

Brands—Business—Names — Trademarks — Registration.

A name, brand, or trademark registered under the provisions of Section 2629, Revised Codes of Montana, 1921, as amended, is lost when the business in which it was used is discontinued and the good will attached to the name, brand, or trademark has been lost.

George H. Webster, Esq.,
Chief of Dairy Division,
Helena, Montana.

My dear Mr. Webster:

You have submitted to this office the question of whether a trade mark registered under the provisions of Section 2629, Revised Codes of 1921, as amended by Chapter 35, Session Laws of 1923, can be abandoned by discontinuing the business and use of the trade mark.

This section, as amended, provides as follows:

“When any dealer in dairy products wishes to retain for himself a name, brand or trade mark, the same may be registered with the State Department of Agriculture, Labor and Industry and on no account shall that name, brand or trade mark be used by another, unless duly consigned, given or sold to him by the originator or by the one to whom it belongs.”

You state that several times recently men just beginning in the business of handling or making dairy products have asked to have recorded trade names which were recorded with the State Dairy Commission while it was functioning, and several of these persons and firms who had recorded trade marks have since gone out of business and have not transferred their rights to use the trade marks so recorded.

You wish to be advised whether if a trade mark is not used and has not been transferred there is a period of limitation at the expiration of which it would be unlawful for any other person or firm to use such name or trade mark.

38 Cyc. 881, speaking of the laws on termination of a trade mark, states the following:

“The abandonment and discontinuance of a business and the dissipation of its good will operates as an abandonment of the trade marks used therein.” (See *Eiseman v. Schiffer*, 157 Fed. 473.)

And the case of *Rice-Stix Dry Goods Co. v. Schwarzenbach-Huber Co.*, 47 App. Cases (D. C.) 249, 250, where the Court said:

"The property right of Duncan & Stenz in the mark was dependent upon the continuous use of the mark in their business. When they ceased to continue the business, the mark was abandoned, and was subject to appropriation by anyone. It follows that the assignment of the mark in 1914 was a mere nullity, so far as establishing an earlier use by appellant. Duncan & Stenz had no property right in the mark separate and apart from their business. A transfer of the business could have carried the mark with it, and the purchaser would succeed to all the rights of the vendor in the mark. But when they abandoned their business, the mark became abandoned."

In the case of *Royal Baking Powder Co. v. Raymond*, 70 Fed. Rep. 376, the Court said:

"In Allan's *Law of Good Will* (page 26), it is said that 'a trade mark cannot exist apart from a business.' It may be more accurate to say that a trade mark cannot exist apart from the good will of a business, since what is known as the good will may persist for a time after such business has in fact ceased. A manufacturing establishment, for instance, may, with all its machinery and appliances and its score of products, be destroyed by fire, and a year or two may pass before such manufactory is rebuilt, and the business started again; but, when started, the old customers, in part at least, will resume trade connections. Here the business stops for a time, but the good will involving the trade marks remains a property more or less valuable during the interval of cessation. I can conceive such a stoppage of business by accident or design, even for a series of years, where the good will, including the trade marks, may still be found extant; that is to say, valuable, upon resumption. But when it is not shown in some satisfactory way that the trade reputation of a suspended business continues to have value,—can be exchanged or sold, for instance, for a price,—a court cannot say that a good will remains; in other words, that there still attaches to the old proprietor any dominion over, or property right in, a mark which may once have had, but which no longer has, significance for him in the world of trade.

"In the case of this defendant, even upon his own showing, it cannot be said that the good will of the old business, which ceased in 1871, attaches to the new business, started in 1894. There is no continuity between the old and the new. The good will of the old business, whatever such good will may have amounted to, became extinct years ago."

It is apparent that the statute only intends to protect a party who has registered a name, brand or trade mark, during the time he is making use of the same, and that it was not intended that he

should receive protection beyond the period that he has abandoned the business in which the name, brand or trade mark is used, and the good will attached thereto has been lost.

It is, therefore, my opinion that a name, brand or trade mark registered under the provisions of Section 2629, as amended, is lost when the business in which it is used is discontinued and the good will attached to the name, brand or trade mark has been lost.

Very truly yours,

WELLINGTON D. RANKIN,
Attorney General.