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EQUITY - CLEAN HANDS DOCTRINE - TRADENAME INFRINGEMENT - RELIEF AWARDED ON CONDITION THAT COMPLAINANT CLEANSE HIS HANDS

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RECENT DECISIONS

This section is divided into two parts; notes and abstracts. The abstracts consist merely of summaries of the facts and holdings of recent cases and are distinguished from the notes by the absence of discussion.

NOTES

EQUITY — CLEAN HANDS DOCTRINE — TRADENAME INFRINGEMENT — RELIEF AWARDED ON CONDITION THAT COMPLAINANT CLEANSE HIS HANDS — For twenty-six years complainant conducted a tailor shop under the name, "Dundee Woolen Mills, Custom Tailors." On the front of the store was the slogan "No Middle Man's Profit," though the shop was neither owned by a woolen mill nor conducted in any manner that eliminated the usual middle man's profit. Defendant for many years operated a nation-wide chain of ready-to-wear stores under the name "Dundee Clothes" and eventually opened an establishment in complainant's locality. Suit was filed in equity to enjoin the defendant from using "Dundee" in his business. The lower court decided that though complainant had come into equity with "unclean hands" in having deceived the public, an injunction should be awarded, conditioned upon the complainant cleansing his hands by ceasing to use "Mills" in his tradename and deleting the slogan "No Middle Man's Profit" from future advertisements. *Held*, affirmed. *Hartman v. Cohn*, 155 Pa. Super. 41, 38 A. (2d) 22 (1944).

Applying the ancient maxim "He who comes into equity must come with clean hands," [1] courts frequently refuse to lend aid to one guilty of unlawful or inequitable conduct in the matter in which he seeks relief. Notoriously, the application of the maxim involves difficulty, especially in suits to restrain unfair competition, where defendant is almost always able to show that plaintiff's hands are not lily white. Typically, there is room for debate as to (a) the moral quality of plaintiff's conduct, (b) the seriousness of its consequences, and (c) its relevance to the particular dispute between these parties.[2] A diligent search

[1] The maxim has also been expressed "He who has done inequity shall not have equity"; Reynolds v. Boland, 202 Pa. 642, 52 A. 19 (1902); Bentley v. Tibbals, (C.C.A. 2d, 1915) 223 F. 247.

The maxim has also been held to include certain other maxims within its operation: "No right of action can arise out of an immoral cause"; "No right of action can arise out of fraud or deceit"; "A right can not arise to anyone out of his own wrong"; "Both parties to the litigation being equally at fault, the defendant's position is the stronger." 2 POMEROY, EQUITY JURISPRUDENCE, 5th ed., § 397 (1941); annotation in 4 A.L.R. 44 at 46 (1919).

[2] Clinton E. Worden & Co. v. California Fig Syrup Co., 187 U.S. 516, 23 S. Ct. 161 (1903) — where protection against infringement of the tradename "syrup of figs" was refused, it appearing that the product was in reality a syrup of senna and contained little or no fig syrup; American University v. Wood, 294 Ill. 186, 128 N. E. 330 (1920) — the court refused to protect against unfair competition a correspondence school which obtained its students by fraudulent advertising; Stone & McCarrick v. Dugan Piano Co., (C.C.A. 5th, 1915) 220 F. 837—it was held that the author of a book which contained ready-made advertisements for the use of dealers licensed by the author and which contained statements not possibly true as to the business of all

of the digests and reports reveals no prior decision of an appellate court granting to a complainant who has come into equity with "unclean hands" the relief prayed for, conditioned upon the complainant cleansing his hands.[3] There would appear to be no reason why the remedy suggested in the principal case should not be at the chancellor's resource for application in the proper case. Indeed, if the misconduct is such that neither the respondent nor the public has been harmed thus far, yet is of such nature that, if allowed to continue, it would be likely to prejudice either the opposing litigant or the public in the future, this remedy would afford a more equitable adjustment for all concerned. It affords protection for the future without the necessity of throwing the complainant out of court—a decree which appears rather harsh where no one has been injured. But the writer suggests that the application of this new remedy can not be justified in the principal case. Though the defendant has not been prejudiced by this misleading tradename and slogan, the public has been deceived for twenty-six years into believing that complainant's tailor shop was operated by a woolen mill. It can hardly be denied that many customers of the business whose patronage the complainant has asked equity to preserve were attracted to his establishment by the belief they were avoiding the usual middle man's profit. The court in the principal case, by protecting the goodwill of this business built up

the licensees was not entitled to the protection of equity in the enjoinment of his copyrights; Fay v. Lambourne, 124 App. Div. 245, 108 N.Y.S. 874 (1908), order affirmed without opinion in 196 N.Y. 575, 90 N.E. 1158 (1908) — a mind reading business was held to be a fraud in itself and deception to the public justifying the application of the "clean hands" doctrine to the suit of a person seeking to enjoin the use by another of his business name; Bear Lithia Springs Co. v. Great Bear Springs Co., 71 N.J. Eq. 595, 71 A. 383 (1906) — misrepresentations as to curative qualities of plaintiff's mineral water; Prince Mfg. Co. v. Princess Metallic Paint Co., 135 N.Y. 24, 31 N.E. 990 (1892) — where relief was denied because complainant had falsely implied the product was from the famous Prince Mine; annotations in 66 A.L.R. 948 at 1028 (1930) and 115 A.L.R. 1241 at 1255 (1938); Nelson v. Winchell & Co., 203 Mass. 75, 89 N.E. 180 (1909) — held that a jobber in shoes who in his trademark and letterheads represented himself to be a manufacturer of the shoes labeled was not guilty of such a misrepresentation as to require the application of the principle of "unclean hands" to his suit for injunction restraining the use of his trademark, the shoes referred to having been manufactured by another in accordance with his directions, accord, Regent Shoe Mfg. Co. v. Haaker, 75 Neb. 426, 106 N.W. 595 (1905).

[3] In Diamond Crystal Salt Co. v. Worcester Salt Co., (C.A.A. 2d, 1915), 221 F. 66 at 67 the court declared, "We think it entirely equitable that the bill should be dismissed, not absolutely, but without prejudice to the right of the complainant hereafter to file a new bill, if it shall have shown that all untruthful advertising to the effect that its salt is absolutely pure and free from any gypsum has been abandoned." It would seem that the circuit court of appeals has achieved the same result as the court in the principal case though in a more cumbersome manner and involving multiplicity of suits.

In Whittington v. Summerall, 20 Ga. 345 (1856) the court refused to aid a plaintiff relying on a forged deed for title until the party cleared himself with all connection of the forgery.

The writer failed, however, to discover a case where relief was granted in the same decree, conditioned upon the complainant ceasing his inequitable conduct.

by fraudulent advertisements, is in effect assisting in the perpetration of fraud upon the public.

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