

University of Chicago Law School

## Chicago Unbound

---

Journal Articles

Faculty Scholarship

---

1925

### Everett O. Fisk & Co. v. Fisk Teachers' Agency, Inc.

Ernst W. Puttkammer

Follow this and additional works at: [https://chicagounbound.uchicago.edu/journal\\_articles](https://chicagounbound.uchicago.edu/journal_articles)



Part of the [Law Commons](#)

---

#### Recommended Citation

Ernst W. Puttkammer, Comment, "Everett O. Fisk & Co. v. Fisk Teachers' Agency, Inc.," 20 Illinois Law Review 90 (1925).

This Article is brought to you for free and open access by the Faculty Scholarship at Chicago Unbound. It has been accepted for inclusion in Journal Articles by an authorized administrator of Chicago Unbound. For more information, please contact [unbound@law.uchicago.edu](mailto:unbound@law.uchicago.edu).

In the course of the opinion in the principal case, the court suggests, obiter, that if the county had discovered the mistake before payment of the warrant to McGrath, and had refused to pay more than the amount for which the warrant should have been drawn, it would have had a good defense, pro tanto, in an action to recover the face value of the warrant. If Robertson were still solvent this would be true. But the court seems to imply that even if Robertson were insolvent the same result would follow. This, it is submitted, is inconsistent with the result reached in the actual case. In defending an action on the warrant, the county would have to ask the court, in effect, to rectify the mistake in the amount for which the warrant was drawn. And such a rectification of the warrant, before payment, would shift the loss from the county to McGrath just as effectually as would a judgment for the county, after payment—and just as inequitably.

FREDERIC C. WOODWARD.

TRADE NAME—RIGHT TO EXCLUSIVE USE AFTER PERMITTING ITS USE BY OTHERS.—[Federal] In a recent federal case in Colorado<sup>1</sup> the plaintiff corporation brought suit to enjoin the use of a certain corporate name, claiming that it was its trade name. The plaintiff had been in business for many years, as an employment agency for teachers. It itself had only a few offices, but in many cities there were separate individuals conducting a similar business, with whom the plaintiff had contract connections. By these contracts the plaintiff permitted them to call themselves "Fisk Teachers' Agency," supplied them with stationery and office supplies, and included them in all the advertising done by it (which was extensive). In return each local office agreed to subject itself to the plaintiff's directions in its relations with other Fisk offices and to pay to the plaintiff a share of its earnings. The defendant, M. E. Shuck, operated a local office under such an agreement. During the lifetime of this agreement he refused any longer to be bound by it, and organized the defendant corporation as a competing business under the name of the Fisk Teachers' Agency, Inc. The plaintiff's bill having been dismissed, the present court affirmed the decision. The opinion first states that "a trade name cannot be assigned, except as an incident to the sale of the business and good-will in connection with which it has been used," and that therefore its use cannot be licensed to others. It then states that such use of the name, being under such an ineffective license, has caused it to lose all its distinctiveness as connected with the plaintiff. The remainder of the opinion expounds the law governing situations where the owner of a trade name has freely allowed all others to use it and has himself ceased to do so—all of it wholly obiter and in no wise called for by the present case, where the only users were persons with whom contracts had been made and where the plaintiff was

---

1. *Everett O. Fisk & Co., Inc. v. Fisk Teachers' Agency, Inc.* (1924) 3 F. (2d) 7.

active not only in using the name itself but also in prosecuting an alleged infringement.

No doubt the proposition is true that if the owner of a trade-mark or a trade name were to 'sell' to some other person the bare right to use that mark or name, without a sale of anything else, either tangible or intangible (such as his good-will, on going out of business himself), such an attempted sale would be of no effect at all. To uphold it would be directly to aid a fraud on the public who are induced by the mark or name to believe that they are buying the product of one who in fact no longer has anything to do with the product. It is a species of palming off the goods of one man as being those of another, differing from the ordinary instances of such palming off only in the fact that the person whose product they purport to be is himself allied to the falsifier, and not a victim.<sup>2</sup> It would seem to be equally true that where, instead of having a complete assignment of mark or name, we find a bare license to use it for a time, the same result would follow. So long as the license exists the palming off process would be precisely the same, and the objections, if fatal to the assignment, ought to be fatal to its more modest twin.<sup>3</sup> The sale or license being wholly ineffective, it may well be that the name or mark is entirely lost, so far as exclusive rights are concerned, since the users can assert that they have actually been doing nothing better than pirating it. On the other hand, it is also obviously true that where an entire business or good-will is sold, the exclusive use of a trade name may be sold also.<sup>4</sup> It is likewise the case that where there has been a partial sale of the business—partial either as to extent of territory involved or as to the limited time during which the 'buyer' is to be permitted to carry on the business—the exclusive use of the trade name may be apportioned in the same manner as is the business which it characterizes.<sup>5</sup> This was forcefully shown in *Adam v. Folger*,<sup>6</sup> in which Folger permitted Adam to manufacture certain heaters under the former's patent and to call them by the trade name "Victor." The license was terminable at Folger's wish and was terminated by him. It was held that the right to use the trade name was thereby also terminated.<sup>7</sup> A case even more like the principal one arose in Cali-

---

2. So far as the cases cited in the opinion are in point at all, it is this proposition that they establish.

3. *Lea v. New Home Sewing Machine Co.* (1905) 139 Fed. 732.

4. *Kidd v. Johnson* (1879) 100 U. S. 617; *Brewer v. Lamar* (1882) 69 Ga. 656.

5. *Batcheller v. Thomson* (1899) 93 Fed. 660.

6. (1903) 120 Fed. 260.

7. Other cases to the same effect are *Elliott Varnish Co. v. Sears, Roebuck & Co.* (1915) 221 Fed. 797; *American Thermos Bottle Co. v. Grant* (1922) 282 Fed. 426, affirming 279 Fed. 151; *Hoffman v. Kuppenheimer & Co.* (1910) 183 Fed. 597 ("If, then, the right to use the trade name may be assigned as an incident to a license to manufacture and sell under a patent, without prejudice to the interest of the assignor in the trade name, except as affected by the terms of the assignment, manifestly the defendants, having lost all rights under the assignment, may no longer use the trade name or mark and complainants have become reinvested with full title"); *Waterproofing Co. v. Hydrolithic Cement Co.* (1912) 138 N. Y. Supp. 265 ("If

fornia,<sup>8</sup> where the complainant was conducting a state-wide fur business under a trade name. He permitted the defendant, his brother, to open a retail store in one city under that name. It was held that on withdrawal of the license to use the name its exclusive use once more became the property of the complainant, and that the defendant, who had meanwhile incorporated under that name, should be enjoined from using it.

It is true then that permitting another to use one's trade name does not necessarily open the flood gates and involve a helplessness thereafter to protest against any use of it by others. It depends on the situation in which the question is raised, and whether or not the user is employing it in a manner merely ancillary to the business which he has permanently or temporarily taken over from the owner. Applying this reasoning to the instant facts, the plaintiff did turn over to independent persons the business to be done in a certain territory for a specified period of years. That each such person might be safe from opposition in his territory it required of each one that he submit to its decision all questions covering his relationship with other offices. Even in the details of office management the plaintiff exercised a detailed supervision, and its close interest in each branch business was cemented by the requirement that it was to do all the advertising for the entire chain, featuring each member alike. For all of this it was to receive a definite proportion of the cash receipts. There was by no means a mere sale of a trade name in gross, but an involved apportionment of business between closely allied parties to which the use of the name was simply ancillary, and to the continuation of which it was sharply limited. This relation having ceased, all the rights derived from it, whether the use of the name or any others, ceased also.

Taking this view, discussion is necessary as to a point which under the view adopted by the principal case need not be considered. Equity will not lend its aid where the complainant is using such a trade name as will deceive or defraud the public. It will not by its aid give to one person the exclusive privilege to practice such a fraud. Were the plaintiff's advertisements listing all the offices, without any indication that they were not owned by it, such a fraud as to disentitle it to relief? Before examining the question it might be said that such solicitude for the public comes with bad grace from the defendant, who certainly had no connection any longer with any Fisk and who could only have been induced to adopt that name because of his shrewd appreciation of the conclusions which a mistaken public would draw from it. That the alleged wrongdoing of one person justifies the similar wrongdoing of another is a doctrine always more appealing to the second wrongdoer than to the impartial outsider. But the question remains whether there had been any material misrepresentation by the plaintiff. It would seem

---

Winslow merely licensed the company to use 'Hydrolithic' in connection with selling cement manufactured pursuant to his secret formula, then on the termination of the license he would have the right to resume the use of both formula and trade-mark or trade name").

8. *Benioff v. Benioff* (1923 D. C. of App., Cal.) 222 Pac. 835.

to be far from certain that the mere listing of the branch offices was a representation that they were all alike owned by the advertiser. The connection might well have been much more limited.

Thus in *Nelson v. Winchell & Company*<sup>9</sup> a jobber in shoes advertised a special brand of his own. He did not manufacture them himself, but had this done for him. It was held that the use of a trade-mark did not constitute a representation that the product was the sole creation of the owner of the mark, but simply that the owner of the mark stood back of it with whatever trade reputation he might have.<sup>10</sup> In the same manner here the reader of the advertisement would have no reason to form any opinion one way or the other on the fact—wholly immaterial to him—as to who was or were the owners of each branch. What he would be entitled to infer was that back of each stood whatever of service and reputation had come to be associated with the trade name of Fisk. Instances might readily be cited where the person dealing with a branch house would be greatly interested in the question of its ownership and its financial connection with the central office, as, for example, where he was called on to rely largely on its credit and financial stability. In such a case an advertisement failing to announce the separate nature of the branches might well be characterized as fraudulent. Such, however, was not the case here. Clients were as well served by a series of allied but separately owned offices as they would have been by one centrally owned. The matter of ownership was immaterial to them, and it would be a strange doctrine which required the disclosure not only of material facts but of immaterial ones as well. The case unfortunately presents a particularly clear instance of the denial of justice to an injured party.

E. W. PUTTKAMMER.

WORKMEN'S COMPENSATION—DISABILITY—LOSS OF A MEMBER OF THE BODY.—[Illinois] The recent case of *Sykes Co. v. Industrial Com.*<sup>1</sup> involved the question whether or not an employee who suffered an injury to the hand that left only the thumb and the palm of the hand denuded of all the fingers had thereby sustained the complete loss of the use of the hand. The Industrial Commission in making its award, and the Circuit Court in sustaining it, apparently proceeded on the authority of an earlier case on this point in this state<sup>2</sup> where the injury resulted in a loss of all the fingers except the index finger, which, however, was left so badly crushed as to cause it to be bent inward and to be stiff and always painful. The thumb was not injured, but the palm of the hand was in an impaired condition, being left more hollow than the other hand. It was possible to use the hand to pick up small articles, to

---

9. (1909) 203 Mass. 75.

10. See also *Hilton v. Hilton* (N. J. Eq. 1917) 102 Atl. 16.

1. (1925) 314 Ill. 326.

2. *Mark Manf. Co. v. Indust. Com.* 286 Ill. 620.