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TRADE MARKS—ASSIGNABILITY IN GROSS—After using the name “Mother Parker” in connection with a biscuit mix manufactured in Brooklyn, plaintiff, Heloise Parker Broeg, in 1934 opened a bakery in Boston under the name “Mother Parker’s Cupboard.” She operated this store and another in the same area until 1939, selling a line of bakery goods including bread, doughnuts, cakes, and cookies. In 1936 the trade mark “Mother Parker’s” was registered in the United States Patent Office. Plaintiff and her husband opened an experimental laboratory and retail bakery in Peterboro, New Hampshire, in 1940 under the name “Mother Parker’s Cupboard” in which they manufactured a complete line of bakery products until December 10, 1941 when a fire destroyed the bakery. Since that time, the plaintiff had not manufactured or sold bakery products, although she had participated in a food broadcast daily under the name “Mother Parker.” Defendant, operator of a large bakery in New Bedford, Massachusetts, was licensed by the plaintiff to make exclusive use within the territory he then served of the trade mark “Mother Parker’s” during the years from 1941 to 1943 inclusive. Under this license, defendant sold bread, including one brand named “Mother Parker’s Enriched Home Made,” and, under a similar license, defendant sold doughnuts during much of the same period. After both licenses expired in December, 1943, and the parties failed to agree on terms for their renewal, defendant continued to use the name “Mother Parker’s” on his bakery products. Plaintiff brought suit to restrain the use of the trade mark and to recover damages, and appealed from the action of the trial court dismissing her bill. On appeal, *held*, affirmed. Plaintiff forfeited her right to relief in equity by licensing the defendant’s use of the trade mark without assigning any part of her business, merchandise, good will, or formulae. *Broeg v. Duchaine*, (Mass. 1946) 67 N.E. (2d) 466.

In stating its conclusion the court repeated the conventional, although misleading, definition of the function of a trade mark as identification of the origin or ownership of the article to which it is affixed.¹ This definition overlooks the

¹ *Hanover Star Milling Company v. Metcalf*, 240 U.S. 403 at 412, 36 S.Ct. 357 (1916): “The primary and proper function of a trade-mark is to identify the

dual function of a trade mark today, namely, the creation and retention of custom.² Under modern merchandising and distribution methods, the most that can be said for a trade mark as an indication of ownership or origin is that it indicates a commercial source which may be a manufacturer, jobber, retailer, or importer.³ Recognition of the fact that the commercial source is frequently anonymous can be found in the cases⁴ as well as in the statements of leading writers.⁵ A traditional statement in the decisions is that a trade mark can have no existence in gross, unconnected with some business with which it is used;⁶ and, ostensibly to protect the public from fraud, a trade mark is said not to be assignable in gross.⁷ While both of these propositions are supported by the cases,

origin or ownership of the article to which it is affixed." NIMS, UNFAIR COMPETITION AND TRADE MARKS, 3d ed., §22 (1929).

² See chapter summary in SCHECHTER, HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS 171 (1925); also Grismore, "Assignment of Trade Marks," 30 MICH. L. REV. 489 at 491 (1932).

In discussing the often-repeated doctrine that where there are no circumstances that would cause the public to think the products bearing the same name were made by the same party, no wrong is done, Mr. Schechter says the following: "This conclusion that 'no wrong is done' is based upon an archaic notion of the function of a trademark as solely indicating 'source or origin.' It assumes that 'the elementary equitable principle upon which the whole law of this subject is based . . . is that one may not palm off his goods as the goods of another' and that the sole injury resulting from the use of the same 'lion' mark on linen and iron might be a confusion as to the source of these two dissimilar products. It ignores the fact that the *Creation and retention of custom*, rather than the designation of source, is the primary purpose of the trademark today, and that the preservation of the uniqueness or individuality of the trademark is of paramount importance to its owner." Schechter, "The Rational Basis of Trademark Protection," 40 HARV. L. REV. 813 at 822 (1927).

³ See Isaacs, "Traffic in Trade Symbols," 44 HARV. L. REV. 1210 at 1220 (1931); Grismore, "Assignment of Trade Marks," 30 MICH. L. REV. 489 at 494 (1932).

⁴ *Shredded Wheat Co. v. Humphrey Cornell Co.*, (C.C.A. 2d, 1918) 250 F. 960 at 963: "The plaintiff has at least shown that the public has become accustomed to regard its familiar wheat biscuit as emanating, if not from it by name, at least from a single, though anonymous, maker, and the second is as good for these purposes as the first."

⁵ Schechter, "The Rational Basis of Trade Mark Protection," 40 HARV. L. REV. 813 at 816 (1927): "It indicates, not that the article in question comes from a definite or particular source, the characteristics of which or the personalities connected with which are specifically known to the consumer, but merely that the goods in connection with which it is used emanate from the same—possibly anonymous—source or have reached the consumer through the same channels as certain other goods that have already given the consumer satisfaction, and that bore the same trademark."

⁶ *Rodseth v. Northwestern Marble Works*, 129 Minn. 472, 152 N.W. 885 (1915); NIMS, UNFAIR COMPETITION AND TRADE MARKS, 3d ed., §188, p. 505 (1929): "A trade mark is auxiliary to the good will of its user . . . There is no such thing as a trade mark in gross."

⁷ *Kidd v. Johnson*, 100 U.S. 617 at 620 (1879); *Mayer Fertilizer & Junk Co. v. Virginia-Carolina Chem. Co.*, 35 App. D.C. 425 (1910); *Jackman v. Calvert-Distillers Corp. of Mass.*, 306 Mass. 423, 28 N.E. (2d) 430 (1940); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 46 S.Ct. 48 (1918).

they do not provide a standard by which the often-complicated fact situations in trade mark litigation can be solved. The Massachusetts Court recognized the validity of the assignment of a trade mark on whiskey by a Canadian firm to a New England firm when accompanied by the transfer of the good will of the business of selling the Canadian firm's whiskey in New England at a time when any legally-acquired good will which the trade mark may have had was developed in the nine months period between December of 1933 and September of 1934.⁸ On the other hand, a federal court decision, cited in the principal case, held invalid an assignment of all right, title, and interest in a mark and in the good will of the business in which it was used, apparently because the assignor continued to produce the goods which had borne the mark "Radium" under another name after the assignment.⁹ Many of the cases can be reconciled by stating the outer limits of assignability as unreasonable restraint of trade or deceit of the public as a consequence of the assignee's use.¹⁰ Either of these consequences of a transfer should render the assignment invalid. Even the religiously-cited case of *Falk v. American West Indies Trading Company*¹¹ seems to rest on the likelihood that the assignee's use would deceive the public rather than on the proposition that trade marks are not assignable in gross. The assignment of good will, as it is understood today,¹² with the trade mark should be sufficient for validity so long as the public will not be misled as a result of the assign-

⁸ "Since the contract between the plaintiff and the Columbia Company purported to transfer the good will of the business of selling the Columbia Company's "Four Aces" whiskey in New England in connection with the name "Four Aces," the assignment may be said to be a sufficient assignment and not an invalid assignment, in gross, of the mark." *California Wine and Liquor Corp. v. Wm. Zakon and Sons, Inc.*, 297 Mass. 373 at 378, 8 N.E. (2d) 812 (1937).

⁹ "But the statute contemplates that, whatever extensions of the trade-mark through extensions of business may subsequently be legitimately acquired by the assignee, he shall take over the good will of the business in which prior to assignment the trade-mark has been used." *Eiseman v. Schiffer*, (C.C. N.Y. 1907) 157 F. 473 at 476.

¹⁰ This theme is developed in Grismore, "Assignment of Trade Marks," 30 MICH. L. REV. 489 at 495 (1932) as follows: "Two limitations on the power to transfer good will are clearly recognized. They are limitations that grow out of considerations of public policy. These limitations are that the transferee will not be protected (1) if an unreasonable restraint of trade results from the transfer, or (2) if the public will be deceived as a consequence of it."

¹¹ The following is the analysis presented in the *Falk Case*, 180 N.Y. 445 at 451, 73 N.E. 239 (1905): "There is no allegation, proof or finding in this case that the plaintiffs, upon the execution of the writing referred to or at any other time, succeeded in any way to the business of the assignor or any part of it, or to the good will to which up to that time the trade mark had been attached. . . . Other examples might be cited that would not come within the rule above suggested, but in the case at bar the trade mark was originally adopted by the Lichtensteins to distinguish a cigar manufactured by themselves. The trade mark in their hands represented their own article, their own skill and business experience. When used by the plaintiffs in their business it does not truly denote anything of the kind and the plaintiffs' claim really is that they have acquired the right to sell their own goods as the goods of someone else."

¹² A statement of the relationship between a modern definition of good will and rational trade mark decisions on assignability can be found in Grismore, "Assignment of Trade Marks," 30 MICH. L. REV. 489 at 492 et seq. (1932).

ment. Neither reason nor the Trade Mark Act¹³ require that tangible physical assets be transferred for a valid assignment of good will, because good will often exists independent of tangible property. The simple device of requiring the assignee to indicate in connection with his use of the mark that he is the successor, not the originator, of the mark whenever the fact situation would otherwise be likely to result in deceiving the public should be sufficient protection for the public interest.¹⁴ Under the analysis suggested, it appears that the principal case is correctly decided, because the plaintiff did not purport to transfer the good will of her business, and the defendant's initial use of the trade mark was likely to mislead the public as to the commercial source of the goods.¹⁵ The consequences, in permitting defendant's continued presumably-deceptive use of the mark are somewhat incongruous, although it would seem that since defendant has used the mark in question for six years, whatever good will the mark has today is probably customer acceptance built by the defendant's use rather than vestiges of the plaintiff's good will.

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¹³ 33 Stat. L. 727, c. 592, §10 (1905), 15 U.S.C. (1940) §90, provides only that a registered mark "shall be assignable in connection with the good will of the business in which the mark is used."

¹⁴ This solution has received approval in recent years and is suggested as a solution to this aspect of the problem by Professor Grismore, "Assignment of Trade Marks," 30 MICH. L. REV. 489 at 497 (1932).

The proposition that there is no practical difference between trade marks and trade names is well argued by Handler and Pickett, "Trade Marks and Trade Names," 30 COL. L. REV. 168, 759 (1930).

¹⁵ Principal case at 468: "In these circumstances we think the plaintiff is in no position to invoke the aid of a court of equity to prevent the defendant from further using the trade mark. If the plaintiff has a valid trade mark in the name "Mother Parker's," it is because the public has become accustomed to regard the bakery products sold under that name as having been made by her or, at least, as emanating from a single source. When she permitted it to be used by the defendant in the circumstances here disclosed, she was enabling the defendant to palm off his goods as hers, thereby deceiving the public. It has been held, and we think rightly, that where the owner of a trade mark or trade name licenses another to use it in circumstances similar to those here he cannot call upon a court of equity to protect it."