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## TRADE MARKS - EXTENT OF USER ESSENTIAL TO RIGHT TO PRIORITY

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TRADE MARKS — EXTENT OF USER ESSENTIAL TO RIGHT TO PRIORITY—  
Two promoters conceived the idea of a corporation to manufacture beer, the beer to be labeled "Old South Brew." While the process of incorporation was proceeding the promoters arranged with the Eastern Beverage Corporation of New Jersey to make a beer labeled "Old South Brew," to be shipped, and which was shipped, only to customers of the promoters. The promoters then extensively advertised this product and the fact that the same beer was to be made by their own corporation. The corporation, known as the "Old South Brewing Co., Inc." was chartered, but to the date of trial had not completed its plant. After producing this beer for about eight months the Eastern Beverage Corporation discontinued and assigned any rights in it, through the promoters, to the Old South Brewing Co. Later, with full knowledge of these events, the plaintiff, South Eastern Brewing Co., produced a beer in the same territory labeled, "Old South." It now seeks to enjoin defendant, Old South Brewing Co., from using the words "Old South" as a trademark. *Held*, the defendant, by priority of use, had gained a right to use this mark and the plaintiff will be enjoined from further use of it. *South Eastern Brewing Co. v. Blackwell*, (C. C. A. 4th, 1935) 80 F. (2d) 607.

It is a recognized rule of trade mark law that priority of use of the mark gives priority of claim over an adverse user,<sup>1</sup> but just how much, or what kind of use is not definitely defined by the courts. There seems to be no doubt that mere adoption alone is insufficient and this is true even where circumstances, such as advertising, show the adoption and an intent to use in the future.<sup>2</sup> Also there must be an actual commercial use on a vendible commodity.<sup>3</sup> However, in the case of a technical trade mark at any rate, use over an extensive period of time is unnecessary, as is illustrated by numerous decisions holding that a single instance of user is sufficient, with emphasis placed upon accompanying circumstances showing an intent to continue.<sup>4</sup> In the instant case defendant had produced no product whatsoever, hence the user relied on must be that user on the beer manufactured for the promoters by the Eastern Beverage Corporation.<sup>5</sup> It is undoubtedly true that the product need not be actually manufactured by the claimant,<sup>6</sup> but the dissenting judge placed much emphasis on another well-

<sup>1</sup> *Schneider v. Williams*, 44 N. J. Eq. 391 (1888). See NIMS, UNFAIR COMPETITION AND TRADE MARKS, 3rd ed., 557 (1929).

<sup>2</sup> *Waldes v. International Mfgs.' Agency*, (D. C. N. Y. 1916) 237 F. 502; *Maxwell v. Hogg*, L. R. 2 Ch. App. 307 (1867); *DeLong Hook & Eye Co. v. Hump Hairpin Mfg. Co.*, 297 Ill. 359, 130 N. E. 765 (1921).

<sup>3</sup> *Gray v. Armand Co.*, (App. D. C. 1928) 24 F. (2d) 878, mark must be on commodity; *Phillips v. Hudnut*, (App. D. C. 1920) 263 F. 643, mere sending of samples held insufficient user.

<sup>4</sup> *Kohler Mfg. Co. v. Beeshore*, (C.C.A. 3rd, 1893) 59 F. 572; *Wallace & Co. v. Repetti*, (C. C. A. 2d, 1920) 266 F. 307; *Worden v. Cannaliato*, (App. D. C. 1923) 285 F. 988; *American Washboard Co. v. Saginaw Mfg. Co.*, (C. C. A. 6th, 1900) 103 F. 281; *Jenny Mfg. Co. v. Leader Filling Stations Corp.*, (Mass. 1935) 196 N. E. 852.

<sup>5</sup> As there was no assignment of any business by the Eastern States Brewing Co., there was no claim of an assignment of the mark from that company to defendant.

<sup>6</sup> *Nelson v. J. H. Winchell & Co.*, 203 Mass. 75, 89 N. E. 180 (1909); 63

recognized rule, namely, that a trademark exists only as appurtenant to an established business.<sup>7</sup> Thus, as the promoters had no business during the period of the user, the defendant's case must fail. However, this does not appear fatal in view of the circumstances here. Where the rule is applied, the question is either one of assignment, the objection being that the mark may not be assigned in gross and hence disassociated from the business which it has already labeled;<sup>8</sup> or the case is one of sectional non-user, where there has been absolutely no business or use in the section claimed by the adverse party.<sup>9</sup> In view of the minute user required and in view of the circumstances showing intent to continue here, it would seem that either a sufficient "business" should be found in the promoter's capacity as dealers or salesmen or that the requirement of an appurtenant business be dispensed with where the issue is merely one of priority of use.<sup>10</sup> The use here has effected the purpose of a trade mark—"To point out distinctly the origin or ownership of the article to which the mark is applied."<sup>11</sup> Also perhaps even less stress need be placed on the technicalities of a particular "use" in view of modern notions as to the functions of a trade mark; that the mark denotes the article itself, as one with which the consumer has had previous experience, rather than denoting its source.<sup>12</sup>

R. C. C.

C. J. 335, 336 (1933). See NIMS, UNFAIR COMPETITION AND TRADE MARKS, 3rd ed., 67 (1929).

<sup>7</sup> American Steel Foundries v. Roberson, 269 U. S. 372, 46 S. Ct. 160 (1926); Storm Waterproofing Co. v. L. Sonneborn Sons, Inc., (D. C. Del. 1929) 31 F. (2d) 992, and cases cited.

<sup>8</sup> Belden v. Zophar Mills, (C. C. A. 2d, 1929) 34 F. (2d) 125; Storm Waterproofing Co. v. L. Sonneborn Sons, Inc., (D. C. Del. 1929) 31 F. (2d) 992; see Grismore, "The Assignment of Trade Marks and Trade Names," 30 MICH. L. REV. 489 (1932).

<sup>9</sup> Hanover Star Milling Co. v. Metcalf, 240 U. S. 403, 36 S. Ct. 357 (1916); United Drug Co. v. Theodore Rectanus Co., 248 U. S. 90, 39 S. Ct. 48 (1918).

<sup>10</sup> Where protection was given one who is not buyer, seller or manufacturer, see Carson v. Ury, (C. C. Mo. 1889) 39 F. 777.

<sup>11</sup> 1 SHOEMAKER, TRADE MARKS 115 (1931); Delaware & Hudson Canal Co. v. Clark, 80 U. S. 311, 20 L. Ed. 581 (1872); Beech-Nut Packing Co. v. P. Lorillard Co., 273 U. S. 629, 47 S. Ct. 481 (1927); Certain-teed Products Corp. v. Philadelphia & Suburban Mortgage Guarantee Co., (C. C. A. 3rd, 1931) 49 F. (2d) 114.

<sup>12</sup> Schecter, "The Rational Basis of Trade Mark Protection," 40 HARV. L. REV. 813 (1927).