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**DOCKET**

December 10, 1999

BY HAND

010225-0004-999

Ms. Donna Koehnke, Secretary  
U.S. International Trade Commission  
500 E Street, N.W.  
Washington, D.C. 20436

Re: **Complaint in Certain Spiral Grilled Products Including Ducted  
Fans And Components Thereof, USITC Inv. No. 337-TA---**

Dear Ms. Koehnke:

We are making this submission on behalf of The Holmes Group, Inc. ("Holmes"), the company that will formally oppose the above-referenced section 337 complaint. The complainant identified Holmes Products Corp., Holmes Products (Far East) Ltd. (Taiwan), and Holmes Products (Far East) Ltd. (China), as the proposed respondents in the complaint.

On December 8, 1999, Holmes filed a complaint in the United States District Court for the District of Kansas ("the Kansas complaint"). A copy of the Kansas complaint is enclosed.

The Kansas complaint asks the Court to enjoin Vornado Air Circulation Systems, Inc. ("Vornado") from attempting to relitigate in the U.S. International Trade Commission a final judgment which was rendered by the U.S. Court of Appeals for the Tenth Circuit and the U.S. District Court for the District of Kansas. The judgment in question held, after trial and appeal, that the "spiral" grill configuration of Vornado fan products "cannot be protected as trade dress." *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1510 (10<sup>th</sup> Cir. 1995) ("Vornado I"), cert. denied, 516 U.S. 1067 (1996).

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U.S. INTERNATIONAL TRADE COMMISSION  
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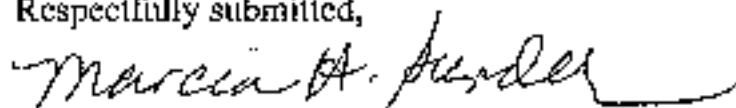
PENNIE & EDMONDS LLP

Ms. Donna Koehnke, Secretary  
December 10, 1999  
Page 2

Despite that final judgment, Vornado has recently filed a complaint under Section 337 with the Commission accusing Holmes of infringing the exact same non-existent "trade dress" which was the subject of the final judgment in Vornado I. As set forth in the enclosed Kansas complaint, Vornado is collaterally estopped from attempting to use the Commission to attack collaterally the Tenth Circuit's judgment in *Vornado I*.

If you have any questions, please do not hesitate to contact me. Thank you for your attention to this matter.

Respectfully submitted,



Marcia H. Sundeen

Enclosure

U.S. DISTRICT COURT  
DISTRICT OF KANSAS

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF KANSAS

DEC 6 3 45 PM '99

BY \_\_\_\_\_ DEPUTY  
CLERK

THE HOLMES GROUP, INC.,	
	Plaintiff,
vs.	
VORNADO AIR CIRCULATION SYSTEMS, INC.,	
	Defendant.

Civil Action No. 74-1449-215

**COMPLAINT**

Plaintiff The Holmes Group, Inc., by its attorneys, for its Complaint in this action alleges:

**Parties And Jurisdiction**

1. Plaintiff, The Holmes Group, Inc. ("Holmes"), is a corporation organized and existing under the laws of the Commonwealth of Massachusetts, and has its principal place of business at 233 Fortune Boulevard, Milford, Massachusetts 01757-1740.

2. On information and belief, defendant Vornado Air Circulation Systems, Inc. ("Vornado") is a corporation organized and existing under the laws of the State

of Kansas, and has its principal place of business at 415 E. 13th Street, Andover, Kansas 67002.

3. This action arises under the Trademark Act of 1946, 15 U.S.C. §§ 1051 *et seq.*, the Declaratory Judgment Act, 28 U.S.C. §§ 2201-02, the All Writs Act, 28 U.S.C. § 1651, the Massachusetts Consumer Protection Act, Mass. Gen. L. Ch. 93A §§ 1 *et seq.*, and the common law.

4. This Court has subject matter jurisdiction to hear this action under 15 U.S.C. § 1121, 28 U.S.C. §§ 1331 and 1332(a), and the principles of supplemental jurisdiction codified in 28 U.S.C. § 1367. The parties are of diverse citizenship and the amount in controversy exceeds the sum or value of \$75,000.00, exclusive of interest and costs.

5. Venue is properly laid in this district pursuant to 28 U.S.C. §§ 1391(b), in that Vornado resides in this district.

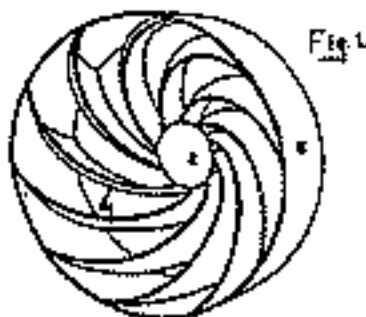
6. The Court has personal jurisdiction over Vornado, in that Vornado's principal place of business is located in this district.

#### **First Cause of Action**

7. Holmes is a leading manufacturer of branded consumer household products. Holmes manufactures and sells a wide variety of household fan and heater products in U.S. interstate commerce, including the HOLMES® Model HAOF-90 BLIZZARD™ Oscillating Power Table Fan; the HOLMES® Model HFH 298 POWER

ACCUTEMP™ Bedroom Heater; and the HOLMES® Model HFH-299 Power Heater. Photographs of these three HOLMES® product models (collectively, the "Holmes Products") are annexed hereto as Exhibit 1. Holmes has design patents pending on each of the Holmes Products.

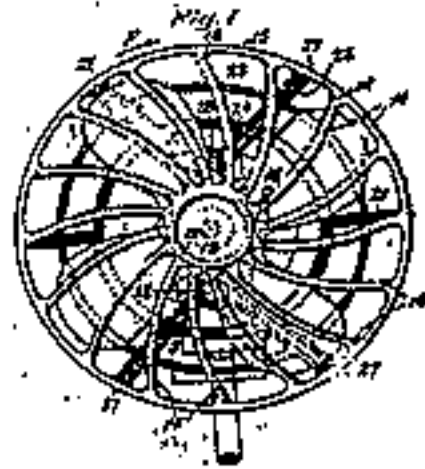
8. The Holmes Products incorporate axial flow fans and outlet grill structures whose vanes are curved or "arcuate" in configuration. The arcuate vane technology incorporated in the Holmes Products was developed more than 85 years ago and disclosed in expired U.S. Patent No. 1,062,258 issued May 20, 1913, to G.A. Schlotter, Figure 1 of which is reprinted below:



9. Axial flow fans have a well-known tendency to waste energy by causing air to move, not just axially in the desired direction, but also tangentially or perpendicular to the axis of rotation. Designers of axial flow fans have thus long used ducts and fixed vane structures to capture energy in air moving away from an axial flow fan's axis and to convert that energy into useful axial air flow.

10. It has long been known that curved or "arcuate" stator vanes add energy to the low velocity core of a jet produced by an axial flow propeller and thereby

provide a more compact jet with higher axial velocity and lower rotation than conventional straight vanes. This technology was applied to a household fan guard by not later than 1936, as shown in expired U.S. Patent No. 2,100,994 to J.H. Cohen, depicted below:



11. In the United States today, reverse curving stator vanes are widely and commonly used in household fan and heater products incorporating axial flow fans. This type of fan grill structure, sometimes referred to as a "spiral" grill design, is generic in the U.S. fan and heater business and is in common use by Holmes and numerous other U.S. household fan and heater makers including Honeywell, Lasko, Windmere, Vornado, and others. Photographs of third-party fan and heater products incorporating arcuate vane structures are annexed hereto as Exhibit 2.

12. The reverse curving stator vanes incorporated in the Holmes Products affect the performance and air flow of the Holmes Products or are perceived to do so. The Holmes Products incorporate arcuate stator vanes because such vanes have intrinsic

technical merit, are believed or perceived to provide air flow performance benefits, and provide a visually pleasing appearance. The Holmes Products are marketed by Holmes under Holmes registered trademarks and in distinctive packaging which clearly and conspicuously identifies Holmes as the source thereof.

13. Defendant Vornado is a competitor of Holmes in the U.S. fan and heater business. In common with Holmes and other U.S. manufacturers, Vornado sells household fan and heater products, some of which incorporate arcuate vane structures exemplified by the axial flow fan depicted in Exhibit 3 to this complaint. Vornado advertising and packaging have long claimed that the "AirTensity Grill" depicted in Exhibit 3 "focuses air into a tight beam."

14. Between 1992 and 1996, Vornado was the plaintiff in an action entitled *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, Civil Action No. 92-1543-WEB (U.S.D.C. Kan., filed Nov. 6, 1992) ("*Vornado I*"), which was tried before Senior Judge Wesley E. Brown. In *Vornado I*, Vornado asserted that the configuration of the outlet grill structure depicted in Exhibit 3 assertedly constituted "non-functional" "trade dress" subject to regulation under Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a) *et seq.*, commonly known as the Lanham Act, notwithstanding that the exact same structure was in the public domain under expired patents and under claim limitations in existing patents held by Vornado. A copy of Vornado's complaint in *Vornado I* is annexed hereto as Exhibit 4.

15. On July 5, 1995, in a precedential, published decision reported at 58 F.3d 1498 (copy annexed hereto as Exhibit 5), the United States Court of Appeals for the Tenth Circuit rejected Vornado's claim that the curved or "spiral" vane structure depicted in Exhibit 3 constituted "trade dress" eligible for protection under the Lanham Act. The Tenth Circuit held in *Vornado I* (58 F.3d at 1510):

Vornado included the arcuate grill vane structure as an element of its patent claims and described the configuration as providing "an optimum air flow." Then, after the first patent issued and Vornado subsequently found evidence that other grill structures worked as well as or better than the spiral grill, Vornado did not repudiate or disclaim in any way the grill element of its patent. Instead, Vornado sought and received a reissued patent that expanded its claims with respect to the grill.

Even if we discount entirely Vornado's extensive advertising campaign emphasizing the importance of the "AirTensity Grill," this patent history on its face obviates any need for a remand on the question of inventive significance. We simply take Vornado at its word. Because the "Patented AirTensity Grill" is a significant inventive element of Vornado's patented fans, it cannot be protected as trade dress.

16. On January 8, 1996, the Supreme Court of the United States denied a petition by Vornado for review of the Tenth Circuit's *Vornado I* decision. This Court subsequently entered final judgment dismissing with prejudice, on the merits, the "trade dress" claim which Vornado had asserted in *Vornado I*, and awarded costs against Vornado.

17. Commencing at a time unknown to Holmes, but no later than November 24, 1999, representatives of Vornado made *ex parte* contact with the U.S. International Trade Commission ("the ITC") located in Washington, D.C. Upon information and



belief, Vornado supplied false and misleading information to the ITC for the purpose of attempting to induce the ITC to investigate Holmes for alleged "trade dress" infringement and attempting, by such inducement, to cause interference with and injury to Holmes's business by unfair and deceptive means as set forth more fully below.

18. Upon information and belief, Vornado falsely represented to the ITC that the arcuate or "spiral" vane structure depicted in Exhibit 3 to this Complaint was "non-functional" "trade dress" and that the primary significance of the design of that structure to purchasers of household fans and heaters was as a brand identifier rather as a grill type. Upon information and belief, Vornado made these misrepresentations in bad faith, with knowledge of their falsity, or with reckless disregard of their truth or falsity. Upon information and belief, Vornado deliberately concealed from the ITC the generic nature and widespread use in U.S. commerce of "spiral" outlet grill vane structures by rival manufacturers as illustrated in Exhibit 2 to this Complaint.

19. On or about November 24, 1999, Vornado lodged a written complaint with the ITC which falsely alleged that the arcuate vane structures depicted in Exhibit 1 to this Complaint are "non-functional" and "distinctive" of Vornado and subject to exclusion from U.S. commerce under the Lanham Act, notwithstanding that the so-called "trade dress" cited in Vornado's ITC complaint is the exact same product configuration which the Tenth Circuit held in *Vornado I* "cannot be protected as trade

dress" and is and for many years has been in common and general use by U.S. fan and heater makers. Vornado's complaint to the ITC failed to disclose the existence of extensive third-party use of the so-called "trade dress" exemplified by the products depicted in Exhibit 2 hereto. A copy of Vornado's complaint lodged with the ITC is annexed hereto as Exhibit 6.

20. By its complaint filed with the ITC (and not served on Holmes as yet), Vornado seeks to make a collateral attack on the final judgment of this Court in *Vornado I* and to relitigate the issue of whether the arcuate or "spiral" vane structure depicted in Exhibit 3 qualifies for protection as "trade dress" under the Lanham Act. Vornado's purpose to attack collaterally the judgment of this Court in *Vornado I* is admitted on the face of Vornado's ITC complaint, wherein Vornado asserts that a 1999 decision of the United States Court of Appeals for the Federal Circuit (which hears appeals from ITC proceedings) supposedly "trumps the Tenth Circuit in *Vornado Air Circulation v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995)" (see Exhibit 6 hereto at ¶ 83).

21. As a result of the final judgment entered by this Court in *Vornado I* (an action commenced by Vornado), Vornado is collaterally estopped from relitigating the issue of whether the configuration of the "spiral grill design" incorporated in Vornado fan and heater products constitutes "trade dress" eligible for protection under the Lanham Act. That identical issue was actually, necessarily, and specifically litigated in *Vornado I* and was finally resolved against Vornado in that case. The

judgment of this Court in *Vornado I* represents a significant investment of the resources of this Court and those of the United States Court of Appeals for the Tenth Circuit. The judgment in *Vornado I* represents an official act of the Judicial Branch of the U.S. Government in which the public, including Holmes and other competitors of Vornado, has a direct and important interest.

22. The judgment of this Court in *Vornado I* established that Holmes and the other companies whose products are depicted in Exhibit 2 have a federal right to make, use, and sell products incorporating the arcuate or "spiral" vaned structures depicted in Exhibits 1 and 2 to this complaint. Vornado's attempt to attack collaterally the judgment of this Court in *Vornado I*, and to procure judge-made "trade dress" rights in the exact same product configuration which the Tenth Circuit held "cannot be protected as trade dress" in *Vornado I*, threatens to cause irreparable harm not just to Holmes, but to all U.S. fan and heater manufacturers and the consuming public.

23. Holmes's sale of the Holmes Products does not infringe any valid or enforceable "trade dress" claimed by Vornado. Vornado's charge of "trade dress" infringement by Holmes is meritless as a matter of applicable Tenth Circuit law and furthermore is barred by the final judgment rendered by this Court in *Vornado I*.

24. Holmes has a reasonable apprehension of suit by Vornado for alleged "trade dress" infringement. A case of actual controversy exists between Holmes and Vornado over whether Holmes's sales of the Holmes Products infringes any valid or

enforceable "trade dress" claimed by Vornado. Holmes is entitled to a declaratory judgment, pursuant to 28 U.S.C. §§ 2201-02, holding that Holmes's sale of the Holmes Products does not infringe any valid or enforceable "trade dress" claimed by Vornado under 15 U.S.C. §§ 1051 *et seq.*

25. By its *ex parte* contacts and complaint filed in the ITC, Vornado is seeking to attack collaterally the judgment of this Court and to re-litigate issues which were finally decided in *Vornado I* and in whose resolution Holmes has a direct, real, and immediate interest. Under the All Writs Act, 28 U.S.C. § 1651(a), this Court has authority to enjoin Vornado from seeking to relitigate issues which were fully and finally decided by this Court in *Vornado I*.

26. Holmes is entitled to preliminary and permanent injunctions under 28 U.S.C. § 1651(a) in order to preserve this Court's ability to render a meaningful judgment in this case and in order to preserve the judgment of this Court in *Vornado I* against collateral attack.

## Second Cause of Action

27. Paragraphs 1-26, above, are realleged and incorporated by reference as if set forth in full.

28. Holmes and Vornado are both engaged in trade or commerce in Massachusetts. Holmes and Vornado are competitors in the sale of household fan and heater products sold in Massachusetts. Holmes is domiciled and headquartered in Massachusetts. Holmes has existing and advantageous relations with retail distributors of fan and heater products located in Massachusetts. At all relevant times, Vornado was aware of Holmes's existing and advantageous economic relations with Massachusetts retailers of household fan and heater products.

29. Vornado has engaged in unfair methods of competition and has utilized unfair or deceptive acts in unfair competition with Holmes and with intent to cause injury to Holmes and its business in Massachusetts. Vornado's unfair methods of competition and unfair or deceptive acts have included (a) supplying false and misleading information to the ITC in ex parte contacts, with intent to injure and restrain Holmes's business in Massachusetts; (b) filing (but not serving on Holmes) a complaint with the ITC containing false and defamatory allegations of alleged "trade dress" infringement by Holmes for the purpose of misleading the ITC and causing injury to Holmes's business in Massachusetts and discouraging Massachusetts retailers from dealing with Holmes; (c) providing a press release to one or more housewares industry trade publications which falsely accuses Holmes

of "an infringement on . . . its [defendant's] trade dress covering the company's fan products" and which falsely asserts that Holmes "misappropriated the design of the renowned spiral grill," with malicious intent to interfere with and undermine existing and prospective customer relationships between Holmes and retailers and others located in Massachusetts; and (d) concealing and timing the above-described actions in such a way as to attempt to cause maximum damage to Holmes' Massachusetts business at a time immediately preceding a major housewares industry trade show scheduled to open January 16, 2000.

30. The conduct of Vornado alleged above was undertaken by Vornado in bad faith, with intent to mislead the ITC, and with intent to gain an unfair and unwarranted competitive advantage over Holmes by unfair means. The "trade dress" infringement proceedings Vornado has sought to induce the ITC to institute are a sham designed to conceal what amounts to an attempt to secure post-judgment appellate re-review of the Tenth Circuit's and this Court's final judgment in *Vornado I*.

31. Vornado has made literally false statements in commercial advertising and promotion intended to confuse and mislead Massachusetts retailers and others as to Holmes's right and ability to sell the Holmes Products in Massachusetts. Vornado has made false representations or descriptions of fact in commercial promotion, including communications or press releases, which Vornado knew or should have known were false or misleading or have the tendency or capacity to deceive Massachusetts buyers or prospective Massachusetts buyers in a material respect.

32. Holmes has suffered or may suffer loss of money or property by reason of the conduct of Vornado alleged above.

33. The conduct of Vornado is and has been immoral, unethical, oppressive, or unscrupulous; falls within common law, statutory, or other concepts of unfairness; has caused substantial injury to Holmes in competition; has been oppressive or otherwise unconscionable; and reaches a level of rascality rendering it actionable under Massachusetts law.

34. Vornado is liable to Holmes for violation of Mass. Gen. L. ch. 93A, §§ 2 and 11.

### **Third Cause of Action**

35. Paragraphs 1-34, above, are realleged and incorporated by reference as if set forth in full.

36. Vornado has made use in U.S. commerce of false or misleading representations and descriptions of fact which misrepresent the nature, characteristics, or qualities of the Holmes Products and Vornado products. Some of these false or misleading representations and descriptions of fact have been made in commercial advertising disseminated in Massachusetts or expected and intended to be seen and acted on by existing and prospective purchasers of the Holmes Products in Massachusetts.

37. Vornado's false or misleading representations and descriptions of fact, including Vornado's false claim that the Holmes Products infringe "trade dress" rights which the Tenth Circuit has previously adjudicated invalid, are likely to cause confusion, to cause mistake, or to deceive an appreciable number of persons in Massachusetts and elsewhere. Vornado's false representations and descriptions of fact were and are material to the purchasing decisions of existing and prospective customers for the Holmes Products, and were made by Vornado maliciously, in bad faith, without privilege, and with specific intent to injure Holmes in Massachusetts and to interfere with, disrupt, or undermine existing and prospective economic relations between Holmes and retailer purchasers of the Holmes Products.

38. Vornado's conduct has caused and threatens to cause Holmes irreparable injury to its business and reputation for which Holmes has no adequate remedy at law. Vornado's charge of "trade dress" infringement is objectively baseless and has placed a cloud over inventories of the Holmes Products held by Holmes or customers of Holmes.

39. Vornado is liable to Holmes for violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).



#### **Fourth Cause of Action**

40. Paragraphs 1-39, above, are re-alleged and incorporated by reference as if set forth in full.

41. Vornado is liable to Holmes for interference with prospective economic advantage under common law.

#### **Fifth Cause of Action**

42. Paragraphs 1-41, above, are re-alleged and incorporated by reference as if set forth in full.

43. Defendant is liable to Holmes for defamation under common law.

#### **Sixth Cause of Action**

44. Paragraphs 1-43, above, are re-alleged and incorporated by reference as if set forth in full.

45. Vornado is liable to Holmes for unfair competition under common law.

#### **Seventh Cause of Action**

46. Paragraphs 1-45, above, are re-alleged and incorporated by reference as if set forth in full.

47. Vornado is liable to Holmes for disparagement or injurious falsehood under common law.

### Demand for Jury Trial

48. Holmes hereby demands that all issues herein be tried to a jury.

**Wherefore** Holmes prays that the Court:

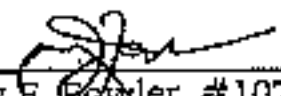
- A. Declare, adjudge, and decree that Holmes's sale of the Holmes Products does not infringe any valid or enforceable "trade dress" claimed by Vornado;
- B. Enter preliminary and permanent injunctions against Vornado's assertion of invalid "trade dress" claims against Holmes in any forum;
- C. Enter preliminary and permanent injunctions against Vornado's threatened violations of 15 U.S.C. § 1125(a) involving false accusations of "trade dress" infringement;
- D. Enter preliminary and permanent injunctions against Vornado's threatened acts of tortious interference, injurious falsehood, and statutory and common law and unfair competition involving false accusations of "trade dress" infringement;
- E. Enter judgment awarding Holmes compensatory damages as provided by law;
- F. Enter judgment awarding Holmes double or treble damages as provided by law;
- G. Enter judgment awarding Holmes punitive damages as provided by law;

- H. Enter judgment awarding Holmes its costs, disbursements, and attorneys' fees incurred in bringing this action;
- I. Enter judgment awarding Holmes such other and further relief as the Court may deem just and proper.

Dated December 8, 1999

Jay F. Fowler #10727  
Timothy B. Mustaine #10758  
Jim H. Goering #11806  
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700 Bank of America Center  
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(316) 267-6371

*Attorneys for Plaintiff  
The Holmes Group, Inc.*

By   
Jay F. Fowler #10727

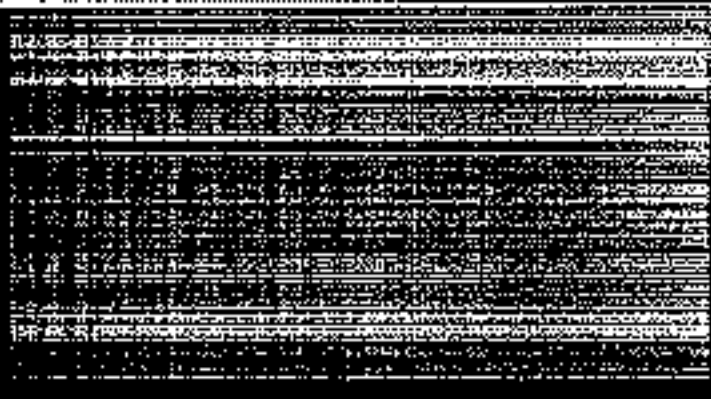
*Of Counsel:*

James W. Dabney  
Carol W. Wilhelm  
PENNIE & EDMONDS, L.L.P.  
1155 Avenue of the Americas  
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**EXHIBIT 1**

# Holmes

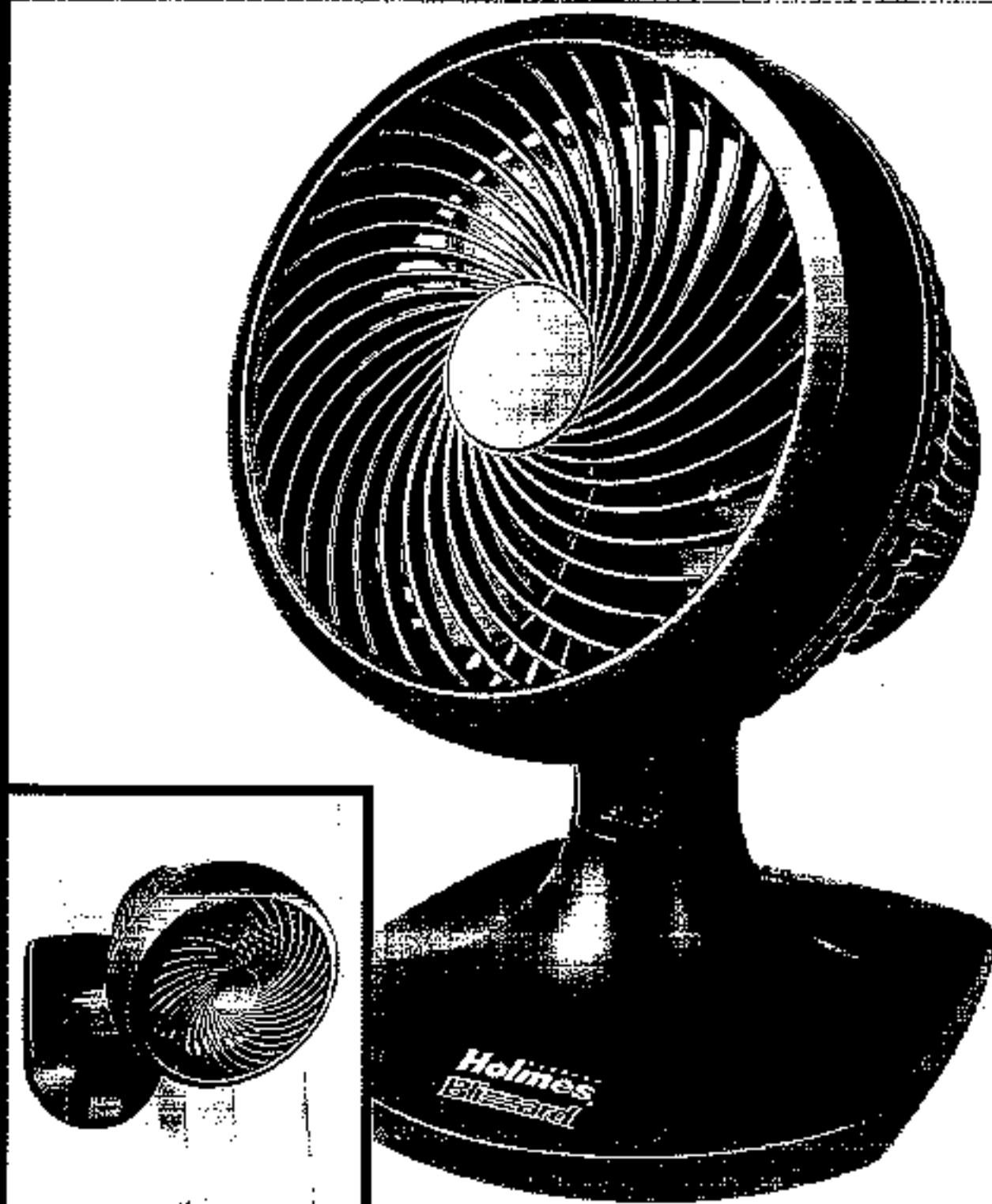
®



## OSCILLATING POWER TABLE FAN

HEA-20-100

POWERFUL, PERSONAL COOLING COMFORT

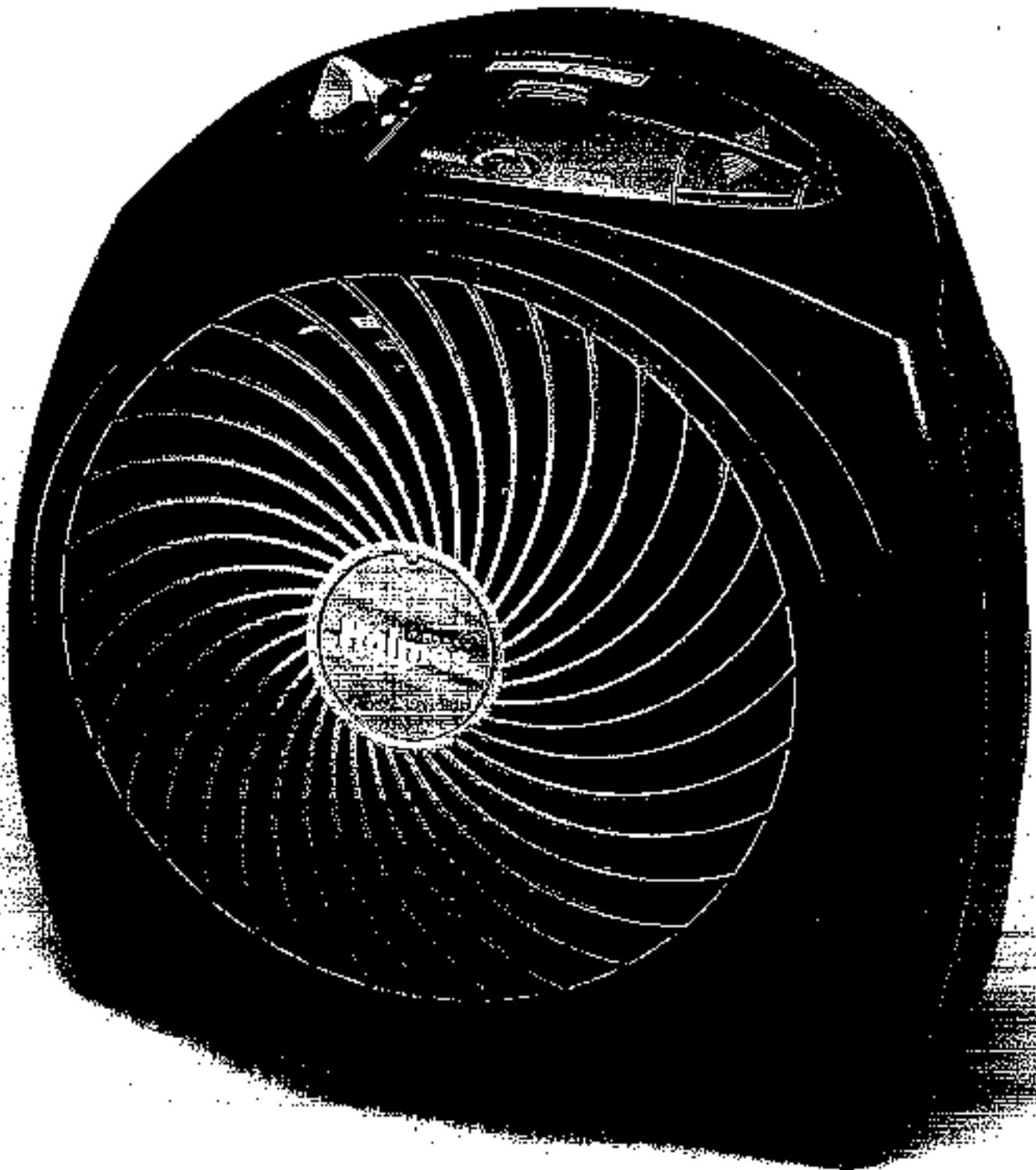


# Holmes®

POWER ADJUSTMENT  
BUILT-IN ROOM THERMISTOR

HH-200

PROGRAMMABLE THERMOSTAT WITH POWERFUL, WHISPER-QUIET HEATING

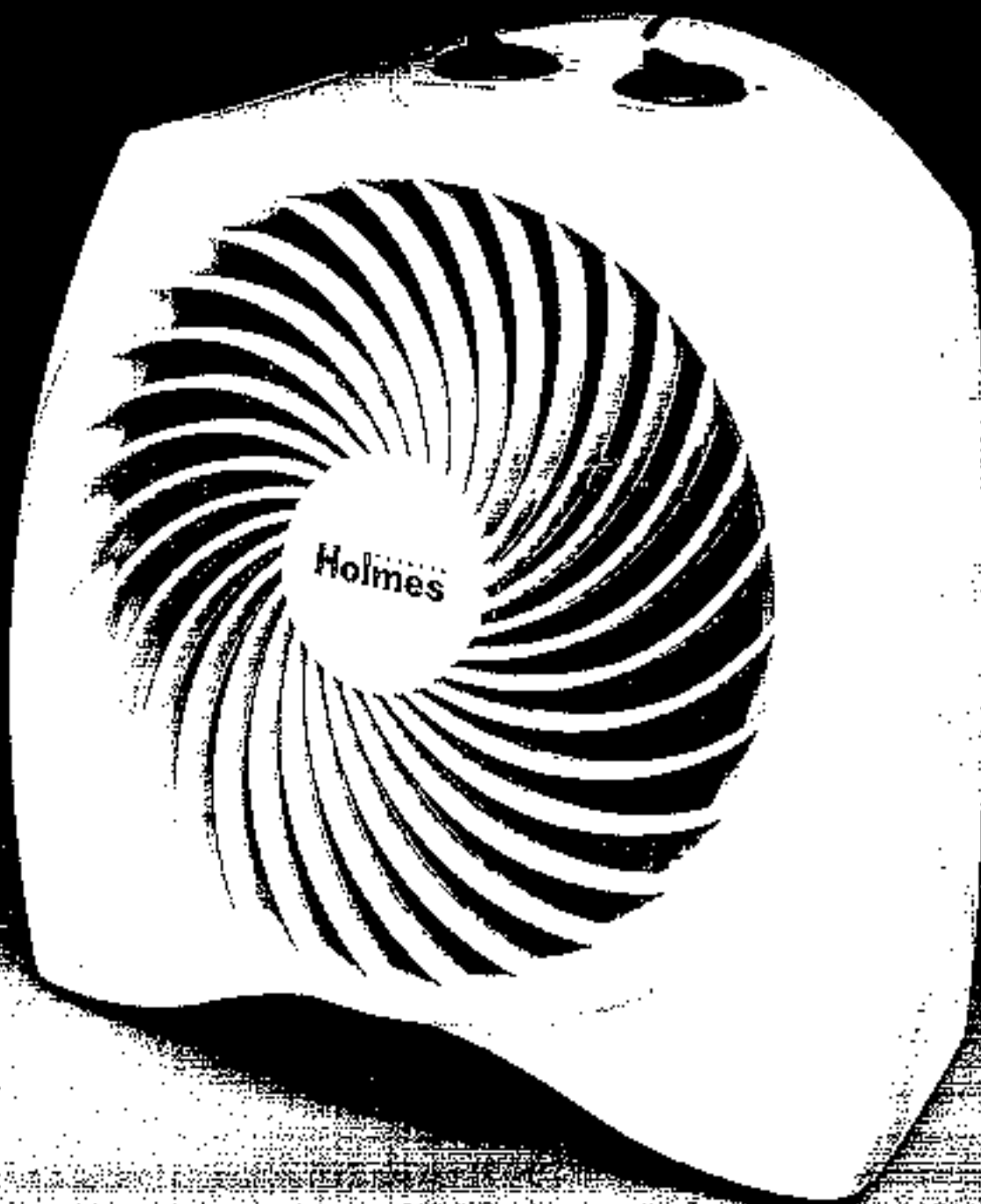


# • Holmes®

4611-24

## POWER DATA FAN

ADVANCED DESIGN FOR DEEPER HEAT OUTPUT




**EXHIBIT 2**

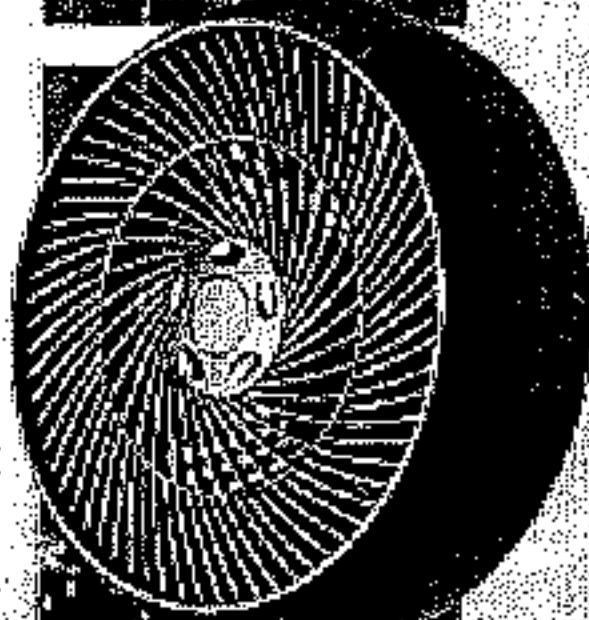


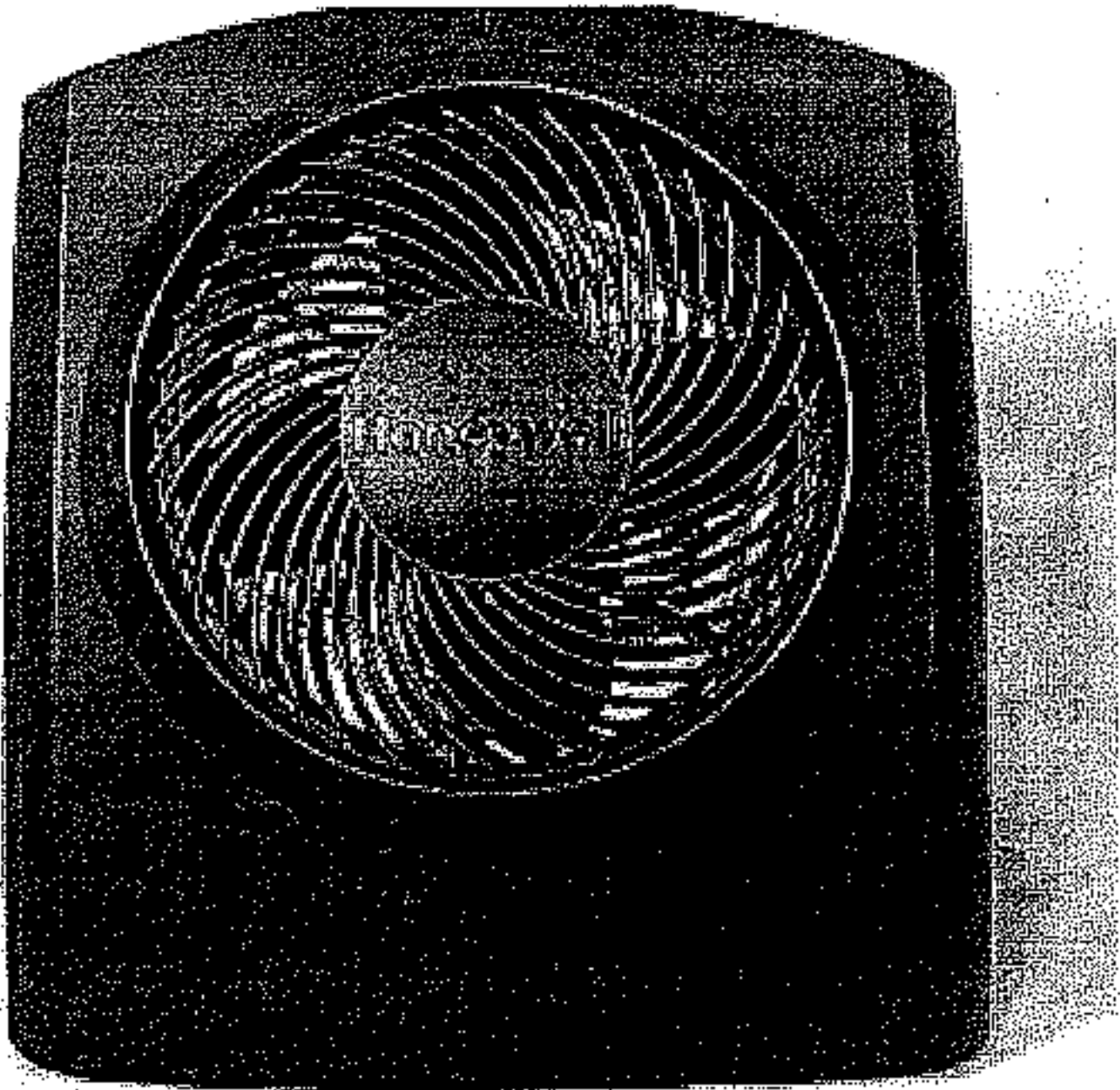
**POWER**

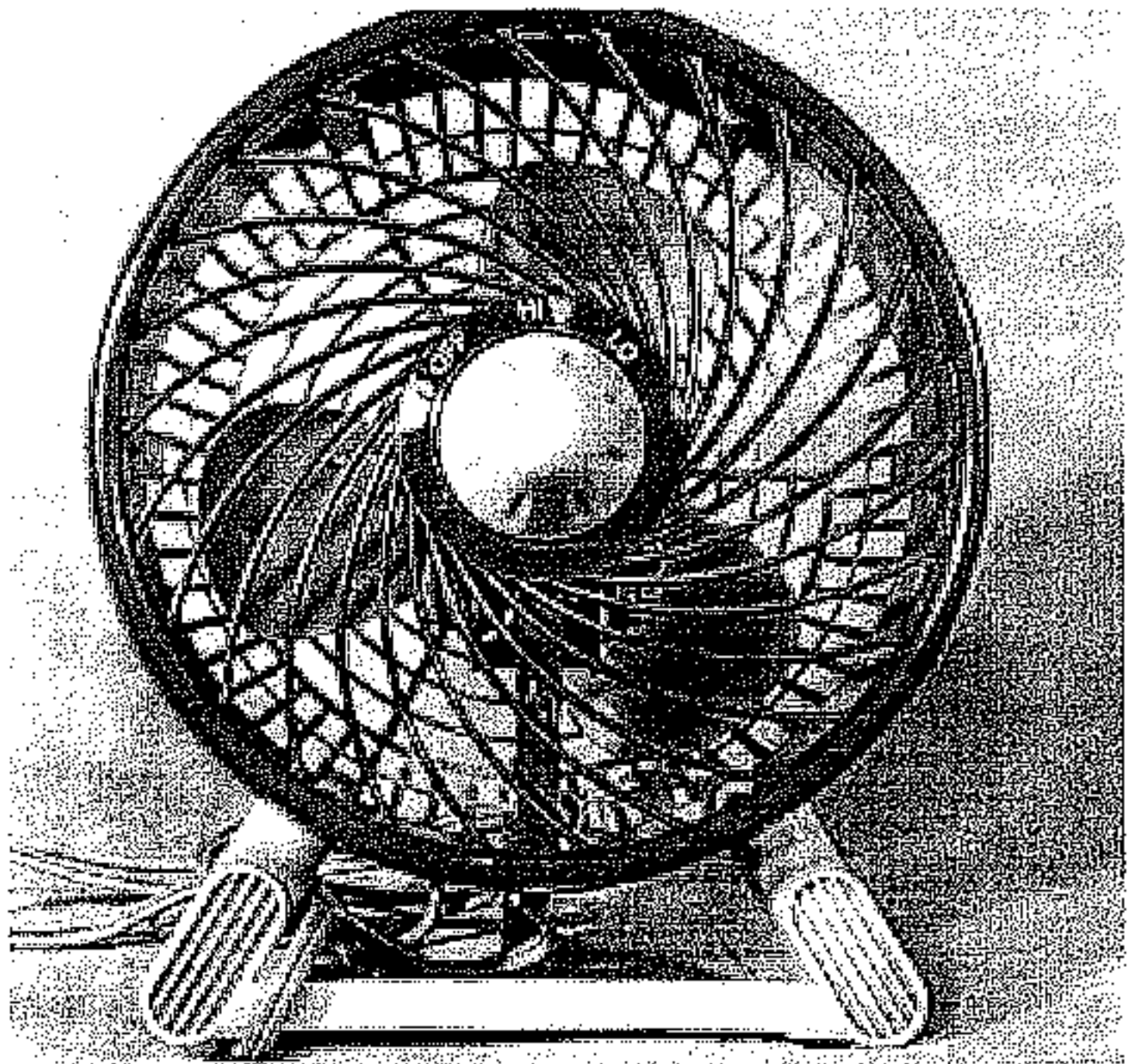
**High  
Performance  
Air Circulator**

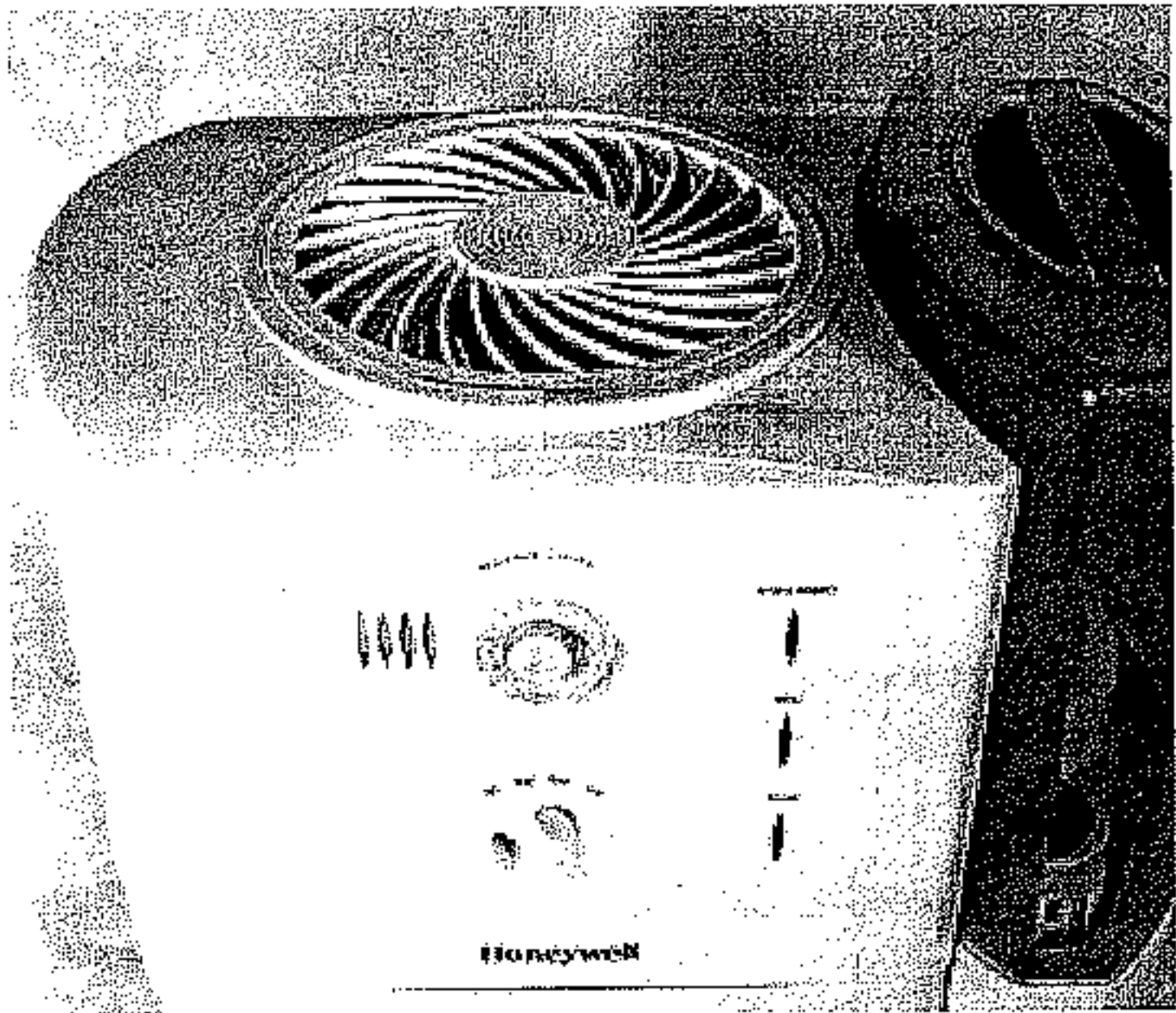
*Powerful motor and  
aerodynamic design for  
maximum air circulation*

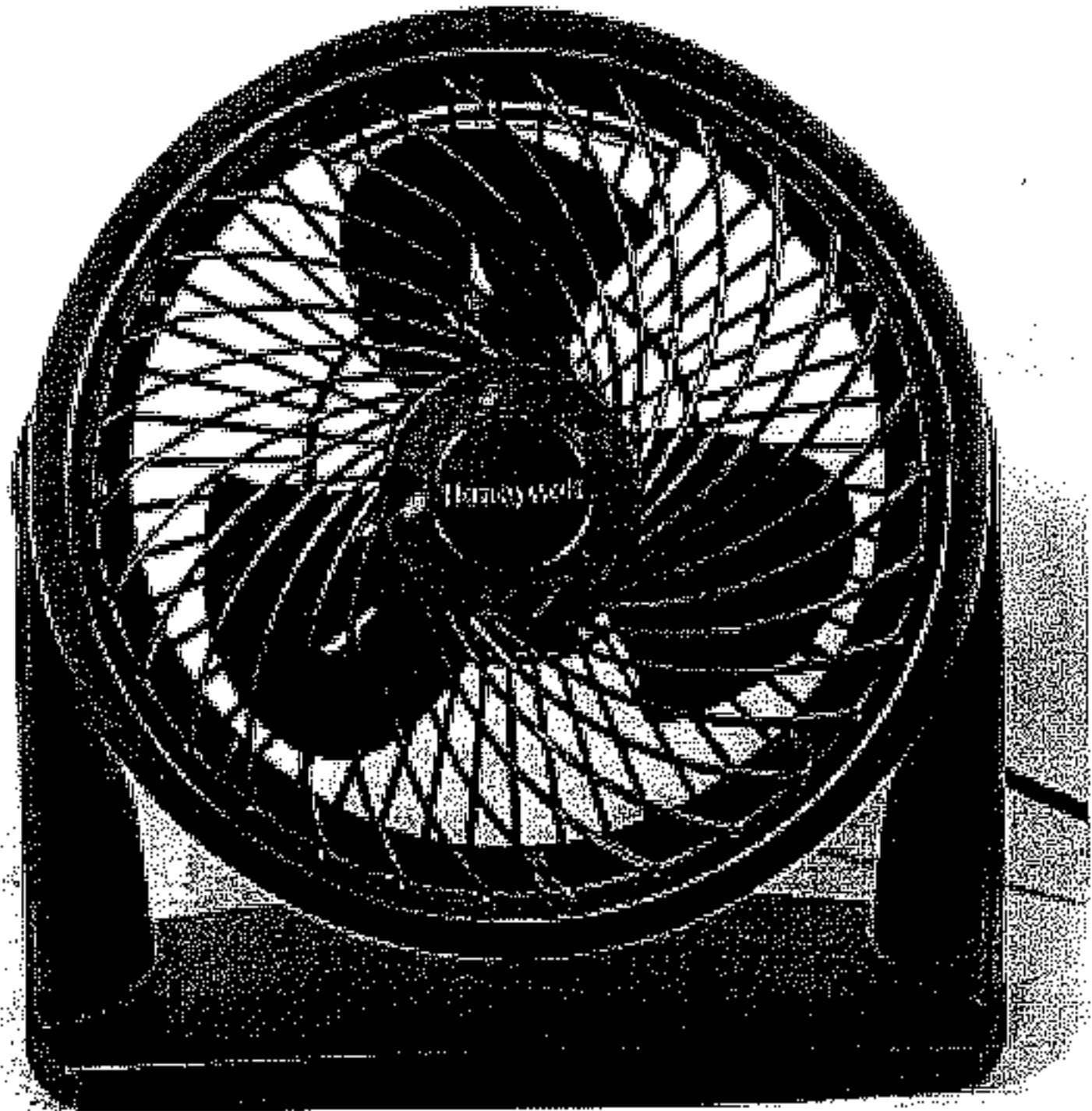
 *Up to 50% more  
air movement than  
standard 12" stand fans*

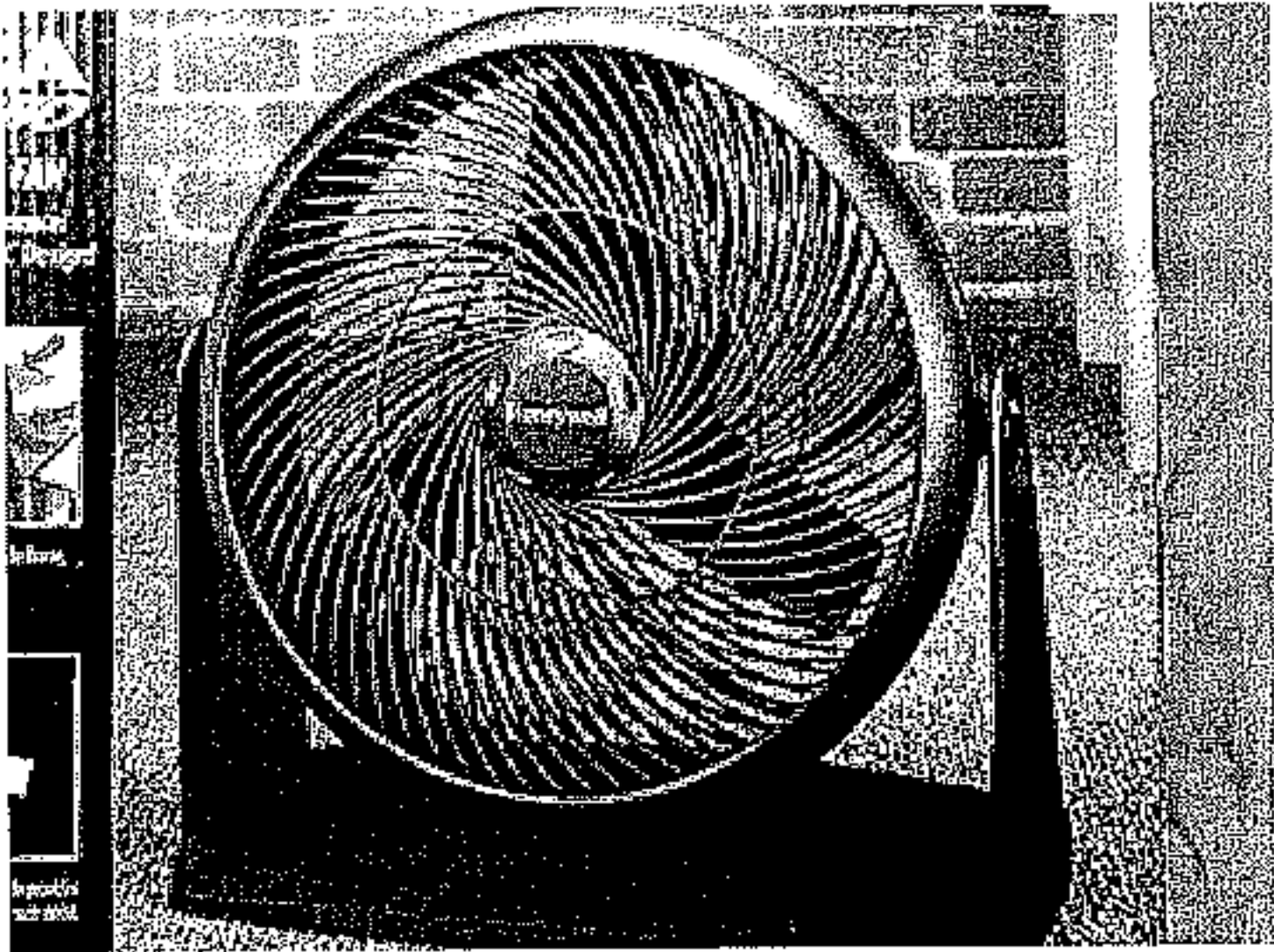


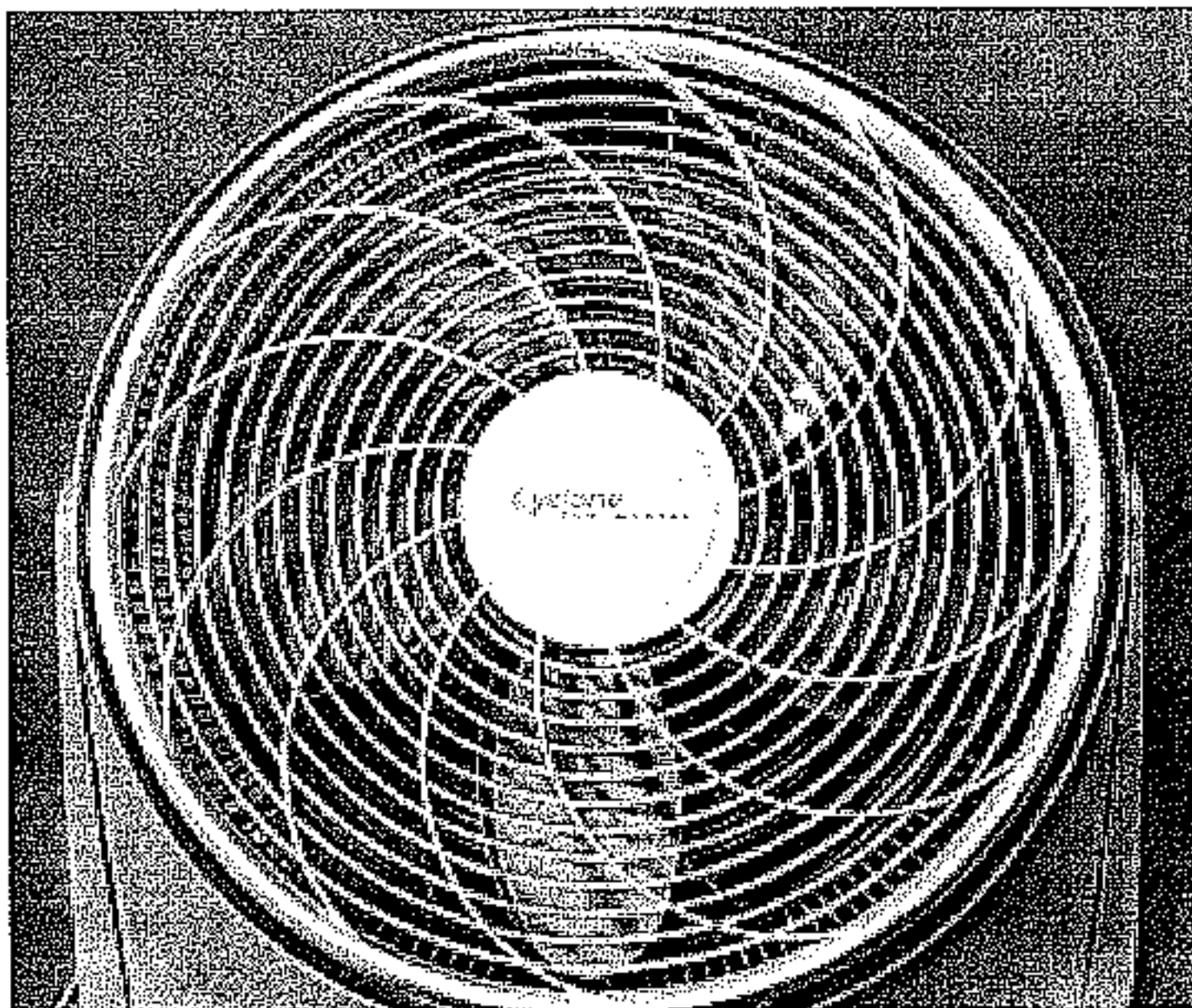


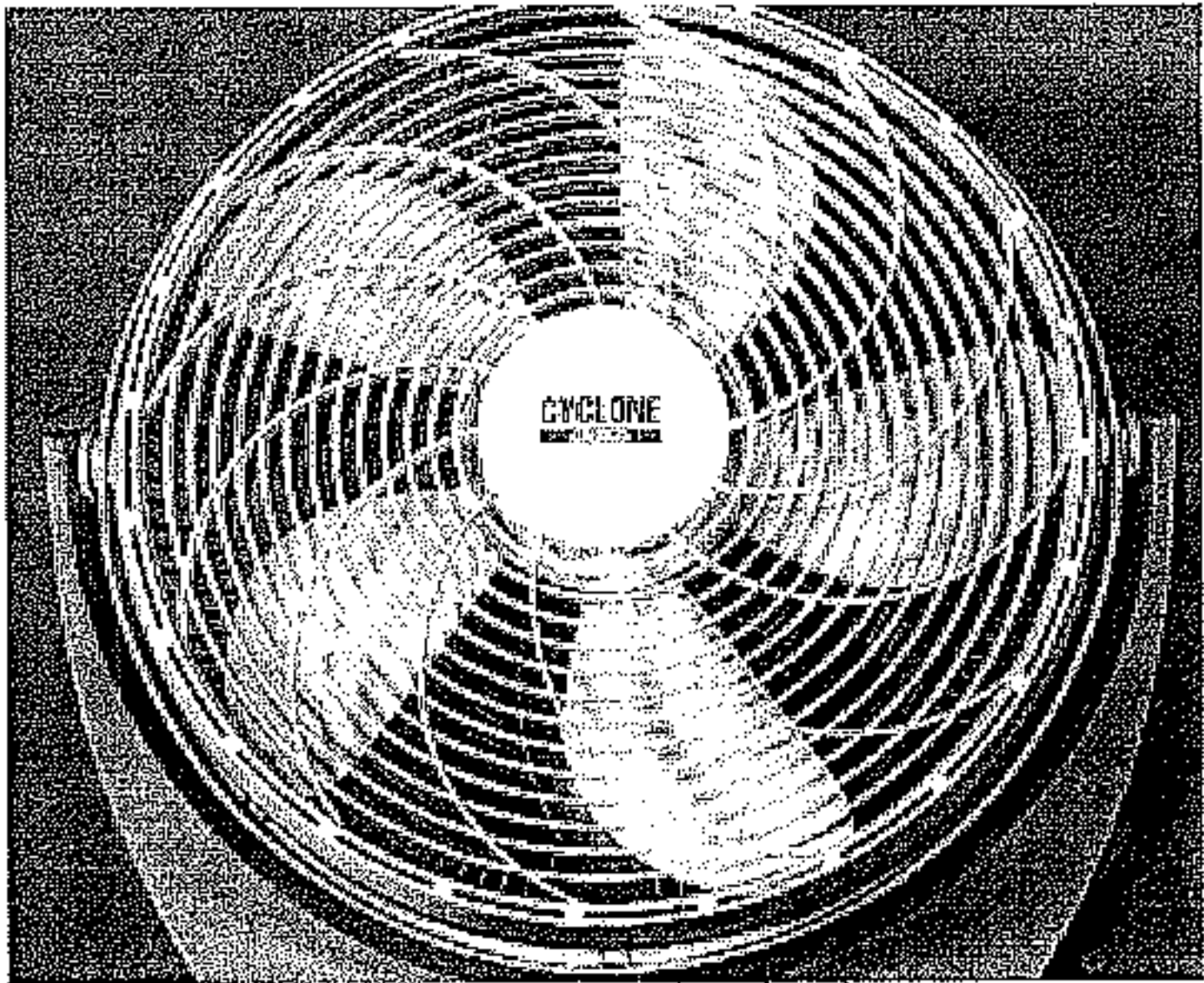




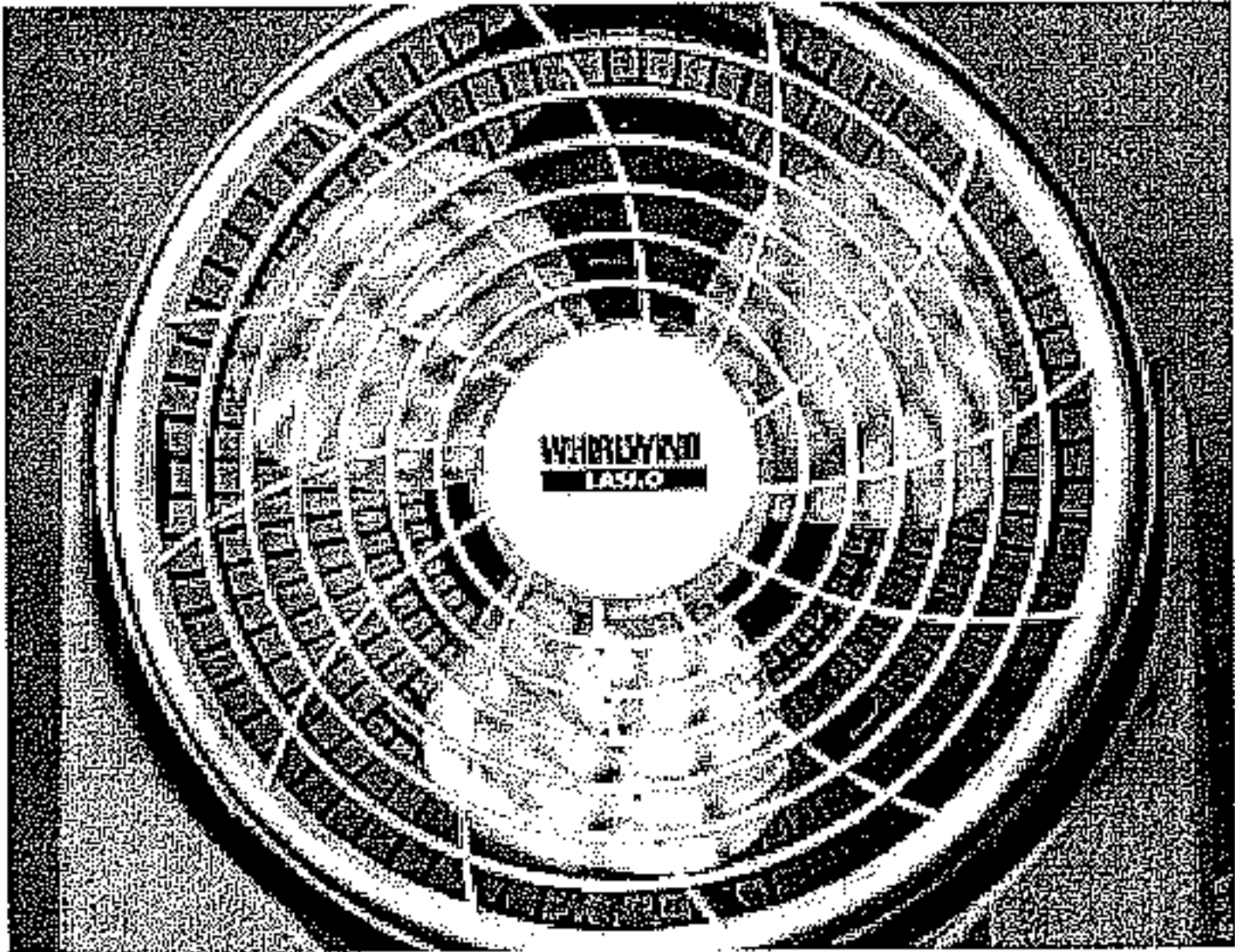


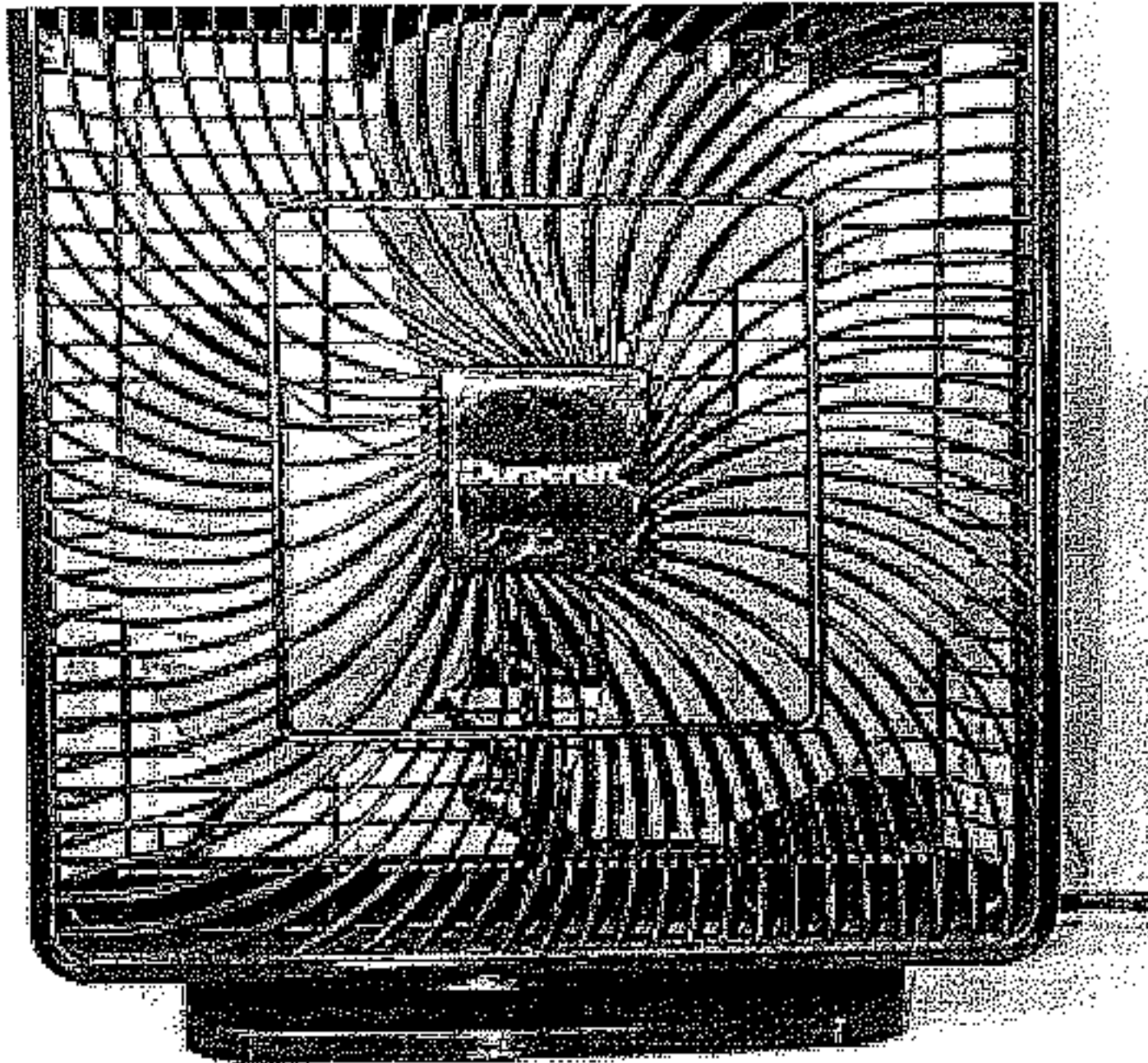








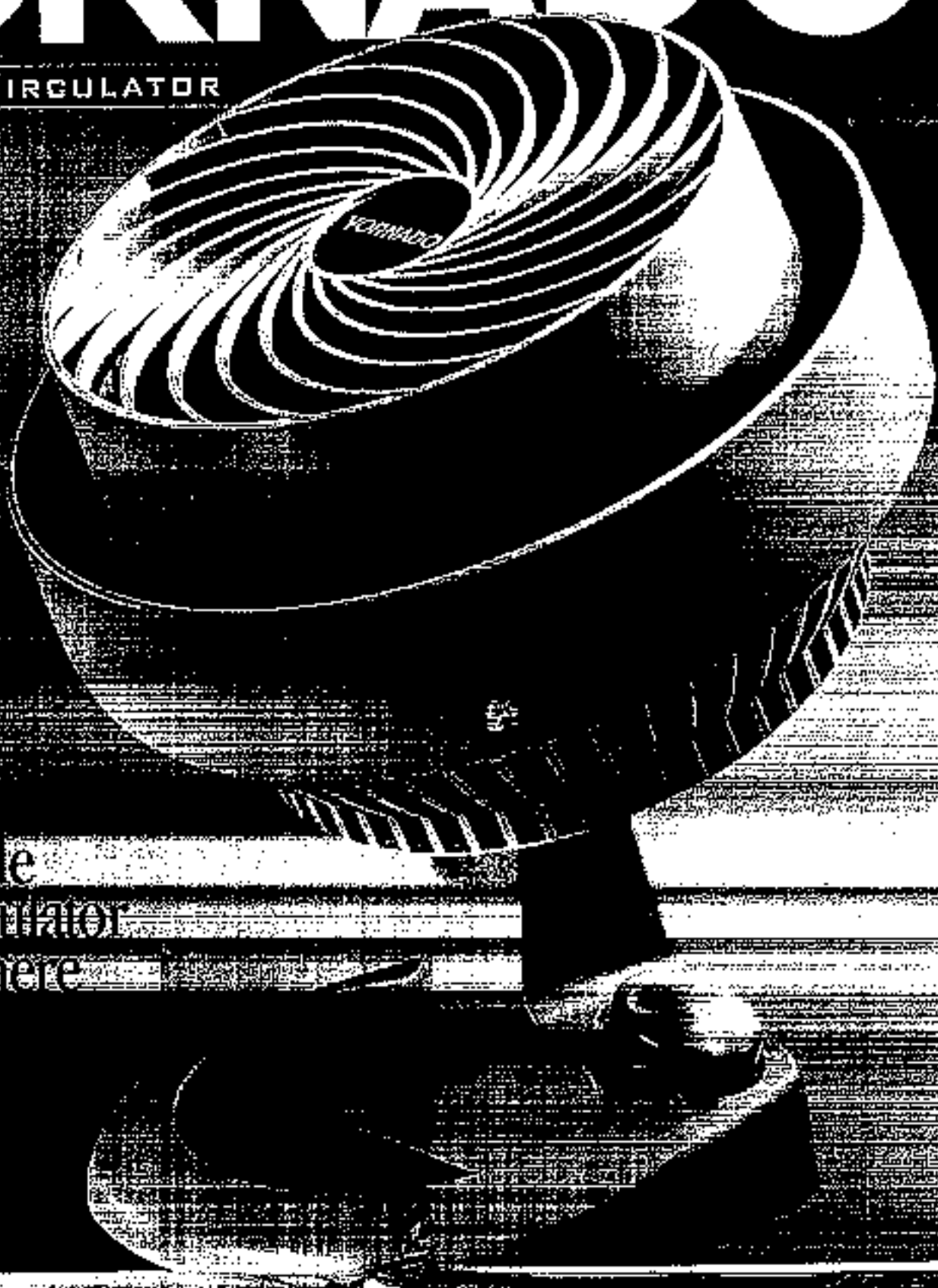




**EXHIBIT 3**

# VORNADO®

COMPACT AIR CIRCULATOR



Available at Whole  
Foods Market  
Everywhere

Model 183

# VORNADO®

COMPACT AIR CIRCULATOR

## The Most Powerful Circulator for its Size Anywhere

The Vornado Compact is small enough to fit anywhere but delivers powerful whole-room air circulation. Its compact, portable size is perfect for desk or tabletop use at home or office, anywhere. Compact air circulation in space is limited.

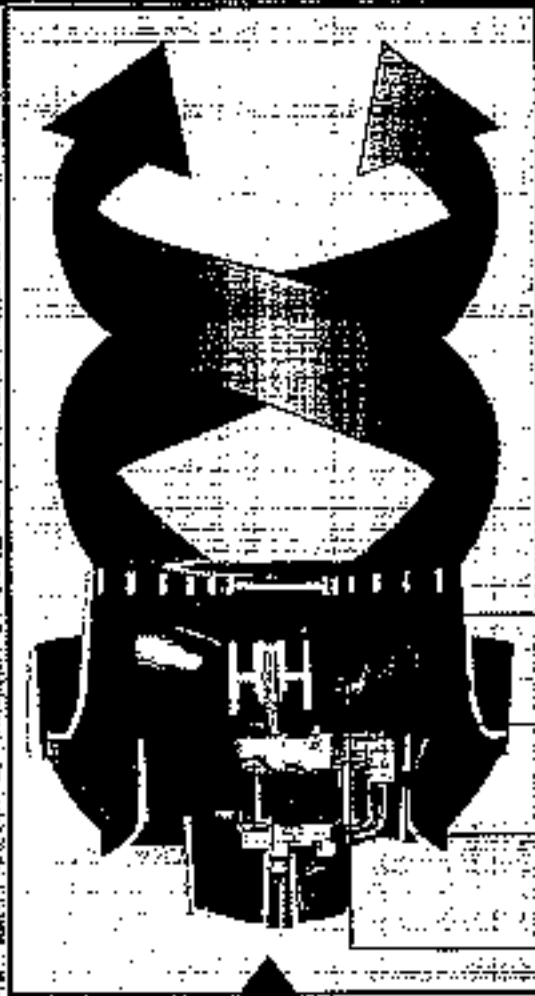


3-SPEED  
CIRCULATION  
CONTROL

The Vornado Compact offers you a choice of speeds: 1,000, 1,600 or a powerful 2,400 rpm for average and circulation needs.



Whether you're at home or in the office, the Compact means you enjoy whole-room air circulation without blowing dust around your space.



## Nothing Works Like a Vornado

Vornado's revolutionary ducted design creates a beam of air that maintains its shape up to 75 feet, expelling room air into continuous motion for year-round comfort.



ENERGY

With Vornado you can raise your thermostat in summer. The cooling mode's room breeze will keep you comfortable at a higher thermostat setting. In winter, point the Compact at the ceiling to take advantage of heat already in the room and lower your thermostat. With Vornado, it's easy to stay year-round without sacrificing comfort.

**AIR TENSITY™ GRILL**  
Focuses air into a tight beam

**AIR GUIDE DUCT**  
Forces all the air out the front

**INLET AIR ACCELERATORS**  
Initiates Vornado's vortex action

**DEEP PITCH PROPELLER**  
Takes a big bite of air



**REMOVABLE  
GRILL**

The AirTensity™ Grill is easily removed for cleaning.

**VORNADO QUALITY**

Vornado is built to last. It's made from only the finest components and materials. Every Vornado is tested in a quiet room to assure performance excellence. Most of our signatures.

QUALITY PERFORMANCE INNOVATION

Model 183

**Five Year  
WARRANTY**





US02E34551E

# United States Patent [19]

[11] E

Patent Number: Re. 34,551

Coup et al.

[45] Reissued Date of Patent: Feb. 22, 1994

- [54] DUCTED FAN
- [75] Inventors: Michael C. Coup; Gary F. Israel, both of Wichita; Glen W. Ediger, Newton; Donald J. Moore, Wichita, all of Kans.
- [73] Assignee: Vornado Air Circulation Systems, Inc., Wichita, Kans.
- [21] Appl. No.: 885,230
- [22] Filed: May 21, 1992

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2,217,822	6/1942	Cdor et al.	415/208.1
2,330,907	10/1943	Oder et al.	415/185
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### Related U.S. Patent Documents

- Reissue of:
- [64] Patent No.: 4,927,324
  - Issued: May 22, 1990
  - Appl. No.: 294,760
  - Filed: Jan. 9, 1989

- [51] Int. Cl.<sup>3</sup> ..... F04D 29/70
- [52] U.S. Cl. .... 415/121.2; 415/181; 415/211.2; 416/63; 416/247 R
- [56] Field of Search ..... 416/247 R, 246, 53, 416/170 C; 415/121.2, 181, 119, 139, 190, 208.1, 208.2, 209.2, 211.2

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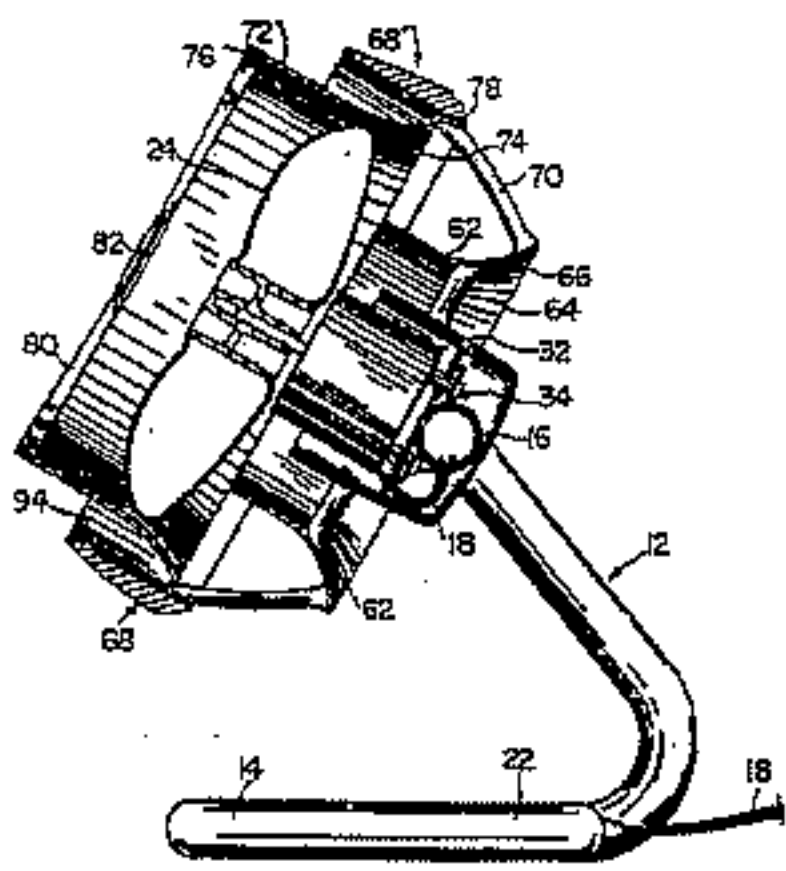
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Primary Examiner—John T. Kwon  
 Attorney, Agent, or Firm—Cushman, Darby & Cushman

### [57] ABSTRACT

A ducted fan including a funnel-shaped duct positioned upstream of the impeller and connected to a base, an outer cowling concentrically positioned downstream and attached to said duct through a series of ribs, an inner cowling positioned inside the outer cowling and surrounding the impeller and a circular grill attached to the discharge end of the inner cowling. The grill including a center hub and a series of arcuate-shaped ribs extending outwardly from the hub and having a constant curvature of less diameter than the outside radius of the grill whereby the maximum lateral spacing between the ribs is at a radius inboard from the outside radius of the grill.

24 Claims, 9 Drawing Sheets



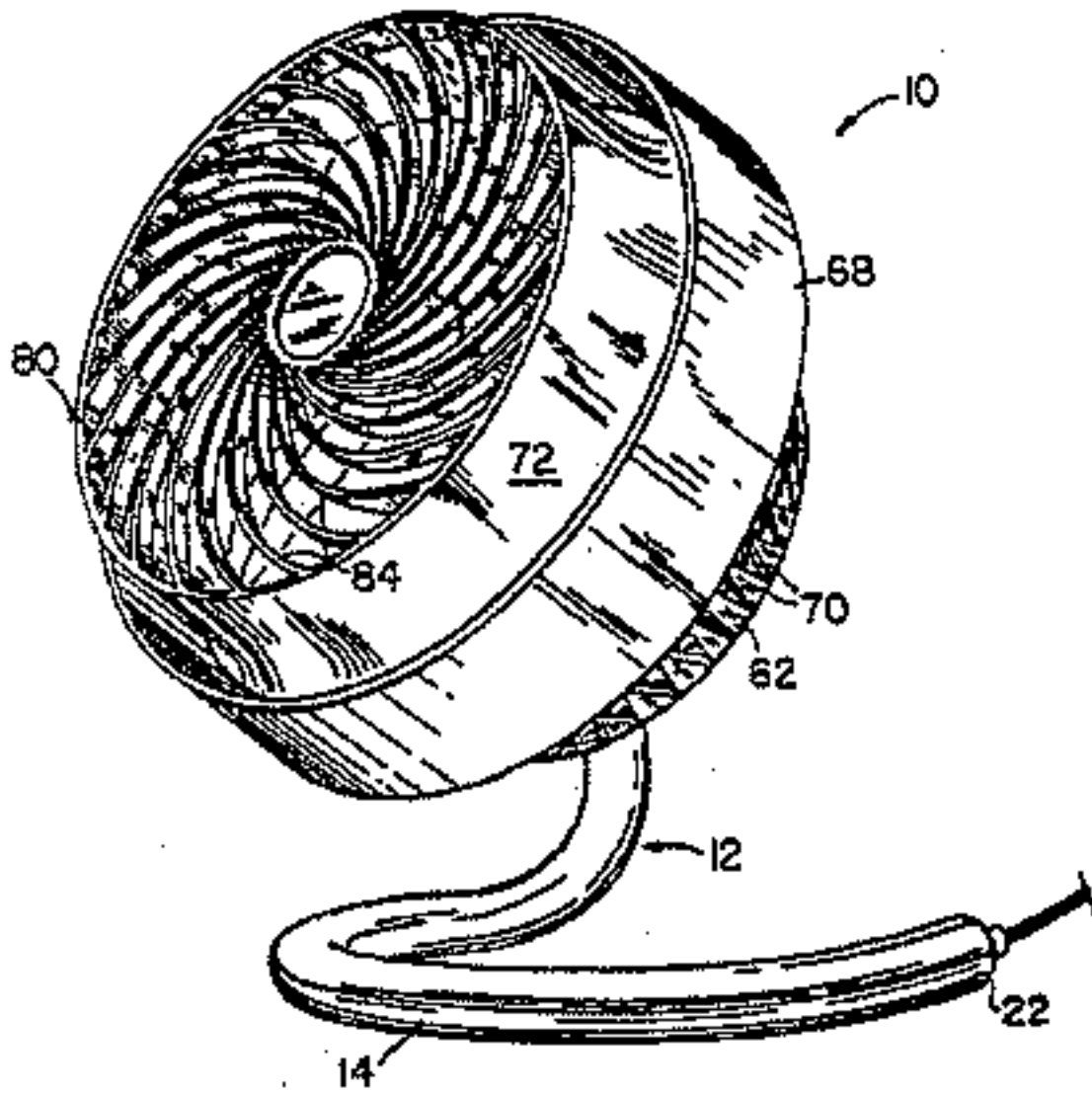


FIG 3

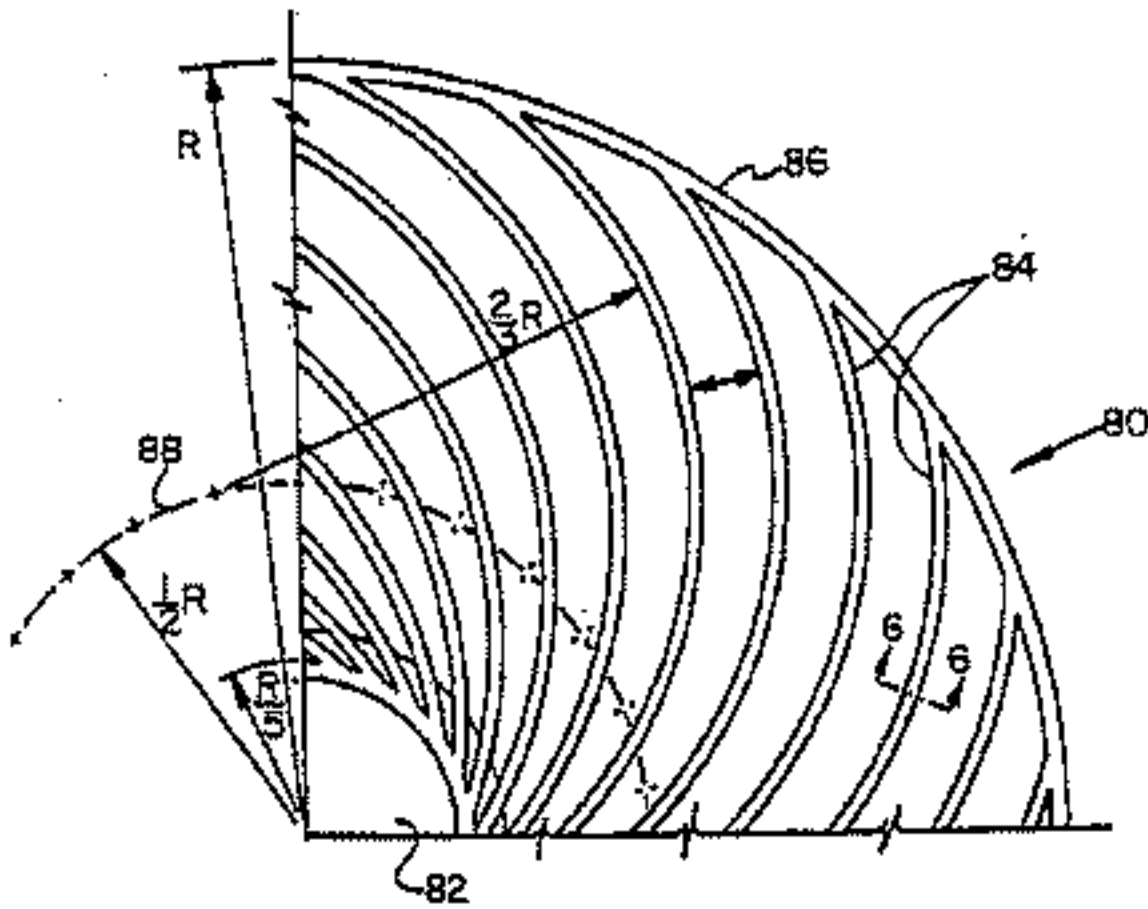


FIG 5



DUCTED FAN

matter enclosed in heavy brackets [ ] appears in the original patent but forms no part of this reissue specification. Matter printed in italics indicates the additions made by reissue.

BACKGROUND OF THE INVENTION

The present invention is an improved design of the ducted fan set forth in U.S. Pat. Nos. 2,554,602, 2,554,600 and 2,554,601.

The general concept of providing ducted fans with a multiplicity of concentrically spaced cone-shaped ducts in their intakes to increase the air output of the fan has been well known for many decades as typified in U.S. Pat. Nos. 2,287,822 and 2,330,907. Having a ducted fan with multiple cones co-axially spaced in telescoping relation not only provides an increased output at a given power use but also functions as a safety grill in conjunction with the connecting ribs. The outer cowling also can function as a bumper housing to deflect and absorb energy when the fan falls or impacts a stationary object.

All of the above-mentioned patents illustrate fans which could not be sold today by reason of the large grill openings on the front and back of the fans. Current OSHA requirements require consumer fans to have grills with a maximum lateral opening of one-half inch.

It is therefore the principal object of the present invention to provide a new and improved front grill and duct structure which increases the fan's capacity and efficiency while decreasing its sound over the prior art grills or no grills at all.

Another object of the present invention is to provide a new and improved ducted fan wherein the front grill and the inner cowling are integral and are easily removable by deflecting four separate tabs positioned around the periphery of the outer cowling.

Another object of the invention is to provide a new and improved single leg support for the fan which allows the fan to pivotally turn on the support while a preloaded spring counteracts the offset weight of the fan and retains it in place. The support leg also is a conduit for the wires which supply the motor.

Further advantages and features of the invention are set forth in the following detailed description and accompanying drawings which embody the present invention.

DESCRIPTION OF THE DRAWINGS

FIG. 1 is a side elevational view of the fan in longitudinal section;

FIG. 2 is a front view of the fan normal to the grill;

FIG. 3 is a front perspective view of the fan;

FIG. 4 is a rear perspective view of the fan;

FIG. 5 is a partial plan view of the fan grill to an enlarged scale;

FIG. 6 is a sectional view to an enlarged scale taken along line 6-6 of FIG. 4;

FIG. 7 is a partial sectional view to an enlarged scale of the inner and outer cowling;

FIG. 8 is a sectional view to an enlarged scale taken along line 8-8 of FIG. 9; and

FIG. 9 is a plan view of the fan base and its support leg with the cover plate removed.

DESCRIPTION OF THE PREFERRED EMBODIMENT

The drawings illustrate a ducted blade-type fan which is generally referred to by reference numeral 10. The fan 10 is mounted on a tubular support leg 12. The leg 12 includes a curved floor-engaging portion 14 and a short horizontal mounting portion 16 to which the fan base 32 is rotatably attached. Support leg 2 is fabricated from steel tubing and bent to its particular shape by commonly-known tube-bending techniques. Support leg 12 also functions as a conduit for the electrical wires 18 from motor 20 which enter leg 12 at its upper end, as seen in FIG. 9, and exit the leg 2 at its lower end 22.

Fan motor 20 carries an impeller blade 24 on its drive shaft which includes three blades 26, 28 and 30. Fan motor 20 is concentrically bolted to base member 32 by four bolts 34. Base member 32 is a plastic injection molded part formed at the same time with duct 62 and outer cowling 68, later described in detail. Formed on base 32 are a series of motor-mounting pads 36. Attaching the support leg 12 to the fan base 32 are a pair of u-shaped straps 38 which urge leg portion 16 against an arcuate-shaped saddle 40 molded in base member 32, as best seen in FIG. 8.

Positioned around leg portion 16, as seen in FIGS. 8 and 9, is a coil spring 42 having straight end sections 44 and 46. End section 44 is restrained from movement around the support leg by a small offset tab 48 which is spotwelded to tube 16. The amount of rotating friction between tube 16, saddle 40, and the straps 38 can be determined by tightening nuts 50 on bolts 34. Coil spring 42 when installed, has a preload force acting on motor 20, as best seen in FIG. 8, which urges the motor in a clockwise direction. This preload from spring 42 will offset the weight-created moment from the fan and its ducts attempting to rotate the fan 10 in a counter-clockwise direction, as seen in FIG. 1. Also positioned on bolts 34 are a pair of rubber mounts 52 which have the ends of mounting straps 38 sandwiched therebetween.

Base member 32 includes a peripheral ridge 54 which supports a cover plate 56. The cover plate has a matching retention groove 58 around its inside diameter which allows it to be snapped to the base member 32. Cover plate 56 has an circular opening 60 therein, as seen in FIG. 8, permitting the support leg 12 to pass through.

Formed with base 32 is a funnel-shaped duct 62, as best seen in FIG. 1, which connects through a series of radially extending ribs 64, as seen in FIGS. 1 and 6. Duct 62 is tapered outward at its inlet end 66 to a diameter substantially increasing its cross sectional area.

The outer cowling 68 is also formed with duct 62 and is connected to duct 62 by a second series of ribs 70, as seen in FIGS. 1 and 6, which have a similar lateral spacing, as previously-mentioned ribs 64. Base member 32, duct 62 and outer cowling 68 are all molded in a single piece through joining ribs 64 and 70.

Removably positioned within outer cowling 68 is an inner cowling 72 which is also funnel-shaped from its larger intake end 74 to its smaller discharge end 76. Most of the axial length of cowling 68 is a constant diameter similar to discharge end 76.

Attached to the discharge end 76 is a circular grill 80. Inner cowling 72 is held in place by a series of four tabs 78, as seen in FIG. 7, which are positioned quadrantly around the periphery of the intake end 74 of the cowl-

ing. Tabs 78 have hook-shaped ends which, when fully inserted within the outer cowling 68, will engage the edge of outlet cowling 69. These four tabs 78 can be deflected inwardly individually by finger pressure, allowing the grill and inner cowling to separate from the fan structure so as to provide the necessary access to the interior of the fan. The remote positioning of the four tabs requires at least two separate hand operations which is also a current safety requirement for fan design.

Grill 80 includes a small center hub 82 and a series of arcuate-shaped ribs 84 extending inwardly from the hub, curving to the left, as seen in FIGS. 1 and 5, to the outer radius 86 of the grill. The center of curvature point for each rib 84 lies on a circle 88, as shown in FIG. 5, the radius of curvature of ribs 84 is approximately two-thirds the outer radius of the overall grill. The circle 88 includes a locus of points for the center of curvature of each rib 84 and has a radius approximately one-half the outer radius 86 of the grill. The radius of hub 82 is approximately one-fifth (1/5) the outer radius 86 of the grill. The maximum lateral spacing between any pair of ribs 84 is inwardly from the outer radius 86 of the grill at a point approximate dimension X, as shown in FIG. 5. The impeller blade's point of maximum power is located at approximately 0.6 times its radius. This places the maximum power in a region of the grill wherein the rib spacing is at its maximum. The longer length curved ribs 84, as compared with a conventional straight rib, provides a less rigid grill structure which can be desirable under certain circumstances such as impact shocks.

In viewing FIG. 5, the fan blades not shown move in a clockwise direction from left to right, while the grill ribs 84 curve to the left from the center in the opposite direction which provides an optimum flow of air at a standard power usage.

FIG. 6 shows a lateral cross section of a rib 84 with the upstream edge 90 being curved with the remainder of the rib slightly tapered in the overall shape of an airfoil.

Outer cowling 68 is convex in shape, with a curve leading edge 92 which together with inner cowling 72 forms the cross sectional shape of an airfoil which minimizes the amount of turbulence and drag produced at the leading edge.

A conventional switch and rheostat for controlling the fan can be located any place on wire 18 either remote of the support leg 12 or preferably at the end 22.

Located between inner cowling 72 and outer cowling 68 is an annular opening 94 which provides a handle for lifting the fan.

Having described the invention with sufficient clarity to enable those familiar with the art to construct and use it, we claim:

1. A ducted fan comprising:
  - a base member with a motor and bladed impeller attached to the base;
  - a funnel-shaped duct with its large end facing upstream concentrically positioned upstream of the blades and around the motor and connected thereto;
  - an outer cowling concentrically positioned, connected to the funnel-shaped duct through a series of radial ribs;
  - an inner cowling positioned inside the outer cowling and attached thereto, the inner cowling being circular in lateral cross section and tapered longitudinally

nally in shape from its larger diameter intake end to its lesser diameter discharge end;

a circular grill having an outer radius attached to the discharge end of the inner cowling, the grill including a center hub and a series of arcuate shaped ribs extending outwardly from the hub to said outer radius, each rib having a constant curvature radius and each rib being equally spaced from each other around the hub, the maximum lateral spacing between the ribs is inboard from said outer radius; and

a support means pivotally attached to said motor and base member.

2. A ducted fan as set forth in claim 1, wherein the ribs of the grill each have a center of curvature which locus of points lies on a circle concentric with the grill at approximately one-half the outer radius of the grill.

3. A ducted fan as set forth in claim 1, wherein the ribs of the grill each have a center of curvature which locus of points lies on a circle concentric with the grill at approximately one-half the outer radius of the grill and the hub has a radius of approximately one-fifth the outer radius of the grill.

4. A ducted fan as set forth in claim 1, wherein the ribs of the grill have a radius approximately two-thirds the outer radius of the grill with the center of curvature point of each rib lying on a circle concentric with the grill having a radius approximately one-half the outer radius of the grill.

5. A ducted fan as set forth in claim 1, wherein the ribs of the grill each have a center of curvature which locus of points lies on a circle concentric with the grill at approximately one-half the outer radius of the grill and the lateral cross section of each rib has an airfoil shape with its leading edge facing the fan blades.

6. A ducted fan as set forth in claim 1, including multiple tab means positioned around the periphery of the inner cowling's intake end which deflect in and engage the upstream edge of the outer cowling which when all of the tab means are deflected allows separation of the inner cowling and grill from the fan.

7. A ducted fan as set forth in claim 1, including four hook-shaped tab means positioned around the periphery of the inner cowling intake end which deflect in and engage the outer cowling at its upstream edge, which requires two or more manual operations before the inner cowling can be separated from the fan.

8. A ducted fan as set forth in claim 1, wherein the support means is a single tubular metal leg formed to provide a curved floor engaging portion and horizontal mounting portion which engages the base member and electrical wires from the motor which pass through the tubular leg.

9. A ducted fan as set forth in claim 1, wherein the support means is a single tubular metal leg formed to provide a floor-engaging portion and a horizontal mounting portion which engages the base, a preloaded spring means surrounding the horizontal mounting portion of said leg which engages the motor and said metal leg, to provide a spring force to counter balance the offset weight of the fan and mounting brackets which rotatably attach the horizontal mounting portions of said leg to the base, permitting the fan to rotate on its support means.

10. A ducted fan as set forth in claim 1, wherein the support means is a single tubular metal leg formed to provide a floor-engaging portion and a horizontal mounting portion which engages the base, a preloaded

spring means surrounding the horizontal mounting portion of said leg which engages the motor and said metal leg, to provide a spring force to counter balance the offset weight of the fan and mounting brackets which rotatably attach the horizontal mounting portion of said leg to the base permitting the fan to be rotated on its support means, and spring stop means attached to the horizontal mounting portion of said leg comprising an offset tab which engages an end of said spring means preventing the spring from rotating around said leg.

11. A ducted fan comprising:

a base member with a motor and bladed impeller attached to the base which blades rotate in one direction;

a funnel-shaped duct with its large end facing upstream concentrically positioned upstream of the blades and around the motor and connected thereto;

an outer cowling concentrically positioned, connected to the funnel-shaped duct through a series of radial ribs;

an inner cowling positioned inside the outer cowling and attached thereto, the inner cowling being circular in lateral cross section and tapered longitudinally in shape from its larger diameter intake end to its lesser diameter discharge end;

a circular grill having an outer radius attached to the discharge end of the inner cowling, the grill including a center hub and a series of arcuate shaped ribs extending outwardly from the hub and curving in the opposite direction of rotation from said blades to said outer radius, and each rib being equally spaced from each other around the hub, the maximum lateral spacing between the ribs is inboard from said outer radius; and

a support means pivotally attached to said motor and base member.

12. A ducted fan as set forth in claim 11, wherein the lateral spacing between the ribs of the grill is no greater than 0.5 inches.

13. A ducted fan as set forth in claim 11, wherein the outer cowling has a convex outer surface with a rounded upstream edge which together with the inner cowling at its intake end forms an aerodynamically clean rounded leading edge.

14. A ducted fan as set forth in claim 11, wherein the outer cowling has a convex outer surface with a rounded upstream edge which together with the inner cowling at its intake end forms an aerodynamically clean rounded leading edge and between the downstream edge of the outer cowling and the inner cowling is an annular cavity which provides a handle for lifting the fan.

15. A ducted fan comprising:

a base member with a motor and bladed impeller attached to the base;

a funnel-shaped duct with its large end facing upstream concentrically positioned upstream of the

blades and around the motor and connected thereto;

an outer cowling concentrically positioned connected to the funnel-shaped duct through a series of radial ribs;

a removable inner cowling positioned inside the outer cowling and releasably attached thereto, the inner cowling being circular in lateral cross section and tapered longitudinally in shape from its larger diameter intake end to its lesser diameter discharge end;

a circular grill having an outer radius attached to the discharge end of the inner cowling, the grill including a center hub and a series of arcuate shaped ribs extending outwardly from the hub to said outer radius, and

a support means pivotally attached to said motor and base member.

16. A ducted fan as in claim 15 wherein said outer cowling extends axially toward the discharge end of the inner cowling and is spaced radially outwardly therefrom.

17. A ducted fan as in claim 15 wherein the arcuate shaped ribs have a continuous curvature.

18. A ducted fan as in claim 15 wherein the funnel shaped duct extends generally axially toward the blades from the series of radial ribs.

19. A ducted fan as in claim 15 wherein said outer cowling connects together and rigidifies one set of ends of the series of radial ribs.

20. A ducted fan as in claim 15 wherein the curvature of said arcuate shaped ribs is in the opposite direction of rotation from that of said bladed impeller.

21. A ducted fan comprised of a base member including a motor and a bladed propeller operatively attached thereto, an entry duct concentrically positioned upstream of the bladed propeller and connected to said base member, an outer member concentrically positioned relative to and connected to said entry duct so as to be spaced therefrom, duct means for enclosing the bladed propeller and having a portion removably connected to allow access to the interior of said ducted fan.

22. A ducted fan comprised of a base member including a motor and a bladed propeller operatively attached thereto, an entry duct concentrically positioned upstream of the bladed propeller and connected to said base member, an outer member concentrically positioned relative to and spaced from said entry duct by a series of radially extending ribs, a removable inner member having a portion thereof positioned inside the outer member and releasably attached thereto, the inner member being generally circular in lateral cross-section and terminating at a discharge end, and a grill member having an outer radius attached to the discharge end of said inner member.

23. A ducted fan as in claim 22 wherein said removable inner member is positioned and spaced radially within said outer member.

24. A ducted fan as in claim 22 wherein said outer member surrounds at least a portion of said inner member.

\* \* \* \* \*

**EXHIBIT 4**

FILED  
U.S. DISTRICT COURT  
DISTRICT OF KANSAS  
MAY 5 3 36 PM '92

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF KANSAS

VORNADO AIR CIRCULATION SYSTEMS, INC., )  
a Kansas corporation, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
DURACRAFT CORPORATION, )  
a Massachusetts corporation, )  
 )  
Defendant. )

RALPH L. DELOACH  
CLERK  
BY \_\_\_\_\_ DEPUTY  
AT WICHITA, KS.

No. \_\_\_\_\_

COMPLAINT FOR TRADEMARK INFRINGEMENT  
AND UNFAIR COMPETITION

Plaintiff, Vornado Air Circulation Systems, Inc., brings this civil action against Duracraft Corporation and states as follows:

PARTIES

1. Plaintiff, Vornado Air Circulation Systems, Inc., (hereinafter "VORNADO") is a corporation organized and existing under the laws of the State of Kansas, and maintains its principal place of business at 550 North 159th Street East, Wichita, Sedgwick County, Kansas.

2. Defendant, Duracraft Corporation (hereinafter "DURACRAFT") is a corporation organized and existing under the laws of the State of Massachusetts with its principal place of business located in Whitinsville, Massachusetts.

JURISDICTION AND VENUE

3. (a) Jurisdiction founded on diversity of citizenship and amount. This court has jurisdiction over this

action in that plaintiff is a corporation incorporated under the laws of the State of Kansas and defendant is a corporation incorporated under the laws of the State of Massachusetts. The matter in controversy exceeds, exclusive of interest and costs, the sum of \$50,000.

(b) Jurisdiction founded on federal question under the Lanham Act. The court has jurisdiction under 15 U.S.C. § 1121, 28 U.S.C. § 1338(a) and under the trademark laws of the United States, 15 U.S.C. §§ 1051 et seq.

(c) Jurisdiction over related common law claims for unfair competition. The court has jurisdiction over common law unfair competition claims herein under the provision of 28 U.S.C. § 1338(b) in that said claims are joined with substantial and related claims under the trademark laws of the United States, 15 U.S.C. §§ 1051 et seq.

4. Jurisdiction over DURACRAFT is proper in Kansas pursuant to K.S.A. 60-308(b) (1), (5) and (7) because defendant does business in Kansas and has committed acts of infringement in Kansas.

5. Venue is vested in this court pursuant to 28 U.S.C. § 1391 in that the claims arose in this district, and defendant has committed acts of infringement in this district.

#### COUNT I

##### TRADEMARK INFRINGEMENT

6. Plaintiff in 1987 adopted the distinctive (grill design) trademark on its original fans and has used it in interstate commerce continuously since January 10, 1988. On May

6. 1991, plaintiff filed an application for registration of said trademark in the United States Patent and Trademark Office. On June 30, 1992, said mark was registered in the United States Patent and Trademark Office on the Principal Register under the Act of 1946 covering the use of said mark on electric fans. (A copy of the registration is attached hereto and marked as Exhibit A.) Said registration, number 1,697,509 is now outstanding and valid.

7. Continuously since 1988, plaintiff has used the (grill design) trademark to identify all of its fans and to distinguish them from those made and sold by others, by, among other things, prominently displaying the actual grill design in advertisements and on container boxes of the fan. (A copy of an ad brochure and panels from a container are attached hereto and marked as Exhibits B and C.) In addition, plaintiff has prominently displayed said mark in all other forms of advertising distributed throughout the United States.

8. Since 1988, Vornado's reputation has continuously grown throughout the fan industry as a manufacturer of high quality fans.

9. Plaintiff's high efficiency ducted fan has been a leader in the fan market with a unique and distinctive general look which many of the competition have tried to copy.

10. Plaintiff's distinctive (grill design) trademark has acquired secondary meaning throughout the United States through plaintiff's advertising in magazines with annual circulation in excess of 10 million, newspaper ads in major

cities nationwide, and the cumulative distribution of national mail order catalogs in excess of 200 million copies.

11. Defendant has infringed plaintiff's mark in interstate commerce by various acts, including selling, offering for sale and advertising its TURBO FAN fans having a grill design shape identical to applicant's trademark registration. (A copy of the TURBO FAN packaging is shown in Exhibit D attached hereto). Said use of plaintiff's grill design by defendant is without permission or authority of plaintiff and said use by defendant is likely to cause confusion, to cause mistake and to deceive as to the source of the fan.

12. Defendant's heretofore mentioned acts of trademark infringement and unfair competition have been committed willfully with intent to cause confusion, mistake and to deceive.

#### COUNT II

#### UNFAIR COMPETITION BY TRADE DRESS SIMULATION UNDER SECTION 43(a) OF THE LANHAM ACT

13. Plaintiff hereby realleges, as fully set forth, the allegations of paragraphs 1 through 12, inclusive of Count I herein.

14. Defendant has caused its TURBO FAN to enter into interstate commerce with a designation and representation of plaintiff's grill design thereon. Said use of plaintiff's grill design is a false description and representation that said goods are made by, sponsored by or affiliated with plaintiff. Said acts are in violation of 15 U.S.C. § 1125(a), in that defendant has used in connection with goods and services a false



designation of origin and a false description or representation, including a grill design and packaging tending falsely to describe or represent the same and has caused such goods and packaging to enter into interstate commerce. Plaintiff believes that it is and is likely to be damaged by such false description or representation by reason of the likelihood that purchasers will be confused as to the true source of said goods of defendant.

15. Continuously since about January 10, 1988, plaintiff has used the unique and distinctive grill design, which is non functional, to identify its fans and to distinguish them from those made and sold by others, by, among other things, prominently displaying the grill design on its fans, shipping boxes, and advertising brochures distributed throughout the United States. Said fans and advertising have been distributed in the trade area wherein defendant is doing business. As a result of said sales and advertising by plaintiff, the grill design has developed and now has a secondary meaning to purchasers in defendant's trade area. Said grill design has come to indicate to purchasers a meaning of high quality and efficient fans originating only with plaintiff. As a result of said association by purchasers of the grill design with plaintiff, defendant's sales of its TURBO FAN fan are likely to cause confusion of said purchasers.

16. Defendant has exactly copied plaintiff's 26 vane grill design as well as its propeller blade. Defendant's product packaging has utilized the grill design as the dominant feature

on its shipping box including a cut-out on the front of the box so that the actual grill alone is viewed. Defendant's art work on its shipping box of the Model DT-74 fan incorporates numerous front view images of the grill design of the similar two-tone gray fan on all five sides of the box.

17. When DURACRAFT began to develop its TURBO FAN there were alternative grill designs available with comparable performance to plaintiff's distinctive design.

18. DURACRAFT has intentionally copied plaintiff's grill design as shown in Exhibit D.

19. Defendant offers its TURBO FAN in a price range substantially less than any of plaintiff's fans in a deliberate attempt to trade on the goodwill associated with Vornado fans, to the detriment of plaintiff.

20. Plaintiff's trade dress for its fan produces an overall look which is distinctive in appearance from those made and sold by others in the marketplace.

### COUNT III

#### COMMON LAW TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION

21. Plaintiff realleges and incorporates herein the allegations contained in paragraphs 1 through 20 as fully set forth herein.

22. The acts of defendant constitute infringement of plaintiff's common law trademark in said grill.

23. Continuously since on or about January 10, 1988, plaintiff has used the (grill design) mark to identify its goods and to distinguish them from those made and sold by others, by

among other things, prominently displaying the (grill design) mark on the goods, their containers and the displays associated therewith. In addition, said goods and advertising have been distributed in the trade area where defendant is doing business. As a result of said sales and advertising by plaintiff under said mark, said mark has developed and now has secondary meaning to purchasers in defendant's trade area. Said mark has come to indicate to said purchasers a meaning of high quality fans originating only with plaintiff. As a result of said association by purchasers of the (grill design) trademark with plaintiff, defendant's use of the mark is likely to cause confusion of said purchasers.

24. Defendant has infringed plaintiff's mark as alleged herein with the intent to deceive the public into believing that fans sold by defendant are made by, approved by, sponsored by or affiliated with, plaintiff. Defendant's acts as alleged herein are committed with the intent to pass-off and palm-off defendant's goods as the goods of plaintiff, and with the intent to deceive and defraud the public.

#### ALLEGATION OF DAMAGES

25. By reason of defendant's acts of trademark and trade dress infringement alleged herein, plaintiff has and will suffer injury to its business, reputation, good will, loss of sales and profits plaintiff would have made but for defendant's acts.

WHEREFORE, plaintiff prays:

(a) That this Court grant an injunction pursuant

to the powers granted it under 15 U.S.C. § 1114 enjoining and restraining defendant and its agents, servants and employees from directly or indirectly using the grill design trademark of plaintiff's fans or any similar grill design to plaintiff's trademark which is likely to cause confusion and mistake or to deceive.

(b) That this Court pursuant to the power granted it under 15 U.S.C. § 1118, order that all labels, prints, advertisements, boxes, grill dies and fans incorporating said grill design be delivered up and destroyed.

(c) That defendant be required to account to plaintiff for any and all profits derived by defendant from the sale of its TURBO FAN fans and for all damages sustained by plaintiff by reason of said acts of infringement and unfair competition complained of herein.

(d) That the Court award plaintiff treble the amount of actual damages suffered by plaintiff.

(e) That the cost of this action be awarded plaintiff.

(f) That this is an exceptional case and that plaintiff be awarded its reasonable attorney fees, and

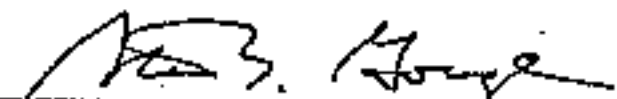
(g) Lastly, That the Court grant such other and further relief as it shall deem just.

Respectfully submitted,

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By

  
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**EXHIBIT 5**

suspicious circumstances. See *United States v. Rascon-Ortiz*, 994 F.2d 749, 752 (10th Cir.1994) ("[A] few brief questions concerning such things as vehicle ownership, cargo, destination, and travel plans may be appropriate if reasonably related to the agent's duty to prevent the unauthorized entry of individuals into this country and to prevent the smuggling of contraband."); *United States v. Ludlow*, 982 F.2d 260, 265 n. 4 (10th Cir.1993) ("Questions regarding . . . citizenship and the contents of the vehicle were of course directly related to the Border Patrol agent's duties."). In my view, whether, in the absence of reasonable suspicion or suspicious circumstances, the agent could ask Ms. Catillo-Bernal what was in the trunk of the car she was driving through a border checkpoint is an important legal question that warrants our consideration.

I do not condone the government's failure to timely file the Section 8731 certificate. However, given our broad discretion in this matter, I would proceed to the merits of this case.

Accordingly, I respectfully dissent.



VORNADO AIR CIRCULATION SYSTEMS, INC., a Kansas corporation,  
Plaintiff-Appellee,

v.

DURACRAFT CORPORATION,  
Defendant-Appellant.

No. 94-3191.

United States Court of Appeals,  
Tenth Circuit.

July 5, 1995.

Fan manufacturer brought action against competitor, alleging spiral configuration of competitor's grill design infringed manufacturer's trade dress. The United

States District Court for the District of Kansas, Wesley E. Brown, Senior District Judge, entered injunction in favor of manufacturer, and competitor appealed. The Court of Appeals, Stephen H. Anderson, Circuit Judge, addressing an issue of first impression, held that spiral structure of household fan grill that was significant inventive component of invention covered by utility patent could not receive trade dress protection on grounds design of grill was nonfunctional.

Reversed.

### 1. Trade Regulation ◊43

Although product configuration must be nonfunctional in order to be protected as trade dress under Lanham Act, not every nonfunctional configuration is eligible for that protection. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

### 2. Patents ◊43

When product configuration is significant inventive component of invention covered by utility patent, so that without it invention could not fairly be said to be same invention, patent policy dictates that it enter into public domain when utility patent expires; to ensure that result, configuration cannot receive trade dress protection under Lanham Act. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

### 3. Trade Regulation ◊43

Spiral structure of household fan grill that was significant inventive component of invention covered by utility patent could not receive trade dress protection on grounds design of grill was nonfunctional. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

### 4. Trade Regulation ◊540.1

Lanham Act provides federal cause of action for unprivileged information, including trade dress infringement. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

### 5. Trade Regulation ◊43

"Trade dress" features are those comprising product's look or image. Lanham

Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a); 26 U.S.C.A. § 1125(a). § 43(a), 15 U.S.C.A. § 1125(a); 26 U.S.C.A. § 112.

See publication Words and Phrases for other judicial constructions and definitions.

#### 6. Trade Regulation ¶10, 11, 43

Plaintiff in trade dress infringement case must make two showings: first, plaintiff must show either that its product's trade dress features are inherently distinctive because their intrinsic nature is such as to almost automatically tell consumer that they refer to a brand or that trade dress has become distinctive through acquisition of secondary meaning, so that its primary significance in minds of potential consumers is no longer as indicator of something about product itself but as indicator of its source or brand; second, plaintiff must show that potential customers are likely to be confused by defendant's trade dress—into thinking that defendant is affiliated, connected or associated with plaintiff or that defendant's goods originated with, or are sponsored or approved by plaintiff. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

#### 7. Trade Regulation ¶43

Producer of allegedly infringing product may defend trade dress infringement claim by showing that what plaintiff is claiming as its trade dress is functional, and therefore that all competitors must be permitted to copy it in their own products, regardless of any producer-identifying capacity it may possess. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

#### 8. Trade Regulation ¶43

Where disputed product configuration is part of claim in utility patent, and configuration is described, significant inventive aspect of the invention, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if configuration is non-functional. Lanham Trade-Mark Act,

\* The Honorable Arthur L. Alarcon, Senior United States Circuit Judge for the Ninth Circuit, sitting by designation.

1. Under the Lanham Act, trademark owners can register their marks federally and thereby benefit

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James W. Dabney, Pennie & Edmonds, New York City (Kelly D. Talcott, Carol M. Wilhelm, Michael J. Blum, Pennie & Edmonds, New York City; and Gerald Sawatzky and Jim H. Goering, Foulston & Steffen, Wichita, KS, with him on the briefs), for defendant-appellant.

Before ANDERSON, Circuit Judge, McWILLIAMS and ALARCON\*, Senior Circuit Judges.

STEPHEN H. ANDERSON, Circuit Judge.

### INTRODUCTION

This case presents an issue of first impression in our circuit concerning the intersection of the Patent Act and the Lanham Trade-Mark Act. We must decide whether a product configuration is entitled to trade dress protection when it is or has been a significant inventive component of an invention covered by a utility patent.

After expiration of any patents or copyrights on an invention, that invention normally passes into the public domain and can be freely copied by anyone. The district court found, however, that because the spiral structure of the household fan grill in question is "nonfunctional," a status largely determined by the availability of enough alternative grill designs so that other fan manufacturers can effectively compete without it, the grill can serve as trade dress.<sup>1</sup> The court held that

from certain statutory advantages and presumptions. See, e.g., 15 U.S.C. §§ 1065, 1072, 1111. One does not register a product's trade dress—its overall look or image—but trade dress is protect-



the grill could be protected under Lanham Act section 43(a) against copying by competitors, because that copying was likely to confuse consumers.

[1-3] The court's injunction effectively prevents defendant Duracraft Corp. from ever practicing the full invention embodied in the patented fans of plaintiff Vornado Air Circulation Systems, Inc., after Vornado's utility patents expire.<sup>2</sup> For the reasons discussed below, we find this result to be untenable. We hold that although a product configuration must be nonfunctional in order to be protected as trade dress under section 43(a), not every nonfunctional configuration is eligible for that protection. Where a product configuration is a significant inventive component of an invention covered by a utility patent, so that without it the invention cannot fairly be said to be the same invention, patent policy dictates that it enter into the public domain when the utility patents on the fans expire. To ensure that result, it cannot receive trade dress protection under section 43(a). The district court's order is reversed.

#### BACKGROUND

##### *History of the spiral grill designs*

The product configurations at issue in this case are two household fan grills with spiral—or arcuate—vanes, produced by the plaintiff, Vornado, and the defendant, Duracraft.

The idea of using a spiral grill on a fan is not new. An arcuate vane structure for propellers "applicable to ventilators and the like" was reflected in expired U.S. Patent No. 1,062,258, a utility patent issued May 20, 1918, to G.A. Schlottter, and arcuate vanes were incorporated into a household fan guard as early as 1936, as shown by expired U.S. Patent No. 2,119,994, a utility patent issued to J.H. Cohen.

Vornado began selling its fans with spiral grills in November 1988, at a time when it

ed under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

2. It may also interfere with Duracraft's ability to practice other inventors' earlier spiral-vane inventions covered by previous, expired utility pat-

was the only fan company using that type of grill. On January 9, 1969, Vornado's founders, Donald J. Moore and Michael C. Coup, applied for a utility patent on their ducted fan with a spiral grill. They asserted, among other things, that their spiral grill produced an optimum air flow, although their own tests had shown that it performed about the same as the more common straight radial grill, and later tests suggested that some other grills worked better in some respects.

Their patent application claimed a fan with multiple features, including the spiral grill. The inventive aspect of Vornado's spiral grill was that the point of maximum lateral spacing between the curved vanes was moved inboard from the grill's outer radius, so that it was at the impeller blade's point of maximum power. Vornado emphasizes that its fan grill was not patentable by itself because a spiral grill per se was already in the public domain as "prior art," a patent law term for what was already known from previous patents or other sources.

On May 22, 1990, Messrs. Moore and Coup were issued a utility patent. They subsequently applied for and on February 22, 1994, were granted a reissue patent expanding their claims, including those that involved the arcuate-shaped grill vane structure.

Vornado advertised its grill as the "Patented AirTensity™ Grill," although the company had no separate patent on the grill. Between January 1969 and August 1990, Vornado sold about 135,000 fans. In its advertising, the company touted the grill as a "true achievement in aerodynamic efficiency," "the result of determinant ergonomic design," with "[u]nique AirTensity™ vortex action," accomplishing "a high degree of safety and functionality." See Appellant's Br. at 8-10; Appellant's App. at 1831, 1977.

In August 1990, Duracraft began offering an inexpensive electric household fan called the Model DT-7 "Turbo Fan." The grill on Duracraft's Turbo Fan incorporated a spiral

ents. But we need not rest our holding on this further interference, because the conflict with the ability to practice Vornado's invention in the future is clear.

vane structure that was copied from Vornado's considerably more expensive fan models but was purposely designed not to infringe Vornado's patent. Apart from its look-alike grill and some aspects of the fan blade design, the Turbo Fan differed significantly from Vornado's fans in its overall configuration, its base and duct structure, its center knob, neon colors, packaging, labeling, and price. See Appellant's App. at 1190 (Mem. & Order). The box in which the Turbo Fan came had a circle cut out of the front so that the grill design showed through and was emphasized when the fan was displayed in its box.

By November 1982, Duracraft had sold nearly one million Turbo Fans in the United States. The Turbo Fan was the company's second-largest-selling household fan product. *District court's findings*

Vornado sued, alleging that Duracraft had intentionally copied Vornado's grill design, but both sides agreed that the Turbo Fan did not infringe Vornado's patents. Vornado argued during the bench trial that the curved vanes in the "Patented Air-Tensity Grill" were legally nonfunctional, which they had to be in order to be protected as trade dress under section 43(a).

The district court found that the spiral grill was functional in a lay sense but not in a legal sense, based on our definition of trade

dress functionality in terms of the competitive need to use a feature. See *Brunswick Corp. v. Spirit Reel Co.*, 832 F.2d 513, 519 (10th Cir.1987).<sup>3</sup> The district court found that Vornado's grill did in fact perform a unique function in the way that it shaped the flow of air coming from the fan, but the difference in air flow produced by it as compared with other grill designs was not great enough for a customer to perceive, so it made no competitive difference. The court also noted that other feasible grill structures could easily do as well on other relevant performance tests, and the spiral grill was not shown to be cheaper to manufacture.<sup>4</sup>

The district court did not find enough evidence to support a finding of aesthetic functionality, a type of functionality based on decorativeness or attractiveness, which we have previously recognized. *Brunswick*, 832 F.2d at 519. Nor did the district court find that Duracraft would suffer a marketing disadvantage if it could not use the spiral grill.<sup>5</sup> The court found that the grill's value lay not in its operational attributes but primarily in its appearance, which the court said suggests something about the fan's performance and creatively suggests Vornado's identity.<sup>6</sup>

The court found that the grill design was nonfunctional and held that trade dress protection of nonfunctional product configurations under the Lanham Act was not incomp-

3. In *Brunswick*, we examined at length the requirement that a product feature's design be nonfunctional before it can qualify for trademark or trade dress protection. We found that the cone-shaped cover of a spin-cast fishing reel was nonfunctional, because competitors did not need to use it in order to make an equally competitive product. Our definition of functionality relied heavily on the existence of a sufficient number of alternatives, or substitutes, for the design in question. See *id.* at 518-20. The question of potential conflict with patent law was not before us in *Brunswick*, however, because the evidence concerning an expired utility patent had not been made part of the record on appeal. See *id.* at 521 n. 4.

4. Duracraft contends on appeal that the court either overlooked or misunderstood some of Duracraft's evidence regarding the grill's superior efficiency. Appellant's Br. at 37 & n. 9. We need not decide whether the court's factual finding was clearly erroneous, because we decide this case on a point of law.

5. The court did not discuss the evidence suggesting that, regardless of whether the Patented Air-Tensity Grill offered any real operational advantages, Vornado's advertising to that effect had succeeded in convincing at least some customers that it did. See Appellant's App. at 1854-72, 2676, 2678-81, 2683-85, 2701, 2703-05, 2707-09. If Vornado stimulated enough consumer demand to create a submarket for fans with spiral grills, Duracraft would be entitled to compete in that submarket, as well as in the broader fan market. See *J.C. Penney Co. v. H.D. Lee Mercantile Co.*, 120 F.2d 949, 954 (8th Cir.1941) ("If ... the public believes generally that a certain feature adds a utilitarian value to the goods—whether it actually does or not—and will be materially influenced to purchase them on that basis, over other competitive goods in the market, it will be held to be functional.").

6. The name "Vornado" is a combination of the words "vortex" and "tornado," and the court found that the spiral design evoked a mental picture of these two concepts.

patible with patent law. The court further found that the grill design was a suggestive symbol combined with a device, and thus inherently distinctive, so that no showing of secondary meaning was required.<sup>7</sup> The court found that consumers were likely to be confused by Duracraft's use of a similar grill, and granted Vornado an injunction but no damages on the section 43(a) claim.<sup>8</sup>

Duracraft contends on appeal that the district court committed legal error in: 1) concluding that Vornado's trade dress claim was not barred by federal patent law; 2) rejecting Duracraft's statutory estoppel argument; 3) concluding that the spiral grill could be a "symbol or device" within the meaning of section 43(a); 4) enjoining the use of the spiral grill without proof of secondary meaning in any relevant market; 5) concluding that Duracraft's continued use of the spiral grill would be likely to confuse an appreciable number of persons; and in 6) issuing a nationwide injunction against continued sales of the Turbo Fan, regardless of how it might be packaged or labeled.

We have considered all of the issues raised by Duracraft, but, finding the patent law argument to be dispositive, we do not decide the other questions.

#### DISCUSSION

##### *Protection of trade dress under section 43(a)*

[4, 5] Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides a federal cause of

7. Vornado insists in its brief that the district court made an alternative finding of secondary meaning, but what the court actually found was just an association between the grill design and Vornado, not that the primary significance of the design in the consumer's mind was as a brand identifier, rather than as a grill type. Some of our previous cases may have led Vornado to believe that mere association is sufficient. See, e.g., *Marker Int'l v. DeBruiter*, 844 F.2d 763, 764 (10th Cir. 1988) (stating that a mark has acquired secondary meaning if because of long association with a product or firm it has come to stand for that product or firm in the minds of the public). But the Supreme Court has made clear that the test is the more stringent "primary significance" standard. See *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118, 59 S.Ct. 109, 113, 83 L.Ed. 73 (1938) (holding that plaintiff company could not monopolize name "shredded wheat" because it had shown only an association in consumers' minds of the name with the company, not that the term's primary significance to

action for unprivileged imitation, including trade dress infringement. *Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268, 1271 (10th Cir.), cert. denied, 488 U.S. 908, 109 S.Ct. 260, 102 L.Ed.2d 248 (1988). Trade dress features are those comprising a product's look or image. *Brunswick*, 832 F.2d at 517. In *Hartford* and *Brunswick*, we held that although in the past, trade dress infringement had consisted of copying a product's packaging, "trade dress" modernly could also refer to the appearance of the product itself. As those two cases demonstrate, trade dress analysis may be applied to a single feature or a combination of features.<sup>9</sup>

[6] A plaintiff in a trade dress infringement case must make two showings. First, the plaintiff must show either (a) that its product's trade dress features (or feature) are inherently distinctive because their intrinsic nature is such as to "almost automatically tell a customer that they refer to a brand," or (b) that the trade dress has become distinctive through acquisition of secondary meaning, so that its primary significance in the minds of potential consumers is no longer as an indicator of something about the product itself but as an indicator of its source or brand. See *Qualitex*, — U.S. at —, 115 S.Ct. at 1303; *Two Pesos*, — U.S. at —, 112 S.Ct. at 2757-60; *Kellogg*, 305 U.S. at 118, 59 S.Ct. at 113. Second, a

the consuming public was the producer, and not the product). For other cases also citing the "primary significance" test, see *Qualitex Co. v. Jacobson Prods. Co.*, — U.S. —, —, 115 S.Ct. 1300, 1303, 131 L.Ed.2d 248 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, — U.S. —, — n. 4, 112 S.Ct. 2753, 2756 n. 4, 120 L.Ed.2d 615 (1992); *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 11, 102 S.Ct. 2182, 2187 n. 11, 72 L.Ed.2d 606 (1982).

8. Vornado did not appeal the court's treatment of its registered trademark and common law unfair competition claims.

9. In *Brunswick*, we found protected trade dress in the cone-shaped cover of a spin-cast fishing reel. See 832 F.2d at 517-20. In *Hartford*, the protected trade dress was a combination of features in a series of greeting cards. See 846 F.2d at 1270-76.

plaintiff must show that potential customers are likely to be confused by the defendant's trade dress into thinking that the defendant is affiliated, connected or associated with the plaintiff or that the defendant's goods originated with, or are sponsored or approved by the plaintiff. See 15 U.S.C. § 1125(a).

[7] The producer of an allegedly infringing product may defend<sup>10</sup> by showing that what the plaintiff is claiming as its trade dress is functional, and therefore that all competitors must be permitted to copy it in their own products, regardless of any producer-identifying capacity it may possess. See *Brunswick*, 832 F.2d at 517, 520.

*The conflict before us*

Subsequent to *Hartford* and *Brunswick*, the Supreme Court ruled in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 109 S.Ct. 971, 103 L.Ed.2d 118 (1989), clarifying that patent law creates a federal right to copy and use product features that are in the public domain, whether under an expired patent or for lack of patentability in the first place. *Id.* at 165, 109 S.Ct. at 985; see also *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 229-33, 84 S.Ct. 784, 787-89, 11 L.Ed.2d 661 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237-39, 84 S.Ct. 779, 781-83, 11 L.Ed.2d 669 (1964). Duracraft argues that *Bonito Boats* means that useful product features, which comprise utility patent subject matter, may not be

protected as trademarks or trade dress and thereby be permanently monopolized by a single producer.

Vornado replies that there is no problem or inconsistency in its ability to obtain both patent protection for its fan in toto and trade dress protection for its spiral grill. Vornado argues 1) that of the main Supreme Court cases on which Duracraft relies, *Sears, Compco*, and *Bonito Boats* are all distinguishable, and *Kellogg* predates the Lanham Act; 2) that the Supreme Court and Congress both have said section 43(a) applies to product shapes; and 3) that the functionality doctrine properly reconciles the Patent Act with the Lanham Act, for if a product feature is not necessary to competition, no patent law purpose is served by allowing it to be copied.

We find each of these arguments wanting. At the same time, we need not rule as broadly as Duracraft would have us do either. We need not deal with whether every useful or potentially patentable product configuration is excluded from trade dress protection.<sup>11</sup> Vornado does not argue that its grill was not a significant inventive component of its patented fans.<sup>12</sup> Without that particular grill, the Vornado fan would not be the same invention that it is. We focus, therefore, on the law with regard to product configurations that are patented inventions or significant components thereof, and whether these product configurations can serve as trade dress.

*Kohler Co. v. Moen Inc.*, 12 F.3d 632, 636-43 (7th Cir.1993); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1130-32 (Fed.Cir.), cert. denied, — U.S. —, 114 S.Ct. 291, 126 L.Ed.2d 240 (1993); *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 337 (7th Cir.1985); *In re Honeywell, Inc.*, 497 F.2d 1344, 1348-49 (C.C.P.A.), cert. denied, 419 U.S. 1080, 95 S.Ct. 669, 42 L.Ed.2d 674 (1974).

12. Indeed, the fact that Vornado applied for and received a reissue patent broadening its claims with respect to the grill would belie any insignificance argument the company might make.

The district court noted that neither party had asked the court to rule on the Vornado patents' validity, Appellants' App. at 1152 (Mem. & Order), and it did not do so. Our analysis applies the statutory presumption of patent validity to all of the extant and expired patents involved in this case. See 35 U.S.C. § 282.

10. In its motion for emergency stay pending appeal and in its reply brief on appeal, Duracraft questioned whether the Supreme Court's language in *Two Pesos*, — U.S. at —, 112 S.Ct. at 2758, requires us to change our holding in *Brunswick*, 832 F.2d at 520, that the burden of proof regarding functionality is on the defendant in an unregistered trade dress infringement case. Duracraft failed to raise the burden of proof issue in its opening brief on appeal, and thus it has waived the argument, so we do not reach the question. *State Farm Fire & Casualty Co. v. Mhaout*, 31 F.3d 979, 984 n. 7 (10th Cir.1994) (citing *Headrick v. Rockwell Int'l Corp.*, 26 F.3d 1272, 1277-78 (10th Cir.1994)); *Abercrombie v. City of Catsasa, Okla.*, 896 F.2d 1228, 1231 (10th Cir.1990).

11. Nor do we need to take a position on whether utility patents should be viewed differently than design patents, as some courts have held. See

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*The statute itself*

The wording of section 43(a) does not help us answer the question before us. Neither the latest version of the statute nor the wording prior to the 1988 revision makes any mention of product shapes or configurations.<sup>12</sup> We cannot assume by the absence of such reference, however, that section 43(a) was not meant to apply to them, because most of the law of section 43(a) is not reflected in the statute. Justice Stevens has described in great detail the way in which the courts, through "judicial legislation," have expanded the scope of section 43(a) far beyond its original wording as a ban on false designations of geographic origin, creating at least a partial federal law of unfair competition. See *Two Pesos*, — U.S. at —, 112 S.Ct. at 2761-66 (Stevens, J., concurring in the judgment); see also J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* §§ 1.09[3], 27.03[1][b] (3d ed.1994).

*Supreme Court precedents*

When asked to balance the concerns of patent law against those of unfair competition law with respect to the copying of product shapes, the Supreme Court has ruled repeatedly over the years that the right to copy must prevail. See *Bonito Boats*, 489 U.S. at 167-68, 109 S.Ct. at 986; *Sears*, 376 U.S. at 232-33, 84 S.Ct. at 789; *Compton*, 376

U.S. at 235, 238, 84 S.Ct. at 780-81, 782; *Kellogg*, 305 U.S. at 119-22, 59 S.Ct. at 113-15; *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 186, 16 S.Ct. 1002, 1008, 41 L.Ed. 118 (1896).

Applying the common law of unfair competition, the Court held in *Kellogg* that it was not unfair competition for Kellogg Co. to copy National Biscuit Co.'s pillow-shaped shredded wheat cereal after invalidation of the design patent for the cereal shape and expiration of the utility patents for the machines to make it, where Kellogg had made reasonable efforts to distinguish its product by using a different carton, label, company name, and biscuit size. See *Kellogg*, 305 U.S. at 119-22, 59 S.Ct. at 113-15. In *Singer*, the Court reached the same conclusion regarding the defendant's copying of Singer sewing machines after their patents had expired. See *Singer*, 163 U.S. at 185-202, 16 S.Ct. at 1008-15.

*Sears* and *Compton* pitted patent law's public domain principles against state unfair competition statutes with respect to product copying where patents had been invalidated. In both cases, the Court again held that patent law's public domain concept must prevail over unfair competition concerns about consumer confusion where those concerns arose solely from the product copying. See

13. Prior to revision, the relevant portion read:

(a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, 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, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

15 U.S.C.A. § 1125(a) (West 1982).

After the revision, the section read as follows:

(a)(1) Any person who, on or in connection with any goods or services, or any container

for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C.A. § 1125(a) (West Supp.1995) (This citation also reflects paragraphing changes from a 1992 amendment, but that amendment made no substantive changes to the wording relevant here).

*Sears*, 376 U.S. at 232, 84 S.Ct. at 789; *Compco*, 376 U.S. at 235, 238, 84 S.Ct. at 780-81, 782.

In 1989, in *Bonito Boats*, the Court yet again addressed the copying of product shapes, and, because of the same patent law public domain concerns, struck down another state statute, this one prohibiting the use of the direct-molding process to copy unpatented boat hulls. *Bonito Boats*, 489 U.S. at 167-68, 109 S.Ct. at 986.

Vornado would have us ignore these holdings, and we must acknowledge that distinguishing *Sears*, *Compco*, and/or *Bonito Boats* has become a veritable jurisprudential art form in recent years, in which we as well as many other courts have engaged. See *Brunswick*, 832 F.2d at 528 n. 7; *McCarthy*, *supra*, §§ 7.24[1]-7.25[5] (discussing cases); Ralph S. Brown, *Design Protection: An Overview*, 34 UCLA L.Rev. 1341, 1366-62 (1987); Jay Dratler, Jr., *Trademark Protection for Industrial Designs*, 1988 U.I.L.Rev. 887, 916-24 (discussing courts' use of section 43(a) to make "an end run around *Sears/Compco*"). It may come as no surprise that we are able to identify distinctions between those cases and the one before us, the most salient, of course, being that in none of the prior cases did the Court apply federal unfair competition law under section 43(a) of the Lanham Act.<sup>14</sup>

To say we find distinctions is not the end of the story, however. Although we may not be strictly bound by the Court's holdings in these cases, we find it impossible to ignore

14. We also can distinguish *Steger* because it was decided at a time when the sort of unfair competition was generally perceived to require fraudulent passing off, and unfair competition law has since evolved and expanded, so that it may be violated without active deceit, wherever a product shape has acquired secondary meaning and a likelihood of consumer confusion is found. See *McCarthy*, *supra*, § 5.02. The force of this particular distinction is reduced, though, by the fact that both the Supreme Court and our own circuit have also preserved defendants' right to copy even where defendants were found to have deliberately painted off their goods in an effort to deceive consumers. See *Warner & Co. v. Elf Lilly & Co.*, 265 U.S. 526, 531-33, 44 S.Ct. 615, 617-18, 68 L.Ed. 1161 (1924); *Midwest Plastics Corp. v. Protectivelosures Co.*, 285 F.2d 747, 750 (10th Cir.1960) (quoting *Reynolds & Reynolds Co. v. Norick*, 114 F.2d 278, 281 (10th Cir.1940)).

the clear and continuing trend they collectively manifest in favor of the public's right to copy. We turn, then, to the legislative history to see whether Congress has reversed this direction.<sup>15</sup>

#### *Ambiguous legislative history*

Congress acknowledged and, to some extent, ratified the judicial expansion of section 43(a) in 1988, when it enacted its first comprehensive revision of the Lanham Act. Among other things, Congress broadened the wording of section 43(a), but, as noted above, that wording itself does not help us.

The Senate report accompanying the bill explained that the section was reworded "to codify the interpretation it has been given by the courts. Because Section 43(a) of the Act fills an important gap in federal unfair competition law, the committee expects the courts to continue to interpret the section." S.Rep. No. 515, 100th Cong., 2d Sess. 40 (1988), reprinted in 1988 U.S.C.C.A.N. 5577, 5603.

The district court relied heavily on the Senate report in concluding that Congress intended to grant trademark and trade dress protection to nonfunctional product configurations. That report observed that the courts have applied section 43(a) to cases involving "infringement of unregistered marks, violations of trade dress and certain nonfunctional configurations of goods." *Id.* (emphasis added). It also stated that in the revised definition of "trademark," the words "symbol or device" were retained "so as not

*Kellogg*, *Sears*, and *Compco* are distinguishable on the basis that neither secondary meaning nor inherent distinctiveness was found in those cases, whereas in our case the district court found inherent distinctiveness. And, finally, it is possible to distinguish *Bonito Boats* on the grounds that the statute struck down in that case offered broader protection to product shapes than does § 43(a). See *Kohler*, 12 F.3d at 641-42.

15. Duracraft bases its argument on both the Patent Clause, U.S. Const. art. I, § 8, cl. 8, and the Patent Act of 1952, codified as amended at Title 35 of the U.S. Code. We do not address the constitutional argument, however, unless this case cannot be resolved as a matter of statutory law. *Jean v. Nelson*, 472 U.S. 846, 854, 105 S.Ct. 2992, 2996-97, 86 L.Ed.2d 664 (1985).

to preclude the registration of colors, shapes, sounds or configurations where they function as trademarks." *Id.* at 44 (1988 U.S.C.G.A.N. at 5607) (emphasis added).

The district court read too much into this report. We cannot conclude that because at the time of the report, "certain nonfunctional configurations of goods" had received trade dress protection, Congress was saying that in the future, all such configurations should.<sup>16</sup> As of 1988, when the Senate report made its observation, we are unaware of any legal precedents upholding protection for these nonfunctional configurations covered by utility patents. But there was case law denying protection to a closely related type of non-functional design.

In *In re Shakespeare Co.*, 289 F.2d 506, 508, 48 CCPA 969 (1961), the Court of Customs and Patent Appeals denied trademark registration to a recognizable spiral marking on fishing rods that resulted from the applicant's patented method for making the rods. The court held, as a matter of policy, that even though the spiral mark itself was non-functional, protecting it as a trademark would impermissibly interfere with the patent law. Other competitors either would not be able to use the patented manufacturing process after expiration of Shakespeare's patents, or they would have to go to the trouble of removing the marking. *Id.*

The Senate report never even mentioned these patent law concerns, let alone purported to address or resolve them.

*Functionality doctrine: An incomplete answer*

To interpret the Senate report as broadly as *Vornado* would have us do, we would also have to ignore the strong possibility that if Congress thought at all about patent policies in 1988, it assumed that any product qualify-

16. *Vornado* similarly draws too much from the language of two Supreme Court cases it cites. It points to *Two Pesos*, — U.S. at —, n. 1, 112 S.Ct. at 2755 n. 1, where the Court adopted a definition of trade dress that included product shapes, and to *Bonito Boats*, 489 U.S. at 166, 109 S.Ct. at 985, where the Court noted that in § 43(a), "Congress has thus given federal recognition to many of the concerns that underlie the state tort of unfair competition, and the application of *Sears and Roebuck* to nonfunctional as-

pects of a product which have been shown to identify source must take account of competing federal policies in this regard." Although both cases support the notion that § 43(a) will protect some nonfunctional configurations, neither requires protection for all such configurations. In determining whether the type of configuration before us should receive trade dress protection, we will follow the Court's instruction and "take account of competing federal policies in this regard."

ing for a utility patent would automatically be functional. It would have been understandable for Congress to assume that a nonfunctionality requirement would eliminate any possible conflicts between the Lanham Act and the Patent Act—at least as to utility patents—given the repeated statements by various courts and commentators that functionality doctrine has precisely that purpose and effect. See *Rogers*, 778 F.2d at 937; *Sylvania Elec. Prods., Inc. v. Dura Elec. Lamp Co.*, 247 F.2d 730, 732 (3d Cir.1957); *McCarthy*, *supra*, § 7.26(1); *Dratler*, *supra*, 1988 U.I.L.Rev. at 928, 938. But see *Kohler*, 12 F.3d at 646-50 (Cudahy, J., dissenting); *Ferrari S.P.A. Esercizio Fabbriche Automobili E Corse v. Roberts*, 944 F.2d 1285, 1282-53 (6th Cir.1991), cert. denied, — U.S. —, 112 S.Ct. 3028, 120 L.Ed.2d 899 (1992) (Kennedy, J., dissenting). It even appears that at times the Supreme Court may have made the same assumption. See *Qualitex*, — U.S. at —, 115 S.Ct. at 1304; *Bonito Boats*, 489 U.S. at 166-67, 109 S.Ct. at 985-86; *Inwood*, 456 U.S. at 863, 102 S.Ct. at 2193 (White, J., concurring in result).

Despite what appears to be a widespread perception that product configurations covered by utility patents are automatically functional for Lanham Act purposes, the district court in our case ably demonstrated that this is not so. Configurations can simultaneously be patentably useful, novel, and non-obvious and also nonfunctional, in trade dress parlance.

This is the case because to meet patent law's usefulness requirement, a product need not be better than other alternatives or essential to competition. *Stiffung v. Renishaw PLC*, 945 F.2d 1173, 1180 (Fed.Cir.1991); see also *Kohler*, 12 F.3d at 649 (Cudahy, J., dissenting). To obtain a utility patent, an inventor need only show that an invention is

pects of a product which have been shown to identify source must take account of competing federal policies in this regard." Although both cases support the notion that § 43(a) will protect some nonfunctional configurations, neither requires protection for all such configurations. In determining whether the type of configuration before us should receive trade dress protection, we will follow the Court's instruction and "take account of competing federal policies in this regard."

1) useful in the sense of serving some identified, beneficial purpose, and then—much more difficult to prove—that it is 2) novel, i.e., not previously known, and 3) nonobvious, or sufficiently inventive, in light of prior art. See 35 U.S.C. §§ 101-103; Donald S. Chisum, *Patents* §§ 3.01, 4.01, 5.01 (1994).

Functionality, by contrast, has been defined both by our circuit, and more recently by the Supreme Court, in terms of competitive need. See *Qualitex*, — U.S. at —, —, 115 S.Ct. at 1804-07; *Hartford*, 846 F.2d at 1272-74; *Brunswick*, 832 F.2d at 519; see also *Restatement (Third) of Unfair Competition* § 17 & cmts. a & b (1995). If competitors need to be able to use a particular configuration in order to make an equally competitive product, it is functional, but if they do not, it may be nonfunctional. The availability of equally satisfactory alternatives for a particular feature, and not its inherent usefulness, is often the fulcrum on which Lanham Act functionality analysis turns.

As some courts have explained the competitive need test, it conceivably could allow one producer to permanently appropriate any distinctive patented invention for exclusive trademark or trade dress use as soon as its patent expired and sufficient alternatives became available to make the invention no longer one of a few superior designs. See *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 510-17 (9th Cir.), cert. denied, 493 U.S. 872, 110 S.Ct. 202, 107 L.Ed.2d 155 (1989); *In re Bose Corp.*, 772 F.2d 866, 872 (Fed.Cir.1985); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1339 (C.C.P.A.1982); *In re Cabot Corp.*, 15 U.S.P.Q.2d 1224, 1228 (T.T.A.B.1990); A. Samuel Oddi, *The Functions of 'Functionality' in Trademark Law*, 22 *Hous.L.Rev.* 925, 942-43 (1985). But see McCarthy, *supra*, § 7.29 ("Functional patent protection and trademark protection are mutually exclusive.").

#### Reconciling two federal statutes

Given that the functionality doctrine does not eliminate overlap between the Patent Act and the Lanham Act, we must decide whether Vornado is right that this doctrine nevertheless should be used to limit patent law's public domain.

Except to the extent that Congress has clearly indicated which of two statutes it wishes to prevail in the event of a conflict, we must interpret and apply them in a way that preserves the purposes of both and fosters harmony between them. See *Digital Equip. Corp. v. Desktop Direct, Inc.*, — U.S. —, —, 114 S.Ct. 1992, 2002, 128 L.Ed.2d 842 (1994); *Brotherhood of R.R. Trainmen v. Chicago River & Indiana R.R.*, 363 U.S. 30, 40-42, 77 S.Ct. 635, 640-41, 1 L.Ed.2d 622 (1957). Where, as here, both cannot apply, we look to their fundamental purposes to choose which one must give way.

#### Purposes of the Patent Act

First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public.

*Arvonson v. Quick Point Pencil Co.*, 440 U.S. 257, 262, 99 S.Ct. 1096, 1099, 69 L.Ed.2d 290 (1979). The "centerpiece of federal patent policy" is its "ultimate goal of public disclosure and use." *Bonito Boats*, 489 U.S. at 157, 109 S.Ct. at 930; see also *id.* at 146, 151, 109 S.Ct. at 975, 977-78; *Goldstein v. California*, 412 U.S. 546, 569, 92 S.Ct. 2303, 2316, 37 L.Ed.2d 163 (1973); *Scott Paper Co. v. Marcolus Mfg. Co.*, 328 U.S. 249, 255-56, 66 S.Ct. 101, 104-05, 90 L.Ed. 47 (1945); *Singer*, 163 U.S. at 185, 16 S.Ct. at 1008.

Vornado suggests that no patent law purpose is served by allowing copying of product configurations that are not necessary to competition. We cannot agree. We find no support in the Patent Act itself or its application for the proposition that the patent goals are limited to enhancing competition, at least in the direct sense. To the contrary, patents operate by temporarily reducing competition. They create monopolies to reward inventors who invent "things which are worth to the public the embarrassment of an exclusive patent." *Graham v. John Deere Co.*, 383 U.S. 1, 9, 86 S.Ct. 684, 689, 15 L.Ed.2d 545 (1966) (quoting Thomas Jefferson, author of



the 1793 Patent Act). Although competition ultimately may be enhanced by the increased product supply that results from operation of the patent law, the system's more obvious objective is to give the public the benefits of technological progress.

In this respect, it is significant that the framers of the patent system did not require an inventor to demonstrate an invention's superiority to existing products in order to qualify for a patent. That they did not do so tells us that the patent system seeks not only superior inventions but also a multiplicity of inventions. A variety of choices is more likely to satisfy the desires of a greater number of consumers than is a single set of products deemed "optimal" in some average sense by patent examiners and/or judges. And the ability to intermingle and extrapolate from many inventors' solutions to the same problem is more likely to lead to further technological advances than is a single, linear approach seeking to advance one "superior" line of research and development. We conclude that patent law seeks the invention and the passing into the public domain of even what trade dress law would consider nonfunctional inventions.

Allowing an inventor both patent and trade dress protection in a configuration would not necessarily inhibit invention directly. Quite the opposite, this double benefit would probably increase an inventor's direct incentives to pursue an idea. But the inventor's supply of ideas itself and freedom to experiment with them might diminish if the inventor had to do a competitive market analysis before adopting useful features from others' inventions once their patents expired. See *Bonito Boats*, 489 U.S. at 181-82, 109 S.Ct. at 982-83 (stating that federal patent scheme allows public to ascertain status of intellectual property embodied in a manufacture or design, and "(t)he public may rely upon the lack of notice in exploiting shapes and designs accessible to all").<sup>17</sup>

As to the second patent law objective, encouraging public disclosure of inventions, it is

17. While the Principal Register of trademarks provides similar notice to the public for registered trademarks, 15 U.S.C. § 1072, trade dress is a much more nebulous concept, not subject to

not immediately apparent what effect, if any, the trade dress protection in question would have. But this case clearly shows that trade dress protection can directly interfere with the public's ability to practice patented inventions after the patents have expired, and that it undermines the principle that ideas in the public domain should stay there. We conclude that the inability freely to copy significant features of patented products after the patents expire impinges seriously upon the patent system's core goals, even when those features are not necessary to competition.

*Purposes of section 43(a) of the Lanham Act*

The core concepts of trademark protection are that consumers not be confused, misled, or deceived as to whose product they are buying, that sellers' goodwill—or investment in their reputation for quality—be protected, and that competition thereby be enhanced. See *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198, 105 S.Ct. 658, 663-64, 83 L.Ed.2d 582 (1985). "[T]he protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition." *Two Pesos*, — U.S. at —, 112 S.Ct. at 2760. Because trademarks promote competition and product quality, "Congress determined that 'a sound public policy requires that trademarks should receive nationally the greatest protection that can be given them.'" *Park 'N Fly*, 469 U.S. at 193, 105 S.Ct. at 661 (quoting S.Rep. No. 1333, 79th Cong., 2d Sess. 6 (1946), reprinted in 1946 U.S.C.C.S. 1274, 1277); see also 15 U.S.C. § 1127.

Clearly, any limitation on the use of product designs as protected trade dress will give trade dress less than "the greatest protection that can be given." *Park 'N Fly*, 469 U.S. at 193, 105 S.Ct. at 661. But this statement by the Court quotes from the 1946 Senate report, and we cannot assume that Congress in 1946 intended to be as expansive in its protection of product configurations as in its protection of traditional word or picture trademarks. At that time, section 43(a) was

registration, and an inventor may have difficulty determining whether someone is claiming any given product shape or configuration as its protected trade dress.

Cite as 58 F.3d 1498 (10th Cir. 1995)

not viewed as a broad federal unfair competition provision covering product configurations under the rubric of trade dress; that gloss was added later by judges. See *Two Pesos*, — U.S. at ———, 112 S.Ct. at 2762-63 (Stevens, J., concurring in the judgment).

The degree to which a producer's goodwill will be harmed by the copying of product configurations correlates with the degree of consumer confusion as to source or sponsorship that is likely to result from the copying.<sup>16</sup> We do not doubt that at least some consumers are likely to ignore product labels, names, and packaging and look only to the design of product features to tell one brand from another. These consumers are likely to be confused by similar product designs, and to the degree that this confusion is tolerated, the goals of the Lanham Act will be undermined.

But the Lanham Act, like common-law unfair competition law and most state unfair competition statutes, has never provided absolute protection against all consumer confusion as to source or sponsorship. For its first fifteen to twenty years, the act was not even applied to the shapes of products or their containers. See *McCarthy*, *supra*, §§ 1.09(3), 7.81, 27.03(1)(b). And even after it was, courts consistently denied protection against that degree of confusion caused by the copying of functional configurations.

As a practical matter, the fate of nonfunctional configurations within patented products has rarely been the subject of legal analysis, because courts often have found such designs to be functional. See, e.g., *In re Boss Corp.*, 772 F.2d at 872-73; *New England Butt Co. v. Int'l Trade Comm'n*, 756 F.2d 874, 877-79 (Fed.Cir.1985); *In re Hollander Mfg. Co.*, 511 F.2d 1186, 1187-89 (C.C.P.A.1975); *Best Lock Corp. v. Schlage Lock Co.*, 418 F.2d 1195, 1199, 56 CCPA 1472 (1969); *In re Shenango Ceramics, Inc.*, 362 F.2d 287, 291-92, 53 CCPA 1288 (1966); *In*

16. This is so because unfair competition law protects only the goodwill a producer has attained by virtue of its reputation for quality, not any goodwill that inheres in the product itself. If people like a particular product regardless of who produces it, that type of "product goodwill"

re *Deister Concentrator Co.*, 289 F.2d 496, 603-05, 48 CCPA 952 (1961).

In two appellate decisions where courts have considered nonfunctional designs that were part of utility-patented products, we find an even split. In *In re Shakespeare*, 289 F.2d at 608, the Court of Customs and Patent Appeals upheld patent law principles and refused trademark registration. In *Clamp*, 870 F.2d at 616-17, the Ninth Circuit upheld the district court's finding of trademark status for the nonfunctional design of a "C" clamp. The Ninth Circuit appears to have assumed without discussion that all nonfunctional product configurations can be used as trademarks or trade dress—an assumption which, as noted above, we do not make.

We recognize also that consumer confusion resulting from the copying of product features is, in some measure, a self-fulfilling prophecy. To the degree that useful product configurations are protected as identifiers, consumers will come to rely on them for that purpose, but if copying is allowed, they will depend less on product shapes and more on labels and packaging.

We conclude that protecting against that degree of consumer confusion that may arise from the copying of configurations that are significant parts of patented inventions is, at best, a peripheral concern of section 43(a) of the Lanham Act.

#### Conclusion: Balancing competing policies

Given, then, that core patent principles will be significantly undermined if we do not allow the copying in question, and peripheral Lanham Act protections will be denied if we do, our answer seems clear. Much has been said in this and other section 43(a) cases about whether a second competitor needs to use a particular product design to compete effectively. But where Lanham Act goals are not the only ones at stake, we must also examine the degree to which a first competitor needs to use a useful product feature instead of something else—a name, a label, a

is something all competitors are entitled to appropriate, once any applicable patents expire. See *Kellogg*, 305 U.S. at 121, 59 S.Ct. at 114-15; *Versa Prods. Co. v. Bifold Co. (Mfg.)*, 50 F.3d 189, 207 (3d Cir.1995).

package—to establish its brand identity in the first place.

It would defy logic to assume that there are not almost always many more ways to identify a product than there are ways to make it.<sup>19</sup> See *In re Water Grenkin Co.*, 635 F.2d 841, 844 (C.C.P.A.1980) (“[A] merchant who wishes to set himself apart has no dearth of means to do so.”). And if one of the ways to configure the product itself has been deemed important enough to the advance of technology for the government to grant a utility patent, we must find its value as a product feature to exceed its value as a brand identifier in all but the most unusual cases.

[8] We hold that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, see 35 U.S.C. § 112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.<sup>20</sup>

In future cases, the contribution of a particular configuration to the inventiveness of a patented product may not always be clear, and we do not wish to rule out the possibility that a court may appropriately conduct a factual inquiry to supplement its reading of the patent's claims and descriptions.

But in this case, we do not find it necessary to remand for such an inquiry. Vorna-

19. Although a producer may find efficiencies in combining the brand-identifying function with a product's utilitarian function by using a useful product feature as a trademark or trade dress, we accord this type of efficiency little weight. Although the efficient combining of form and function is at the heart of good industrial design, promoting it is not a Lanham Act objective. For discussion of the repeated, unsuccessful attempts over the years to persuade Congress to pass a general industrial design protection bill, see *Bouillon Boats*, 489 U.S. at 167-68, 169 S.Ct. at 986; *Diercke Prods., Inc. v. Jay Plastic Emers., Ltd.*, 40 F.3d 1431, 1446 (3d Cir.1994); *Brown*, *supra*, 34 UCLA L.Rev. at 1295-99; *Drader*, *supra*, 1988 U.I.L.L.Rev. at 888, 904-05.

20. We note that our resolution of this issue will avoid any confusion as to the right to copy a patented invention which may arise by virtue of the fact that a feature can switch back and forth

do included the arcuate grill vane structure as an element of its patent claims and described the configuration as providing “an optimum air flow.” Then, after the first patent issued and Vornado subsequently found evidence that other grill structures worked as well as or better than the spiral grill, Vornado did not repudiate or disclaim in any way the grill element of its patent. Instead, Vornado sought and received a reissue patent that expanded its claims with respect to the grill.

Even if we discount entirely Vornado's extensive advertising campaign emphasizing the importance of the “AirTensity Grill,” this patent history on its face obviates any need for a remand on the question of inventive significance. We simply take Vornado at its word. Because the “Patented AirTensity Grill” is a significant inventive element of Vornado's patented fans, it cannot be protected as trade dress. The district court's order is REVERSED.



between being functional and nonfunctional with the vagaries of the marketplace. Compare *In re Honeywell, Inc.*, 8 U.S.P.Q.2d 1600, 1604-05 (T.T.A.B.1988), with *In re Honeywell, Inc.*, 532 F.2d 130, 182-83 (C.C.P.A.1976).

It also avoids potential problem scenarios in which a commercially unimportant but patented configuration is deemed nonfunctional and registered as a trademark, and then later, because of a change in the direction of research and development, inventors wish to use the old technology taught by the expired patent but cannot, because of the trademark. The Fourth Circuit has held that once a trademark becomes incontestable, it may not be cancelled on functionality grounds. *Shakespeare Co. v. Silstar Corp. of America, Inc.*, 9 F.3d 1091, 1099 (4th Cir.1993), *cert. denied*, — U.S. —, 114 S.Ct. 2134, 128 L.Ed.2d 864 (1994). But see William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 Trademark Rep. 267, 295-96 (1983).

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**EXHIBIT 6**

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

In the Matter of

CERTAIN SPIRAL GRILLED PRODUCTS)  
INCLUDING DUCTED FANS AND  
COMPONENTS THEREOF

Investigation No. \_\_\_\_\_

COMPLAINT OF VORNADO AIR CIRCULATION SYSTEMS, INC.  
UNDER SECTION 337 OF THE TARIFF ACT OF 1930,  
AS AMENDED, 19 U.S.C. § 1337

Filed on Behalf of Complainant:

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**DOCUMENTARY EXHIBITS**

Exhibit No.	Description	Page Nos. & Paragraph Nos.
1	Certified Copy of U.S. Patent No. Re. 34,551	Page 5, para. 1
2	Certified Copy of the Assignment of U.S. Patent No. Re. 34,551	Page 5, para. 2
3	Declaration of Jeffrey Karcoski	Page 5, para. 4
4	Infringement Claim Chart	Page 6, para. 6
5	Vornado Product Information	Page 7, para. 10
6	Confidential Declaration of Michael C. Coup	Page 11, para. 33
7	Declaration of Susan B. Smith	Page 12, para. 36
8	Certified Copy of '324 patent	Page 13, para. 44
9	Confidential License with Patton Electric Co.	Page 14, para. 52
10	PTO Trademark Registration, Reg. No. 1,697,509, (Plain View Design)	Page 16, para. 60
11	Notice of Abandonment for Trademark Reg. No. 1,697,509 (plain view design)	Page 16, para. 61
12	Vornado v. Duracraft, 1994 WL 1064319	Page 16, para. 61
13	Copy of Trademark Application Recently Filed in PTO (angled view design)	Page 16, para. 63
14	PTO Trademark Registration AIRTENSITY, Reg. No. 2,132,460	Page 16, para. 64
15	Confidential Vornado Wholesale Price Lists	Page 16, para. 66
16	Hecht's Baltimore Return	Page 18, para. 77
17	Truserve/Coast to Coast Nebraska Return	Page 18, para. 77
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21	Confidential Competitive Marketing Analysis	Page 11, para. 33

## APPENDICES

Appendix No.	Description	Page Nos. & Paragraph Nos.
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B	'324 File History	Page 13, para. 48

## PHYSICAL EXHIBITS

Exhibit No.	Description	Page Nos. & Paragraph Nos.
A	Vornado 550 Compact Air Circulator Fan (#CR1-0001)	Page 7, para. 10
B	Vornado Electronic Vortex Heat, Model # EH1-0005-04	Page 7, para. 10
C	Holmes' BLIZZARD Oscillating Fan, Model # HAOF-90	Page 6, para. 6
D	Holmes' Power Heater, Model # HFH-298	Page 10, para. 28
E	Holmes' Power Accutemp Bedroom Heater, Model # HFH-299	Page 10, para. 28
F	Box for Vornado Electronic Vortex Heat, Model #EH1-0005-04	Page 12, para. 38

## I. INTRODUCTION

1. This complaint is filed by Vornado Air Circulation Systems, Inc. ("Vornado") pursuant to section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, based upon certain tortious acts, including without limitation, patent infringement, unfair competition and



trade dress infringement, based upon the actual and threatened importation, sale for importation, and/or sale after importation into the United States by proposed respondents Holmes Products Corporation ("Holmes U.S.A."), Holmes Products (Far East) Ltd. ("Holmes Far East"), and Holmes Products (Far East) Ltd. - Taiwan Branch (Bahamas) ("Holmes - Taiwan"), (collectively referred to as "Holmes" or "Respondents") of certain products, fans and heaters, that include a spiral grill, including certain ducted fans and components thereof, which infringe Vornado's U.S. Patent No. Re. 34,551 ("the Re. '551 patent") (Exh. 1), and Vornado's distinctive spiral grill trade dress rights.

2. Vornado Air Circulation Systems, Inc. ("Vornado") is the owner by assignment of the Re. '551 patent. See page 12, paragraph 46, below; Exh. 2. (See also Appendix A, file history of Re. '551).

3. By virtue of its manufacture, sale, and use in commerce of fans, heaters and other products including the spiral grill design, and its use throughout Vornado's advertising, Vornado is also the owner of rights in the trade dress associated with its distinctive spiral grill design.

4. Holmes, a direct competitor of Vornado, is a multi-million-dollar company and maintains that it has the number one market share in the sale of fans, heaters, humidifiers and air purifiers. Exh. 3 at Tab C.

5. On information and belief, since approximately Summer 1999, Holmes has imported and/or sold or offered for ~~sale~~ <sup>sale</sup> in the United States ducted fans which infringe at least claims 15, 21 and 22 of the Re. '551 patent, and fans and heaters that include a confusingly similar spiral grill design.

6. Holmes' infringement of Vornado's trade dress associated with its distinctive spiral grill design, combined with its immense manufacturing capacity and marketing power,

threatens Vornado's ability to effectively market in the United States, and sell its fans, heaters and other products that include Vornado's distinctive spiral grill design and threatens to destroy or substantially injure Vornado's business in the United States in violation of 19 U.S.C. § 1337 (a)(1)(A)(i). The manufacture, importation, and sale of at least one model of Holmes' fans in the United States, namely the BLIZZARD Fan, Model # HAOF-90 (Physical Exh. C), also infringes Vornado's Re. '551 patent, and such infringement is a violation of 19 U.S.C. § 1337 (a)(1)(B). Attached at Exh. 4 is a claim chart showing such infringement.

7. Vornado therefore requests that the Commission institute an investigation into Holmes' unfair acts of competition and patent infringement and requests permanent relief, including: (a) an order or orders excluding Holmes' ducted fans and components thereof that infringe Re '551 from entry into the United States; (b) a cease and desist order or orders prohibiting Holmes from importing, assembling, testing, selling, offering for sale, demonstrating, using, or assisting in any of these acts within the United States as to Holmes' infringing ducted fans and imported components thereof; (c) an order or orders excluding from entry into the United States all of Holmes' products that infringe Vornado's trade dress rights in its distinctive spiral grill design; and (d) a cease and desist order or orders prohibiting Holmes from importing, assembling, testing, selling, offering for sale, demonstrating, using, or assisting in any of these acts within the United States as to Holmes' products that infringe Vornado's rights in its distinctive spiral grill design.

## II. COMPLAINANT

8. Vornado is a privately held Kansas corporation having its principal place of business at 415 East 13<sup>th</sup> Street, Andover, Kansas 67002, U.S.A.

9. Vornado designs, manufactures and markets proprietary consumer air circulator/ducted and oscillating fans, heaters, humidifiers and air cleaners, and is a recognized leader in these industries. Exh. 3 at Tab D.

10. Vornado's current product line consists of a variety of fans, three heaters, two humidifiers, and three air cleaner systems. The fans include the Vornado 280SS Classic Air Circulator, Vornado 280CSB convertible air circulator, the Vornado 510 compact air circulator (#CR1-0005-01), the Vornado 550 compact air circulator (#CR1-0001)(Physical Exh. A), the Vornado 610 whole room circulator (#CR1-0021-01), the Vornado 615 pedestal air circulator (#CR1-0027), the Vornado 710 whole room air circulator (#CR1-0029-02), the Vornado 750 whole room air circulator (#CR1-0023), Vornado 770 AVS Automatic Variable Whole Room Air Circulator (#CRI 0024 06), the Silver Swan Deco Oscillating Fan (#FA1 0003 13), the Traditions Table Fan (#I020 7081) and the Traditions Stand Fan (#I025 7081). The Vornado heaters include the Electronic Vortex Heat (#EH1-0005-04)(Physical Exh. B), the Vornado Vortex Heat (#EH1-0001-01), and Traditions Heat (#EH1-0011-09). The Vornado Vortex Humidifiers are available in a 2.5 gallon multi-room capacity (#HUI-0006-11) and a 4.5 gallon whole house capacity (#HUI-0007-11 and HUI-0009-11). Vornado makes three models of air cleaners that vary in size: The AQS 15 Air Quality System (#AC1-0005-02), the Vornado AQS 25 Air Quality System (#AC1-0001-02), the Vornado AQS 35 Air Quality System (#AC1-0002-01 and #4035-7081). Exh. 5.

11. On information and belief, fans are assigned Harmonized Tariff Schedule No. 8414.51.00, and heaters are assigned Harmonized Tariff Schedule No. 8516.29.00.

12. All of Vornado's products incorporate the distinctive spiral grill design, or a portion thereof, except for the Silver Swan oscillating fan, the Traditions oscillating table fan, the Traditions oscillating stand fan and the Traditions Heat.

13. Vornado fans were originally produced in the 1940's by the O.A. Sutton Corporation in Wichita, Kansas. That company ceased production in 1959.

14. Michael Coup, Vornado's current President and CEO, investigated the possibility of manufacturing a new product based on the original Vornado models. Exh. 3 at Tab D.

15. In October 1984, Mr. Coup contacted Richard Ten Eyck Associates, Ltd. of Wichita, the first designers of the original Vornado fans. Mr. Coup obtained market research to determine the size of the fan market.

16. The Ten Eyck company produced drawings of numerous grill designs, but Mr. Coup choose the spiral grill structure, because it visually represented air movement.

17. Also, Mr. Coup believed that a spiral grill structure helped to identify Vornado's product, because he considered the spiral's visual image suggestive of a swirling effect one would associate with "Vornado" -- a name derived from "vortex" and "tornado."

18. By the winter of 1986-87 a prototype fan had been produced and sufficient market research had been accomplished to convince Mr. Coup that such a product would be viable. A business plan was developed, and Vornado was formally incorporated in August of 1987. Exh. 3 at Tab D.

19. In 1988, \$500,000 was privately raised to begin operations for Vornado. Also, in 1988, after production tooling and marketing plans were completed, vendors were selected and test production began.

20. The first sales and shipment of Vornado fans including the spiral grill design occurred in November of 1988.

21. Vornado currently prices its fans to appeal to both the high end and lower end of retail and outlet markets. For example, Vornado fans range in retail price from approximately \$39 for the small spiral grill fan to \$129 for the large spiral grill air circulator.

22. Vornado has spent considerable time and effort advertising and touting its distinctive spiral grill design, the "AIR TENSITY" grill, as an indicator of source so that consumers will associate the grill design with Vornado. The spiral grill design is not only used on most of its products, but it is also touted in Vornado's brochures and promotional material, and is used in other ways, such as on Vornado's employee's business cards, on shipping containers, product boxes, stationary and on its Internet web site. Exh. 3 at Tab D.

23. Vornado's target customers include high-end retail stores like Macy's, Bloomingdale's, and Dillards, as well as low-end discount stores such as Bradlee's and Costco Warehouse Clubs.

### III. PROPOSED RESPONDENTS

24. On information and belief, Holmes Products Corp. (Holmes U.S.A.) is a Massachusetts corporation, with its headquarters at 233 Fortune Blvd., Milford, MA 01757. Holmes U.S.A. is believed to be the parent company of the Holmes's companies identified in paragraphs 24 - 26.

25. On information and belief, Holmes Products (Far East) Ltd., a subsidiary of Holmes U.S.A. and its marketing division, is a corporation existing under the laws of Hong Kong. Holmes Products (Far East) Ltd.'s address is 9<sup>th</sup> Floor, No. 9 Wing Hong St., Cheung Sha Wan, Kowloon, Hong Kong.

26. On information and belief, Holmes Products (Far East Ltd.) - Taiwan Branch, a corporation of the Republic of China and a subsidiary of Holmes U.S.A. and Design Division, is responsible for Holmes' imports and exports. Holmes Products (Far East Ltd.) - Taiwan Branch address is 13F-2, 97 Chung Hsin Road, Section 4, Sanchung City, Taipei, Hsein, Taiwan, Republic of China.

27. The Holmes companies are named as Respondents because on information and belief, each plays an integral part in the manufacture, importation, distribution, sale and promotion of Holmes's products in the United States, including its electric fans, heaters, humidifiers, air cleaners, dehumidifiers, and related accessories. In particular, as part of its electric fan product line, Holmes imports to the United States from China<sup>1</sup>, a ducted fan known as the BLIZZARD fan, Model # HAOF-90. Physical Exh. C. This fan, distributed and sold by Holmes in the United States, infringes the Re. '551 patent, and separately infringes Vornado's trade dress rights by employing a spiral grill design that copies and imitates Vornado's distinctive trade dress spiral image.

28. On information and belief, Holmes also manufactures in China, imports to the United States, distributes, promotes and sells products other than the BLIZZARD ducted fan, that include a spiral grill design. Among such other products are Holmes' Power Heater HFH 298 (Physical Exh. D) and Holmes' Bedroom Heater HFH 299. Physical Exh. E.

29. On information and belief, Holmes manufactures its products in China, including the infringing BLIZZARD fan and the infringing Power Heater and Bedroom Heater, where the company "owns and operates two very large factories in the Guangdong province in China - a

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<sup>1</sup> On information and belief, Holmes either imports its ducted fans, spiral grilled fans and spiral grill heaters or components thereof into the United States or sells them for importation into the United States.

combined campus totaling almost 800,000 sq. ft. and housing more than 5,000 employees." Exh. 3 at Tab C.

30. On information and belief, Holmes owns and operates one of the largest seasonal appliance factories in the world and has offices in Boston, London, Toronto, Taiwan and Hong Kong. Exh. 3 at Tab C.

31. On its Internet web site, Holmes boasts the highest compound annual growth rate in the appliance business between the years 1993 and 1996. Exh. 3 at Tab C.

32. Holmes also claims that it maintains #1 market share in its four major categories (i.e., heaters, fans, humidifiers, air purifiers). Exh. 3 at Tab C.

33. On information and belief, Holmes offers a comprehensive line of heaters, fans, humidifiers, air purifiers, and distributes product through all major retail channels in the United States, with a particular strength in the mass merchant and Do-It-Yourself/Hardware retailers. For example, Holmes distributes its products, including its infringing BLIZZARD fan, through retailers such as: Wal-Mart; Kmart; Target; Sears; Bed, Bath & Beyond; Staples; Office Depot; Home Place, among others. Exh. 3 at Tab C; Exh. 6; Confidential Exh. 21.

34. Globally, Holmes' products are distributed throughout the United States, Europe, in the Pacific Rim, the Middle East and South America under the Holmes' brand as well as OEM. Exh. 3 at Tab C.

35. On information and belief, Holmes advertises its fans and heaters in the United States through a number of mediums, including but not limited to the Internet, television (QVC Network), brochures, newspapers, magazines, and trade shows. Exh. 3 at Tab B; Exh. 7.

36. Holmes' fans, including its infringing BLIZZARD fan, are priced in retail stores at about \$20-\$30. Holmes' Power Heater retails for about \$20.00; Holmes' Bedroom Heater retails for about \$40.00. Exh. 3 at Tab C; Exh. 7.

37. On information and belief, Holmes derives substantial revenues from sales of fans and heaters.

#### IV. THE HOLMES AND VORNADO PRODUCTS AT ISSUE

38. Holmes and Vornado both manufacture products, including fans and heaters, which include a spiral grill structure. Physical Exhs. A-E.

39. Some of these fans are ducted. A fan is considered to be a "ducted fan" if it includes one or more ducted portions that collimate air flowing through the fan to create an air flow that projects a distance further than produced by a non-ducted fan.

40. Consumers prefer fans that effectively move air, fans that are safe and fans that permit easy access to the fan blades and motor so that the fans can be cleaned and repaired.

41. Vornado is an innovative designer of ducted and non-ducted fans that are safe and permit easy access to the interior for cleaning and repairing.

42. Vornado's fan design also permits the front grill and the inner cowling to be easily removed. In some cases this is permitted by deflecting four tabs positioned about the periphery of the outer cowling. Physical Exh. A and Exh. 1 at col. 1, lines 36-40. The four tabs can be deflected by finger pressure, allowing the front grill and inner cowling to be separated from the fan structure. Exh. 1 at col. 3, lines 3-7. The remote positioning of the tabs requires at least two separate hand operations to disengage the front grill and inner cowling from the fan structure, satisfying at least a second safety requirement for fan designs. Exh. 1 at col. 3, lines 7-10. Vornado's 600 and 700 series fans require a tool to remove the inner cowling. Once the front



grill and inner cowling are removed, the consumer has access to the interior of the fan, which is desirable should the fan require cleaning and repairing.

43. The overall configuration of Vornado's fan, including its innovative spiral grill design, is distinctive and acts as a source identifier for a wide spectrum of Vornado's products.

#### V. THE PATENT AT ISSUE

44. The Re. '551 patent is entitled "Ducted Fan," a certified copy of which is attached to this complaint as Exh. 1. The Re. '551 patent issued on February 22, 1994, and is a Reissue Patent of U.S. Patent No. 4,927,324 ("the '324 patent")(Exh. 8), which was surrendered upon the grant of the Re. '551 patent.

45. The Re. '551 patent legally issued to the inventors, Michael C. Coup, Gary P. Israel, Glen W. Ediger, and Donald J. Moore. Exh. 1.

46. The '324 patent was assigned to Vornado on January 8, 1989, as evidenced by the Assignment recorded with the United States Patent and Trademark Office ("USPTO") on January 9, 1989, at Reel 5017, Frames 458-459. A certified copy of the Assignment is attached as Exh. 2.

47. The reissue application, serial no. 07/886,320, was filed on May 21, 1992, within two years of issuance of the '324 patent. The application that matured into the '324 patent, serial no. 08/294,780, was filed on January 9, 1989, and issued on May 22, 1990. Accordingly, the Re. '551 patent will expire on January 9, 2009.

48. A certified copy and three additional copies of the file history for the Re. '551 patent (together with the references cited by the Examiner during prosecution of that application) accompany this complaint as Appendix A. A certified copy and three additional copies of the

file history of the parent '324 patent (together with the references cited by the Examiner during prosecution of that application) accompany this complaint as Appendix B.

49. Of the twenty-four claims in the Re. '551 patent, independent claims 15, 21, and 22 are most pertinent to Holmes' ducted BLIZZARD fan. In general, all three claims recite a base member including a motor and a bladed propeller (or impeller). Each of the claims recites a duct positioned upstream or behind the bladed propeller. The claims also recite an outer cowling connected to the duct and require an inner cowling removably connected to the fan structure. Claims 15 and 22 recite additional elements such as a grill at the discharge end of the inner cowling. All these claims as well as dependent claims 16-20 and claim 24 are infringed by the Holmes BLIZZARD fan.

50. A claim chart showing how claims 15-24 read on Holmes' ducted BLIZZARD fan accompanies this complaint as Exhibit 4. That claim chart is accompanied by a colorized comparison between the claim language, Holmes' infringing BLIZZARD fan, and Vornado's commercial fan, which is covered by the Re. '551 patent.

51. Vornado did not file any foreign counterpart applications for the Re. '551 patent. Vornado also did not file any foreign counterpart applications for the '324 patent.

52. Vornado granted a non-exclusive license under the Re. '551 patent as part of a settlement of a lawsuit initiated under the '324 patent against Patton Electric Co. Inc. See pg. 19, paragraph 89 infra. On information and belief, Patton is no longer producing any such licensed fans. Confidential Exh. 9.

## VI. INFRINGEMENT OF VORNADO'S Re. '551 PATENT

53. During the past several months, Vornado has become aware of the activities of Holmes and its infringement of Re. '551 patent. Holmes' ducted BLIZZARD fan, infringes at least claims 15-24 of the Re. '551 patent, literally or under the doctrine of equivalents. Exh. 4.

54. On information and belief, Holmes showed the BLIZZARD fan to certain of its customers at the January 1999 Chicago Housewares Show and began distribution of this fan in the United States in spring 1999.

55. On information and belief, Holmes again displayed the BLIZZARD fan in August 1999 at the Chicago Hardware Show.

56. A physical sample of Holmes' BLIZZARD fan accompanies this complaint and is identified as Complainant's Physical Exhibit C. This exhibit was obtained at The Home Place store located in Alexandria, Virginia. Exh. 3 at Tab A.

57. Holmes sells the infringing BLIZZARD fan nationwide through retailers such as Wal-Mart, Kmart, Target, Sears, Bed, Bath & Beyond, the Home Place, "do it yourself chains," drugstores, and hardware stores. Holmes' own web site states: "Holmes offers a comprehensive line of heaters, fans, humidifiers, air purifiers, and air distribution products through all major retail channels in the United States, with particular strength in the mass merchant and DIY/Hardware retailers." Exh. 3 at Tab C.

## VII. THE TRADE DRESS AT ISSUE

58. Since 1988, and long prior to the acts of Holmes complained of herein, Vornado has manufactured, marketed and sold in the United States its products, having a distinctive spiral grill design. Complainant's Physical Exhibit A, that accompanies this complaint, is Vornado's 550 model fan or compact air circulator.

59. The style and design of its innovative spiral grill is arbitrary, fanciful, legally non-functional and distinctive and, as a result, serves to distinguish Vornado's fans from those sold by its competitors.

60. On June 30, 1992, the U.S. Patent and Trademark Office ("PTO") issued Registration No. 1,697,509 for the plain view of Vornado's spiral grill design. Exh. 10.

61. Although Vornado has continuously and extensively promoted and used the spiral grill design to act as a source identifier, it expressly abandoned Reg. No. 1,697,509, for the plain view of its spiral grill design, due to a lawsuit between Vornado and Duracraft. See *infra* at p. 18, para. 83. Exh. 11; Exh. 12.

62. Vornado's express abandonment of the plain view design registration did not in any way interrupt its use of the spiral grill design on its products.

63. On November 17, 1999, Vornado filed a trademark application to register a two-dimensional angled view spiral grill design. Vornado uses this mark extensively on all its product packaging, advertising pamphlets and brochures, stationary and business cards. Exh. 13.

64. Vornado also owns and uses its federally registered trademark, AIRTENSITY, Reg. No. 2,132,460, for "grills, being parts of portable electric fans." Exh. 14.

65. There are a variety of alternative grill designs available to Vornado's competitors.

66. Vornado's spiral grill design is promoted extensively in the United States by its costly national advertising campaign and includes its use on print advertising, product packaging, price lists, brochures, and elsewhere. Physical Exh. F; Exh. 5; Exh. 15.

67. Moreover, Vornado consistently uses the actual spiral grill along with the angled view design on all of its products, except its Traditions line of products and the Silver Swan fan. Physical Exh. F.

68. Since Vornado's creation of the spiral grill in 1987, Vornado has continuously made a concerted effort to advertise and tout its spiral grill design.

69. As a result of Vornado's extensive advertisement of the spiral grill design, Vornado has reinforced for the consuming public Vornado's association with its spiral grill design.

70. Vornado's advertising and promotion of its distinctive spiral grill has caused the public and consumers to associate that distinctive grill with Vornado and its products.

71. Vornado, through its extensive advertising, has created a reputation for quality products, including fans and heaters, among the public and consumers.

72. As a result of Vornado's extensive advertising of its spiral grill, and in addition to the inherent distinctiveness of the spiral grill, Vornado's grill has also developed secondary meaning. Therefore, the public and consumers throughout the nation associate the distinctive grill design with Vornado.

73. Vornado's distinctive spiral grill represents Vornado and acts as a source indicator. The spiral grill design also serves as a public guarantee of Vornado's high standards in quality and represents the substantial good will of Vornado.

#### VIII. INFRINGEMENT OF THE TRADE DRESS AT ISSUE

74. Holmes is a competitor of Vornado in the sale of electric fans and related seasonal products, including heaters.

75. On information and belief, since Summer 1999, Holmes has manufactured in China, imported into the United States and marketed, sold and offered for sale in the United States, fans and heaters having a confusingly similar spiral grill to that of Vornado's spiral grill.  
Physical Exhs. C-E.

76. This similarity creates a likelihood of confusion between Holmes' and Vornado's products.

77. There have been dozens of instances of actual confusion including, but not limited to: (a) July 5, 1999, Hecht's, in Baltimore, Maryland, returned a Holmes' BLIZZARD fan to Vornado, Exh. 16 (Merchandise Claim Packaging Slip); (b) August 6, 1999, Truserv/Coast to Coast, in Aurora, Nebraska, returned Holmes' BLIZZARD fan to Vornado, Exh. 17; (c) August 25, 1999, Target, in Indianapolis, Indiana, returned Holmes' BLIZZARD fan to Vornado, Exh. 18 ("Defective Manifest"); (d) September 8, 1999, Genco/Target, in Indianapolis, Indiana, returned Holmes' BLIZZARD fan to Vornado, Exh. 19 ("Defective Manifest"); (e) September 13, 1999, Truserv/Waters True Value, in Salina, Kansas, returned Holmes' BLIZZARD fan to Vornado, Exh. 20 ("Vornado Return Authorization").

78. By using a confusingly similar spiral grill on its products, Holmes has wrongfully misappropriated the good will, reputation and valuable distinctive image of Vornado and its products bearing its distinctive spiral grill. As a result, it is likely that Holmes has and will continue to confuse the public into believing that Holmes' products with a spiral grill are really Vornado's products.

79. On information and belief, like Vornado, Holmes advertises its infringing products throughout the United States in magazines, newspapers, at trade shows, the Internet, as well as through other mediums.

80. On information and belief, because Holmes and Vornado sell in many of the same stores, Holmes is targeting many of the same consumers with its infringing products that include the spiral grill. Confidential Exh. 21.

81. The acts of Holmes set out above constitute a false designation of origin and sponsorship of such goods, amounting to unfair competition in violation of Vornado's trade dress rights under the Lanham Act, 15 U.S.C. §1125(a).

#### IX. LITIGATION

82. The Federal Circuit, in Midwest Indus., Inc. v. Karavan Trailers, Inc., 175 F.3d 1356, 1364, 50 U.S.P.Q.2d 1672, 1678 (Fed. Cir. 1999), recently held that Federal Circuit law controls when determining whether patent law conflicts with other federal statutes or preempts state law causes of action. Id. at 1673. In so holding, the Federal Circuit overruled, en banc, prior decisions in which the Federal Circuit held that regional circuit law governs in resolving such issues. Id.

83. The Midwest case is relevant to the instant case, because it trumps the Tenth Circuit in Vornado Air Circulation Sys., Inc. v. Duracraft Corp., 58 F.3d 1498 (10th Cir. 1995); See also lower court decision, Vornado Air Circulation Systems, Inc. v. Duracraft Corp., 1994 WL 1064319 (D. Kan. Mar. 4, 1994) attached at Exh. 12.

84. In Duracraft, following regional law then existing, the Tenth Circuit held that the trade dress claimed by Vornado in its fans' grill structure incorporated features claimed by Vornado's utility patent (the '324 patent) and, as a result, those features were necessarily functional and could not, as a matter of law, be protected by Vornado as trade dress. Duracraft involved Vornado's ducted fans, which are covered by some of the claims of the Re. '551 patent.

85. However, the Federal Circuit recently questioned the validity of this Tenth Circuit

decision, stating that:

The Tenth Circuit stands alone in holding to the contrary, ruling that trade dress protection is unavailable for a product configuration that is claimed in a patent and is a 'described, significant inventive aspect' of the patented invention, even if the configuration is nonfunctional.

Midwest Indus., Inc. v. Karavan Trailers, Inc., 175 F.3d 1356, 1364 (Fed. Cir. 1999) (emphasis added).

86. In particular, Midwest, following Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 109 S.Ct. 971, 103 L.Ed.2d 118, 9 U.S.P.Q.2d 1897 (1989), held that

a product may be entitled to trade dress protection for distinctive, nonfunctional features, even if the product is, or has been, the subject of a patent.

Id. at 1364.

87. Accordingly, the Federal Circuit's decision in Midwest strongly suggests that Vornado's trade dress in its spiral grill is protectable despite the fact that Vornado has patent rights related to a ducted fan. This is especially so where the spiral grill here involved does not contain any patentable feature.

88. The Re. '551 patent has not been the subject of any litigation, and no other domestic or foreign court or agency proceeding has been initiated. The validity and enforceability of the Re. '551 patent has never been questioned in court.

89. Prior to its surrender <sup>to</sup> before issuance of the Re. '551 patent, the validity and enforceability of the '324 patent had never been questioned in court. However, the '324 patent was the subject of one litigation which settled before trial.<sup>2</sup>

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<sup>2</sup> Vornado Air Circulation Systems, Inc. v. Patton Electric Co., Inc., Civil Action No. 91-1322 (U.S. Dist. Kansas); Settled by agreement, dated October 31, 1991.



## X. IMPORTATION

90. Holmes BLIZZARD fans and heaters, all contain labeling stating they are manufactured in China. Physical Exh. C. Holmes admittedly maintains manufacturing facilities in the Guangdong province in China. Exh.3 at Tab C. Therefore, on information and belief, Holmes manufactures the infringing fans and heaters at its Guangdong facility in China and then unlawfully imports them into the United States for sale.

## XI. DOMESTIC INDUSTRY

### A. Significant Development and Manufacturing Activities Take Place In the United States

91. Of the 19 different products Vornado now manufactures, two models of oscillating fans, and a small spot heater, none of which include the spiral grill, and none of which include the patented features claimed in the Re. '551, are the only Vornado products made overseas. All other products, including Vornado's air circulator/ducted fans, are made or assembled in Andover, Kansas, U.S.A. Further, Vornado acquires 85% of its electric motors in the United States as well as all of its variable speed motors. In addition, Vornado purchases 100% of its heating elements from Italy and 100% of its power cords from China.

92. Vornado's manufacturing, research and development, assembly, sales, distribution, marketing, servicing, warranty work and dealer and customer support all take place within the United States. - ~~3~~

93. In its corporate offices in Andover, Kansas, Vornado's 100 or more employees utilize expanded and updated production facilities that have about 112,000 square feet of available space, and systems to produce, service, sell, distribute and design fans, heaters, air cleaners, humidifiers, and air circulators.

94. From these facilities in Andover, Kansas, Vornado conducts research and development activities associated with its business and products, with about 7,000 square feet dedicated to that particular function.

**B. Vornado's Development Process In The United States**

95. The development and manufacture of Vornado's products can be broken down into the following basic processes: 1) product design, 2) development of prototype, 3) prototype testing, 4) development of tooling, and 5) product assembly.

96. Product design activity involves collecting information from Vornado's existing and projected customer base, completing a product definition that is both desirable and manufacturable, and the development of the actual design of the product. Product design includes hand and computer conceptualization, drawings and layout work.

97. While these activities require some capital equipment, the most crucial contributor to success is the Vornado personnel involved and their ability to define, create and design a successful product. Vornado personnel located in Wichita, accordingly, make an invaluable contribution to the production and improvement of Vornado's fans, heaters and other products.

98. Prototype development involves conception of new ideas, producing drawings and/or a physical prototype using handmade pieces, injection-molding technology or other part fabrication techniques, and the subsequent assembling of prototype parts. Each of these prototyping activities takes place by Vornado personnel located in Wichita.

99. Prototype testing takes place in the Andover, Kansas plant. The prototypes are tested for RPM, airflow, power consumed, noise, temperature, UL motor requirements and endurance. The prototypes are examined for fit and finish, prior to mold design.

100. Once a prototype has been approved for commercial development, tooling is manufactured for the product. The tooling for Vornado domestic products is made in the United States in small shops.

101. The Vornado products include motors, some of which are made in the United States by motor manufacturers and some of which are made in China.

102. Some of the Vornado products include tubular bases. Those bases are fabricated in Vornado's Andover, Kansas shop. Other Vornado parts are made in the United States in small shops and shipped to Andover, Kansas where they are assembled, boxed and shipped.

103. The Silver Swan fan and Traditions fans are manufactured in China and shipped to Vornado's facilities in Andover, Kansas, where they are distributed.

**C. Vornado Has Significant Investments in Plant, Equipment, Engineering, and Research and Development Within the United States.**

104. Vornado's principal corporate offices in Andover, Kansas also house the design, testing and business aspects of Vornado's fans.

105. Vornado has made significant investment in its plant, testing, research and development, servicing, warranty, manufacturing and sales facilities.

**D. Vornado's Promotion, Distribution and Sales Activity In The United States**

106. Vornado extensively promotes its products throughout the United States.

107. Specifically, Vornado invests a significant amount annually in advertising its products throughout the United States, through the Internet, television, radio, newspapers, catalogs, magazines, at trade shows, and through word of mouth. Confidential Exh. 6.

108. Revenues from sales of fans are the primary source of revenue for Vornado. Vornado derives 87% of its revenues from sales of its products with a spiral grill design with about 50% of its revenues from sales of ducted fans.

109. Today, in the United States, Vornado annually sells many thousand units of its air circulator/ducted fans that are covered by Re. '551, amounting to a significant amount in annual revenue.

110. Vornado also sells many thousand units of its products that incorporate its distinctive spiral grill design, amounting to a substantial amount in annual revenue.

111. In addition to selling products in retail stores, Vornado has recently opened up stores that exclusively sell its own products, including the products at issue in this case. In November 1999, Vornado opened stores in Sevierville, Tennessee and in Kenosha, Wisconsin. These two stores each have three employees and approximately 2000 square feet of space. A similar store is planned for early 2000 in Riverhead, New York.

112. National distribution of Vornado's products is provided by hundreds of accounts in the United States, representing thousands of U.S. outlets in department, hardware, specialty, warehouse and catalog stores. Confidential Exh. 6.

#### **E. The Threat To The Domestic Industry**

113. Holmes' great size, its enormous manufacturing capacity, and market clout makes it easier for Holmes to lock up partners and market position, allowing it quickly to achieve placements and marketing successes for which Vornado competes.

114. Accordingly, Vornado seeks permanent relief excluding such infringing Holmes's ducted fans from entry and sale in the United States.

### **XII. INJURY**

115. Because Holmes has only recently introduced the infringing products in United States interstate commerce, Vornado is unable to quantify the extent of damage to its business. However, based on the fact that both Holmes and Vornado market and sell competing products

in the same channels of trade to the same customers, Holmes threatens to cause substantial injury to the domestic industry. Some injury has already occurred.

116. For example, until October 1999, both Holmes and Vornado sold their products to Target. In November 1999, however, Vornado lost its account to Target, and now Target only markets and sells Holmes ducted fans having a spiral grill design.

117. Vornado also has lost sales through QVC. QVC has a TSV (Today's Special Value) product which is shown on television repeatedly during the day. In 1998, Vornado fans were given the TSV slot on occasions. In 1999, the Holmes Blizzard fan was given a TSV slot instead of Vornado. On information and belief, a two-pack of Holmes' Blizzard fans were sold on QVC during the TSV for \$35.00.

118. Attached at Confidential Exhibit 22 is a listing of other retail stores that currently stock and sell both Holmes and Vornado products.

119. Accordingly, as Holmes importation and sales in the United States of infringing products increases, such action and activity, threaten to cause substantial injury to Vornado's domestic industry.

### XIII. RELIEF SOUGHT

WHEREFORE, by reason of the foregoing, Vornado requests that the United States International Trade Commission:

(a) institute an investigation pursuant to section 337 of the Tariff Act of 1930, as amended, with respect to violations of that section by Holmes based upon the importation into the United States, the sale for importation, or the sale within the United States after importation of ducted fans that infringe U.S. Patent No. Re. 34,551 as well as any of Holmes' products that infringe Vornado's protected trade dress in its distinctive spiral grill;

(b) schedule and conduct a hearing or hearings on said unlawful acts and, following said hearing or hearings;

(c) issue permanent exclusion orders excluding entry into the United States of said imported ducted fans and products including a spiral grill and components thereof that infringe said patent and trade dress;

(d) issue permanent cease and desist orders prohibiting Holmes from selling in the United States any of said imported ducted fans, products including a spiral grill and components thereof that infringe said patent and trade dress; and

(e) issue such other and further relief as the Commission deems just and proper based on the facts determined by the investigation and the authority of the Commission.

PILLSBURY MADISON & SUTRO

Dated: 11/24/99

By: *Lynn E. Eccleston*

Peter W. Gowdey

Lynn E. Eccleston

Jeffrey D. Karceski

Lisa A. Dunner

Attorneys for Complainant

VORNADO AIR CIRCULATION  
SYSTEMS, INC.

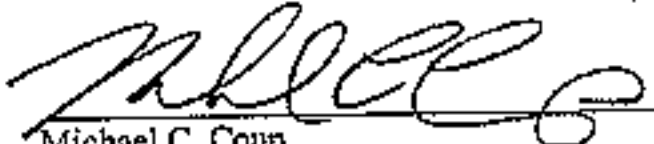
## VERIFICATION

I, Michael C. Coup, am President and Chairman of the Board of Vornado Air Circulation Systems, Inc. ("Vornado"). I am duly authorized to sign this complaint on behalf of Vornado. I have read the complaint and am aware of its contents and to the best of my knowledge, information and belief, formed after an inquiry reasonable under the circumstances, I hereby certify as follows:

1. This complaint is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of the investigation;
2. The claims and other legal contentions in the complaint are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law; and
3. The allegations and other factual contentions in the complaint have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 23, 1999.

  
Michael C. Coup  
President and Chairman of the Board  
Vornado Air Circulation Systems, Inc.