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Dawn R. Duven

University of Nebraska College of Law, duven@unlfiowa.com

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The Present Scope of Recovery for Unfair Competition Violations Under Section 43(a) of the Lanham Act

I. INTRODUCTION

Section 43(a) of the Lanham Act¹ has generally been viewed as a reaction against the restrictiveness of the common law action for false advertising.² Although the section was enacted in 1946 as part of the Federal Trademark Act,³ the purpose of the section was not to protect registered trademarks but to prohibit unfair competition.⁴ However, due to the failure of the legal profession to recognize the potential in this area, very few cases were brought under the section in the early years of its enactment.

The initial cases that did interpret section 43(a) were quite restrictive and limited the section to the conservative common law views.⁵ More recently, however, the broad language of the section has been used to allow recovery in many situations, and section

1. 15 U.S.C. § 1125(a) (1976).

2. Germain, *Unfair Trade Practices Under Section 43(a) of the Lanham Act: You've Come a Long Way, Baby—Too Far, Maybe?*, 64 TRADEMARK REP. 193 (1974). See Bunn, *The National Law of Unfair Competition*, 62 HARV. L. REV. 987 (1949). See also *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649 (3d Cir. 1954).

3. 15 U.S.C. §§ 1051-1127 (1976).

4. The basic concept of unfair competition at common law meant protection of a common law trademark, *i.e.*, no one should be allowed to represent his goods as those of another. Unfair competition today, however, is much broader, and not only protects a plaintiff's goodwill in a product, but also prevents a competitor from obtaining an undue advantage from another's efforts. In addition, unfair competition protects false advertising, specifically, any untrue statement made by the defendant about the product. R. CALLMANN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS, AND MONOPOLIES* § 4.1 (3d ed. 1967).

5. *Chamberlain v. Columbia Pictures Corp.*, 186 F.2d 923 (9th Cir. 1951); *Samson Crane v. Union Nat'l Sales, Inc.*, 87 F. Supp. 218 (D. Mass. 1949), *aff'd per curiam*, 180 F.2d 896 (1st Cir. 1950).

43(a) now covers most aspects of unfair competition.⁶ This comment will examine the present scope of section 43(a), which provides:

Any person who shall . . . use in connection with any goods or services . . . a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce . . . shall be liable to a civil action . . . by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.⁷

II. THRESHOLD REQUIREMENTS OF SECTION 43(a)

A. Procedural Requirements

The basic grant of jurisdiction for any suit arising out of the Lanham Act is section 39.⁸ The section provides that the courts shall have jurisdiction over "all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties."⁹ Although the normal federal jurisdictional requirements are not necessary to bring suit under this section, section 43(a) requires that the goods or services being misrepresented must have entered commerce.¹⁰ Section 45 of the Lanham Act defines commerce as "all commerce which may be lawfully regulated by Congress."¹¹

Although the language of section 43(a) quite broadly states that an action may be commenced by "any person who believes that he is or is likely to be damaged,"¹² the majority of the courts have not interpreted the section to give the consuming public standing despite apparent compliance with the damage provision.¹³ The reason for this restrictive interpretation is found in section 45 of the

6. R. CALLMANN, *supra* note 4, § 18.2, at 609. Several attempts have been made in Congress to pass federal legislation which would establish a uniform body of federal unfair competition law. The most recent bill was introduced by Senator John J. McClellan on April 28, 1977. See PAT., T.M. & COPYRIGHT J. (BNA) A12, D-1 (No. 327 May 5, 1977).

7. 15 U.S.C. § 1125(a) (1976).

8. *Id.* § 1121.

9. *Id.*

10. *Id.* § 1125(a).

11. *Id.* § 1127. In *Iding v. Anaston*, 266 F. Supp. 1015 (N.D. Ill. 1967), the court held that interstate commerce is such an important element that failure to allege and prove it will, by itself, constitute a proper basis for dismissal.

12. 15 U.S.C. § 1125(a) (1976).

13. See *Colligan v. Activities Club of N.Y., Ltd.*, 442 F.2d 686 (2d Cir.), *cert. denied*, 404 U.S. 1004 (1971); *Florida ex rel. Boward County v. Eli Lilly & Co.*, 329 F. Supp. 364 (S.D. Fla. 1971); *Marshall v. Proctor & Gamble Mfg. Co.*, 170 F. Supp. 828 (D. Md. 1959). *Contra*, *Arnesen v. Raymond Lee Org., Inc.*, 333 F. Supp. 116 (C.D. Cal. 1971).

Act which states its intent "is to protect persons engaged in such commerce against unfair competition."¹⁴ Thus, as concluded in *Colligan v. Activities Club of New York, Ltd.*,¹⁵ "[t]he Act's purpose as defined in section 45, is exclusively to protect the interests of a purely commercial class against unscrupulous commercial conduct."¹⁶ However, the issue of consumer standing under the section does not appear to be conclusively settled, and more litigation is likely on this issue in the future.¹⁷

B. Substantive Requirements

The main requirement of a section 43(a) suit is that a false representation be made by the defendant.¹⁸ Specifically, the section prohibits (1) any false designation of origin, or (2) any false description or representation.¹⁹ Common law trademark, also referred to as passing off, violations are concerned with confusion as to source and thus depend on the false designation of origin language as their basis for recovery, while false advertising claims depend on the false description or representation language.

A cause of action under section 43(a) is stated by alleging that a falsity did in fact occur; there is no requirement of an intent to deceive.²⁰ Although section 43(a) is embodied within the Federal Trademark Act, the section itself is not concerned with registered trademarks,²¹ and it has been consistently held that a registered trademark is not a prerequisite to maintaining an action under the section.²²

While section 43(a) does not specifically mention available remedies, the courts have interpreted section 43(a) to include both the right to an injunction and monetary damages, since both are avail-

14. 15 U.S.C. § 1127 (1976).

15. 442 F.2d 686 (2d Cir.), *cert. denied*, 404 U.S. 1004 (1971).

16. *Id.* at 692.

17. Many commentators advocate that consumers must be allowed standing to sue under section 43(a) to adequately protect their interests. *See, e.g.,* Germain, *supra* note 2, at 201-05; Note, *Section 43(a) of the Lanham Act Held Not to Confer Upon Consumers Standing to Sue in Federal Courts*, 72 COLUM. L. REV. 182 (1972); Note, *Consumer Law—Standing—School Children Denied Standing to Sue for False Advertising Under Section 43(a) of the Lanham Act*, 46 N.Y.U. L. REV. 807 (1971).

18. 15 U.S.C. § 1125(a) (1976). Recently, a few courts have indicated it is enough if misleading, although not literally false, statements are made. *See generally* notes 132-35 *infra*.

19. 15 U.S.C. § 1125(a) (1976).

20. *Parkway Baking Co. v. Freihofer Baking Co.*, 255 F.2d 641, 648 (3d Cir. 1958).

21. *See* note 4 & accompanying text *supra*.

22. *Iding v. Anaston*, 266 F. Supp. 1015 (N.D. Ill. 1967); *Gold Seal Co. v. Weeks*, 129 F. Supp. 928 (D.D.C. 1955).

able under other provisions of the Lanham Act.²³ Injunctive relief is provided for federally registered trademarks in section 34 of the Act,²⁴ but it is unclear whether the courts derive their power to grant injunctions from that section or from their general equity powers. They have held that a plaintiff, to obtain an injunction under section 43(a), need only show that the falsities complained of had a tendency to deceive.²⁵ For monetary damages, section 35 of the Act²⁶ requires that the plaintiff show that the defendant's representation was false and that a portion of the consuming public was in fact deceived.²⁷ Therefore, proof of actual consumer reliance is a necessity if damages are to be awarded under section 43(a).²⁸

III. ANALYSIS

The main purpose of this article is to analyze the types of cases that have been decided under section 43(a), in order to ascertain the present usefulness of the section as it concerns unfair competition. Notwithstanding the slow emergence of the section as a means of remedying unfair competition,²⁹ the statute has been applied in a variety of situations in recent years. While some commentators assert that the section has been interpreted far too broadly,³⁰ others indicate that the statute has not been read broadly enough, and before its potential will be reached, further expansion is necessary.³¹

A. False Designation of Origin

The clause of section 43(a) which provides "[a]ny person who

23. *Hesmer Foods, Inc. v. Campbell Soup Co.*, 346 F.2d 356 (7th Cir. 1965); *Parkway Baking Co. v. Freihofer Baking Co.*, 255 F.2d 641 (3d Cir. 1958); *Electronics Corp. of America v. Honeywell, Inc.*, 358 F. Supp. 1230 (D. Mass. 1973); *Geisel v. Poynter Prod. Inc.*, 283 F. Supp. 261 (S.D.N.Y. 1968).

24. 15 U.S.C. § 1116 (1976).

25. *Parkway Baking Co. v. Freihofer Baking Co.*, 255 F.2d 641, 649 (3d Cir. 1958).

26. 15 U.S.C. § 1117 (1976).

27. *Hesmer Foods Inc. v. Campbell Soup Co.*, 346 F.2d 356, 359 (7th Cir. 1965).

28. *Id.*

29. *Chamberlain v. Columbia Pictures Corp.*, 186 F.2d 923 (9th Cir. 1951); *Samson Crane Co. v. Union Nat'l Sales, Inc.*, 87 F. Supp. 218 (D. Mass. 1949), *aff'd per curiam*, 180 F.2d 896 (1st Cir. 1950).

Judge Clark remarked of the yet untapped potential of section 43(a): "Indeed, there is indication here and elsewhere that the bar has not yet realized the potential impact of this statutory provision." *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538, 546 (2d Cir. 1956) (Clark, J., concurring).

30. See Germain, *supra* note 2, at 218-21.

31. Lunsford, *Protection from False and Misleading Advertising*, 35 FED. B.J. 87 (1976); Note, *Section 43(a) of the Lanham Act: Its Development and Potential*, 3 LOY. CHI. L.J. 327, 343 (1972). See also *Glenn v. Advertising Publication Inc.*, 251 F. Supp. 889 (S.D.N.Y. 1966).

shall . . . use . . . a false designation of origin"³² is the basis for the first broad category of cases decided under section 43(a)—those involving common law trademarks and trademark-like violations, normally called passing off violations. Passing off claims deal with the attempt by a competitor to sell his or her goods as those of another. They typically involve the defendant's use of plaintiff's well-known product name, symbol, or familiar packaging to attract the public to the product under the assumption that it is the plaintiff's product which is bought.³³ Recovery was granted for this type of unfair competition at common law since manufacturers were generally considered to have a property right in the name of their goods.³⁴ However, since section 43(a) has been held to be applicable to these claims, a great many plaintiffs have used this avenue to seek their remedy, thus invoking the jurisdiction of the federal courts, rather than relying upon their common law rights.³⁵

It has been suggested that these passing off violations generally fall into two categories.³⁶ The first occurs when a manufacturer substitutes goods for those of a competitor when the product of the competitor had been requested. The second, and most familiar type of passing off, occurs when the manufacturer imitates another's trademark, tradename, product appearance or packaging, leading the consumer to purchase the goods under the false impression that they were the goods of the competitor.

A trademark is very valuable to a manufacturer once the consumer associates it with a certain product. Accordingly, the Lanham Act was primarily enacted to allow federal protection against trademark infringement for those who registered their mark. However, section 43(a) has consistently been held to grant federal jurisdiction even for those cases involving marks which have not been registered.³⁷ There is some controversy as to whether the section was intended to allow those with only common law trademarks to obtain federal jurisdiction. One commentator strongly argues against the inclusion within section 43(a) of those cases which, he maintains, have an adequate remedy at common law.³⁸

32. 15 U.S.C. § 1125(a) (1976).

33. *Developments in the Law—Competitive Torts*, 77 HARV. L. REV. 888, 907 (1964) [hereinafter cited as *Developments*]. For an analysis of the common law background in this area, see Derenberg, *Federal Unfair Competition Law at the End of the First Decade of the Lanham Act: Prologue or Epilogue?* 32 N.Y.U. L. REV. 1029, 1032 (1957).

34. See Derenberg, *supra* note 33, at 1032.

35. See notes 42-51 *infra*.

36. *Developments*, *supra* note 33, at 908-22.

37. *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405 (6th Cir. 1963); *Joshua Meier Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144 (2d Cir. 1956).

38. Germain, *supra* note 2, at 219.

He asserts that in this situation the plaintiff is merely obtaining a free ride into the federal court system, when the state courts could adequately handle the issue.³⁹ However, notwithstanding such an argument, the federal courts have consistently allowed such cases to make use of section 43(a),⁴⁰ and other commentators are in agreement with the case law.⁴¹

1. Trademark Violations

Numerous cases have made use of section 43(a) as the vehicle for remedying common law trademark violations.⁴² The first case directly raising the issue was *Joshua Meier Co. v. Albany Novelty Manufacturing Co.*⁴³ Plaintiff alleged that defendant was copying portions of its copyrighted trade catalog and making use of various of its registered and unregistered trademarks. Although denying the preliminary injunction because of factual disputes, the court held that plaintiff would have a cause of action concerning the unregistered trademarks under section 43(a) if the marks had become so associated with its goods that the use of the same or similar mark by another constituted a representation that they came from the original source.⁴⁴

Federal-Mogul-Bower Bearings, Inc. v. Azoff,⁴⁵ however, is the case most noted for extending the section's false description of origin language. In this case, plaintiffs alleged that defendants placed into commerce certain bearings, rods, and containers that so closely imitated those of plaintiffs that the public was confused

39. "Thus, designations of 'origin' under Section 43(a) have provided a backdoor entry into federal courts for typical trademark and unfair competition cases." *Id.*

40. See cases cited in note 42 *infra*.

41. See Lunsford, *supra* note 31, at 104-05.

42. *Beech-Nut, Inc. v. Warner-Lambert Co.*, 480 F.2d 801 (2d Cir. 1973); *Sutton Cosmetics (P.R.) Inc. v. Lander Co.*, 455 F.2d 285 (2d Cir. 1972); *Heaton Distrib. Co. v. Union Tank Car Co.*, 387 F.2d 477 (8th Cir. 1967); *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405 (6th Cir. 1963); *Joshua Meier Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144 (2d Cir. 1956); *Menley & James Labs. Ltd. v. Approved Pharm. Corp.*, 438 F. Supp. 1061 (N.D.N.Y. 1977); *Phillip Morris Inc. v. R.J. Reynolds Tobacco Co.*, 188 U.S.P.Q. 289 (S.D.N.Y. 1975); *National Lampoon, Inc. v. ABC, Inc.*, 376 F. Supp. 733 (S.D.N.Y. 1974); *Centsable Prod., Inc. v. Goldblatt Bros.*, 179 U.S.P.Q. 645 (N.D. Ill. 1973); *McTavish Bob Oil Co. v. Disco Oil Co.*, 345 F. Supp. 1379 (N.D. Ill. 1972); *Mortellito v. Nina of Cal., Inc.*, 335 F. Supp. 1288 (S.D.N.Y. 1972); *Scarves by Vera, Inc. v. United Merchants & Mfrs., Inc.*, 173 F. Supp. 625 (S.D.N.Y. 1959).

43. 236 F.2d 144 (2d Cir. 1956).

44. *Id.* at 147. See also *Scarves by Vera, Inc. v. United Merchants & Mfrs., Inc.*, 173 F. Supp. 625 (S.D.N.Y. 1959) (another of the early cases to hold that the use of another's trademark violated section 43(a) even though it was a common law, not a registered mark).

45. 313 F.2d 405 (6th Cir. 1963).

as to the origin of the products. The court held that the origin language of the section includes origin of manufacture as well as geographic origin,⁴⁶ thus reaffirming the earlier cases which held that the violation fell within the section:

[Section 43(a)] does provide a right of action to persons engaged in interstate and foreign commerce, against deceptive and misleading use of common law trademarks, and against deceptive and misleading use of words, names, symbols, or devices, or any combination thereof, which have been adopted by a manufacturer or merchant to identify his goods and distinguish them from those manufactured by others⁴⁷

A vital requirement in those cases dealing with unregistered trademarks is that secondary meaning must be proved by plaintiff before section 43(a) is applicable.⁴⁸ Unless plaintiff can prove secondary meaning, *i.e.*, show that consumers primarily associate the mark with plaintiff's article or business, section 43(a) cannot provide relief because the use of the mark would not falsely indicate the origin of the product.⁴⁹

In *Beech-Nut, Inc. v. Warner-Lambert Co.*,⁵⁰ a case involving a battle between two companies concerning their breath mints, the Second Circuit held that any trademark infringement action which asserted a likelihood of deception could, on the basis of section 43(a), be removed to federal court. The court noted: "Despite considerable doubt created by the statute as to whether section 43(a) . . . covers mere trademark infringement and unfair competition, the many cases decided since its enactment leave no doubt that as construed by the courts, the claims advanced here may properly be brought under this section."⁵¹

2. Packaging and Trade Dress

Misleading packaging and trade dress is the second form of unfair competition found to violate the false designation of origin

46. There are not many cases under section 43(a) dealing with the false indication of geographic origin. *But see* *Norwich Pharmacal Co. v. Hoffmann-La Roche, Inc.*, 180 F. Supp. 222 (D.N.J. 1960).

47. 313 F.2d at 409.

48. *See generally* note 42 *supra*. *See also* *Germain, supra* note 2, at 211.

49. Secondary meaning traditionally applies to a word which is originally descriptive:

It contemplates that a word or phrase originally, and in that sense primarily, incapable of exclusive appropriation with reference to an article on the market, because . . . descriptive, might nevertheless have been used so long and so exclusively by one producer with reference to his article that . . . the word or phrase had come to mean that the article was his product.

G. & C. Merriam Co. v. Saalfeld, 198 F. 369, 373 (6th Cir. 1912).

50. 480 F.2d 801 (2d Cir. 1973).

51. *Id.* at 803.

clause of section 43(a). This violation is very similar to that of trademark infringement, and both often occur together.⁵² This violation involves defendant's use of plaintiff's distinguishing package shape or design in the hope that the consumer will fail to differentiate between the two products. Although packaging and trade dress are, on occasion, appropriate for federal registration as trademarks,⁵³ more often than not section 43(a) has been relied upon to obtain federal court jurisdiction.

One of the first cases to use section 43(a) in this manner was *Eastman Kodak Co. v. Royal-Pioneer Paper Box Manufacturing Co.*⁵⁴ Kodak sought to enjoin defendant from manufacturing and selling photographic film boxes of a design and color deceptively similar to Kodak's. Although section 43(a) was not discussed in great depth, the court held that since Kodak's boxes had acquired secondary meaning, and the contents were of superior quality, defendant had attempted to pass off its film as that of Kodak. Despite constituting unfair competition at common law, such actions were also held to violate section 43(a).⁵⁵

A more recent Kodak case⁵⁶ involved defendant's use of yellow, red and black colors on its outlets for film processing, in addition to Kodak's trademark. The public became confused and was under the impression that the developing outlet was run by Kodak. The court held that for injunctive relief under section 43(a), as well as under the rest of the Lanham Act, a showing of likelihood of confusion is sufficient to establish that defendant appropriated the design and overall appearance of plaintiff's trade dress.⁵⁷

Although there are several quite recent cases in this area that make use of section 43(a),⁵⁸ one is particularly important. In *Menley & James Laboratories Ltd. v. Approved Pharmaceutical Corp.*,⁵⁹ the plaintiff was the manufacturer of the allergy medicine, A.R.M. The defendant entered the market producing a medicine which it called ARCOMP. The medicine produced by the newcomer was virtually identical in size, shape, and color to that of plaintiff. In addition, the boxes used were similar in size, shape,

52. *Beech-Nut, Inc. v. Warner-Lambert Co.*, 480 F.2d 801 (2d Cir. 1973); *Menley & James Labs. Ltd. v. Approved Pharm. Corp.*, 438 F. Supp. 1061 (N.D.N.Y. 1977); *Clairol, Inc. v. Cosway Co., Inc.*, 184 U.S.P.Q. 583 (C.D. Cal. 1974).

53. *See Application of Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964).

54. 197 F. Supp. 132 (E.D. Pa. 1961).

55. *Id.* at 135.

56. *Eastman Kodak Co. v. Fotomat Corp.*, 317 F. Supp. 304 (N.D. Ga. 1970).

57. *Id.* at 309.

58. *Rolls-Royce Motors Ltd. v. Custom Cloud Motors, Inc.*, 190 U.S.P.Q. 80 (S.D.N.Y. 1976); *Clairol, Inc. v. Cosway Co., Inc.*, 184 U.S.P.Q. 583 (C.D. Cal. 1974); *Bogene Inc. v. Whit-Mor Mfg. Co.*, 253 F. Supp. 126 (S.D.N.Y. 1966).

59. 438 F. Supp. 1061 (N.D.N.Y. 1977).

and print size. Although plaintiff sued both to protect its federally registered trademark and the copyrighted printed matter on the box, section 43(a) was invoked to remedy the unfair method of competition used by the defendant which was evidenced by the similarity in all respects of both the medicine and its container. The court granted the preliminary injunction: "The facts of this case lead inescapably to the conclusion that the defendant . . . designed his products and marketing devices and techniques with the intention of 'cashing in' on plaintiff's reputation, advertising, and established position in the allergy medicine market, a result which cannot be tolerated."⁶⁰

3. Service Marks and Certification Marks

The cases arising under section 43(a) for the infringement of a service mark differ very little from those dealing with the infringement of a trademark.⁶¹ A service mark describes and identifies a service, such as a restaurant or hotel, rather than a particular product. The cases have held that the use of another's common law service mark falls squarely within the false indication of origin clause of the section, if plaintiff establishes secondary meaning.⁶²

One case has been reported dealing with the misuse of a certification mark under section 43(a). In *State of Florida v. Real Juices, Inc.*,⁶³ the court applied the term certification mark as defined in section 45 of the Lanham Act.⁶⁴ The State Department of Citrus desired to enjoin defendant's use of the name "Sunshine Tree," since it already had an unregistered certification mark on those words in its promotion of Florida citrus. The court granted the preliminary injunction, holding that section 43(a) would be extended to cover cases involving unregistered certification marks where the words had become distinctly associated with the plain-

60. *Id.* at 1066. The case obviously involved more than one violation, and appears similar in many respects to the appropriation of an entire business method, discussed *infra* at notes 116-21.

61. *Rare Earth, Inc. v. Hoorelbeke*, 401 F. Supp. 26 (S.D.N.Y. 1975); *Steak & Brew, Inc. v. Beef & Brew Restaurant, Inc.*, 370 F. Supp. 1030 (S.D. Ill. 1974); *Boston Prof. Hockey Ass'n Inc. v. Reliable Knitting Works, Inc.*, 178 U.S.P.Q. 274 (E.D. Wis. 1973); *Iding v. Anaston*, 266 F. Supp. 1015 (N.D. Ill. 1967); *Burger King of Fla., Inc. v. Brewer*, 244 F. Supp. 293 (W.D. Tenn. 1965).

62. See cases cited in note 61 *supra*.

63. 330 F. Supp. 428 (M.D. Fla. 1971).

64. [A] mark used upon or in connection with the products or services of one or more persons . . . to certify regional or other origin, material, mode of manufacture, quality, accuracy or other characteristics of such goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

15 U.S.C. § 1127 (1976).

tiff and the likelihood of confusion could arise.⁶⁵

4. *False Authorization or Approval*

The fact situations involving false authorization or approval are similar to many of those discussed previously, with one exception. Instead of attempting to completely pass off its product as that of plaintiff by using only plaintiff's distinguishing name or mark, defendant uses both its own name and that of plaintiff in identifying the source in an attempt to imply that the two parties were working in conjunction on the product, or that it was produced by defendant with the authorization or approval of plaintiff. The initial case involving this fact pattern was *Parkway Baking Co. v. Frehofer Baking Co.*⁶⁶ In *Parkway*, plaintiff was the exclusive licensee of a bread company selling diet bread. Defendant, a past licensee in the same area, continued to sell bread using a label indicating it was the current licensee, and thus that its selling was done with the approval of the licensor. The court held that anyone who sold merchandise under the false representation that it was under sponsorship and with approval of the licensor fell within the scope of section 43(a).⁶⁷ However, since defendant had ceased the action complained of in *Parkway*, there was no need for the court to issue an injunction.

The purpose of engaging in this type of activity is to not only confuse the consumer as to the actual source of the product, but in so doing, to cause deception as to the quality of the product. This was illustrated in *Geisel v. Poynter Products, Inc.*,⁶⁸ in which the defendant copied dolls from the famous Dr. Seuss cartoons, and was using the Dr. Seuss name in conjunction with the sale of the dolls, all without plaintiff's permission. Since the tags, boxes, advertising literature, and all oral and written sales representations conveyed the clear impression that the dolls were manufactured with the approval of plaintiff, the court held that section 43(a) was the proper basis for relief.⁶⁹

In the past several years, other cases have been decided in which recovery was at least partially based on the false authorization or approval theory.⁷⁰ In *Rolls-Royce Motors Ltd. v. A & A Fi-*

65. 330 F. Supp. at 431.

66. 255 F.2d 641 (3d Cir. 1958).

67. *Id.* at 648.

68. 283 F. Supp. 261 (S.D.N.Y. 1968).

69. "The defendants do not possess the right to represent that their goods were sponsored or authorized by the plaintiff, nor do they have the right to represent as copies, goods which are poorly made and deviate materially from the originals." *Id.* at 268.

70. *Norman M. Morris Corp. v. Weinstein*, 466 F.2d 137 (5th Cir. 1972); *Rolls-Royce Motors Ltd. v. A & A Fiberglass, Inc.*, 428 F. Supp. 689 (N.D. Ga. 1977); *John*

berglass, Inc.,⁷¹ defendant sold a kit which converted the ordinary grill and hood ornament of a Volkswagen Bug into one resembling that of a Rolls-Royce. Although the court determined that there was no real confusion in the mind of the consumer who saw the converted cars as to whether they were in fact Volkswagens or Rolls-Royces, harm existed because it was possible for the consumer to believe that the kits were sold, sponsored, or endorsed by the Rolls-Royce Company:

The court need not invariably find confusion or deception on the part of the potential purchasers but may look as well to public identifications of the symbols. It is evident . . . that its kits were selling, and were designed to sell primarily, if not exclusively, because of the public recognition of Rolls-Royce.⁷²

5. *The Moral Rights Cases*

There have been two cases⁷³ which have applied section 43(a) to redress rights of artists, actors, or writers whose artistic works had been distorted in some fashion by defendants. *Gilliam v. ABC, Inc.*⁷⁴ concerned a group of British writers and performers, who went by the name of Monty Python. The group was associated with a distinctive style of comedy and its material was originally written for BBC Television. ABC ultimately bought some rights to several of the Monty Python programs and edited them in such a fashion that the works were allegedly mutilated. Monty Python brought suit for an injunction on the basis that it did not want its name connected with the edited film. The court allowed the injunction, denying ABC the right to broadcast the show in the edited form.

Although its decision was based partially on contract principles, the court also discussed section 43(a) and its relation to such an action. It noted that redressing the mutilation of an artist's work "finds its roots in the continental concept of *droit moral*, or

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- Wright, Inc. v. Casper Corp., 419 F. Supp. 292 (E.D. Pa. 1976); Rolls-Royce Motors Ltd. v. Custom Cloud Motors, Inc., 190 U.S.P.Q. 80 (S.D.N.Y. 1976); SmokEnders, Inc. v. Smoke No More, Inc., 184 U.S.P.Q. 309 (S.D. Fla. 1974).
71. 428 F. Supp. 689 (N.D. Ga. 1977).
72. *Id.* at 695 (footnotes and citations omitted). See also Rolls-Royce Motors Ltd. v. Custom Cloud Motors, Inc., 190 U.S.P.Q. 80 (S.D.N.Y. 1976) (the prior Rolls-Royce case); Annual Review Comm., *The Thirtieth Year of Administration of the Lanham Trademark Act of 1946*, 67 TRADEMARK REP. 471, 571-74 (1977).
73. *Gilliam v. ABC, Inc.*, 538 F.2d 14 (2d Cir. 1976); *Jaeger v. American Int'l Pictures, Inc.*, 330 F. Supp. 274 (S.D.N.Y. 1971).
74. 538 F.2d 14 (2d Cir. 1976). See Case Comment, *Monty Python and the Lanham Act: In Search of the Moral Right*, 30 RUTGERS L. REV. 452 (1977); Comment, *Moral Rights for Artists Under the Lanham Act*, 18 WM. & MARY L. REV. 595 (1977).

moral right, which may generally be summarized as including the right of the artist to have his work attributed to him in the form in which he created it."⁷⁵ The court reasoned that section 43(a) had been used to prevent misrepresentation that could injure one's business or reputation, and that the film edited by ABC, yet still carrying the attribution to Monty Python, tended to create a false impression as to its origin.⁷⁶ Therefore, plaintiffs in such a case desired "to redress the very rights sought to be protected by 43(a)."⁷⁷ Since moral rights have not been explicitly recognized in the United States, it is quite possible that, as a consequence of this recent case, a new surge of suits of this type could result, basing claims for recovery on section 43(a).⁷⁸

6. *Product Copying*

The otherwise unprotected field of product copying has recently found section 43(a) to be a basis for protection. While a thorough discussion of this area is beyond the scope of this article, a brief summary of the law of product copying as it relates to section 43(a) is necessary. Prior to the landmark decisions by the Supreme Court in *Sears, Roebuck & Co. v. Stiffel Co.*⁷⁹ and *Compco Corp. v. Day-Brite Lighting, Inc.*,⁸⁰ it was held in *Catalina, Inc. v. Gem Swimwear, Inc.*⁸¹ that under section 43(a) plaintiff had stated a cause of action against defendant, under a passing off theory, for the slavish copying and production of its product, a type of swimsuit.

The *Sears* and *Compco* decisions, while dealing with state law, held that any laws attempting to restrict product copying were pre-empted by the federal laws of patent and copyright. Therefore, if a product was not protectable under one of those two statutes, the product could be freely copied and produced in its entirety by anyone, and neither a functional nor non-functional feature of the product was entitled to protection.⁸² Although some commentators seem to agree that the *Sears* and *Compco* decisions have pre-empted even the power of section 43(a) to protect a manufacturer against the copying of its product design,⁸³ a recent case appears to

75. 538 F.2d at 24.

76. *Id.* at 24-25.

77. *Id.*

78. However, Judge Gurfein indicated in his concurrence in *Gilliam* that although the plaintiffs should be entitled to recovery on some basis, section 43(a), in his opinion, was not the correct basis. *Id.* at 27.

79. 376 U.S. 225 (1964).

80. 376 U.S. 234 (1964).

81. 162 F. Supp. 911, 912 (S.D.N.Y. 1958).

82. 376 U.S. at 232-33.

83. Germain, *supra* note 2, at 210; Obdyke, *The Lanham Trademark Act Section*

allow protection.⁸⁴

In *Truck Equipment Service Co. v. Fruehauf Corp.*,⁸⁵ the court did not concern itself a great deal with the *Sears* and *Compco* decisions, but did grant plaintiff protection for its unique trailer design. The plaintiff, TESCO, was a Lincoln, Nebraska, firm which was the original manufacturer of a semi-trailer featuring a particular design and structure. The defendant, Fruehauf, used photographs of plaintiff's trailer in its sales literature to promote its entry into the hopper-grain-trailer market and, in addition, copied the exterior design of plaintiff's trailer. One of the theories set forth by plaintiff for recovery was that of unfair competition under section 43(a) on the basis that defendant was falsely indicating to consumers the origin of the product through an identical design. Although defendant argued on the basis of *Sears* and *Compco* that it had a legitimate right to copy the trailer design,⁸⁶ the court found that the cases were not applicable to that situation for the reason that section 43(a) was a federal statute, and therefore, the preemption theories of *Sears* and *Compco* could not be controlling since they dealt only with protection of product design under state law.⁸⁷ The court also held that since plaintiff had established that the parts of the trailer copied were unique, non-functional, and had secondary meaning, defendant could be enjoined from copying those portions of the trailer.⁸⁸

The basis of the decision in *Fruehauf* appears to be, first, that since the action was brought under section 43(a) of the Lanham Act, a federal statute, *Sears* and *Compco* were not applicable. Secondly, the court appears to indicate that the language in those cases dealing with secondary meaning and the non-functional aspects of a product was dicta, and the cases, therefore, were not determinative on those issues.⁸⁹ The court further analyzed cases dealing with copying of non-functional product features and concluded that where a certain portion of a product, not necessary to the purpose of the total product, had become so associated with the product as to identify its source, the manufacturer, through the use of section 43(a)'s "false indication of origin" language, should have the right to stop another from appropriating the feature. In the words of the court:

43(a): *A Hidden National Law of Unfair Competition*, 14 WASHBURN L.J. 330 (1975).

84. *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210 (8th Cir.), cert. denied, 429 U.S. 861 (1976).

85. 536 F.2d 1210 (8th Cir.), cert. denied, 429 U.S. 861 (1976).

86. *Id.* at 1214.

87. *Id.* at 1215.

88. *Id.* at 1214.

89. *Id.* at 1215.

Full and fair competition requires that those who invest time, money and energy into the development of good will and a favorable reputation be allowed to reap the advantages of their investment To protect TESCO against the misappropriation of the exterior design of the Cornhusker 800, portions of which are non-functional and which are possessed of a secondary meaning, will be in furtherance of this congressional purpose. . . . Contrary to the situation in *Sears* and *Compco*, there is in the instant controversy no conflict with federal statutory policy. Fruehauf's contention that it is privileged to copy the exterior design of the Cornhusker 800 must fail.⁹⁰

The ultimate effect of the *Fruehauf* decision on the ability of section 43(a) to deal with the product copying problem is uncertain at best;⁹¹ however, it is quite likely that once decisions like *Fruehauf* begin to allow some protection in this area, litigation over the issue will increase.⁹²

B. False Advertising

The false advertising cases arising under section 43(a) find their basis for recovery in the prohibition of "any false description or representation including words or other symbols tending falsely to describe or represent the same."⁹³ False advertising in its simplest form consists of untrue representations concerning one's own goods.⁹⁴ False advertising is typically found in cases in which defendant falsely describes its product in such a way as to induce the consumer to buy it because of attributes which in fact are not present. At common law, competitors were seldom able to state a cause of action for false representation,⁹⁵ and thus the emergence of section 43(a) literally opened up to litigation the entire area of false advertising. The need for recovery for false representation has been thus stated by one commentator:

90. *Id.* (citations omitted).

91. For a detailed examination of the *Fruehauf* decision, see Comment, *Product Simulation in the Eighth Circuit*, 57 NEB. L. REV. 91, 133-46 (1978).

92. In *Bose Corp. v. Linear Design Labs, Inc.*, 340 F. Supp. 513 (S.D.N.Y. 1971), *aff'd*, 467 F.2d 304 (2d Cir. 1972), a court faced with a product copying issue under section 43(a) basically avoided the issue, and held that since defendant put its name on the product being copied (loudspeakers), plaintiff had failed to establish on the motion for preliminary injunction that it would succeed. In *Time Mechanisms, Inc. v. Qonaar Corp.*, 422 F. Supp. 905 (D.N.J. 1976), the court did not mention section 43(a) but did cite to *Fruehauf*. In the case defendant was enjoined from copying plaintiff's unique, nonfunctional design of a parking meter, because the court found that the parking meter qualified for common law trademark status, and thus *Sears* and *Compco* were not applicable.

93. 15 U.S.C. § 1125(a) (1976).

94. See *Developments*, *supra* note 33, at 905.

95. *Id.* at 905-08. See *Ely-Norris Safe Co. v. Mosler Safe Co.*, 7 F.2d 603 (2d Cir. 1925), *rev'd on other grounds*, 273 U.S. 132 (1927); *American Washboard Co. v. Saginaw Mfg. Co.*, 103 F. 281 (6th Cir. 1900).

Yet, in fact, false advertising injures every competitor. Everyone who tries to increase profits of his business enterprise by methods not in accordance with the conduct of an honest businessman introduces into the competitive arena factors capable of falsifying the basis of comparison. As in a game, the winner should not be the competitor who wangled an advantage by means which had no connection with his ability to participate in the contest.⁹⁶

The modern day false advertising claim can be categorized into two subheadings. The first involves defendant's use of a product which has been the result of plaintiff's work and effort as a means of advertising defendant's own product. The second involves defendant claiming attributes for its product which the product does not possess.

1. Use of Plaintiff's Work and Effort

a. Photographs

The first example of this type of false advertising involves promotion of defendant's product through use of a photograph of plaintiff's product. Usually defendant's product is of inferior quality. The first case to hold that section 43(a) did not encompass the strict common law requirements for recovery for false advertising was one involving the use of a photograph. In *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*,⁹⁷ defendant had made use of a picture of plaintiff's \$17.95 dress to advertise defendant's inferior \$6.95 dress. Plaintiff claimed that such a misrepresentation on the part of defendant had caused it to lose customers to defendant, and that other trade was lost because of the impression that plaintiff was offering the cheaper dress for \$17.95. The court held that plaintiff had stated a cause of action under section 43(a).⁹⁸ Judge Hastie, for the court, stated: "In relation to the language of Section 43(a) this complaint states about as plain a use of false representation of goods sold in commerce as could be imagined."⁹⁹

The majority of the cases dealing with the false impression created by the defendant's use of a photograph have followed very closely the rationale set forth in *L'Aiglon* and have held that a cause of action does exist for such use under section 43(a).¹⁰⁰

96. Callmann, *False Advertising as a Competitive Tort*, 48 COLUM. L. REV. 876, 876 (1948).

97. 214 F.2d 649 (3d Cir. 1954).

98. *Id.* at 651.

99. *Id.* at 650.

100. *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *Matshushita Elec. Corp. of America v. Solar Sound Sys., Inc.*, 381 F. Supp. 64 (S.D.N.Y. 1974); *Centsable Prod., Inc. v. Goldblatt Bros.*, 179 U.S.P.Q. 645 (N.D. Ill. 1973); *Crossbow, Inc. v. Dan-Dee Imports, Inc.*, 266 F. Supp. 335 (S.D.N.Y. 1967); *American Optical Co. v. Rayex Corp.*, 266 F. Supp. 342 (S.D.N.Y. 1966), *cert. denied*, 393 U.S. 835 (1968); *Ideal Toy Corp. v. Fab-*

However, there are two minority views that have emerged in the area of photographs. The first is represented by *George O'Day Associates, Inc. v. Talman Corp.*¹⁰¹ The court found that the use by a former employee of a photograph of a sailboat manufacturer's somewhat modified sailboat did not violate section 43(a) since it was not an exact reproduction and it was not demonstrated that the boat offered for sale was of lesser quality than the one shown in the advertisement.¹⁰² In contrast to *O'Day*, most of the other cases concerned a product that was inferior to the item photographed. However, it appears that, despite the *O'Day* holding, the better view is that the inferiority of the product is not a necessary element for recovery under section 43(a). The reason is that it is, in effect, a false representation to use the picture of someone else's product, whether superior or not, since in many circumstances it is very difficult to judge inferior or superior quality.

The second line of cases which varies from the *L'Aiglon* holding began with *General Pool Corp. v. Hallmark Pool Corp.*¹⁰³ In *General Pool*, defendants used a picture of plaintiff's swimming pool to advertise their own. The court determined that plaintiff would be entitled to relief under section 43(a) only on proof that the picture had become so associated with plaintiff as to cause a likelihood of confusion.¹⁰⁴ While the other photograph cases have relied upon the "false description or representation" portion of section 43(a) as the basis for recovery, the court in *General Pool* determined that section 43(a) was meant to embrace only those kinds of unfair competition which were analogous to or associated with the misuse of trademark or tradenames.¹⁰⁵ The court took a very restrictive view of section 43(a), concluding that the only time the use of a competitor's photograph could be actionable was if the competition had established secondary meaning.¹⁰⁶

There appears to be only one other case following *General Pool's* requirement of confusion as to source as a prerequisite to recovery for false representation. In *L & L White Metal Casting Corp. v. Joseph*,¹⁰⁷ defendant used a photograph of plaintiff's prod-

Lu, Ltd., 261 F. Supp. 238 (S.D.N.Y. 1966); *National Dynamics Corp. v. John Surrey, Ltd.*, 238 F. Supp. 423 (S.D.N.Y. 1964).

101. 206 F. Supp. 297 (D.R.I. 1962).

102. *Id.* at 300.

103. 259 F. Supp. 383 (N.D. Ill. 1966).

104. *Id.* at 386.

105. *Id.* at 385.

106. This court was the first to apply this approach to a photograph case, but it followed the rationale of *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405 (6th Cir. 1963); *Samson Crane Co. v. Union Nat'l Sales, Inc.*, 87 F. Supp. 218 (D. Mass. 1949), *aff'd per curiam*, 180 F.2d 896 (1st Cir. 1950).

107. 387 F. Supp. 1349 (E.D.N.Y. 1975).

uct in his own catalog to represent a different item. The court held that since plaintiff had no proof that the photographs in its catalog had acquired secondary meaning, there was no false designation of origin under the section. However, the majority view requires no confusion as to source, but allows recovery for false representation under section 43(a) whenever defendant uses another's photograph to advertise its product.

b. Catalogs or Brochures

The second type of false advertising involving the use of a competitor's creative work and effort is that of the misappropriation and use of plaintiff's catalog or brochure. Although many of the photograph cases also arose from a picture being used in defendant's catalog or brochure, additional facts are necessary to place a case in this category. In these cases plaintiff has generally devoted much time and effort to putting together an advertising brochure, and defendant has attempted to use that work for advertising its similar line of products. In *Alum-A-Fold Shutter Corp. v. Folding Shutter Corp.*,¹⁰⁸ plaintiff manufactured shutters of original design and circulated advertising material and drawings with specifications relating to the shutters. The advertising material was widely circulated. The defendant copied both the shutters and the advertising brochures. In holding that plaintiff had stated a cause of action under section 43(a), the court stated that the action by defendant was the type of activity sought to be remedied by the section.¹⁰⁹

The other cases dealing with this subject matter also allowed recovery for plaintiff.¹¹⁰ In *Pantone, Inc. v. A. I. Friedman, Inc.*,¹¹¹ plaintiff was the originator of a color matching system embodied within a copyrighted booklet. Defendant copied the booklet as well as a cross-reference sheet for use with the booklet, leading the ordinary observer to believe defendant's colors and color systems were the same as plaintiff's when, in fact, defendant's booklet differed in shade, tint and quality. The court held that, in addition to violating the copyright laws, defendant's distribution of the leaflet and cross-reference sheet violated the false description and misrepresentation portion of section 43(a), since defendant's booklet was not of the quality of plaintiff's, and could seriously harm consumers who might attempt to use the two systems together.¹¹²

108. 441 F.2d 556 (5th Cir. 1971).

109. *Id.* at 557.

110. *N.S. Meyer, Inc. v. Ira Green, Inc.*, 326 F. Supp. 338 (S.D.N.Y. 1971); *Pantone, Inc. v. A.I. Friedman, Inc.*, 294 F. Supp. 545 (S.D.N.Y. 1968).

111. 294 F. Supp. 545 (S.D.N.Y. 1968).

112. *Id.* at 552.

c. Samples

The use of plaintiff's goods as a sample of defendant's different, and usually inferior, product is an example of a very extreme form of false advertising. Quite understandably, since the courts have granted relief under section 43(a) for improper use of a photograph, recovery is even more likely in a case in which defendant makes use of the product itself. In *Crossbow, Inc. v. Dan-Dee Imports, Inc.*,¹¹³ defendant copied plaintiff's novelty light item, and began to produce the product abroad, but took orders for the novelty by displaying plaintiff's higher quality product. The court held that defendant's use of the model had the same effect sought to be prevented in the photograph cases. First, the action created the impression that defendant's less expensive model was the same as plaintiff's. The action also caused trade to be diverted from plaintiff to defendant, and other trade was thus lost by plaintiff.¹¹⁴ In a later case,¹¹⁵ plaintiff was held to have stated a cause of action where defendant included in a display of products one of plaintiff's products, which defendant did not produce.

The reasoning behind such recoveries should be obvious. Defendant, while not attempting to use plaintiff's name to promote its product, is instead indicating by use of the sample that its product will be of the same quality. By the substitution of a different and lesser quality item, consumer is injured, as is plaintiff who may ultimately lose business when its product becomes associated with that of defendant, and consumers begin to buy from defendant rather than plaintiff because of the false representation.

d. Entire Business Method

A few cases have been decided in which it is apparent that defendant copied not only one particular item, but the competitor's entire business method. Where such action can be shown by plaintiff, section 43(a) is a very suitable means for recovery.

Although there are many cases which involve more than a single violation, there are several cases which best exemplify this method of false advertising.¹¹⁶ In *SmokEnders, Inc. v. Smoke No*

113. 266 F. Supp. 335 (S.D.N.Y. 1967).

114. *Id.* at 340.

115. *John O. Butler Co. v. Standard Oil Co.*, 365 F. Supp. 501 (N.D. Ill. 1973). See also *Mastro Plastics Corp. v. Emenee Indus., Inc.*, 19 A.D.2d 600, 240 N.Y.S.2d 624 (1963). For a slight variation from these cases, see *Pic Design Corp. v. Sterling Precision Corp.*, 231 F. Supp. 106 (S.D.N.Y. 1964) (dictum) (section 43(a) would be violated if defendant purchased plaintiff's product, removed all markings and sold it as its own).

116. *John Wright, Inc. v. Casper Corp.*, 419 F. Supp. 292 (E.D. Pa. 1976); *SmokEnders, Inc. v. Smoke No More, Inc.*, 184 U.S.P.Q. 309 (S.D. Fla. 1974).

More, Inc.,¹¹⁷ former employees of plaintiff set up a very similar program for those who desired to stop smoking. Not only were defendants found to have breached confidential agreements, appropriated trade secrets, and infringed copyrights, they were held to have violated section 43(a) by copying plaintiff's program, basing their ads on results of plaintiff's tests, and copying handouts and ads. The court held that defendants had copied the services to such an extent that it would be appropriate to grant an injunction against them under section 43(a). "These acts . . . of the individual defendants constitute false designations and representations which are likely to cause confusion and to deceive persons"¹¹⁸ In this case, recovery for plaintiff did not depend on any proof that the copied portions of its business had achieved secondary meaning. Although some consumers might have mistaken the origin of defendant's product, defendant's copying of another's idea and work was enough to violate the false description and representation portion of the section.

In a more recent case, *John Wright, Inc. v. Casper Corp.*,¹¹⁹ the court found several violations of section 43(a). Plaintiff had been selling carefully crafted replicas of antique banks since 1957. These were sold with a certificate of authenticity. Defendant began selling inferior banks made abroad and accompanied with a false certificate. The use of the confusingly similar certificates was held to be unfair competition under section 43(a), as were the many false representations about the product itself, *i.e.*, the claims that the banks were exact replicas, and the implications that they were American made.¹²⁰

Since the defendant not only copied the plaintiff's product, but also misrepresented almost every aspect of plaintiff's business in some way, the obvious plan of defendant in this case was not only to falsely represent the product as something it was not, but further to confuse consumers as to which bank they were actually purchasing. The analysis of the court indicated that such trade practices could not be tolerated under section 43(a).¹²¹

2. Claims Concerning the Attributes of Defendant's Product

a. False Representation of Product

In the following three subcategories concerning false advertis-

117. 184 U.S.P.Q. 309 (S.D. Fla. 1974).

118. *Id.* at 316.

119. 419 F. Supp. 292 (E.D. Pa. 1976). See Annual Review Comm., *supra* note 72, at 568-71 (discussion of *John Wright*).

120. 419 F. Supp. at 326-27.

121. *Id.* at 325-27.

ing, defendant has not misappropriated any work or effort of plaintiff, such as its photograph or sample, but in effect has misrepresented the quality of its own product. This type of false advertising seldom misrepresents the origin of the product, but is actionable solely under the provision of section 43(a) dealing with false description or representation. One of the primary reasons a federal remedy was necessary in this area, and so welcomed by the courts, was that the common law denied recovery in this circumstance.¹²²

The court in *Gold Seal Co. v. Weeks*,¹²³ although denying recovery because of insufficient evidence, discussed this type of false representation under section 43(a). The defendant had been suggesting that its floor product contained wax when, in fact, it did not. The court interpreted section 43(a) to mean that one cannot conduct business in a manner that unfairly interferes with, or injures another by destroying a basis of genuine competition, or by preventing the consumer from judging fairly between them.¹²⁴ The court reiterated the view initially adopted in *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*¹²⁵ that none of the common law requirements, such as the requirement that plaintiff be the only seller of a product with the claimed characteristics, was adopted as part of section 43(a).

The cases falling under this heading are numerous, and generally follow the reasoning that a false representation about a product falls squarely within section 43(a).¹²⁶ Of particular interest in this area are a few of the more recent decisions. In *Universal Athletic Sales Co. v. American Gym, Recreational & Athletic Equipment Corp.*,¹²⁷ defendant, among other misleading specifications and representations, falsely represented that its gym equipment was of much higher quality, and had many more desirable attrib-

122. In *American Washboard v. Saginaw Mfg. Co.*, 103 F. 281 (6th Cir. 1900), plaintiff, a manufacturer of aluminum washboards, sought to enjoin defendant from representing that a competing zinc board was made of aluminum. No cause of action was stated since no injuries to plaintiff's property right could be proved.

123. 129 F. Supp. 928 (D.D.C. 1955).

124. *Id.* at 940.

125. 214 F.2d 649 (3d Cir. 1954).

126. *Norman M. Morris Corp. v. Weinstein*, 466 F.2d 137 (5th Cir. 1972); *American Brands, Inc. v. R.J. Reynolds Tobacco Co.*, 413 F. Supp. 1352 (S.D.N.Y. 1976); *Universal Athletic Sales Co. v. American Gym, Recreational & Athletic Equip. Corp.*, 397 F. Supp. 1063 (W.D. Pa. 1975); *Ames Publishing Co. v. Walker Davis Publications*, 372 F. Supp. 1 (E.D. Pa. 1974); *Natcontainer Corp. v. Continental Can Co.*, 362 F. Supp. 1094 (S.D.N.Y. 1973); *Chanel, Inc. v. Smith*, 178 U.S.P.Q. 630 (N.D. Cal. 1973); *Potato Chip Inst. v. General Mills, Inc.*, 333 F. Supp. 173 (D. Neb. 1971); *Mutation Mink Breeders Ass'n v. Lou Nierenberg Corp.*, 120 U.S.P.Q. 270 (S.D.N.Y. 1959).

127. 397 F. Supp. 1063 (W.D. Pa. 1975).

utes, than was in fact true. The court, through a broad reading of section 43(a), held that the "Lanham Act applies to the misrepresentations of one's own goods, even where the misrepresentations do not tend to confuse one's goods with those of a competitor, or otherwise misstate the origin of the goods or to pass the goods off under another's trademark."¹²⁸

In *American Brands, Inc. v. R. J. Reynolds Tobacco Co.*,¹²⁹ a conflict arose between two major tobacco companies concerning advertisements of two brands of cigarettes. Plaintiff claimed section 43(a) was violated when defendant tended to create the impression that its NOW cigarettes contained the least tar, when in fact plaintiff's CARLTON cigarettes had less. The court discussed section 43(a) in depth and found defendant's initial advertisement was in fact false, and thus could be enjoined under section 43(a).¹³⁰ The court rejected defendant's assertion that section 43(a) applied only to the misuse of trademark-type violations, but instead held that on its face, section 43(a) applied to the strict false advertising situation.¹³¹

b. Misleading Representations

Misleading representations differ from false representations in that defendant, while not directly saying something about its product which in fact is not true, sets forth its statement in such a misleading manner that the consumer may be wrongly influenced. Thus, ultimately, the competitor may suffer harm. At least three cases have dealt specifically with this problem.¹³²

In *Yameta Co. v. Capitol Records, Inc.*,¹³³ a record producer depicted on an album cover the name and picture of singer Jimi Hendrix in a manner that created the impression he was the principal performer when he was merely the accompanist. The court, holding for Hendrix and the record company with which he was then associated, found that section 43(a) covered that form of misdescription:

Examination of legislative history reveals that this provision was intended to prevent not only false designations as to origin, but to protect consumers and competitors against all forms of misdescription or misrepresentation of products and services in commerce. . . .

. . . Moreover, the statutory language is not limited to descriptions and

128. *Id.* at 1072.

129. 413 F. Supp. 1352 (S.D.N.Y. 1976).

130. *Id.* at 1358-59.

131. *Id.* at 1355-56.

132. *Scotch Whiskey Ass'n v. Barton Distilling Co.*, 489 F.2d 809 (7th Cir. 1973); *CBS, Inc. v. Springboard Int'l Records*, 429 F. Supp. 563 (S.D.N.Y. 1976); *Yameta Co. v. Capitol Records, Inc.*, 279 F.Supp. 582 (S.D.N.Y. 1968).

133. 279 F. Supp. 582 (S.D.N.Y. 1968).

representations which are literally false. If that were so, the clause "including words or other symbols *tending falsely to describe or represent*" would be superfluous.¹³⁴

A second record album case reached a very similar result.¹³⁵ There the manufacturer published songs by singer Charlie Rich which had been produced ten to fifteen years prior to that time, and placed a recent picture of Rich on the front and back of the album. The public was thereby misled into believing that the album contained current hits. Plaintiff was held to have stated a claim based on section 43(a).

c. Misrepresentations in Comparative Advertising

There is little doubt that truthful comparative advertising is allowed in any form,¹³⁶ the most obvious types being those that explicitly name the competitor and suggest that the consumer compare the two products. However, problems develop when the advertising comparing the two products misleads the consumer.¹³⁷

Courts have made clear in comparative advertising cases, and other disparagement cases, that disparagement of a competitor's product alone will not provide the basis for a cause of action under section 43(a).¹³⁸ Disparagement is the untruthful tearing down of a competitor's product, as distinguished from false advertising, in which defendant builds up its own product. The reasoning for excluding disparagement from coverage under section 43(a) is that the section covers only false or deceitful representations which defendant makes about its own goods.¹³⁹ *Bernard Food Industries, Inc. v. Dietene Co.*,¹⁴⁰ is the leading case holding that it is not sufficient to establish disparagement of plaintiff's product; defendant must make claims about its own product as well.¹⁴¹

In *Skil Corp. v. Rockwell International Corp.*,¹⁴² plaintiff alleged

134. *Id.* at 586 (emphasis in original).

135. *CBS, Inc. v. Springboard Int'l Records*, 429 F. Supp. 563 (S.D.N.Y. 1976). The court held a cause of action was stated under section 43(a) if the consuming public believed it was purchasing a product substantially different from that it thought it was purchasing. *Id.* at 567.

136. *Nye, In Defense of Truthful Comparative Advertising*, 67 TRADEMARK REP. 353, 353 (1977).

137. *See generally* 67 TRADEMARK REP. 351-418 (1977) (series of articles on comparative advertising).

138. *E.g.*, *Bernard Food Indus., Inc. v. Dietene Co.*, 415 F.2d 1279 (7th Cir. 1969), *cert. denied*, 397 U.S. 912 (1970). *See Sterk, The Law of Comparative Advertising: How Much Worse Is "Better" Than "Great"?*, 67 TRADEMARK REP. 368, 380-85 (1977).

139. 415 F.2d at 1283.

140. 415 F.2d 1279 (7th Cir. 1969), *cert. denied*, 397 U.S. 912 (1970).

141. *Id.* at 1283.

142. 375 F. Supp. 777 (N.D. Ill. 1974).

defendant had, in its advertisements comparing portable electric tools, made false and misleading statements concerning all of the products compared. A cause of action was found to be stated under section 43(a), since defendant, in addition to falsely representing the plaintiff's product, falsely built up its own as well.¹⁴³

Since the decision in *Skil*, several more section 43(a) cases have been decided dealing with comparative advertising.¹⁴⁴ In *Saxony Products, Inc. v. Guerlain, Inc.*,¹⁴⁵ the court affirmed the right to make honest comparisons between the two products, even to the extent of using the competitor's trademark, but held that once defendant represented that its product was identical to the other, and this was found to be false, such a misrepresentation could violate section 43(a).

A very recent case, *American Home Products Corp. v. Johnson & Johnson*,¹⁴⁶ involved the assertion by plaintiff that its product, Anacin, worked faster and relieved inflammation better than Tylenol. After complaints about the ad from defendant, plaintiff sought a declaratory judgment that its ads were not actionable, and defendant counterclaimed. The case involved more than just disparagement, because in addition to attacking the quality of defendant's product, plaintiff also falsely represented that its product could relieve pain faster, when in fact it could not. The court gave a detailed discussion of consumer reaction to the advertisement, since it found the reaction critical to the determination of whether the advertisement was in fact misleading. In the end, defendant was granted a permanent injunction.¹⁴⁷ The case is interesting because it demonstrates the detailed type of analysis that must be made in some comparative advertising cases before a determination can be made as to whether or not there was a violation of section 43(a).

143. *Id.* at 782. The court set forth five requirements for stating a claim under section 43(a): (1) In its comparison advertisements, defendant made false statements of fact about its own product. (2) The advertisements deceived or had the tendency to deceive a substantial segment of their audience. (3) Such deception was material, in that it was likely to influence the purchasing decision. (4) The defendant caused its falsely advertised goods to enter commerce. (5) The plaintiff had been or was likely to be injured by direct diversion of sales or the lessening of goodwill. *Id.* at 783.

144. *Saxony Prods., Inc. v. Guerlain, Inc.*, 513 F.2d 716 (9th Cir. 1975); *American Home Prods. Corp. v. Johnson & Johnson*, 436 F. Supp. 785 (S.D.N.Y. 1977); *American Consumers, Inc. v. Kroger Co.*, 416 F. Supp. 1210 (E.D. Tenn. 1976); *Universal Athletic Sales Co. v. American Gym, Recreational & Athletic Equip. Corp.*, 397 F. Supp. 1063 (W.D. Pa. 1975).

145. 513 F.2d 716, 722 (9th Cir. 1975).

146. 436 F. Supp. 785 (S.D.N.Y. 1977).

147. *Id.* at 803.

In another case¹⁴⁸ dealing with the issue of comparative advertising, the court denied recovery for false price advertising under section 43(a). The operator of a supermarket sought to enjoin defendant from engaging in false price advertising of its goods. Although the court agreed with the theory that a false representation of prices was just as bad as any other false representation concerning a good's inherent ingredients or qualities, it refused recovery¹⁴⁹ on the basis that it was restrained to follow the precedent within its circuit.¹⁵⁰ The Sixth Circuit had held that section 43(a) referred not to any competitive practice, but only to competition associated with the misuse of trademarks or passing off. Although the court in this case felt restrained to follow the view adopted by the Sixth Circuit, this article has demonstrated that the majority of cases hold otherwise,¹⁵¹ indicating this court's view is clearly outmoded.

d. Activities Held Not to Violate Section 43(a)

Brief mention should be made of those activities which have been held not to violate section 43(a). As stated previously,¹⁵² disparagement alone does not violate section 43(a). The rationale is that section 43(a) requires a representation to be made about the product, a requirement that has been interpreted to include only defendant's goods, not those of plaintiff.¹⁵³

It has been argued in several cases¹⁵⁴ that statements about plaintiff's product, even though wholly truthful, should be actionable under section 43(a), for the reason that plaintiff was damaged unfairly by having its product connected with that of defendant. In one case,¹⁵⁵ defendant made the representation that its dresses were copies of original "Dior" dresses. Plaintiff claimed that its product had been falsely represented to be connected with that of defendant. The court held section 43(a) was not applicable since

148. *American Consumers, Inc. v. Kroger Co.*, 416 F. Supp. 1210 (E.D. Tenn. 1976).

149. *Id.* at 1213.

150. *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405 (6th Cir. 1963) (citing with approval *Sampson Crane Co. v. Union Nat'l Sales, Inc.*, 87 F. Supp. 218 (D. Mass. 1949), *aff'd per curiam*, 180 F.2d 896 (1st Cir. 1950)).

151. See note 100 *supra*.

152. See notes 138-41 *supra*.

153. *Bernard Food Indus., Inc. v. Dietene Co.*, 415 F.2d 1279 (7th Cir. 1969), *cert. denied*, 397 U.S. 912 (1970); *Fur Info. & Fashion Council, Inc. v. E.T. Timme & Sons, Inc.*, 364 F. Supp. 16 (S.D.N.Y. 1973).

154. See, e.g., *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968); *Societe Comptoir De L'Indus. v. Alexander's Dep't Store*, 299 F.2d 33 (2d Cir. 1962).

155. *Societe Comptoir De L'Indus. v. Alexander's Dep't Store*, 299 F.2d 33 (2d Cir. 1962).

the representation was apparently truthful, and there was no confusion as to the origin of defendant's garments:

The Lanham Act does not prohibit a commercial rival's truthfully designating his goods as a copy of a design in the public domain, though he uses the name of the designer to do so. Indeed it is difficult to see any other means that might be employed to inform the consuming public of the true origin of the design.¹⁵⁶

A third area in which there is controversy as to whether section 43(a) is applicable, is that in which the defendant fails to disclose or label its product properly, thereby injuring plaintiff. In *Alfred Dunhill Ltd. v. Interstate Cigar Co.*,¹⁵⁷ plaintiffs sold damaged tobacco to defendants at salvage prices. Defendants, on resale, failed to label the goods as salvaged and possibly damaged. Since the boxes bore the trademark of Alfred Dunhill, normally respected for its high quality products, plaintiff alleged under section 43(a) that such a failure to label constituted a false representation. The district court held for plaintiff stating that "[s]ales of damaged tobacco in tins bearing trademarks associated with high quality tobacco, without adequate warnings to customers that the goods are damaged, involve false representations of their quality."¹⁵⁸ However, the United States Court of Appeals for the Second Circuit reversed on the theory that the section applied only to actual representations made, and though perhaps a representation that the goods were damaged should have been made to the public, section 43(a) was not the appropriate remedy.¹⁵⁹

A recent case, *Universal City Studios, Inc. v. Sony Corp. of America*,¹⁶⁰ involved the new Sony Betamax recorder. Plaintiffs were television and movie producers who claimed that defendant's advertisement for the recorder failed to advise the public that the use of the recorder could violate the copyright laws, and thus misled the public into the belief that the use was legal. The court held that failure to warn the public of the fact that many of the shows were copyrighted, and perhaps could not be legally copied, did not state a claim involving a section 43(a) violation. The court based its decision on the fact that in the absence of any statement, there was simply not a representation of any sort under the section.¹⁶¹

However, in *Bohsei Enterprises Co. v. Porteous Fastener Co.*,¹⁶² the court held that the failure to name the country from which an imported product originated was a form of unfair competition ac-

156. *Id.* at 36.

157. 364 F. Supp. 366 (S.D.N.Y. 1973), *rev'd*, 499 F.2d 232 (2d Cir. 1974).

158. 364 F. Supp. at 372.

159. 499 F.2d at 237-38.

160. 429 F. Supp. 407 (C.D. Cal. 1977).

161. *Id.* at 410.

162. 441 F. Supp. 162 (C.D. Cal. 1977).

tionable under section 43(a). In *Bohsei*, plaintiff, an importer of industrial fasteners, charged defendants were violating the section by repackaging their imported fasteners and selling them without a designation of the country of origin. Although the court recognized that no other court had yet found an omission to be a false designation of origin, or a false description or representation, it denied the motion to dismiss, holding that such an omission could constitute a violation under the section.¹⁶³

IV. CONCLUSION

This article has indicated that section 43(a) is currently being used in a variety of situations to combat unfair trade practices. It is in fact, one of the main methods currently available for doing so. For the trademark and passing off violations, section 43(a) offers an accessible route to the federal court system, even though plaintiff has not had its mark federally registered. Further, in the false advertising situation, section 43(a) permits a cause of action when in fact there was little chance of recovery at common law. The types of cases currently actionable under section 43(a) should indicate the vast possibilities for future recoveries in the area of unfair competition.

Although Judge Clark once stated that "[t]here is indication here and elsewhere that the bar has not yet realized the potential impact of this statutory provision,"¹⁶⁴ the many decisions utilizing section 43(a) in the past several years indicate it is advancing rapidly. If the trend continues, section 43(a) will likely be expanded to allow remedies for other forms of unfair competition. Such future expansions should be welcomed for the reason that the section aids in promoting honest and fair dealing among commercial parties, which in turn ultimately benefits the consumer.

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163. *Id.* at 165.

164. *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538, 546 (2d Cir. 1956) (Clark, J., concurring).