

In the Matter of

# CERTAIN VACUUM BOTTLES AND COMPONENTS THEREOF

Investigation No. 337-TA-108



USITC PUBLICATION 1305

NOVEMBER 1982

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

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Washington, D.C. 20436

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UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C. 20436

In the Matter of )

CERTAIN VACUUM BOTTLES AND )  
COMPONENTS THEREOF )

Investigation No. 337-TA-108

NOTICE OF TERMINATION OF INVESTIGATION

AGENCY: U.S. International Trade Commission.

ACTION: Termination of investigation upon a finding of no violation of section 337 of the Tariff Act of 1930.

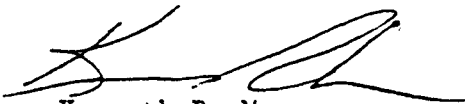
SUPPLEMENTARY INFORMATION: On the basis of a complaint filed on September 16, 1981, the Commission on October 29, 1981, published in the Federal Register (46 F.R. 53543) a notice of institution of an investigation pursuant to section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337). The Commission's investigation covered alleged unfair methods of competition and unfair acts in the unauthorized importation and sale of certain vacuum bottles and components thereof alleged to infringe complainant Union Manufacturing Co.'s common-law trademark.

On October 13, 1982, the Commission determined that there was no violation of section 337 in investigation No. 337-TA-108 in the importation or sale of the vacuum bottles and components thereof in question. Commissioner Frank did not participate.

Copies of the Commission's Action and Order, the Commission Opinion, and all other nonconfidential documents filed in connection with this investigation are available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436, telephone 202-523-0161.

FOR FURTHER INFORMATION CONTACT: William E. Perry, Esq., Office of the General Counsel, U.S. International Trade Commission, telephone 202-523-0350.

By order of the Commission.

  
Kenneth R. Mason  
Secretary

Issued: October 29, 1982





## Action

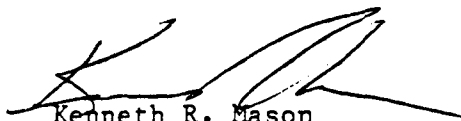
Having reviewed the record compiled and information developed in this investigation, including (1) the submissions filed by the parties, (2) the transcript of the evidentiary hearing before the administrative law judge (ALJ) and the exhibits which were accepted into evidence, (3) the ALJ's recommended determination, and (4) the arguments and presentations made at the Commission's public hearing on September 20, 1982, the Commission, 1/ on October 13, 1982, determined that there is no violation of section 337 of the Tariff Act of 1930 in the importation into and sale in the United States of certain vacuum bottles and components thereof.

## Order

Accordingly, it is hereby ORDERED THAT--

1. Investigation No. 337-TA-108 is terminated as to all issues and all respondents;
2. The Secretary shall serve this Action and Order and the Commission Opinion in support thereof upon each party of record in this investigation, and upon the U.S. Department of Health and Human Services, the U.S. Department of Justice, the Federal Trade Commission, and the U.S. Customs Service; and
3. The Secretary shall publish notice of this Action and Order in the Federal Register.

By order of the Commission.

  
Kenneth R. Mason  
Secretary

Issued: October 29, 1982

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1/ Commissioner Frank not participating.

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OFFICE OF THE SECRETARY  
UNITED STATES INTERNATIONAL TRADE COMMISSION/USITC  
Washington, D. C. 20436

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CERTAIN VACUUM BOTTLES AND )  
COMPONENTS THEREOF )  
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Investigation No. 337-TA-108

COMMISSION OPINION 1/

I. Procedural Background

On September 16, 1982, complainant Union Manufacturing Co., Inc. (Union), filed a complaint with the Commission alleging that certain firms had violated section 337 of the Tariff Act of 1930. The Commission issued a notice of investigation which was published in the Federal Register on October 29, 1981, (46 F.R. 53543). The purpose of the investigation was to determine whether there is a violation of section 337 in the unauthorized importation of certain vacuum bottles and components thereof, or in their sale, by reason of the alleged (1) infringement of complainant's common-law trademark, (2) passing off, or (3) false designation of origin (source), the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States.

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1/ The following abbreviations are used in this memorandum: RD = ALJ's recommended determination; CX = complainant's exhibit; RX = respondent's exhibit; TR = transcript of evidentiary hearing; IA = Investigative Attorney; IAPB = Investigative Attorney's post hearing brief; CRB = complainant's rebuttal brief before the ALJ; FF = ALJ's finding of fact; CHT = Commission Hearing Transcript.

The notice of investigation named twelve companies as respondents. 2/ Of those twelve respondents, four respondents --- Han Baek Trading Co. (Han Baek), Daymu Hagemeyer Co. Ltd. (Daymu), Wanco International (Wanco), and Tay Yuan Industrial Co. (Tay Yuan) 3/ --- remain in this investigation.

The evidentiary hearing before the Administrative Law Judge (ALJ) commenced on May 12, 1982, and continued through May 28, 1982. Oral argument was held before the Commission on September 20, 1982. Han Baek was the only respondent represented.

In his recommended determination, the ALJ found a violation of section 337. Specifically, the ALJ determined that Union had established a common-law trademark in the overall appearance of its vacuum bottle, in that the overall appearance was nonfunctional and had achieved secondary meaning. Further, the ALJ found that Union had demonstrated that consumers would be likely to confuse the Han Baek and Daymu bottles with the Union bottle. The ALJ also found that the effect or tendency of these unfair acts was to substantially injure or destroy an efficiently and economically operated industry in the United States.

## II. The parties and the products

Complainant Union is a corporation headquartered in Meriden, Conn. Union manufactures, distributes, and sells vacuum bottles, including the stainless steel bottles at issue. Charles Parker Co. (Parker) is a wholly owned

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2/ The Commission has terminated eight of the respondents from this investigation.

3/ Union has not established a prima facie case against Tay Yuan and Wanco, who did not appear in this investigation, because no evidence has been presented that either party has exported commercial quantities of vacuum bottles to the United States. Therefore, these two respondents are terminated from this investigation.



subsidiary of Union with its principal place of business at the Union facility. Parker manufactures, produces, and assembles the stainless steel vacuum bottles.

Respondent Han Baek is a Korean corporation which manufactures and exports to the United States stainless steel vacuum bottles. Han Baek was the only respondent to participate fully in this investigation.

Respondent Daymu is a Taiwanese corporation which manufactures and exports to the United States stainless steel vacuum bottles.

The subject of this investigation is a cylindrical vacuum bottle manufactured entirely of stainless steel with a plastic-lined stainless steel cup. 4/ The Union bottles are all stainless steel cylinders which have two rings or bands, one around the base and one around the neck; a third black ring is formed by the black plastic at the rim of the cup. The Union bottles also have bullet-shaped cups, the bottom half shaped like a cylinder which is surmounted by a frustum of a cone, tapered neck areas, and, in most cases, fold-flat handles. Although some of Union's bottles have a stainless steel finish, other bottles are of cold steel, which is painted grey.

Union's two domestic competitors are Aladdin Industries (Aladdin) and King-Seeley Thermos Co. (King-Seeley). The Aladdin bottle is a cold-steel cylindrically shaped bottle which is painted green. This bottle has two circumferential rings at approximately the same location and of the same width as Union's bottle. Further, the lower outside edge of the Aladdin cup forms a third green ring. The King-Seeley bottle is a stainless steel cylindrically shaped vacuum bottle with one circumferential ring just below the tapered

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4/ FF 7.

neck, a wide circumferential ring around the base of the bottle, and a black plastic cup.

With respect to respondents, Han Baek's imported bottle is also stainless steel. It is approximately three inches taller than the Union bottle and has a tapered cup. The Daymu bottles are stainless steel; one bottle resembles the Union bottle with a bullet-shaped cup; the other bottle is stainless steel, but its cup is shaped like a cylinder.

### III. Unfair Acts

After reviewing the record in this investigation, we have concluded that there is no unfair act to support a violation of section 337 because complainant has not established that the overall appearance of its vacuum bottle has attained secondary meaning, separate and distinct from its registered mark UNO-VAC which appears on the bottle. We also conclude that complainant has not established that consumers would be likely to confuse the Daymu or Han Baek bottles with complainant's bottle.

#### A. Common-law trademark

A trademark is defined in the Lanham Act 5/ as any word, name, symbol, or device, or any combination thereof, adopted and used by a manufacturer or a merchant to identify his goods and to distinguish them from those manufactured or sold by others. This is also the traditional definition of a common-law trademark. 6/ A trademark indicates origin or ownership, guarantees quality or constancy, and entitles the owner to advertise goods bearing the mark. 7/

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5/ Lanham Act, section 45, 15 U.S.C. § 1127.

6/ 3 R. Callmann, Unfair Competition, Trademarks, and Monopolies, § 65 at 2.

7/ Id. at 3.

To prove that it has a trademark in the overall size, shape, and configuration of its vacuum bottle, Union must prove that the mark is inherently distinctive or has acquired a secondary meaning, and that the mark is not functional. To prove infringement of that trademark, Union must prove there is a likelihood of confusion among consumers who see competing products with a similar appearance. For protection under section 337, a common-law trademark must meet these same criteria. 8/

A threshold question raised by the respondents and the IA 9/ is whether an action for a common-law trademark on the overall appearance of the Union bottle is barred by the Supreme Court's decisions in the Sears-Compco cases. 10/ The Supreme Court held in those cases that state unfair competition law could not, consistent with federal patent law, impose liability for, or prohibit the copying of, the configuration of a pole lamp or a fluorescent lighting fixture which is not protected by either a federal patent or a copyright. 11/ However, we have determined that those cases do not bar complainant from protecting its common-law trademark on the overall appearance of the Union bottle because those cases dealt only with product configuration under state common law and not with protection under section 43(a) of the Lanham Act. 12/

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8/ Certain Novelty Glasses, Inv. No. 337-TA-55, USITC Publication 991 (1979).

9/ RD at 42-45.

10/ Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964); Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964); McCarthy, Trademarks and Unfair Competition, § 7.24 (McCarthy).

11/ Since the decisions in the Sears-Compco cases, there can be no common-law restraint under state law on copying product configurations. The most that can be done at common law is to "require labeling or precautions to correctly identify the source of products."

12/ Truck Equipment Service Co. v. Fruehauf Corp., 536 F.2d 1210; 191 USPQ 79 (8th Cir. 1976), cert. den. 429 U.S. 861. Accord, Ives Laboratories, Inc. v. Darby Drug Co., Inc., 601 F.2d 631 (2d Cir. 1979); SK&F Co. v. Premo Pharmaceutical Laboratories, Inc., 625 F.2d 1055 (3d Cir. 1980).

We also determine that the Patent and Trademark Office's (PTO) rejections of Union's application for a trademark on the overall appearance of its bottle are not determinative of the outcome of this case. These rejections do not represent the PTO's final decision on the trademark application. In fact, all three PTO decisions stated that, although the design appeared to be functional, Union was entitled to submit additional evidence that the mark has acquired a secondary meaning. <sup>13/</sup> Further, the right to a trademark does not depend upon the statutory enactment of the Lanham Act. A trademark is not acquired by Federal registration, but by the prior appropriation and use of a mark which identifies the products and distinguishes it from products sold by others. <sup>14/</sup> Thus, to register a mark on the Principal Register, <sup>15/</sup> the Lanham Act, like the common law, requires either that the mark (1) be inherently distinctive, or (2) have become distinctive through the acquisition of secondary meaning, i.e., consumer association of the mark with a single

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<sup>13/</sup> In its applications Union only submitted to the PTO a general statement that the bottle had become distinctive by the continuous use of the mark for five years preceding the filing for registration. In his decision, the PTO examiner stated that Union could possibly prove secondary meaning by presenting evidence such as extent of sales, amount of advertising, etc. This is the same type of evidence presented to the Commission.

<sup>14/</sup> 15 U.S.C. § 1127; Callman, *supra*, § 97.3(a).

<sup>15/</sup> The Principal Register for Trademarks was created by the Lanham Act in 1946. "Registration of a mark on the Federal Principal Register confers a number of procedural and substantive legal advantages over reliance on common law rights." McCarthy § 19:5. These advantages include: (1) Federal jurisdiction for infringement cases; (2) the registration acts as prima facie evidence of the registrant's ownership and exclusive right to use the mark; (3) registration may become incontestable as conclusive evidence of the registrant's exclusive right to use of the mark throughout the United States, subject to only certain defenses; (4) registration is constructive notice of a claim of ownership so as to eliminate any defense of good faith adoption; and (5) registration on the Principal Register may be used to stop the importation into the United States of articles bearing an infringing mark (Lanham Act § 42, 15 U.S.C. 1124). McCarthy § 19:6.

source. 16/ These are the same criteria to show the existence of a trademark under the common law and under section 43(a) of the Lanham Act.

(1) Inherent distinctiveness

We concur with the recommended determination of the ALJ and conclude that the overall appearance of Union's vacuum bottle is not inherently distinctive, i.e., the design is not fanciful or arbitrary or of such a nature that its distinctiveness is obvious. 17/

The Patent and Trademark Trial and Appeals Board (Trademark Appeals Board) in In re Days-Ease Home Products Corp., 197 U.S.P.Q. 566 (TTAB 1977), determined that a container for a liquid chemical drain opener was inherently distinctive. In rendering its decision, the Board set the following standard for determining whether a container was inherently distinctive:

The question of "inherently distinctive" obviously must be determined in relation to the goods for which registration is sought, the uniqueness of the container's configuration in this field, which would condition the reaction of purchasers to the shape, and what would be the anticipated reaction of the average purchaser to this shape. 18/

When these criteria are applied to this case, we conclude that the Union bottle is not a unique container configuration in its field. The other two domestically produced bottles, Aladdin and King-Seeley, also have

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16/ This arises from the requirement in section 1052 of the Lanham Act that, to obtain protection for a trademark by registering it on the Principal Register, one must prove the mark is distinctive and from the definition of trademark in section 1127 of the Lanham Act, viz., any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others. See McCarthy § 7.31 at 212.

17/ McCarthy § 11; Federal Glass Works v. Corning Glass Works, 162 U.S.P.Q. 283 (TTAB 1969).

18/ In re Days-Ease Home Products Corp., 197 U.S. PQ 566, 568 (TTAB 1977).

circumferential rings on both the bottom and top of the bottle. The Aladdin bottle has a ring formed by the plastic on the lip of the cup and also a stainless steel cup. The King-Seeley bottle has a burnished stainless steel exterior. When the Union bottle is compared with the Aladdin and King-Seeley bottles, the overall appearance of the Union bottle is not unique and its distinctiveness is not obvious. Therefore, the Union bottle is not inherently distinctive. 19/ 20/

(2) Secondary Meaning

Since the Union bottle is not inherently distinctive, complainant must prove that the Union bottle is distinctive, i.e., that it has achieved secondary meaning. "[I]f a given symbol or word is not inherently distinctive, it can be registered or protected as a mark only upon proof that it has become distinctive. The acquisition of distinctiveness is referred to as 'secondary meaning.'" 21/ As the Court of Customs and Patent Appeals 22/ stated in In re David Crystal, Inc., 296 F.2d 771 (C.C.P.A. 1961): "But unless the design is of such a nature that its distinctiveness is obvious, convincing evidence must be forthcoming to prove that, in fact, the purchasing public does recognize the design as a trademark which identifies the source of the goods."

Secondary meaning may be proven by evidence of an association between the mark and the seller in the minds of a substantial number of the buyer group. In proving secondary meaning, the burden of proof is upon the party trying to

19/ RD at 31-32.

20/ One can infer that Union has admitted that the overall appearance of its bottle is not inherently distinctive. CHT at 50.

21/ McCarthy § 15.1 at 514.

22/ Now the Court of Appeals for the Federal Circuit.

establish legal protection for the mark. 23/ There are two types of evidence used to prove secondary meaning: direct and circumstantial evidence. Direct evidence means the actual testimony of buyers as to their state of mind. This can be presented either through a live witness, by affidavit, or by survey. Circumstantial evidence consists of evidence such as length of use of the mark, sales, advertising, amounts spent publicizing the mark and any similar evidence showing wide exposure of the buyer class to the mark in question. 25/ Generally, circumstantial evidence of the seller's efforts to expose buyers to the mark is relevant evidence from which secondary meaning may be inferred. 26/

The ALJ concluded that Union had established secondary meaning in the overall appearance of its vacuum bottle because "(1) Union has sold the subject bottle exclusively and continuously since 1965; (2) Union has sold over 4 million vacuum bottles since 1965; (3) Union has expended significant funds in an extensive national advertising campaign for the product in issue; and (4) experts testified generally that consumers would identify the shape of the bottle rather than the brand. The ALJ concluded that, because of its distinctive physical configuration, a consumer, upon seeing a stainless steel vacuum bottle, would conclude that the bottle emanates from one source. We disagree.

We note that Union did not present a consumer survey as evidence of secondary meaning. In this case Union has only presented circumstantial evidence to the Commission of secondary meaning by its exclusive use of the

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23/ McCarthy § 15:11.

24/ Id. § 15:10.

25/ Id. § 15:16.

bottle for over 15 years, extensive sales of over a million bottles, and advertising, most of which shows the registered mark UNO-VAC on the bottle.

The record indicates that Union's bottle is sold with the registered word mark UNO-VAC appearing on it. 26/ Therefore, the complainant must prove that the configuration of the bottle creates a commercial impression separate and apart from the word mark appearing on it, i.e., that it has attained secondary meaning independent and separate from the word mark on the bottle. The circumstantial evidence on the record does not support such a conclusion. As McCarthy has stated:

Conversely, if the configuration is not inherently distinctive, it must be proven to have acquired secondary meaning to be registrable on the Principal Register. For example, applicant must present proof that a non-distinctive bottle "creates a commercial impression separate and apart from the word marks appearing thereon and serves, in and of itself, as an indication of origin" for applicant's product in the bottle. 27/

As noted above, even though this principle appears in cases involving registration on the Principal Register, it is applicable to common-law trademark cases because the Court of Customs and Patent Appeals and the Trademark Appeals Board by rejecting the registration, in fact, are stating on the basis of the evidence before them that the applicants have no trademark to register. 28/

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26/ In this case, as the ALJ determined, the UNO-VAC mark appears prominently on most of its vacuum bottles and carton containers, except for a few instances when the bottle may be sold with a premium mark on it (FF 15). Union also requires that the mark Union or UNO-VAC appear in each ad (FF 41). Union freely admits that it wants its name to become a household word (RD at 54, Fournier TR 404).

27/ McCarthy § 7.31 at 213; In re Mogen David Wine Corp., 54 Cust & Pat. App. 1086, 372 F.2d 539 (C.C.P.A. 1967); In re McIlhenny Co., 47 Cust. & Pat. App. 985, 278 F.2d 953 (C.C.P.A. 1960); In re Johnson and Johnson, 129 U.S.P.Q. 371 (TTAB 1961); In re Semel, 189 U.S.P.Q. 285 (TTAB 1975); In re Teledyne Industries, Inc., 212 U.S.P.Q. 299 (TTAB 1981).

28/ McCarthy § 19:6; see footnote 4 at p. 6.



Two cases in which the C.C.P.A. and the Trademark Appeals Board denied registration of a trademark that have facts similar to those presented in this case are In re Johnson & Johnson, 129 U.S.P.Q. 371 (TTAB 1961) and In re McIlhenny Co., 278 F.2d 953, 126 U.S.P.Q. 138 (C.C.P.A. 1960). In In re Johnson & Johnson, the Trademark Appeals Board denied an application for registration on the Principal Register of the LE PAGE'S glue bottle, even though Johnson and Johnson had produced evidence of exclusive use for over 30 years, extensive advertising, and sales of over 100 million bottles, on the basis that Johnson & Johnson had not proved that the shape of the bottle was distinctive separate and apart from its word mark "LE PAGE'S".

There is a statement in each of the applications to the effect that as early as 1903 the Saturday Evening Post carried advertising of applicant's goods showing use of a cone-shaped container from which the present container was evolved; that the container design has been in continuous use since 1926; that, over the past twenty years, applicant has sold over one hundred million units in containers of the type sought to be registered and sales for 1959 were expected to exceed ten million units; that during the years 1954 to 1958, inclusive, applicant's volume of sales of mucilage was approximately one-half of the total sales of all brands of mucilage; that a national consumer poll in 1957 showed applicant's "LE PAGE'S" mucilage as being the one most often used; and applicant's products are extensively sold through syndicate or variety stores, retail stationery stores, drug stores, department stores, and grocery stores.

It would appear from the foregoing that applicant has for many years enjoyed substantial sales of its various products in bottles or containers of the type sought to be registered herein. There is, however, nothing in the record to indicate that applicant has promoted or advertised its particular container separate and apart from the word mark "LE PAGE'S" or that the container has otherwise made such an impression upon purchasers that they rely upon it as an indication of origin of applicant's products. 29/

In In re McIlhenny Co., 278 F.2d 953 (C.C.P.A. 1960), the Court of Customs and Patent Appeals upheld the refusal of the Trademark Appeals Board to

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29/ In re Johnson & Johnson, *supra*, at 372. See also In re Hoffman House Sauce Co., 137 U.S.P.Q. 487 (TTAB 1963); In re Semel, 189 U.S.P.Q. 285 (TTAB 1975); In re Teledyne Industries, Inc., 212 U.S.P.Q. 299 (TTAB 1981).

register a tabasco sauce bottle on the Principal Register because there was no clear and convincing evidence that the naked bottle had become distinctive of applicant's goods in commerce:

The fallacy in appellant's position resides in its misconception of the Lanham Act definition of a trademark. Section 45 requires not only the adoption and use of the mark but that it does in fact identify the goods and "distinguish them from those manufactured or sold by others." This requirement is the basic element of a trademark. The mere intent of an applicant will not convert an inherently non-distinctive bottle into a trademark. Without an applicant's fulfilling the requirements of section 2(f), registration on the Principal Register is only proper when the subject matter is a distinguishing and identifying trademark per se and obviously does identify the goods and distinguish them from the goods of others [i.e., the mark is inherently distinctive]. Of course, under section 2(f), if the applicant offers clear and convincing evidence that an otherwise non-distinctive trademark, such as this bottle, has in fact become distinctive of applicant's goods in commerce and does identify them, registration on the Principal Register is warranted.

In this case, appellant is endeavoring to achieve registration on the Principal Register without such proof. Here we have a little bottle with no features particularly connecting it with the pepper sauce except the pepper sauce itself which contributes only to giving the bottle and sauce together the characteristic of being descriptive. The bottle and its closure have no distinctive features upon which this court could predicate a conclusion that the device has trademark significance per se. Consequently, we believe the board was correct in not approving registration of this device on the Principal Register on this record.

\* \* \*

Appellant has introduced in evidence many pictorial exhibits depicting its bottle, upon which is a label featuring applicant's registered trademark "Tabasco" and also prominently displaying the words "McIlhenny Company." . . .

Furthermore, this evidence does not convince us that the general public has accepted applicant's unlabeled bottle per se as identifying appellant's product so as to warrant registration of the bottle on the Principal Register even under section 2(f). 30/

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<sup>30/</sup> In re McIlhenny Co., 278 F.2d 953, 956, 957 (C.C.P.A. 1960) (emphasis added).

Judge Rich in his concurring opinion stated that an analogous body of law is that requiring a background design to be distinctive as compared with the word mark on it:

If appellant's advertising, as presented by the record, had as its purpose, as is alleged, the generation of public recognition of the container configuration, it was badly misdirected. In each case the labels overwhelm the bottle configuration in prominence and the emphasis of the advertising copy is all on the word mark "Tabasco."

The capped bottle in this case is, as a matter of fact, mere background for the primary origin indicators, the diamond-shaped white paper label bearing in red and green ink the word mark "Tabasco" and appellant's name and address, the green foil neck label on which the word mark is diagonally printed in black, and the name "McIlhenny" on the cap. The controlling case law is that background for other trademarks is registrable on the Principal Register only when it is either inherently distinctive or shown by satisfactory proof to have acquired a secondary meaning. . . . Neither of these requirements has been met in this case. 31/

These cases were followed by In re Mogen David Wine Corp., 372 F.2d 539 (C.C.P.A. 1967) in which the Court of Customs and Patent Appeals refused to register the Mogen David Wine bottle on the basis of a lack of secondary meaning in the naked bottle itself because the advertising only featured the wine bottle with the mark "Mogen David" on it. Thus, the C.C.P.A. stated: "there is nothing to indicate that the container has been promoted separate and apart from the word mark 'MOGEN DAVID.'" The C.C.P.A. also noted:

The board reasoned that inasmuch as the decanter in issue, unlike the "PINCH" whiskey bottle, is not susceptible to verbal description, it is more than likely that appellant's wine would be called for and requested by the trademark MOGEN DAVID. 32/

This statement is particularly relevant to the present case because, as the ALJ noted in his opinion, the complainant's verbal description of the bottle

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31/ In re McIlhenny Co., 278 F.2d 953, 959 (C.C.P.A. 1960) (citations omitted). See also In re Vari-Krom, Inc., 121 U.S.P.Q. 273 (TTAB 1959) and contrast with In re Schenectady Varnish Co., 280 F.2d 169 (C.C.P.A. 1960).

32/ In re Mogen David Corp., 372 F.2d 539, 542 (C.C.P.A. 1967).

has varied a number of times. 33/ Since the complainant has not utilized a consistent and uniform description of its vacuum bottle, we cannot presume that the public would utilize a verbal description when purchasing the bottle. Further, there is nothing on the record which indicates that Union's advertising describes in the written part of its ads the appearance of the bottle itself (e.g., "look for the circumferential rings," or "the bottle shaped like a bullet with the shiny stainless steel finish.") 34/ The vast majority of Union's vacuum bottles were sold with the mark "UNO-VAC" on them, and almost all of Union's advertising emphasizes the mark "UNO-VAC" but does not describe the configuration of the bottle.

Generally a consumer survey is not required to establish a common-law trademark. Under the specific facts of this case, a consumer survey is necessary to prove that the overall appearance of Union's naked vacuum bottle has achieved secondary meaning separate and distinct from the mark "UNO-VAC," because the few ads and sales of bottles without the mark UNO-VAC on them do not establish secondary meaning in the bottle. 35/

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33/ RD at 31.

34/ CIA Post Hearing Brief at 20-21,. See In re Interstate Bakeries Corp., 153 U.S.P.Q. 488 (TTAB 1967) and In re Hehr Mfg. Co., 47 Cust & Pat. App. 1116, 279 F.2d. 526 (C.C.P.A. 1960) where the existence of a trademark on a background design was established on the basis that the advertising emphasized the background design.

35/ It could be argued that secondary meaning has been established because Union has sold vacuum bottles without the mark on them and some of Union's advertising does not show the UNO-VAC label on the bottle. Union, however, sells an average of less than one percent of its bottles per year without the mark on them. RD at 57. As the ALJ found, these sales are de minimis. Id. Similarly, some of the advertisements submitted to the Commission do not show the UNO-VAC mark on the bottles. However, the vast majority of ads prominently display the UNO-VAC mark on the bottle. Further, those ads that do not show the UNO-VAC mark on the bottle state in the body of the ad that the bottle is from "UNO-VAC," often in a prominent way in the written portion

(Footnote continued)

Union argues that a presumption of secondary meaning arises because respondents have copied Union's bottle. We disagree. Union has relied upon the Commission's decision in Certain Novelty Glasses, Inv. No. 337-TA-55, USITC Publication 991. In that decision, however, the Commission found that such a presumption is raised only by a deliberate and close imitation of the senior user's distinctive trademark. The Commission stated in its decision on Certain Novelty Glasses.:

The second element is secondary meaning. A review of the law of unfair competition indicates that courts have differed in defining what level of proof is necessary to show secondary meaning. While some courts have denied relief where no actual showing of secondary meaning was made, other courts have also looked at the behavior of the junior competitor and have relied in part on a presumption of secondary meaning raised by a showing of deliberate and close imitation of the senior user's trade dress, particularly where that trade dress was distinctive. These courts have not eliminated secondary meaning as an element of proof. However, they have recognized the principle that certain presumptions can arise from the closeness in appearance of the products and the intent of those who are copying their competitor's trade dress. It is important to note that these cases speak only in terms of rebuttable presumptions, and that it is possible for the burden of proof to shift back to the

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(Footnote continued)

of the ads. The written part of the ads also does not describe the configuration of the bottle itself.

Union has not made such an argument because it has not confronted the Johnson & Johnson or McIlHenny cases and the principle that ads which display both the bottle and the trademark are not considered evidence that the configuration of the bottle has attained secondary meaning, separate and distinct from the word mark on the bottle. CRB at 8. The only case which might be construed as Union's rebuttal to this argument is Artus Corp. v. Nordic Co., Inc., 512 F.2d 1184, 213 U.S.P.Q. 568 (W.D. Penn. 1981). When this case is examined, however, it is clear that the court was considering the situation where defendant was placing labels on products for which the plaintiff's design, i.e., a color-coding design, had already achieved secondary meaning. On the basis of these different labels, defendant argued that its products with the same color coding did not infringe plaintiff's common-law trademark because there was no likelihood of confusion. CRB at 8-10.

party attempting to show secondary meaning by presenting some probative evidence. (Emphasis added.) 36/

The Commission went on to find deliberate and close imitation of complainant's fanciful or semifanciful designs. Respondent's copying was so close that "The effect of viewing the two products, even when side by side, is to create a general impression that the products are identical." 37/ The Commission also found strong evidence of passing off.

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36/ Certain Novelty Glasses, supra, at 11. A presumption of secondary meaning supported only by intentional copying has been criticized by McCarthy:

Apart from New York and the Second Circuit, the courts of a few other jurisdictions have tentatively hinted that palming off is sufficient for recovery in the absence of proof of secondary meaning. The Ninth Circuit, applying California law, held that proof that defendant intentionally copied plaintiff's symbol was alone sufficient for injunctive relief. However, the court's rationale is hard to swallow. It said that proof of defendant's actual copying is evidence of secondary meaning, in that "There is no logical reason for the precise copying save an attempt to realize upon a secondary meaning that is in existence." While evidence of actual customer confusion may logically lead to an inference of secondary meaning, it is quite a leap of logic to say that close copying is evidence of secondary meaning. There may have been many other motivations for defendant's actions. It must also not be forgotten that there is absolutely nothing legally or morally reprehensible about exact copying of things in the public domain.

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It is suggested that these decisions are on the wrong track altogether. . . .

Proof of egregious conduct should not be thought of as an exception for the need for secondary meaning, but rather as pieces of evidence to prove that consumer recognition and secondary meaning in fact exists.

McCarthy § 15:4 at 530, 531 and § 15:5 at 532 (footnotes omitted, emphasis added).

This presumption is included in the theory that certain types of unfair practices may call for judicial remedies even though traditional secondary meaning and likelihood of confusion are not proven. This theory is known as the "New York Rule." McCarthy § 15:4 at 524.

37/ Id. See also the footnote of Commissioners Stern and Alberger at p. 6 in Certain Pump Top Insulated Containers, Inv. No. 337-TA-59, USITC Publication 1010, 209 U.S.P.Q. 251 (1979).

The proposition that copying should be considered evidence of secondary meaning has been adopted by a Federal Court in Illinois, which found that copying was "probative evidence of secondary meaning," Universal City Studios, Inc. v. Montgomery Ward & Co., Inc., 207 U.S.P.Q. 852 (N.D. Ill. 1980) and by the Third Circuit in Ideal Toy Corp. v. Plawner Toy Mfg. Corp., 685 F.2d 78 (3d Cir. 1982) which took the position that copying was persuasive evidence of secondary meaning.

It has been stated that copying of a mark can be prevented even where secondary meaning has not been proven; however, the mark must be "semi-fanciful," i.e., on the verge of attaining secondary meaning:

A mark with secondary meaning in-the-making should also be protected, at least against those who appropriate it with knowledge or good reason to know of its potential in that regard, or with an intent to capitalize on its goodwill. The mark selected by the plaintiff may not be a common, descriptive or generic term but semi-fanciful, "on the verge of attaining a secondary meaning." Whether protection will be granted, at this stage depends upon the nature of the mark itself. The more descriptive or common the term is, the more apparent its secondary meaning must be. If the term is unique, albeit descriptive, an injunction may issue even before the development of secondary meaning has begun. "Piracy should no more be tolerated in the earlier stages of the development of good will than in the later." 38/

This statement is consistent with the Commission's Novelty Glasses opinion in which the glasses at issue could have been considered almost inherently distinctive or semifanciful. In the cases cited by Union for the proposition that deliberate copying shows secondary meaning, the marks involved were strong marks for which little, if any, secondary meaning had to be shown, e.g., E. R. Squibb & Sons, Inc. v. Premo Pharmaceutical Labs, Inc., 195 U.S.P.Q. 545 (S.D.N.Y. 1977) (distinctive packaging for drugs); Scholl, Inc.

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38/ Callman, supra, § 77.3 at 356-357 (footnotes omitted).

v. Tops E.H.R. Corp., 185 U.S.P.Q. 754 (E.D.N.Y. 1975) (distinctive blue and yellow packaging); Clairol, Inc. v. Cosway Co., Inc., 184 U.S.P.Q. 583 (C.D. Cal. 1974) (distinctive packaging for Clairol herbal essence shampoo); Carolina Enterprises, Inc. v. Coleco Industries, Inc., 211 U.S.P.Q. 479 (D.N.J. 1981) (Powder Puff Tricycle); Perfect Fit Industries, Inc. v. Acme Quilting Co., Inc., 618 F.2d 950 (2d Cir. 1980) (distinctive packaging for mattress pads); Tisch Hotel Inc. v. Americana Inn, Inc., 350 F.2d 609 (7th Cir. 1965) (Americana mark as applied to hotels is "arbitrary", i.e., inherently distinctive). In most of these cases, there was also strong additional evidence of secondary meaning, such as nationwide advertising, many sales, etc. Finally, there was strong evidence of close and deliberate copying, down to the colors, language, and intricate designs on the relevant packages. Often there were admissions by defendants of a desire to copy the packaging and advertising in order to gain market share by capitalizing on plaintiff's efforts. As the ALJ has noted, the cases Union cites for its proposition are more akin to passing off than common-law trademark infringement. 39/

In the present case, there is no evidence of secondary meaning in the overall appearance of the Union bottle, separate and distinct from Union's mark "UNO-VAC." Further, as a comparison with the Aladdin and King-Seeley bottles demonstrates, Union's bottle is not inherently distinctive, nor semifanciful, nor even a strong mark. Union's bottle is a weak mark which

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39/ RD at 51.



must rely on strong evidence of secondary meaning to demonstrate its distinctiveness.

Further, there is no evidence of close and deliberate copying by respondents Han Baek and Daymu of Union's mark. Both the Han Baek bottle and one Daymu bottle 40/ when compared with the Union bottle have different shaped cups and different packaging. Only one Daymu bottle 41/ has the same shaped cup and similar packaging. Neither this bottle, however, nor the other Han Baek and Daymu bottles have Union's distinctive trademark "UNO-VAC" on the side of the bottle. 42/ From these facts, we cannot find close and deliberate copying of a distinctive trademark and, therefore, infer secondary meaning.

Based on the foregoing, we conclude that the overall appearance of the Union bottle is not distinctive because there is no evidence that Union's bottle has achieved secondary meaning, separate from the work mark UNO-VAC.

### (3) Functionality

We also determine that the overall appearance of the Union bottle is nonfunctional. The C.C.P.A. has recently redefined "functionality" in a case involving a container configuration. In re Morton-Norwich Products, Inc., 671

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40/ CX #15.

41/ CX #6.

42/ Union also argued that Han Baek's president stated during a deposition that it used the Aladdin bottle as a model for its own bottle and since the Han Baek bottle is similar to the Union bottle, Union submits that this testimony should not be believed and, therefore, copying should be inferred. The cup of the Han Baek bottle and packaging, however, are different from the Union bottle. Union also offers design drawings of the Han Baek bottle with the words "Sportsman's Choice" on the stopper, which Union claims to have adopted as a trademark since 1965. There is no evidence, however, that any Han Baek bottles have been exported to the United States with "Sportsman's Choice" on the bottle (RD at 65) or that the trademark "Sportsman's Choice" is featured prominently in any of Union's packaging or advertising.

F.2d 1332 (C.C.P.A. 1982). <sup>43/</sup> In that case, the Court distinguished between de facto and de jure functionality, the latter being operative to prevent a design from being protected as a trademark. The Court defined "functional" as referring to "utilitarian" as opposed to "aesthetic." The Court went on to state that an examination into de jure functionality is "not to the mere existence of utility, but to the degree of design utility." In regard to a container, the meaning of functionality "is not that the generic parts of the article or package are essential, but, as noted above, that the particular design of the whole assembly of those parts must be essential." Thus, in order to determine functionality, one must not look to just the cup, circumferential rings or stainless steel finish of Union's vacuum bottle, but to the overall appearance of Union's vacuum bottle. Additionally, in order to determine functionality, courts look to "the need to copy those articles, which is more properly termed the right to compete effectively." Thus, Judge Rich concluded that utilitarian means "superior in function (de facto) or economy of manufacture," which superiority is to be determined "in light of

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<sup>43/</sup> It may be argued that the recent case In re Morton-Norwich Products, Inc., 671 F.2d 1332 (C.C.P.A. 1982), changed the standard for proving a trademark in the configuration of a bottle. It is clear from the opinion, however, that the C.C.P.A.'s decision concerned functionality and not secondary meaning.

One who seeks to register (or protect) a product or container configuration as a trademark must demonstrate that its design is "nonfunctional," as discussed above, and that the design functions as an indication of source, whether inherently so, because of its distinctive nature, In re McIlhenny, 47 CCPA 985, 989, 278 F.2d 953, 955, 126 U.S.P.Q. 138, 141 (1960); In re International Playtex Corp., 153 U.S.P.Q. 377, 378 (TTAB 1967), or through acquisition of secondary meaning. These two requirements must, however, be kept separate from one another.

In re Morton-Norwich Products, Inc., 671 F.2d 1332, 1343 (C.C.P.A. 1982). In fact, the C.C.P.A. remanded the case to the Trademark Appeals Board for a determination of secondary meaning.

competitive necessity to copy." Morton-Norwich, supra, 671 F.2d 1332, 1338-40.

The Court referred to a number of factors which aid in determining superiority: whether ". . . the existence of an expired utility patent which disclosed the utilitarian advantage of the design sought to be registered as a trademark was evidence that it was functional;" 44/ whether "the originator of the design touted its utilitarian advantages through advertising;" 45/ whether there were a number of other alternatives to the design features available; 46/ and whether it would be significant if a particular design results from a comparatively simple or cheap method of manufacturing. 47/

In Morton-Norwich, the Court found that the spray pump container design sought to be registered on the Principal Register was not functional. A molded plastic spray bottle "can have an infinite variety of forms or designs and still function to hold liquid. No one form is necessary or appears to be "superior." 48/

An examination of the various vacuum bottles produced by Aladdin, King-Seeley, and Union reveals that a vacuum bottle can be designed in a variety of ways and still function as a vacuum bottle. In reaching this conclusion, we first examined the cup. We disagree with the ALJ's conclusion that the cup is functional. 49/ An examination of the three domestic bottles demonstrates that there are a wide variety of cups which can be used as

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44/ Id. at 1340-41.

45/ Id. at 1341.

46/ Id.

47/ Id.

48/ Id. at 1342.

49/ RD at 49.

alternatives. Therefore, we do not think that a cup shaped like the Union cup is necessary to compete effectively.

There are a also number of alternatives to the black ring created by the black plastic at the rim of Union's cup. Anyone can distinguish their product from the Union product by just changing the color of the plastic liner of the cup. Further, King-Seeley's plastic cup illustrates an alternative way of distinguishing the Union vacuum bottle.

With regard to the exterior finish of the Union bottle, the Aladdin bottle's painted, cold-rolled steel surface and the other Union bottle with its painted, cold-rolled steel surface also illustrate alternative ways to alter a bottle's exterior so as to distinguish a vacuum bottle from Union's bottle with the polished stainless steel exterior. The King-Seeley bottle also uses a burnished steel exterior as compared with the Union bottle's polished exterior.

It is unclear whether the circumferential rings at the bottom and top of the Union bottle are functional. All three domestic bottles have some sort of ring at the bottom and top of the bottle. The King-Seeley ring at the bottom of the bottle is wider than the the ring on the Union bottle, but the Aladdin ring is of the same width. The expired utility patents, especially U.S. Letters Patent 930,219 50/ and U.S. Letters Patent 1,970,120, 51/ do show metal bands at the top and the bottom of vacuum bottles, although these bands are not referred to in the utility patents. 52/ The ALJ, in making his finding of nonfunctionality, stated that there was no evidence of record to

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50/ RX-42a.

51/ RX-43a.

52/ These utility patents are not directed to the overall design of the Union bottle.

rebut the credible testimony of Union's executive vice president who stated that the circumferential rings are nonfunctional. However, he failed to address the deposition testimony 53/ of Do Young Paik, Han Baek's expert, that the circumferential rings strengthen the bottle as corrugation. We also agree with the ALJ that the tapered neck area and fold flat handle of the Union bottle are functional because there appear to be very few alternatives to this design. 54/

Even if the circumferential rings, tapered neck area, and fold flat handle were functional, this is not determinative because, as Judge Rich stated in Morton-Norwich, in order to determine functionality one does not look at the functionality of the generic parts but "the particular design of the whole assembly-of those parts." When one examines the overall appearance of the Union bottle and compares it with the various domestic alternatives as exemplified by the King-Seeley and Aladdin bottles, we conclude that the overall appearance of the Union bottle is nonfunctional. As the ALJ determined, there is no evidence that the overall appearance of the Union bottle is superior. The Aladdin bottle, with sales more than twice as great as Union, has a completely different overall appearance. 55/ The expired utility patents do not disclose any utilitarian advantage associated with the overall appearance of the Union bottle. 56/ There is no evidence that Union touts the overall design of its bottle as having utilitarian advantages. To the contrary, Union never refers verbally to the design of the bottle in its ads. Fourth, there are a substantial number of alternative designs

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53/ RX-6.

54/ RD at 48-49.

55/ Id. at 40-41.

56/ Id. at 41.

available. Finally, there is no evidence of record that complainant's design results from a comparatively simple or inexpensive method of manufacturing the vacuum bottle.

We also agree with the ALJ that the controlling law on functionality in this case is found in Morton-Norwich and not in Sears-Compco. 57/ Sears-Compco found that state unfair competition law cannot prevent copying of an unpatented pole lamp. As the ALJ has noted, however, the scope of Sears-Compco has been limited by a number of cases to state unfair competition laws and not to cases brought under section 43(a) of the Lanham Act. 58/ Further, as the ALJ has also noted, the Sears-Compco court was careful to leave undisturbed state laws protecting against passing off and unprivileged copying of nonfunctional elements of trade dress. 59/ The ALJ also was correct that the footnote in the Supreme Court decision of Inwood Laboratories cited by Han Baek and the IA was dictum, because the Supreme Court's decision in Inwood Laboratories dealt solely with procedural problems and the footnote referred to was written by the Court in the context of a review of the history of the particular case, rather than any substantive analysis of the law. 60/ Finally, we agree with the ALJ that, even under respondents' rationale, the primary features of the Union bottle, i.e., its overall appearance, are not functional. 61/

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57/ Id. at 42-45.

58/ Truck Equipment Service Co. v. Fruehauf Corp., 536 F.2d 1210 (8th Cir. 1976).

59/ RD at 44, citing Sears-Compco, *supra*, at 232 and SK&F Co. v. Premo Pharmaceutical Laboratories, Inc., 625 F.2d 1055, 206 U.S.P.Q. 964, 973 (3d Cir. 1980).

60/ RD at 45.

61/ Id. at 46.

We note that the court in Morton-Norwich stated that "it should be borne in mind that this is not a 'configuration of goods' case, but a 'configuration of the container for goods' case." 62/ Judge Rich, however, also stated: "One who seeks to register (or protect) a product or container configuration as a trademark must demonstrate that its design is 'nonfunctional,' as discussed above . . . ." 63/

On the basis of the Morton-Norwich criteria, we conclude the the overall appearance of the Union bottle is not functional.

#### B. Likelihood of confusion

The criteria to be considered in determining likelihood of confusion, as set out in Restatement of Torts § 729 and adopted by the Commission in Coin Operated Audio-Visual Games and Components Thereof, Inv. No. 337-TA-87, USITC Publication 1160, are:

- (a) the degree of similarity between the designation and the trademark or trade name in
  - (i) appearance;
  - (ii) pronunciation of the words used;
  - (iii) verbal translation of the pictures or designs involved;
  - (iv) suggestion;
- (b) the intent of the actor in adopting the designation;
- (c) the relation in use and manner of marketing between the goods and services marketed by the actor and those marketed by the other;
- (d) the degree of care likely to be exercised by purchasers.

In addition to these elements, McCarthy has stated that "Whether a mark is classified as "strong" or "weak" is an element of consideration in deciding

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62/ Morton-Norwich, supra, at 1336.

63/ Id. at 1343.

likelihood of confusion . . . . A portion of a mark may be "weak" in the sense that that portion . . . is in common use by many other sellers in the market." 64/

The Commission, as we have noted above, has not found secondary meaning in the overall shape of Union's vacuum bottle because there is little, if any, evidence on the record to support a finding that the overall appearance of the Union bottle has attained secondary meaning separate and distinct from Union's registered trademark "UNO-VAC." Since there is no secondary meaning in the overall appearance of the Union bottle, the appearance of Union's bottle is not entitled to protection as a trademark. As the overall appearance of the bottle has no other legal protection, such as a design patent, anyone can copy it. Judge Learned Hand stated in Crescent Tool Co. v. Kilborn & Bishop Co., 247 F. 299, 300 (2d Cir. 1917):

The defendant has as much right to copy the 'nonfunctional' features of the article as any others, so long as they have not become associated with the plaintiff as manufacturer or source. The critical question of fact at the outset always is whether the public is moved in any degree to buy the article because of its source and what are the features by which it distinguishes that source. Unless the plaintiff can answer this question he can take no step forward; no degree of imitation of details is actionable in its absence.

Even if there were some evidence of secondary meaning in the appearance of the Union bottle, the overall appearance of the Union bottle is a weak mark, i.e., the Aladdin and King-Seeley bottles have two circumferential rings, the King-Seeley bottle has a burnished stainless steel exterior, and the Union bottle is not inherently distinctive or even semifanciful. Since the overall appearance of Union's bottle is not inherently distinctive and, in fact, is a weak mark, Union's registered mark "UNO-VAC" and its distinctive red and



silver label on the bottle are the dominant part of a composite mark, i.e., the shape of the bottle and the UNO-VAC label together. Therefore, the label should be most important in determining likelihood of confusion. 65/

On the other hand, the ALJ is correct in finding that:

the Union bottle is not displayed alongside respondents' bottles in store displays; consequently, a side by side comparison of the bottles at issue is improper for determining a likelihood of confusion . . . confusion must be assessed from the viewpoint of the consumer in a store standing before a vacuum bottle display. 66/

Even if a consumer would not view the respondents' bottles next to the Union bottle, a consumer would notice the conspicuous absence of the "UNO-VAC" mark on the respondent's bottles and not be confused by the different bottles. Union's vacuum bottle with the cup in place has the shape of a bullet. The Han Baek and Daymu bottles have differently shaped cups which vitiate a likelihood of confusion because they do not look like a bullet. 67/ In regard to the first Daymu bottle, 68/ the shape of the cup and the bottle are identical to the shape of the Union cup and bottle. The overall appearance of this Daymu bottle and Union bottle is identical in that both look like a bullet. Further, Daymu's packaging and the Union packaging are very similar. Even though the bottles are identical and the packaging similar, there is one important and conspicuous difference: the big red and silver UNO-VAC mark which is almost always present on the Union bottle. Because the dominant aspect of the composite mark is the UNO-VAC label and

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65/ Id.

66/ RD at 61 and 62 (footnote omitted). See also McCarthy § 23:17B.

67/ Union in its rebuttal brief before the ALJ has argued that the cup does not vitiate likelihood of confusion because the bottles are displayed without the cup. When the advertising is examined, however, the great bulk of the advertising displays the bottle with the cup in place.

68/ CX # 4.

because of the weakness of the bottle design as a trademark, likelihood of confusion cannot be inferred.

Union has also argued that only sales of its bottles have decreased after the introduction of the imported bottles, and that this is evidence of likelihood of confusion. The evidence of decreased sales is not dispositive of likelihood of confusion. Although consumers may not confuse the Han Baek bottle with the Union bottle, they are obviously similar bottles. Since the Han Baek bottle is less expensive, consumers may select the Han Baek or Daymu bottle on the basis of price. Han Baek and Daymu are free to sell a cheaper stainless steel bottle in the United States so long as they do not copy Union's trademark. Based on the foregoing, we cannot find that consumers would be likely to confuse the Han Baek and Daymu bottles with the Union bottle.

C. Passing Off

The essential component in a case of passing off lies in an act of deception, beyond mere copying, which induces someone to purchase the product of another. 69/ We agree with the ALJ that "[t]he record lacks evidence that respondents Han Baek and Daymu deliberately and intentionally attempted to "pass off" their bottles as Union vacuum bottles." 70/

E. False Designation of Source

Having determined that a common-law trademark does not exist in the shape and design of Union's bottle, we are precluded from finding a false designation of source.

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69/ RD at 64.

70/ Id. at 65; see also discussion of copying at pp. 15-20.

#### IV. Domestic Industry

We conclude that the domestic industry consists only of those portions of complainant Union and its subsidiary, Parker, devoted to the exploitation of the alleged property rights impacted by the alleged unfair acts. 71/ This definition would not have included Aladdin and King-Sealey. 72/

#### V. Efficient and Economic Operation.

We find that the domestic industry is efficiently and economically operated. Union uses the most modern equipment available and spends a substantial sum of money on research and development. 73/ Union also makes every effort to increase the productivity of its employees which is also indicative of efficient and economic operation. Han Baek took no exception to this finding by the ALJ.

#### VI. Substantial Injury

We also find that the domestic industry is substantially injured. Union has demonstrated many instances of sales and customers lost to Han Baek and Daymu as a result of underselling Union's vacuum bottles in the domestic market. A number of Union's continuing customers have bought the imported bottles. 74/

Prior to the introduction of the imported bottles into the U.S. market, Union's sales of vacuum bottles had steadily increased. The introduction of the imported bottles in 1979 led to Union's sales decrease in 1980. As a

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71/ We note that the discussion on domestic industry, efficient and economic operation, substantial injury, and tendency to substantially injure is premised upon the existence of an unfair act.

72/ Id. at 64.

73/ Id. at 70.

74/ Id. at 74.

result of decreased sales, Union reduced production and laid off workers. The entire plant has been shut down for two 2-week periods in 1982.

In response to imports, Union reduced its prices in 1982. Union currently sells its bottles at a loss, but still cannot meet the imported prices. 75/

Union's profits steadily increased until the introduction of the imported bottles in 1979. Since 1979, Union's profits have steadily decreased, becoming a loss in January-March of 1982. Since 1979, only Union's profitability has changed. Aladdin and King-Seeley's sales have not been affected by the imports. 76/

#### VII. Tendency to Substantially Injure

Union has also demonstrated a tendency to inflict future injury on the domestic industry by reason of considerable foreign capacity, foreign intention to penetrate the U.S. market, underselling, and lost sales which are likely to increase in volume. 77/

Both Young Hope, which manufactures vacuum bottles for Daymu, and Han Baek have substantial capacity to produce vacuum bottles. Further, one particular contract with U.S. importers indicates respondents' intent to export numerous bottles to the United States.

Additional evidence that respondents intend to direct their capacity to the U.S. market is manifested by numerous advertisements, solicitation letters, sample bottles, visits by respondents' representatives, and sales contracts. 78/

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75/ Id. at 75.

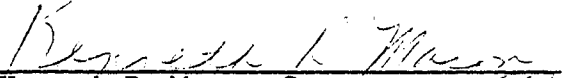
76/ Id. at 76.

77/ Id. at 77.

78/ FF 113. RD at 78.

CERTIFICATE OF SERVICE

I, Kenneth R. Mason, hereby certify that the attached Notice of Termination, Action and Order and Commission Opinions was served upon John Milo Bryant, Esq., and upon the following parties via first class mail, and air mail where necessary, on November 1, 1982.

  
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