, made the conduct actionable? Judge Clark, in his discerning dissent, criticized the sophisticated employment by the majority of descriptive emotive words, as "poach," "deceitful," and "fraudulent," without relating them to specific facts. He argued that the record did not support the specific charges of misconduct, except for the copying of the machine itself.<sup>51</sup>

After analyzing each of the several acts which constituted the enjoined combination, Judge Clark concluded that the practices were not unfair. He observed that the defendants made no serious attempt to hire away plaintiff's employees, a fact conceded by the majority. The inferences drawn from the sale, by the defendants, of numerous machines, containing plaintiff's used parts, were unjustified, since the record reveals that the machines were sold as rebuilt instruments.

The majority gave special attention to the defendants' so-called fraudulent advertising. But, as Judge Clark observed, "the majority's own opinion, as well as the fact that the trial court did not think plaintiff's charges here sufficiently serious to warrant specific findings, amply reveals the state of the record in support of this claim."<sup>52</sup>

Finally, the unfair practices are reduced to merely the copying of the machine. This copying is repeatedly condemned by the majority, but it acknowledges that in the absence of palming off, deceit, or secondary meaning, the second comer is privileged to copy

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<sup>48</sup> *Id.* at 273, 276.

<sup>49</sup> *Id.* at 276.

<sup>50</sup> *Ibid.*

<sup>51</sup> *Id.* at 281.

<sup>52</sup> *Ibid.*

a product.<sup>53</sup> In fact, had the defendants been guilty of fraudulent advertising, only that fraudulent activity and not the copying of the plaintiff's machine should have been enjoined.<sup>54</sup>

There is a dangerous inconsistency in the Court's refusal to acknowledge secondary meaning as a controlling consideration, although admitting it to be a criterion. The nebulous, fraudulent marketing theory, projected in the majority opinion, would vitiate all criteria by which unfair trade practices might be measured.

The basis for injunctive relief, under this theory, would rest on a melange of jural attitudes and biases, which the courts could rationalize by the use of descriptive terminology. The hazards and uncertainties of this legal course suggest the need for a greater specificity in the law of unfair competition.

Judge Clark's final comment on the case was that he could not "perceive the reason or occasion for this decision,"<sup>55</sup> a view with which this writer concurs.

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<sup>53</sup> *Paramount Industries v. Solar Products Corp.*, 186 F.2d 999, 1001-1002 (2d Cir. 1951).

In *Norwich Pharmacal Co. v. Sterling Drug, Inc.*, *supra* note 11, decided after the *American Safety Table Co.* case by the same court but different judges, this point is emphatically emphasized.

<sup>54</sup> See Judge Clark's dissent in *American Safety Table Co. v. Schreiber & Goldberg*, *op. cit. supra* note 6, at 281. See also *Frank M. Shaw, Inc. v. C. H. Cleworth & Associates, Inc.*, 110 U.S.P.Q. 394 (N.Y. Sup. Ct. 1956); *International Latex Corp. v. Scheinbert*, 263 App. Div. 861, 32 N.Y.S.2d 591 (1st Dep't 1942); *American Chiclé Co. v. W. J. White Chiclé Co.*, 196 Fed. 977 (W.D.N.Y. 1912); *Noma Lites, Inc. v. Lawn Spray, Inc.*, 130 F. Supp. 124 (E.D.N.Y. 1955), *aff'd* 222 F.2d 716 (2d Cir. 1955).

In the *Noma Lites, Inc.* case, a preliminary injunction was granted by the District Court, without proof of secondary meaning, and affirmed by the Court of Appeals, for copying advertising. The Court of Appeals expressed no opinion as to whether on the actual trial secondary meaning could or could not be shown. *But see*, *Jack Daniel Distillery, Inc. v. Hoffman Distilling Co.*, 190 F. Supp. 841 (W.D. Ky. 1960). Because of confidential relationship between the parties, the plaintiff's attack might conceivably have been directed at misappropriation of property rights rather than secondary meaning. *Franke v. Wilsched*, 209 F.2d 493 (2d Cir. 1953). For a comprehensive analysis of the misappropriation cases, see Judge Palmieri's opinion in *Continental Casualty Co. v. Beardsley*, 151 F. Supp. 28, 43-45 (S.D.N.Y. 1957), *aff'd*, 253 F.2d 702 (2d Cir. 1958), *cert. denied*, 358 U.S. 816 (1958).

<sup>55</sup> *American Safety Table Co. v. Schreiber & Goldberg*, *op. cit. supra* note 6, at 282.

On an appeal of the interlocutory judgment in the *American Safety Table Co.* case, 237 F.2d 417 (2d Cir. 1961), Judge Medina retreated markedly from his original position. He denied that the case was intended as a departure from the basic principles of the law of unfair competition. However, this assertion is difficult to reconcile with the doctrinal innovations of his original opinion. Judge Medina further asserted that the court did not intend to establish a perpetual monopoly in the complainant, for the defendants could continue to manufacture collar pressing machines if reasonable means were employed to distinguish between the machines. But, despite his disavowal, requiring

## THE RUSHMORE DOCTRINE

The *Rushmore* cases<sup>56</sup> are cited for the minority doctrine that if the copying of nonfunctional features is likely to deceive consumers, the simulation will be enjoined.<sup>57</sup> This departure from the prevailing view permits injunctive relief without a showing of secondary meaning and is recognized by some authorities.<sup>58</sup> However, the writer is of the opinion that the *Rushmore* cases do not support this broad minority view. An analysis of these cases reveals that they cannot be differentiated from secondary meaning decisions and that only erroneously did they form the basis for the so-called minority doctrine.

Such a study makes it apparent that secondary meaning, which is presupposed, is not eliminated as an essential element under the *Rushmore* doctrine, but merely that *proof* of secondary meaning is excluded. The policy-objectives of the courts are the same, which are to safeguard the quality of competitive practices. The right to compete, with an attending instrumentality of imitation, is outweighed by the countervailing opposition to deception of the public. In essence, the *Rushmore* doctrine manifests only a procedural variation of the majority rule and, as to substantive content, does not stand distinctively apart from it.

An appraisal of the merits of the doctrine warrants a fuller exposition of the *Rushmore* decisions. The three *Rushmore* cases, which were decided in the early part of the present century, resulted in five written opinions. It was from these cases, and particularly the second decision, that the doctrine derived its name.

The plaintiff in the *Rushmore* cases was the designer and first manufacturer of an unpatented ornamental lamp, with a new and distinctive outer shell shape. Principally ornamental, the shell consisted of arbitrary curves, beads and lines. Widely exhibited and advertised as the *Rushmore* "Flare Front" lamp, the device carried an attached plate, giving the plaintiff's name.

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defendants to distinguish their product from their competitor's, in the absence of a showing of secondary meaning, is new law for the Second Circuit.

<sup>56</sup> *Rushmore* cases, *supra* note 13.

<sup>57</sup> *Grant v. California Bench Co.*, 76 Cal. App. 2d 706, 707-708, 173 P.2d 817, 818 (1946).

<sup>58</sup> 3 Callmann, *The Law of Unfair Competition and Trade-Marks* 1259 (2d ed. 1950).

"With regard to the imitation of non-functional features the law is unsettled. One line of authorities holds that the imitation of non-functional features is illegal if the similarity is likely to deceive purchasers . . . and the other states that one may freely copy the non-functional features . . . if they have not become associated with the original manufacturer or source . . ." *Smith, Kline & French Laboratories v. Waldman*, 69 F. Supp. 646, 647 (E.D. Pa. 1946).

The first *Rushmore* case, decided in 1907 by the Circuit Court for the Southern District of New York, was brought by the designer against a man named Saxon.<sup>59</sup> The defendant had copied the Rushmore lamp in exact detail, even including its imperfections. However, the defendant's lamp being of a lighter metal and of poorer craftsmanship, could be sold cheaper than the Rushmore lamp. The defendant placed his own name plate, written in script similar to Rushmore's, in exactly the same location as the Rushmore plate. In addition, the defendant advertised his lamps as "Flare Front" and sold them to customers as Rushmore lamps.

Rushmore sought a preliminary injunction to restrain Saxon from using the words "Flare Front" and also from simulating the details of his lamp. In denying the preliminary injunction, Judge Lacombe commented, in regard to "Flare Front," that it would "require a fuller presentment of the facts than is possible by affidavits to enable the court to determine whether they have acquired a *secondary meaning*."<sup>60</sup> (Emphasis added.)

As to the features of the shell, the judge was unable at the preliminary hearing to determine whether they were functional or non-functional, but significantly, he spoke of secondary meaning in relation to the pertinent trade name.

At the final hearing on the case, the plaintiff's request for an injunction was granted in full.<sup>61</sup> The court concluded that the particular form and appearance of the external parts of the lamp were nonfunctional.

In his complaint, the plaintiff alleged that the defendant had simulated the features for the purpose of "securing the advantages of the *reputation of complainant's lamps* and the existing demand therefor."<sup>62</sup> (Emphasis added.) The court supported the plaintiff's allegation, stating:

Evidently the purpose was to copy in design and appearance to the smallest detail the Rushmore lamp, and induce users and purchasers and the trade, so far as possible, to think this was a Rushmore lamp and purchase and use it as such.<sup>63</sup>

The court quoted from the opinion in *Enterprise Mfg. Co. v. Landers*,<sup>64</sup> involving a similar factual situation, in which the simulated features were termed "well-known and distinctive."

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<sup>59</sup> *Rushmore v. Saxon*, 154 Fed. 213 (2d Cir. 1907).

<sup>60</sup> *Ibid.*

<sup>61</sup> *Rushmore v. Saxon*, 158 Fed. 499 (2d Cir. 1908).

<sup>62</sup> *Id.* at 500.

<sup>63</sup> *Id.* at 504.

<sup>64</sup> 131 Fed. 240 (2d Cir. 1904).

Despite the court's failure in the *Rushmore* case, when speaking about the nonfunctional features, to articulate specifically confusion as to source, the inference is clear that it was *assessing* the question of the existence of secondary meaning. Excerpts from the opinion seem to substantiate this judgment.

Rushmore deemed it wise to design an ornamental and distinctive inclosing shell for his lamps for automobiles, which would give notice and a guarantee to his customers that they were securing the Rushmore lamp.<sup>65</sup>

The lamp in question . . . is a superior and popular search light. . . .<sup>66</sup>

That his acts led to confusion in the trade and among purchasers and users is self-evident. The results could not be otherwise.<sup>67</sup>

The complainant also produced the testimony of other witnesses tending to show, and showing to my satisfaction, that persons were confused and misled and deceived, and that they naturally would be . . . .<sup>68</sup>

It might reasonably be concluded from these quotations that the court presumed the existence of an association of the distinctive nonfunctional features with the plaintiff as manufacturer. If this assumption is warranted, the *Rushmore* case includes the elements essential to the majority rule—the simulation of nonfunctional features which have acquired a secondary meaning, absent its proof, with a resulting confusion as to source or origin.<sup>69</sup>

This reasoning is further substantiated by the court's reliance upon secondary meaning in its consideration of the question of the defendant's copying of the trade name of the plaintiff. After clearly identifying secondary meaning as an essential element in the simulation of trade name cases, the court found that Rushmore had established secondary meaning in the words "Flare Front," that the defendant had "palmed off" his lamp as that of the complainant by the use of this trade name, and that consumers had thereby been deceived. It seems very unlikely that the court would expressly require secondary meaning as a condition for relief in the trade name aspect

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<sup>65</sup> *Rushmore v. Saxon, op. cit. supra* note 61, at 502.

<sup>66</sup> *Ibid.*

<sup>67</sup> *Id.* at 505.

<sup>68</sup> *Id.* at 504.

<sup>69</sup> In addition to the simulation of the nonfunctional features, the case involved the passing off of the defendant's lamps as "Rushmore" lamps. The court should have distinguished this conduct from the actual copying, for an injunction could lie to prohibit the passing off without considering the element of secondary meaning. However, the issue of passing off is not germane to the immediate problem before us.

of the case, but would ignore or reject it as an element in considering the nonfunctional features of the product.<sup>70</sup>

The court's application of the doctrine of secondary meaning in the first *Rushmore* case was recognized ten years later by Judge Learned Hand, although he characterized the holding "as trenching hard" upon the converse application of secondary meaning in appearance cases where functional features are involved.<sup>71</sup> Since the applicable features were not classified by the *Rushmore* court in the first preliminary hearing as to their functional or nonfunctional attributes, Judge Hand's conclusion is questionable. In contrast, the evidence strongly supports his relating secondary meaning to the first *Rushmore* case.

The second *Rushmore* case, the most important of the five decisions, is most frequently cited and reputedly gave rise to the *Rushmore* doctrine.<sup>72</sup> It appears that the doctrine stems from a commercially written editorial headnote to the court's opinion, since the essence of the doctrine is not stated in the opinion proper, nor is it mentioned by the dissenting judge, although it is embodied in the syllabus of the case. The headnote reads:

One who manufactures and sells a *well-known* article of commerce, like an automobile search light, inclosed in a shell of graceful but unpatented design, may maintain a bill of injunction, profits, and damages against a defendant who sells an automobile search light inclosed in a similar shell, although his name appears prominently thereon as maker, and he has never represented that his lamps were made by complainant, if it is shown the the similarity of the shells does, or is *likely to deceive* purchasers. (Emphasis added.)

The words "likely to deceive" are frequently quoted in later opinions, which serve as the basis for the *Rushmore* doctrine. However, the doctrine is a broadened concept, interposed by and rooted in an initially incorrect syllabus.<sup>73</sup>

Apart from the inaccuracy of the headnote, the "likelihood of deception" phrase has been taken completely out of context by later courts. The syllabus clearly states that the *Rushmore* automobile search light was a "well-known article of commerce." In addition,

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<sup>70</sup> This case was finally appealed to the Circuit Court of Appeals, Second Circuit; however, since chronology plays an important role in the *Rushmore* cases, it is desirable to consider an intervening decision of the Second Circuit before viewing the final disposition of the case.

<sup>71</sup> *Shredded Wheat Co. v. Humphrey Cornell Co.*, *supra* note 18.

<sup>72</sup> *Rushmore v. Manhattan Screw and Stamping Works*, 163 Fed. 939 (2d Cir. 1908).

<sup>73</sup> It is common knowledge that the American lawyer and judge often rely solely upon editorial headnotes as though they were authoritative statements of positive law.

these words were used twice in Judge Coxe's published opinion. In one reference, he quotes the district court opinion which mentioned "well-known lamps."<sup>74</sup> He then repeats the words, when he says, "We are thus confronted with the naked question of law—can one who manufactures and sells a *well-known* article of commerce . . . maintain a bill for injunction . . . ?"<sup>75</sup> (Emphasis added.) This language strongly implies that the consuming public associated the features of the Rushmore lamp with the complainant as manufacturer. Thus, Judge Coxe assumed the existence of the elements which constitute secondary meaning. Only the proof to establish these facts is omitted.

A re-examination of the opinion of the court reveals that the judge is doubtful of the presence of "passing off."

There are allegations in the bill, made upon information and belief, that the defendant has palmed off its lamps upon innocent purchasers as the Rushmore lamp, but there is nothing in the affidavits worthy of the name of evidence to establish these allegations.<sup>76</sup>

So far then as the prayer for an injunction is based upon the use of the name "Flare Front" and the allegation that the defendant has actually deceived purchasers by representing that its lamps were made by the complainant, the most that can be said is that the questions are involved in doubt.<sup>77</sup>

Where doubt exists, the courts have uniformly held that an injunction should not issue.

Thus, Judge Coxe distinguishes between "passing off"<sup>78</sup>—oral misrepresentations made to prospective buyers—and deception created by the simulation of nonfunctional features, relying upon the latter principle to invoke a preliminary injunction, but later in his opinion the judge varies the consistency of his approach.

[I]t is not easy to understand how such fastidious buyers with the Phoebus name plate before them can be deceived into thinking that they are purchasing the Rushmore lamp.<sup>79</sup>

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<sup>74</sup> *Id.* at 941.

<sup>75</sup> *Id.* at 942.

<sup>76</sup> *Id.* at 941.

<sup>77</sup> *Ibid.*

<sup>78</sup> Some courts have broadened the definition of "passing off" to include the copying of nonfunctional features of a product which the public associates with the manufacturer; *E.g.*, *Enterprise Mfg. Co. v. Landers*, *op. cit. supra* note 64, at 240. The writer prefers to limit the meaning of "passing off" to verbal misrepresentations, thus avoiding the problem of semantic confusion. This distinction is consistent with the reasoning of Judge Moore in *Norwich Pharmacal Co. v. Sterling Drug Co.*, 271 F.2d 569, 571 (2d Cir. 1959).

<sup>79</sup> *Rushmore v. Manhattan Screw and Stamping Works*, *op. cit. supra* note 72, at 942.

If the purchasers' observation of the details of the physical features as well as the trade name was casual, the deception doctrine should have stood as to both, but Judge Coxe recognized that the buyers were discriminating and not likely to be deceived by the different name plates.

If that were correct, why should an injunction be allowed solely because of the imitation of the nonfunctional features? Would simulation, despite the fastidious buyers' probable inspection of the name plate, create confusion in the buyers' minds? It does not seem likely that there is a high probability of deception in simulation cases while in trade name cases there is a low probability of deception. The test of deception should be applied by viewing the article in its totality rather than segmentally by separating the various features. In such circumstances, where the purchasers are discriminating, the identification of the imitating article by a distinctive name should be sufficient to justify a denial of an injunction.

The *Rushmore* court disposes of the trade name "Flare Front" with apparent ease by identifying it as descriptive words, holding that an injunction should not issue without a showing that the words have acquired a secondary meaning. Again, it appears improbable that the court would expressly identify secondary meaning with regard to one phase of the case and not with the other.

Even the dissenting opinion of Judge Noyes supports the conclusion that this landmark case does not differ from the majority rule, except as it applies evidentiary proof. As he suggests, ". . . the essential element is deception—the palming off of one's goods as those of another."<sup>80</sup>

The first *Rushmore* case was appealed to the Second Circuit Court of Appeals and the decision was modified to conform to the decision in the preceding *Rushmore* holding.<sup>81</sup>

In the third and final *Rushmore* case, a per curiam decision was rendered by the Second Circuit in 1912.<sup>82</sup> The facts were essentially the same as in the previous cases and once again the court granted an injunction restraining the simulation of the external features of complainant's lamp.<sup>83</sup>

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<sup>80</sup> *Ibid.* But note that Judge Noyes failed to distinguish between passing off and deception.

<sup>81</sup> *Rushmore v. Saxon*, 170 Fed. 1021 (2d Cir. 1909).

<sup>82</sup> *Rushmore v. Badger Brass Mfg. Co.*, 198 Fed. 379 (2d Cir. 1912).

<sup>83</sup> Judge Noyes, who dissented in the Manhattan Works case, joined Judges Coxe and Ward in the court's opinion. This patent inconsistency may be explained because the injunction in the Manhattan Works case was granted preliminarily before a full hearing.

The third *Rushmore* case is in accord with the other *Rushmore* decisions in that no mention of secondary meaning is made in the opinion. Nonetheless, it again appears that the existence of secondary meaning was assumed by the court. The inference can be drawn that the court assumed that the complainant's lamp had acquired a secondary meaning. This is reflected in the court's statement:

He [a consumer] sees a speedometer, a lamp, a clock, or some other of the numerous motor car attachments, which is pleasing to the eye, and, having ascertained the *name of the maker*, resolves to have it on his car.<sup>84</sup> (Emphasis added.)

The concurrence of the *Rushmore* cases with the majority doctrine can be illustrated further by an analysis of the two earlier decisions of the Second Circuit which the *Rushmore* cases consistently cite as controlling authority. These cases, *Enterprise Mfg. v. Landers*,<sup>85</sup> and *Yale & Towne Mfg. Co. v. Alder*,<sup>86</sup> do not support a doctrine distinct from the majority view, although they have been cited for the proposition that secondary meaning is not a required element, where relief is based on a simulation of nonfunctional features.

In the *Enterprise* case, the plaintiff had long been engaged in the manufacture and sale of grinding mills.

Complainant and its predecessors have for thirty years been engaged in the manufacture and sale of a line of mills for grinding coffee, drugs, etc., of varying sizes; adopting therefor a certain characteristic shape, design, color, and ornamentation, which *have become well known to purchasers, and associated in their minds with the goods of complainant*.<sup>87</sup> (Emphasis added.)

The plaintiff's request for an injunction restraining the defendants from copying its coffee mill was granted by the court. Although the court did not expressly discuss secondary meaning, its existence as a required element is clearly shown from the statements in the opinion:

[W]hen the simulation of *well-known* and distinctive features is so close, the court will assume that defendants intended the result they have accomplished, and will find an intent to appropriate the trade of their competitor, even though . . . they may caution against oral misrepresentations as to the manufacture of the goods.

[A] court of equity will not allow a man to *palm off* his goods as those of another, whether his misrepresentations are made by word of mouth, or, more subtly, by simulating the collocation of details of appearance *by which the consuming public has come to recognize the product of his competitor*.<sup>88</sup> (Emphasis added.)

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<sup>84</sup> *Id.* at 380.

<sup>85</sup> *Supra* note 64. See also lower court decision, 124 Fed. 923 (2d Cir. 1903).

<sup>86</sup> 154 Fed. 37 (2d Cir. 1907).

<sup>87</sup> *Enterprise Mfg. Co. v. Landers, op. cit. supra* note 64, at 240.

<sup>88</sup> *Id.* at 241.

Rudolf Callmann, in a footnote to his treatise on *The Law of Unfair Competition and Trade-marks*, cites the *Enterprise* case as authority for the majority rule, commenting: "Courts often cite this case [*Enterprise* case] in support of the [*Rushmore*] rule . . . ; but this interpretation seems erroneous."<sup>89</sup>

In the *Crescent* case, Judge Learned Hand observed that "The cases of so-called 'nonfunctional' unfair competition, starting with the 'coffee mill case,' *Enterprise Mfg. Co. v. Landers* . . . , are only instances of the doctrine of 'secondary' meaning."<sup>90</sup> Nonetheless, the court's failure, in the *Enterprise* case, to specify the requirement of secondary meaning seemed to provide a basis for its identification in support of the deception doctrine.

Callmann's discussion of the *Enterprise* case is in apparent accord with this interpretation; however, he takes an inconsistent stand in explaining the *Rushmore* cases, with their similar omission of secondary meaning, when he views them as representing a minority rule.<sup>91</sup> Since the *Enterprise* and *Rushmore* cases are factually similar and neither specifically mentions secondary meaning, Callmann's reference to one case as authority for the majority view and the others as supporting the minority rule seems illogical. Furthermore, if the *Enterprise* case is authority for the majority view, although it does not specifically identify the requirement of secondary meaning, why are not the *Rushmore* cases, which cite the *Enterprise* decision as precedent, also representative of the majority rule? It appears that these cases all support the theory of secondary meaning, and that the *Rushmore* doctrine was evolved from subsequent misinterpretations of the *Rushmore* cases and of the concept that they embody.

A second decision cited as authority in the *Rushmore* cases is *Yale & Towne Mfg. Co. v. Alder*,<sup>92</sup> which does not specifically discuss secondary meaning, but assumes its existence.

[T]he court can judge of the resemblance between them, and whether purchasers are *likely to be deceived* by the resemblance . . . .

[H]is articles are likely to induce purchasers to buy his padlocks *supposing them to be the padlocks of the plaintiff*.<sup>93</sup> (Emphasis added.)

The court, in the *Yale & Towne* case, introduces a new language

<sup>89</sup> 3 Callmann, *op. cit. supra* note 58, at 1262, fn. 25.

<sup>90</sup> *Crescent Tool Co. v. Kilborn & Bishop Co.*, *op. cit. supra* note 14, at 300.

<sup>91</sup> 3 Callmann, *op. cit. supra* note 58, at 1263.

<sup>92</sup> *Supra* note 86.

<sup>93</sup> *Yale & Towne Mfg. Co. v. Alder*, *op. cit. supra* note 86, at 38.

in the phrase, "likely to be deceived," which formed the essence of the *Rushmore* doctrine.

Implicit in "likelihood of deception" is confusion as to source, since a consumer, to be deceived, must relate the article to the manufacturer and confuse its origin or source. "Likelihood of deception" does not stand alone, but depends upon confusion in the minds of the consumers. Thus, implicit in deception is confusion, which is another manifestation of secondary meaning. How can consumers be deceived into thinking that defendant's goods are of plaintiff's manufacture unless they are aware that the plaintiff produces such goods and unless consumers associate the articles being sold by the defendant with the plaintiff?

It is the interrelationship of "likelihood of deception" and confusion as to source which brings the *Rushmore* doctrine within the framework of secondary meaning. The so-called variance in the rules result from the nature of proof and not from a difference in substantive principle. In secondary meaning cases, proof is a prerequisite and an essential consideration, while under the deception or *Rushmore* doctrine proof of secondary meaning is assumed and need not be specifically established.

It appears that this assumption arose in the formative decisions, the *Enterprise*, the *Yale & Towne*, and the *Rushmore* cases, where the products were nationally known, and where it evidently seemed pointless to insist upon and to articulate the proof of reputation which was patently obvious.

This interpretation is substantiated by several decisions in other circuits. In commenting on the *Enterprise* and the *Yale & Towne* cases, the Seventh Circuit declared that secondary meaning was assumed to exist in both cases.<sup>94</sup> The Third Circuit made the following comment on the *Yale & Towne* case, indicating that association of this well-known lock with its source, although not identified in the opinion through the specific use of the words, "secondary meaning," was an important factor:

The Yale lock had a *world-wide reputation*, and apparently a large part of the value of defendant's lock consisted in *the belief of the purchaser . . . that the lock was of the Yale & Towne manufacture*.<sup>95</sup> (Emphasis added.)

It is reasonable, therefore, to conclude that the *Rushmore* doctrine, formulated from cases which invoked secondary meaning without specifying it as an existent element, is in accord with the substance

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<sup>94</sup> *Sinko v. Snow-Craggs Corp.*, *op. cit. supra* note 14, at 453.

<sup>95</sup> *John H. Rice & Co. v. Redlich Mfg. Co.*, 202 Fed. 155, 158 (1913).

of the majority rule. The early *Rushmore* doctrine cases involved well-known articles and secondary meaning was assumed to exist. In addition, the concept of "likelihood of deception," as embodied in the *Rushmore* doctrine, is dependent upon confusion as to source or secondary meaning for identifiable signification. Thus, secondary meaning is retained as a salient element.

#### APPLICATION OF THE RUSHMORE DOCTRINE

When the simulated article is well-recognized by the consuming public, the application of the *Rushmore* doctrine has no significant effect upon the concept of secondary meaning. However, a difficulty is evident when applying the rule to the copying of less popular products whose reputations can only be elicited by the introduction of supporting proof. In these cases, an invoking of the *Rushmore* doctrine to prevent the copying of nonfunctional features expands the range of restrictive practices since, under the majority rule, many of the less popular products can be freely copied due to an inability to prove secondary meaning. Removing this obstacle of proof through an application of the *Rushmore* doctrine expands the control of restrictive practices but, at the same time, may foster monopoly. It is this vexatious conflict which has evoked diverse and tense disagreement. Carried to an ultimate extreme, as applied to goods of unknown reputation, the *Rushmore* rule could preclude the simulation of nonfunctional features and seriously restrict competition. However, even the most liberal judicial interpretations require more than mere prior manufacture of an article to enjoin its imitation.

In *Rathbone, Sard & Co. v. Champion Steel Range Co.*,<sup>96</sup> decided in 1911 by the Sixth Circuit, the defendant copied all external features of the plaintiff's stove that had just been introduced on the market. The appellate court quoted a portion of the district court's opinion which was rendered on the dismissal of the bill:

At that time it is perfectly obvious that the "Solar Acorn" gas heater had no reputation whatever. It had established no market. . . . Whatever may be said of the ethics of this act, *the effect of this appropriation was not to deceive the public, for the public had no knowledge.* . . . Now who could be deceived by any such operation as that? . . . certainly not the public, for the public did not know the stoves. In a word, the gist of the offense of unfair competition, to wit, the selling of the imitating thing as the imitated thing, does not exist in this case at all.<sup>97</sup> (Emphasis added.)

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<sup>96</sup> 139 Fed. 26.

<sup>97</sup> *Id.* at 30.

The district court recognized that, before deception could take place, there must be association as to source in the public mind. In the absence of an established reputation, association as to source can not be shown.

The plaintiff in the *Rathbone* case relied almost exclusively on the *Enterprise* and the *Rushmore* cases in presenting its argument. The prime theory embodied in this presentation was the deception rule or the *Rushmore* doctrine. In denying the requested relief, the Sixth Circuit commented:

The adoption by one manufacturer of the characteristic features of another's product . . . does not *of itself* amount to unfair competition.<sup>98</sup> (Emphasis added.)

We are not called up to determine the correctness of the rule thus stated [*Rushmore*] as applied to appropriate facts . . . in our opinion it can have no application to the facts of this case . . . taking into account the lack of public knowledge and reputation of complainant's heater in question . . .<sup>99</sup>

[P]urchasers more often identify stoves by their name or the name of the manufacturer, or both, than by appearance merely; . . .<sup>100</sup>

Our conclusion, then, in substance, is that complainant has failed to establish a case of unfair competition, for lack of proof that defendant has palmed off its goods upon the public as the goods of complainant.<sup>101</sup>

In applying the *Rushmore* doctrine, the court affirmed the basic proposition that the mere imitation of an article alone can not be the basis for an injunction. Relief will be granted only if there is a likelihood of confusion as to the source of the product, creating deception. Something more than mere simulation must be established. What constitutes "more"? A synonym for "more" in this context is "deception," which is to be determined by the reputation of the imitated article and by the resultant, assumed confusion as to its source.

The appellate court stated that the defendant was held to intend the natural results of his act where those results constituted a "legal wrong." However, the mere simulation of nonfunctional features does not produce a natural result which constitutes a "legal wrong"—unfair competition. Additional factors are essential before a court can appropriately apply the *Rushmore* doctrine. In fact, the appellate court held that it was not called upon to determine the correctness of the *Rushmore* rule as applied to appropriate facts since the doctrine

<sup>98</sup> *Id.* at 31.

<sup>99</sup> *Id.* at 32.

<sup>100</sup> *Ibid.*

<sup>101</sup> *Id.* at 33. Here, again, the expanded meaning of "passing off" or "palming off" is used synonymously with secondary meaning.

had no application to the facts in the *Rathbone* case, as the plaintiff's product had not acquired a reputation.

Judge Lacombe, author of the lower court opinion in the first *Rushmore* case, was later elevated to the bench of the Second Circuit Court of Appeals. Two of his Second Circuit opinions involved simulation of features and in both cases he relied solely on *Rushmore* doctrine cases as controlling authority.<sup>102</sup> The language and substance of these opinions were similar to the *Rushmore* cases.

Under the principle of the *Rushmore* decision, such a manifest imitation in details of construction, with the consequent likelihood of confusion should be prevented, unless the points of resemblance are the necessary result of an effort to comply with the physical requirements essential to commercial success.<sup>103</sup>

In this case, involving an order for a preliminary injunction, Judge Lacombe decided that the simulated features were nonfunctional, but acknowledged that possibly, at a final hearing, the defendant might be able to show that the copied features were commercially essential, hence functional, and could be freely copied.

But the tentative quality of the ruling, as to the unessentiality of the copied features, in no way affected the substantive law in the case. Judge Lacombe simply stated that functional features might be freely simulated, but that simulation of nonfunctional features, where there was a likelihood of confusion, ought to be prevented. Perhaps the obscurantism of the doctrine had its beginning in these early Lacombe opinions, where, as in this case, he failed to distinguish between procedural "likelihood of confusion as to source" and procedural proof of "secondary meaning." In this framework these elements were commingled so that the assumption of "confusion as to source" was viewed as an assumption of "secondary meaning," and "likelihood of confusion as to source" was then treated in its normal procedural context.

The problem was further aggravated by the free interchange of the concepts of "likelihood of deception" and "likelihood of confusion" in the *Yale & Towne* case and by the introduction of the "likelihood of deception" principle into the syllabus of the second *Rushmore* case, thus obviating the element of proof in secondary meaning. In addition, the "likelihood" element in relation to deception further removes the essentiality of actual deception as a requisite for restraint.

Judge Lacombe, from the *nature* of the simulation, assumed a probability of the public being misled without identifying the existence

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<sup>102</sup> *Straus v. Weil*, 191 Fed. 529 (1911); *Lovell-McConnell Mfg. Co. v. American Ever-Ready Co.*, 195 Fed. 931 (1912).

<sup>103</sup> *Lovell-McConnell Mfg. Co. v. American Ever-Ready Co.*, *supra* note 102.

of deception. A year later, the same court in *Margarete Steiff v. Bing*,<sup>104</sup> affirmed an order enjoining the simulation of complainant's toys. Judge Lacombe was one of the three appellate judges who rendered a per curiam opinion in this case, attaching the text of the district court opinion which cited the second and third *Rushmore* cases as authority. The district court questioned the defendant's simulation of plaintiff's products,

in order to at least let the public buy the Bing toys under the impression that they are the complainant's. We have gone very far in this circuit in the way of enjoining unnecessary imitation features which are nonfunctional.<sup>105</sup>

Here was an initial evolvement of the assumption of secondary meaning and development of the *Rushmore* doctrine.

If the consumer bought the Bing toys thinking they were the complainant's, it followed that the consumer knew or was assumed to know the complainant's product. Thus, secondary meaning is either proved or assumed to exist. The secondary meaning theory follows the first approach while the *Rushmore* doctrine incorporates the assumption of proof of secondary meaning.

In 1916, the Rhode Island federal district court observed:

The complainant cites a number of cases in which the court apparently has been of the opinion that the copying, in view of the *association of the article copied with a particular manufacturer*, was a means of palming off goods as those of another, and of trading upon another's reputation.<sup>106</sup> (Emphasis added.)

The court then added that no abstract proposition regarding copying could be made from these *Rushmore* doctrine cases. Of prime importance, however, is the fact that the court interpreted the *Rushmore* doctrine cases as retaining the essential element of secondary meaning. The object of the law of unfair competition is to prevent "the palming off" of goods as those of another, deceiving the public, and trading on a reputation established by another. The district court found that the plaintiff "failed to show that the goods of its manufacture have in fact a distinctive appearance, which in itself points to the plaintiff as manufacturer."<sup>107</sup> The simulated article, bracelet links, lacked distinctiveness as to design or function, and the defendant was permitted to copy both the design and mechanical structure of the article, since the company did not seek to trade upon the reputation established by the complainant. Neither the origin of the goods,

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<sup>104</sup> 206 Fed. 900 (2d Cir. 1913).

<sup>105</sup> *Id.* at 901.

<sup>106</sup> *Eisenstadt Mfg. Co. v. J. M. Fisher Co.*, 232 Fed. 957, 960.

<sup>107</sup> *Id.* at 962.

nor the authorship of the design, nor the reputation of the manufacturer were shown to have created such public interest, as to afford an inducement to the public to buy the plaintiff's goods rather than the goods of other manufacturers.

In *Miller Rubber Co. v. Behrend*, Judge Rogers of the Second Circuit used characteristic *Rushmore* doctrine language in his opinion, although he cited no *Rushmore* doctrine cases. "If the conduct would deceive the ordinary buyer, making his purchases under the ordinary conditions, it is unfair competition."<sup>108</sup> This case, decided eight months prior to the landmark Second Circuit decision of *Crescent Tool Co. v. Kilborn & Bishop Co.*,<sup>109</sup> denied relief to the complainant against defendant's simulation, since there was no showing that the defendant's conduct led the public to purchase his goods in the belief that they were the goods of the plaintiff. The *Miller Rubber Co.* case, reflecting the *Rushmore* doctrine, and the *Crescent* case are cited in two later decisions as authority for the majority rule which requires *proof* of secondary meaning.<sup>110</sup>

A strong refutation of the *Rushmore* doctrine, as a minority view, in which secondary meaning is not a required element, is made by Judge Learned Hand in the *Crescent* case. He identified the cases of so-called "nonfunctional" unfair competition, starting with the "coffee mill" or *Enterprise* case, as "only instances of the doctrine of 'secondary' meaning."<sup>111</sup>

Association in the public mind with the first comer as manufacturer or source is an essential factor in the restraint of simulation. As Judge Hand stated, ". . . it is an *absolute condition* to any relief whatever that the plaintiff . . . *show* that the appearance of his wares has in fact come to mean that some particular person . . . makes them, and that the public cares who does make them, and not merely for their appearance and structure." (Emphasis added.)

Marshaling the authorities, beginning with the *Enterprise* decision, Judge Hand identified them as "instances" which support the doctrine of secondary meaning, where *proof* of secondary meaning is an *absolute* condition to granting any relief. This is the essence of the majority rule, yet Judge Hand identified the *Rushmore* doctrine cases as being in line with this view. Secondary meaning is existent in those cases even though the courts did not mention it as an element in granting relief.

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<sup>108</sup> 242 Fed. 515, 518 (1917).

<sup>109</sup> *Supra* note 14.

<sup>110</sup> *Krem-Ko Co. v. R. G. Miller & Sons, Inc.*, 68 F.2d 872 (2d Cir. 1934) and *Electric Auto-Lite So. v. P. & D. Mfg. Co.*, 109 F.2d 566 (2d Cir. 1940).

<sup>111</sup> *Crescent Tool Co. v. Kilborn & Bishop Co.*, *op. cit.*, *supra* note 14, at 300.

A few months after the *Crescent* decision was issued, but prior to publication, the federal district court in Connecticut in a famous Shredded Wheat simulation case stated that the vital question to be determined was whether the user was liable to be misled, and cited the *Rushmore* doctrine cases as authority.<sup>112</sup> The Second Circuit affirmed the result reached by the lower court, but Judge Hand cited the *Crescent* case in support of the proposition that no protection would be given unless plaintiff's design had acquired a secondary meaning.<sup>113</sup> However, the shape and size of the Shredded Wheat biscuit were treated as functional, the relief granted being limited to distinguishing carton marks.

Judge Hand's disapprobation of the *Rushmore* cases was revealed in his discussion of them in the *Shredded Wheat Co.* case.<sup>114</sup> Citing the *Rushmore* doctrine cases, he charged that minor or nonfunctional changes in appearance may be required, "so long as the substantial elements are left in the public domain."<sup>115</sup> Judge Hand described the second *Rushmore* case:

as trenching hard upon the other limit in application, which is that where the "secondary meaning" is bound up in elements of the appearance which cannot be changed without cutting off the defendant's substantial right to make and sell that kind of goods the plaintiff must suffer the resulting confusion. These are the converse of the "nonfunctional" cases.<sup>116</sup>

A question has been raised as to whether this *Rushmore* case involved functional features, since the opinion did not clearly state that the shell of the imitated lamp was a necessary and functional part of the lamp.<sup>117</sup>

Judge Hand distinguished the case from the standard non-functional features decisions.<sup>118</sup> However, the *Rushmore* opinion reveals that the appellate court relied upon and even quoted from the opinion of the lower court, in which the features were expressly found to be nonfunctional. The court identified the simulation of nonfunctional features as the key issue in the *Rushmore* case. It is true that the court indicated that the features might be necessary for the commercial success of the lamp, but there was no connecting link forged between that finding and its conclusion that the features were func-

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<sup>112</sup> *Shredded Wheat Co. v. Humphrey Cornell Co.*, 244 Fed. 508, 522 (1917).

<sup>113</sup> *Supra* note 18.

<sup>114</sup> *Id.* at 964.

<sup>115</sup> *Ibid.*

<sup>116</sup> *Ibid.*

<sup>117</sup> 19 L.R.A. (N.S.) 269, 270.

<sup>118</sup> *Shredded Wheat Co. v. Humphrey Cornell Co.*, *op. cit. supra* note 18, at 964.

tional. Judge Hand deftly performed this task by applying his buyer's choice definition of functional features to the *Rushmore* case.<sup>119</sup>

Evidently, Judge Hand has impaled himself on the horns of a dilemma. The "converse" of nonfunctional cases is functional cases, in which event Judge Hand is confusing matters by relating secondary meaning to functional features. This is violative of functional features and of the doctrine of secondary meaning.

In 1916, the district court for the Southern District of Ohio granted an injunction in *Meccano, Ltd. v. Wagner*,<sup>120</sup> restraining the defendant from simulating the complainant's mechanical toy. Judge Hollister wrote:

It seems to me that unfair competition exists both under the aspect of palming off, . . . but also in the more subtle way, as said by Judge Lacombe, "by simulating the collocation of details of appearance by which the consuming public has come to recognize the product of his competitor."<sup>121</sup>

Citing the *Rushmore* doctrine cases in support of this proposition, Judge Hollister distinguished traditional verbal misrepresentation, *i.e.*, passing off, from the *Rushmore* doctrine. Consistent with the *Rushmore* doctrine, he assumed the existence of secondary meaning, commenting "the trade and a large part of the consuming public were acquainted with complainant's model builder, and the trade and those of the consuming public who had seen Meccano outfits knew it as of British make."<sup>122</sup> The *Meccano* case was appealed to the Sixth Circuit Court of Appeals which affirmed the holding of the lower court on the matter of unfair competition, in an opinion issued just three days after the *Crescent* case.<sup>123</sup>

The Second Circuit reviewed another case involving the restraint of a prominent retail store from buying Meccano toys. In the district court decision, Judge Augustus N. Hand allowed an injunction on the

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<sup>119</sup> In *Champion Spark Plug Co. v. A. R. Mosler & Co.*, 233 Fed. 112 (S.D.N.Y. 1916), Judge Learned Hand qualifies the meaning of nonfunctional features. He says, ". . . nor does it seem an entirely adequate answer to say that the features enjoined are nonfunctional. It is only when the mechanical operativeness of the thing is certainly all that determines the *buyer's choice* that such a criterion is safe." (Emphasis added.) *Id.* at 116. Thus, was born the "buyer's choice" theory of functional features. According to this view, any feature of an article which influences the buyer to purchase it is a functional feature. Conversely, only those features which do not in any way affect the buyer's choice can be classified as nonfunctional. If the design and appearance influence the public to buy an article, then those features are functional, notwithstanding the fact that they are not essential to the mechanical construction and operation of the article.

<sup>120</sup> 234 Fed. 912 (1911).

<sup>121</sup> *Id.* at 919.

<sup>122</sup> *Id.* at 917.

<sup>123</sup> 246 Fed. 603 (6th Cir. 1917).

authority of the *Rushmore* doctrine cases and he indicated general agreement with Judge Hollister's opinion in the Ohio case.<sup>124</sup>

The Second Circuit, however, reversed the decision.<sup>125</sup> Judge Ward, in the majority opinion, quoted Judge Hand's lower court opinion and made a finding that the features which Wagner copied were functional and could be freely simulated. The court extrapolated that if the public associated the toys with the complainant as a source with resulting confusion, the complainant was entitled to no more protection than if the toys made by others were to be advertised and sold as the articles of the makers under their own names and in their own packages.<sup>126</sup>

Two conclusions may be drawn from this case: (1) the court rejected the result reached by the Sixth Circuit, *Meccano* case, the issue being grounded on the nature of the features rather than on the existence of secondary meaning, and (2) the court implicitly reaffirmed the substance of the *Crescent* case, that secondary meaning is a required element of proof where nonfunctional features are simulated.

There is an ironic twist in Judge Learned Hand's dissenting opinion, since he does not question the correctness of the court's position on the substantive law, but rather argues that the defendant retailer did not copy plaintiff's toys but merely bought them from the manufacturer. Judge Hand concluded that permitting the defendant to buy the Wagner toys fosters a violation of the decree of the Sixth Circuit. In other words, the Second Circuit decision encourages Wagner to commit a tort under the sanction of its decision; therefore, regardless of what relief the Second Circuit might have given the plaintiff upon the same state of facts, an injunction should lie which recognizes the Sixth Circuit decree. Judge Hand's logic seems persuasive.

Another post-*Crescent* case of the *Rushmore* type is *McGill Mfg. Co. v. Leviton Mfg. Co.*<sup>127</sup> The district judge stated that the plaintiff was entitled to recover in an action for unfair competition if the defendant had unnecessarily but unknowingly imitated the plaintiff's product so that purchasers were likely to be deceived by the similarity. The *Rushmore* doctrine cases were cited as authority for this view. However, the court made these observations:

Due to the distinctive shape and appearance of plaintiff's fixtures, they have acquired a secondary meaning . . . .

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<sup>124</sup> *Meccano, Ltd. v. John Wanamaker*, New York, 241 Fed. 133 (S.D.N.Y. 1917).

<sup>125</sup> *Meccano, Ltd. v. John Wanamaker*, New York, 250 Fed. 450 (1918).

<sup>126</sup> *Id.* at 452.

<sup>127</sup> 43 F.2d 607 (E.D.N.Y. 1930), *aff'd*, 44 F.2d 1016 (2d Cir. 1930).

The design . . . was not due to any function performing requirements . . . .

There can be no doubt that confusion exists between plaintiff's and defendant's devices, and that purchasers are more than likely to be deceived in buying defendant's devices believing them to be plaintiff's devices.<sup>128</sup>

This decision was affirmed on appeal by Judges Learned and Augustus Hand and Judge Chase of the Second Circuit, resubstantiating the fact that the *Rushmore* doctrine cases are in line the majority rule.

The Southern District Court of New York granted a preliminary injunction in *Thayer Telkee Corp. v. Davenport-Taylor Mfg. Co.*, restraining an apparent reproduction of plaintiff's products and citing the *Rushmore* doctrine cases and the *Crescent* case in support of its action.<sup>129</sup> The court ruled:

There is nothing functional in these similarities . . . .

[I]t can hardly be doubted that a former customer of the plaintiff . . . would be completely deceived by the appearance of the defendant's present cabinet, and would probably believe it to be of the plaintiff's construction.<sup>130</sup>

Although secondary meaning is not specifically identified, its elements are given recognizable articulation, thus fusing the *Rushmore* doctrine language regarding deception and likelihood of confusion.

In *Correct Printing Co., Inc. v. Ramapo River Printing Co.*,<sup>131</sup> the district court created an additional uncertainty in simulation cases by stopping short of identification of association as to source. Failing to identify this association, the court cryptically concluded:

The slavish copying of the size, shape and appearance of the Correct Company's folder is an unfair practice, designed to confuse the public on the two products. These elements of the plaintiff's folder are nonfunctional, and their exact copying may be enjoined.<sup>132</sup>

The determination of likelihood of confusion as to the origin or source of a product is a procedural matter considered after secondary meaning is established or presumed. Discussing confusion, without previously having identified association of the product in the public's mind with the manufacturer, creates an omission or an assumption in the court's thinking. "Confusion" is assigned the elements of "deception," as in the *Rushmore* doctrine. This interchange of terms

<sup>128</sup> *Id.* at 608.

<sup>129</sup> 46 F.2d 559 (1930).

<sup>130</sup> *Id.* at 560.

<sup>131</sup> 16 F. Supp. 573 (S.D.N.Y. 1936).

<sup>132</sup> *Id.* at 575.

is the converse of the language used in the *Rushmore* doctrine; however, there is no apparent distinction in meaning that can be drawn between "confusion," as employed here, and "deception," in its doctrinal usage.

The Second Circuit, in a per curiam opinion in 1937, in citing the *Rushmore* doctrine cases, confirmed its earlier position by recognizing deception of the public as concomitant with proof of secondary meaning.<sup>133</sup> This case was remanded for a new trial because of an uncertainty as to whether copied features were functional or non-functional and because secondary meaning and likelihood of confusion were based solely on insufficient proof of letters and affidavits. By implication, secondary meaning was designated by the appellate court as a required element of proof, and the case was consistent with the majority rule, notwithstanding citation of the *Rushmore* doctrine cases as authority.

An opposite position was taken by the Seventh Circuit Court of Appeals in its interpretation of *Rushmore* doctrine cases. The circuit court held that secondary meaning was presumed to exist and that the case did not require its proof.

Counsel for plaintiff bases his argument on four cases [citing leading *Rushmore* doctrine cases] . . . . We have considered these cases and we find that the law stated therein is not applicable to the instant case. We find that these four cases *presuppose* that the appearance of the article had a secondary meaning, and had been associated in the public mind with the first comer as a manufacturer or source of supply.<sup>134</sup> (Emphasis added.)

In 1940, the District Court for the Northern District of Ohio allowed an injunction restraining the complete copying of a rake, in a case where secondary meaning clearly did not exist.<sup>135</sup> Judge Jones, in an oral opinion apparently recognized the majority rule, but refused to follow it. However, he stipulated that the defendant's rake should be changed in some respects to avoid confusion.

It may be the rule that in order to establish a distinction in the trade which shall have the protection of the law in respect of unfair competition that time is an element. But it does not strike me that it is exactly fair—and that is what the important word is in unfair competition law—that one should be permitted to unfairly compete by copying something which the other person has put on the market but has not yet reached the point where you could say it had established a high place with its product.

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<sup>133</sup> *Lektro-Shave Corp. v. General Shaver Corp.*, *supra* note 19a.

<sup>134</sup> *Sinko v. Snow-Craggs Corp.*, *op. cit. supra* note 14, at 453.

<sup>135</sup> *Stampit Corp. v. American Fork & Hoe Co.*, 44 U.S.P.Q. 22; 45 U.S.P.Q. 644.

I prefer to have the reviewing court find the erroneous application of the rule rather than reverse myself on that.<sup>136</sup>

Judge Jones was obviously disturbed by a situation where the defendant simulated the plaintiff's goods before the goods had acquired a secondary meaning. However, his decision reflects an economic philosophy that is in conflict with free competitive practices. It prescribes a most liberal attitude as to restraint, requiring modification of a design of an article to ensure distinctiveness of each product.

Whether the ingenuity and imagination of man can provide a sufficient variety of combinations of features, which by their nature are mechanically or commercially limited as to style and structure, is problematic. Although such policy is to be commended, idealistically, its impracticality renders it unacceptable.

On appeal, the Sixth Circuit Court reversed Judge Jones with an opinion endorsing the *Crescent* case and its requirements that the element of secondary meaning must be proved.<sup>137</sup> Unfortunately, the language of Judge Florence Allen's opinion obscures some of the subtle distinctions of the articulated doctrine. Judge Allen fails to differentiate between confusion and deception and attempts to introduce new confusion standards, graded as to probability or possibility, in lieu of a criterion of likelihood of confusion.

No evidence of actual confusion was presented, but this is not necessary if confusion or deception is natural or probable as the result of the resemblance. However, the mere existence of possible confusion does not give rise to the right of injunction.<sup>138</sup>

It is apparent that this comment introduces a semantic variation, but does not impinge on the essence of the majority rule.<sup>139</sup>

In *Smith, Kline & French Laboratories v. Waldman*,<sup>140</sup> the District Court of Pennsylvania gives tacit approval to the argument that the *Rushmore* doctrine exists as a separate and distinct theory of recovery in the law of unfair competition.

With regard to the imitation of nonfunctional features the law is unsettled. One line of authorities holds that the imitation of

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<sup>136</sup> *Supra* note 135, 45 U.S.P.Q. 644-645.

<sup>137</sup> *American Fork & Hoe Co. v. Stampit Corp.*, 125 F.2d 473 (1942).

<sup>138</sup> *Id.* at 475.

<sup>139</sup> Judge Allen also erroneously failed to make an initial determination as to the functional or nonfunctional nature of the features of the article. She stated that since secondary meaning was not proved "we need not consider whether the resemblance between appellant's and appellee's rakes is founded upon functional or non-functional features . . ." *Id.* at 476. Quite the reverse, the nature of the features should first be elicited, for if the essentiality of the simulated features were established, then, as functional features, they can be freely copied.

<sup>140</sup> 69 F. Supp. 646 (1946).

nonfunctional features is illegal if the similarity is likely to deceive purchasers (citing *Rushmore* doctrine cases) . . . and the other states that one may freely copy the nonfunctional features of the article if they have not become associated with the original manufacturer or source . . . . The latter which appears to be the weight of authority springs from the theory that the "cases of so-called 'nonfunctional' unfair competition . . . are only instances of the doctrine of 'secondary' meaning" (citing the *Crescent* case).<sup>141</sup>

It is apparent that the district court is quoting Judge Learned Hand in the *Crescent* case. However, if Judge Hand's analysis of the *Rushmore* cases is accepted in the *Smith* case, the substantive distinction made by the district judge between the *Rushmore* doctrine and the majority view is unsupportable. In line with Judge Hand's thinking, if a distinction exists it should be identified as a procedural deviation from the majority rule rather than as a "line of authority" forming a new substantive principle.

Additional support for the proposition that secondary meaning is an assumed element in the *Rushmore* doctrine is supplied by *Unique Arts Mfg. Co., Inc. v. T. Cohn, Inc.*<sup>142</sup>

The required showing in the copying of nonfunctional features [citing *Rushmore* doctrine cases] . . . as expounded in *Crescent Tool Co. v. Kilborn & Bishop Co.* . . . is generally to the effect that what is now known as a secondary meaning is requisite.<sup>143</sup> (Emphasis added.)

The court implied that the same element, now designated as "secondary meaning," was present in the *Rushmore* doctrine cases, although it was unnamed in them.

The Commissioner of Patents also favored the assumption theory as applied to the *Rushmore* doctrine cases, recognizing that "In these cases [*Rushmore*] . . . the matter considered was apparently the imitation of certain characteristic 'nonfunctional' features of the articles which were considered to have acquired a secondary meaning."<sup>144</sup>

Another controversial simulation decision is *West Point Mfg. Co.*

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<sup>141</sup> *Id.* at 647.

<sup>142</sup> 81 F. Supp. 742 (E.D.N.Y. 1949), *aff'd*, 178 F.2d 403 (2d Cir. 1949). In a brief per curiam opinion, the Court of Appeals affirmed the District Court's decree; however, the action was affirmed expressly on the authority of the *Crescent*, *Shredded Wheat* and *Cheney Bros.* cases—the *Rushmore* doctrine cases having been omitted. The omission apparently was intentional, perhaps to avoid taking a stand on the *Rushmore* doctrine cases.

<sup>143</sup> *Id.* at 745.

<sup>144</sup> *Ex parte* Mars Signal-Light Co., 85 U.S.P.Q. 173, 175 (1950).

*v. Detroit Stamping Co.*,<sup>145</sup> a Sixth Circuit decree, which followed the traditional majority rule. The court ruled that the copied features were functional and therefore could be freely copied. Despite this finding, the court, in *obiter dicta* discussed at length the reasons that the complainant could not recover even if one assumed the features to be nonfunctional. The court's reasoning created further confusion as is evident from an examination of the case.

On expiration of the plaintiff's patent on "toggle clamps," the defendant copied the clamps, but utilized its own trade-mark. The complainant sought an injunction, restraining the simulation, based on the *Rushmore* theory that consumers were likely to be deceived. The district court granted the injunction, holding that the appearance of the clamp was nonfunctional, that it had acquired a secondary meaning, and that there was a likelihood of confusion as to source. However, the district court ignored the essence of the plaintiff's pleading which related to the *Rushmore* doctrine, following the majority rule. The Sixth Circuit reversed and denied the injunction, relying primarily on the *Crescent* and *American Fork and Hoe* cases. The court accepted the existence of the *Rushmore* doctrine as a distinct rule but rejected it as contrary to the great weight of authority. The processes of the court's thinking are discernible in excerpts from the opinion.

Much is said in cases of unfair competition . . . about the "confusion" of the public. In some instances, references to such confusion would seem to *imply* that if the article copied is identical to the original article, the public, not being able to tell the difference between the two articles, is confused; and that, since the copier is the cause of such confusion, he is accordingly guilty of unfair competition. That is not the law. . . . It is rather confusion as to origin, not of goods, which controls on the question of unfair competition. . . .<sup>146</sup> (Emphasis added.)

Although the court did not cite any cases relating to "confusion," it is reasonable to assume that the *Rushmore* doctrine cases were weighed.

In an elaborate footnote at the conclusion of the opinion, the court cited the traditional *Rushmore* doctrine cases, with this analysis:

The foregoing cases seem to emphasize what the court felt was the unfairness of defendant's appropriation of plaintiff's ideas and features of construction, and the identical copying of them; and *this* consideration seems to lie at the basis of decision in those cases, rather than any *proof* that the defendants palm off their

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<sup>145</sup> 222 F.2d 581 (1955), *reversing*, 122 F. Supp. 741 (E.D. Mich. 1954), *cert. denied*, 350 U.S. 840 (1955).

<sup>146</sup> *Id.* at 589.

products as those of plaintiffs, or caused the public to believe that their articles came from plaintiffs, which is the criterion now generally adopted.<sup>147</sup> (Emphasis added.)

To epitomize, the court inferred that the *Rushmore* doctrine was a true minority view based on mere simulation without the requisite elements of secondary meaning or confusion as to source. In this context, "confusion" means an inability on the part of consumers to distinguish between articles. This creates a likelihood of deception and copying becomes enjoined.

In the *West Point* case, Judge McAllister erroneously identified the *Rushmore* doctrine cases with "confusion" created by the similarity of articles rather than with "confusion" as to the source of the original article. Even under the *Rushmore* cases, products may be indistinguishable and yet not fall within an enjoined proscription. Mere confusion of products is not a ground for relief under this doctrine. Hence, Judge McAllister was inaccurate when he concluded:

What has been said disposes of appellee's chief contention which is addressed to the proposition that where a manufacturer engages in the unnecessary imitation of the nonfunctional parts of the product of a competitor to the extent that the two articles are substantially identical in appearance, and *retail purchasers are thus likely to mistake one for another*, he is chargeable with unfair competition, [citing *Enterprise Mfg. Co. v. Landers . . .*; *Yale & Towne Mfg. Co. v. Alder . . .*; and *Rushmore v. Manhattan Screw & Stamping Works. . .*]<sup>148</sup> (Emphasis added.)

Judge McAllister could have disposed of the *Rushmore* doctrine cases with more precision by stating that the *Rushmore* doctrine is a procedural deviation from the majority rule and does not support the proposition that mere simulation, without more, will be enjoined in instances in which purchasers are likely to mistake one product for another.

Although the originative precedents of the *Rushmore* doctrine are doubtful interpretation and no documentary support can be found for the rule in the early cases, certain conclusions are elicitable. The original *Rushmore* doctrine cases embodied the elements of secondary meaning where its proof was assumed because the products possessed national reputations, and the decisions contained no doctrinal novelty. So-called conceptual innovation developed subsequently, with departures from the majority rule being formalistic rather than substantive. Thus it appears that secondary meaning remains a salient factor under the *Rushmore* doctrine, since likelihood of deception is based on con-

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<sup>147</sup> *Id.* at 599.

<sup>148</sup> *Id.* at 597-598.

fusion as to the source of the simulating product and not on more direct factors, such as confusion between the products.

#### CONCLUSION

In encouraging competitive activity, courts have generally ruled that mere simulation of nonfunctional features does not constitute enjoined conduct under the law of unfair competition. But, they have restrained product imitation, involving nonfunctional features, where the appearance of the article has become associated in the public mind with the first comer as manufacturer and where a likelihood of confusion as to its origin may ensue. However, formidability of proof invited presumptions in establishing secondary meaning, with resultant doctrinal unevenness. Distinctions arose without apparent conceptual bases, creating the *Rushmore* doctrine and more recently the disclaimed fraudulent marketing theory.

Although the objective of the law of product simulation is to determine the manner of business activity and not to curtail competitive action, the law embodies such a melange of policies and variable criteria that it makes for uncertainty and confusion as to the very activities it seeks to promote. This welter of judicial decision suggests a need for a reevaluation of the law of unfair competition, conceivably in line with competitive criteria which do not foster monopolistic control and with a higher plane of business morality. Differentiation of products, rather than the mutual exclusivity of monopoly and competition, could conceivably form the basis of marketing standards.