In the Matter of

CERTAIN NOVELTY GLASSES

Investigation No. 337-TA-55

USITC PUBLICATION 991

JULY 1979

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Joseph O. Parker, Chairman
Bill Alberger, Vice Chairman
George M. Moore
Catherine Bedell
Paula Stern

Kenneth R. Mason, Secretary to the Commission

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

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

In the Matter of CERTAIN NOVELTY GLASSES	Investigation No. 337-TA-55

COMMISSION DETERMINATION, ORDER, AND OPINIONS

The U. S. International Trade Commission conducted an investigation under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), of alleged unfair methods of competition and unfair acts in the unauthorized importation into or sale in the United States of certain novelty glasses 1/ by reason of the alleged infringement of common law trademarks, unlawful copying of trade dress, and false designation of origin, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States. On June 27, 1979, the Commission determined that there is a violation of section 337 2/ and ordered that novelty glasses which copy the trade dress of complainants' glasses be excluded from entry into the United States. 3/

1/ These are plastic tumblers used to serve beverages. Each has a compartment at the bottom of the glass which contains either a small game, such as roulette, or rocks (called "On the Rocks").

2/ Chairman Parker found no violation of sec. 337 in this investigation.

3/ Commissioner Moore, in addition to finding violation on the basis of unlawful copying of trade dress, also found violation on the basis of infringement of common law trademarks and false designation of origin.

The purpose of the Commission determination, order, and opinions are to provide for the final disposition of the Commission's investigation of certain novelty glasses.

Determination

Having reviewed the record compiled in this investigation, including (1) the submissions filed by the parties, (2) the recommended determination of the administrative law judge, and (3) the transcript of the public hearing before the Commission on June 14, 1979, the Commission on June 27, 1979 (Chairman Parker dissenting), determined--

1. That with respect to both respondents in investigation No. 337-TA-55 there is a violation of section 337 of the Tariff Act of 1930, as amended, in the importation into and sale in the United States of certain novelty glasses by the owner, importer, consignee, or agent of either, the effect or tendency of which is to substantially injure an industry, efficiently and economically operated, in the United States;

2. That the appropriate remedy for such violation is to direct that novelty glasses manufactured abroad which unlawfully copy the trade dress of complainants' novelty glasses be excluded from entry into the United States;

3. That, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the U.S. economy, the production of like or directly competitive articles in the United States, and U.S. consumers, such novelty glasses should be excluded from entry; and

4. That the bond provided for in subsection (g)(3) of section 337 of the Tariff Act of 1930 be in the amount of 482 percent ad valorem, f.o.b. Hong Kong.

Order

Accordingly, it is hereby ordered--

1. That novelty glasses manufactured abroad which unlawfully copy the trade dress of complainants' novelty glasses are excluded from entry into the United States; 4/

2. That every 6 months complainants provide to the Commission information, including, but not limited to affidavits and samples, as to whether they are continuing to use the trade dress, as described in note 4, below;

3. That the novelty glasses ordered to be excluded from entry are entitled to entry into the United States under bond in the amount of 482

4/ Complainants' trade dress consists of the following:

These glasses are tumblers (approximately 3-1/2 inches in height and 3-1/2 inches in diameter) made of a clear plastic or acrylic substance and constructed with a false bottom. Inside the false bottom is either a colorful facsimile of a gambling game or rocks. Those glasses with a game bear a label describing the enclosed game ("Craps," "Big Six," "Roulette," or "Jackpot") in block-type lettering approximately three-fourths of an inch in height. Those glasses with the false bottom filled with rocks bear the label "On the Rocks" in the same lettering design and of the same size as the game-type glasses. The lightweight cardboard boxes (approximately 7-3/8 inches x 7-3/8 inches x 3-5/8 inches) in which the game-type glasses are sold hold four glasses and utilize a black background with color, photographic reproductions of the enclosed glasses. The color photographs are of the glasses from the side and top perspectives.

Exhibits of complainants' trade dress, which the Commission considered in arriving at its determination, may be examined at the Office of the Secretary during official business hours. Photographs of complainants' trade dress will be sent to the Customs Service in order to facilitate the administration of this order.

percent ad valorem, f.o.b. Hong Kong, from the day after this order is received by the President pursuant to section 337(g) of the Tariff Act of 1930, as amended, until such time as the President notifies the Commission that he approves or disapproves this action, but, in any event, not later than 60 days after such date of receipt;

4. That this order be published in the Federal Register and that this order, and the opinions in support thereof, be served upon each party of record in this investigation and upon the U.S. Department of Health, Education, and Welfare, the U.S. Department of Justice, the Federal Trade Commission, and the Secretary of the Treasury; and

5. That the Commission may amend this order at any time.

By order of the Commission.

Kenneth R. Mason
Secretary

Issued: July 11, 1979

OPINION OF COMMISSIONERS ALBERGER, MOORE, 1/ BEDELL, AND STERN

Procedural History

The present investigation was instituted by the United States International Trade Commission on July 5, 1978, on the basis of a complaint, and its amendment, filed pursuant to section 337 of the Tariff Act of 1930, as amended, by Howw Manufacturing, Inc. and Plus Four, Inc. (complainants), both of Carol Stream, Illinois. Notice of the Commission's investigation was published in the Federal Register of July 11, 1978 (43 F.R. 29840).

The amended complaint alleged that unfair methods of competition and unfair acts existed in the importation into the United States, or in the subsequent sale, of novelty glasses, by reason of infringing common law trademarks, unlawful copying of complainants' trade dress, bearing false designation of origin, and disparaging complainants' products. The effect or tendency of such importation or sales was alleged to destroy or substantially injure an industry, efficiently and economically operated, in the United States.

The scope of the Commission's investigation was defined by the following language contained in its notice of investigation:

1/ Commissioner Moore concurs in this opinion insofar as it relates to the finding of violation based on unlawful copying of trade dress. However, he has also found that the record supports findings of violation based on infringement of common law trademarks and false designation of origin and, therefore, differs with this opinion as to those issues.

> That, pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), an investigation be instituted to determine, under subsection (c) whether, on the basis of the allegations set forth in the complaint and the evidence adduced, there is, or there is reason to believe there is, a violation of subsection (a) of this section in the unauthorized importation of certain novelty glasses into the United States, or in their subsequent sale by reason of:
>
> (1) the alleged violation of the complainants' common law trademark "On the Rocks," "Jackpot," "Craps," "Roulette," and "Big Six;"
>
> (2) the alleged unlawful copying of trade dress and packaging associated with the novelty glasses produced and sold by the complainants which are the subject of this investigation; and
>
> (3) the alleged unlawful importation, sale and offers for sale of novelty glasses bearing false designations of origin.
>
> the effect or tendency of which is to destroy or substantially injure an industry efficiently and economically operated, in the United States.

The parties named as respondents in the notice of investigation were Yau Tak Ind., Ltd., and C. Y. Trading Company (respondents), both of Kowloon, Hong Kong. No answer to the complaint was filed by either respondent within the time permitted under Commission rules 210.21(a) and 201.16(d) (19 CFR 210.21(a) and 201.16(d)). Additionally, neither respondent appeared or participated at any other point during the investigation.

Upon institution, this matter was referred to Administrative Law Judge Donald K. Duvall (the ALJ). A preliminary conference was held on August 30, 1978, at which time the complainants and the Commission investigative attorney were present.

On November 17, 1978, complainants filed a motion for default judgment (Motion Docket No. 55-1) against respondents on the basis of Commission rules 210.21(d) and 210.51. The Commission investigative attorney supported that motion.

On January 3, 1979, the ALJ filed his recommended determination pursuant to rules 210.21(d) and 210.53(a). The ALJ recommended that--

> the Commission grant the complainants' motion for default judgment (Motion Docket No. 55-1) as to all issues and parties, and determine that there is a violation of Section 337 in the unauthorized importation and sale in the United States of the accused novelty glasses.

This recommendation of violation was based on his conclusion of law that--

> The accused glassware infringe complainants' common law trademarks, are packaged in a manner that unfairly copies complainants' trade dress, and falsely disparages complainants' products.

No exceptions to the ALJ's recommended determination were filed.

The Commission set June 7, 1979, as the deadline for filing written submissions concerning the recommended determination, relief, bonding, and the public interest. A hearing was scheduled for June 14, 1979, to hear oral argument and oral presentations on the same subjects.

The only written submissions filed by the deadline were those of the Commission investigative attorney who basically supported the recommendation by the ALJ of violation based on default but also argued that secondary meaning had been shown on the record. No other written submissions of a substantive nature were submitted for the Commission's consideration.

Complainants filed a motion on June 8, 1979, to reschedule the date of oral argument and oral presentation before the Commission and the deadline for filing written submissions (Motion Docket No. 55-2). The motion was denied by the Commission on June 12, 1979, because of to the need to complete the investigation by the statutory deadline of July 11, 1979.

In addition to notifying the parties and interested Government agencies of the oral argument and oral presentations, the Commission notified by letter persons named in related litigation in the Federal District Court of Illinois of this investigation and of their opportunity to move to intervene. No response was received from these persons.

The oral arguments and oral presentations were held on June 14, 1979, with the complainants and the Commission investigative attorney appearing before the Commission. Posthearing submissions were filed by complainants on June 22, 1979. No other posthearing submissions were filed.

The Issue of Violation

Under section 337, the Commission must determine whether there is a violation of that statute and, if there is, what statutory remedy, if any, is appropriate. A determination of bonding must also be made for application against appropriate imports during the period of the Presidential review.

Having considered the ALJ's recommended determination and the record compiled in this proceeding, we have determined that there is a violation of section 337 in the importation into and the sale in the United States of certain novelty glasses, the effect or tendency of which is to substantially injure an industry, efficiently and economically operated, in the United States.

Specifically, we find that the trade dress of respondents' products unlawfully copies the trade dress of complainants' products which has the effect or tendency to injure substantially an efficiently and economically operated industry in the United States.

1. Motion for default. The findings of fact and conclusions of law of the ALJ form a recommendation to the Commission as to the disposition of the investigation. The effect of granting a default motion is merely to authorize the ALJ "to create certain procedural disabilities for the defaulting party and to entertain, without opposition, proposed findings and conclusions, based upon substantial, reliable, and probative evidence, which would support a recommended determination." 2/ The Commission bases its final determination on its own review of the record as well as the recommended determination of the ALJ. A complainant is not, therefore, permitted under the rules "to rely solely upon the allegations of its complaint to support an affirmative determination. (footnote deleted)" 3/

In this investigation, the ALJ recommended that the Commission make an affirmative determination as to the issue of violation of section 337. For these reasons, we now turn our attention to section 337 and the record in this investigation to determine if an affirmative finding of violation of section 337 can be supported.

2/ See Commission Opinion in Support of Orders Terminating Certain Respondents, Declaring this Matter More Complicated, and Remanding This Matter for Further Proceedings, in Certain Electric Slow Cookers, Inv. No. 337-TA-42, at 6; Certain Attaché Cases, Inv. No. 337-TA-49, USITC Pub. 955.

3/ Certain Electric Slow Cookers, supra n. 2, at 7.

2. Unfair methods of competition and unfair acts within the ambit of section 337. Section 337 provides a remedy for unfair methods of competition and unfair acts in the importation into or sale in the United States of articles which have the effect or tendency of, substantially injuring an efficiently and economically operated industry in the United States. The terms "unfair methods of competition" and "unfair acts" have been held to have a broad and inclusive meaning. 4/ Given this interpretation, section 337 is broad enough to include the unfair methods of competition and unfair acts alleged and included within the scope of this investigation, if proven. These methods or acts are unlawful copying of trade dress, infringement of common law trademarks, and false designation of origin. Courts and the Federal Trade Commission have considered such acts as unfair under the law of unfair competition. 5/ This Commission has also considered unlawful copying of trade dress to fall within the scope of section 337. 6/

3. Commission findings as to violation.

(a) Unfair methods of competition and unfair acts. It is not unfair per se to copy a competitor's packaging or design features. The unfairness

---

4/ See In re von Clemm, 229 F.2d 441, 444 (1955).

5/ See, e.g., Westward Coach Manufacturing Co. v. Ford Motor Co., 388 F.2d 627 (1968) (infringement of common law trademark); Clairol Inc. v. Cosway Co., Inc., 184 U.S.P.Q. 583 (1974) and Clairol Inc. v. Andrea Dumon, Inc., 163 U.S.P.Q. 244 (1969) (unlawful copying of trade dress); and Truck Equipment Serv. Co. v. Fruehauf Corp., 536 F.2d 1210 (1976) and In re J. Merrell Redding, 14 FTC 32 (1930) (false designation of origin).

6/ See Certain Toy Vehicles, USITC Pub. 880 (1978). In that investigation, the unfair act was characterized as passing off or simulation of design, rather than unlawful copying of trade dress. However, the elements involved in Toy Vehicles are the same as the ones presently before us: nonfunctional design features, secondary meaning, and likelihood of confusion.

arises when a competitor adopts a trade dress which is already being used successfully by another competitor, and when that simulation is likely to cause confusion among buyers, who associate the trade dress with the earlier user. In order to receive protection against another using the same or confusingly similar trade dress, three elements must be shown. First, the trade dress must include nonfunctional design features, i.e., features of the product or its packaging which are basically arbitrary and do not serve any particular function except to distinguish the product from others. Second, the trade dress of the product and its packaging must have acquired secondary meaning within the public's mind, i.e., that the public associates a particular trade dress (color, shape, size, contents, etc. of the product and/or package) with certain products and understands them to come from one source. It is not necessary that the identity of the source be known to the public. Third, there must be a likelihood that the consumer will be confused as to the source of the product which copies the trade dress of the senior user who seeks protection. Actual confusion need not be shown.

In examining the record in this investigation, it is apparent that the design features of the complainants' product and package included nonfunctional features. The primary purpose of the complainants' designs is to provide a distinctive appearance by which consumers can identify the glasses as having come from one source. These products are novelty items and as such are designed to attract the attention of the ultimate user, the consumer. The design features are arbitrary and have no relation to the functional aspect of the item, i.e., to serve as a container from which to drink beverages. Instead, the design features merely serve to amuse the person using the tumbler and call attention to that purpose by the use of toy games, rocks, movable objects, and bright colors. The design alternatives for

amusing the user are limited only by the imagination of the creator of the tumbler.

The second element is secondary meaning. A review of the law of unfair competition indicates that courts have differed in defining what level of proof is necessary to show secondary meaning. While some courts have denied relief where no actual showing of secondary meaning was made, other courts have also looked at the behavior of the junior competitor 7/ and have relied in part on a presumption of secondary meaning raised by a showing of deliberate and close imitation of the senior user's trade dress, particularly where that trade dress was distinctive. 8/ These courts have not eliminated secondary meaning as an element of proof. However, they have recognized the principle that certain presumptions can arise from the closeness in appearance of the products and the intent of those who are copying their competitor's trade dress. It is important to note that these cases speak only in terms of rebuttable presumptions, and that it is possible for the burden of proof to shift back to the party attempting to show secondary meaning by presenting some probative evidence.

In this case, the record reveals two things which lead us to conclude that complainants have made a prima facie showing of secondary meaning with

---

7/ See generally, McCarthy, Trademarks and Unfair Competition, sec. 15 (1973).

8/ E. R. Squibb & Sons Inc. v. Premo Pharmaceutical Labs, Inc., 195 U.S.P.Q. 545 (S.D.N.Y. 1977) (". . .proof of intent [to copy] raises a presumption of secondary meaning," at 550); Scholl Inc. v. Tops E. H. R. Corp., 185 U.S.P.Q. 754 (D.C.N.Y. 1975) ("The fact that defendant deliberately and closely imitated plaintiff's trade dress is alone sufficient to establish secondary meaning," at 758); and Clairol Inc. v. Cosway Co., Inc., 184 U.S.P.Q. 583 (C.D. Cal. 1974).

respect to their trade dress. The first is the evidence that secondary meaning exists. The second is the evidence pertaining to respondents' behavior which would lead to a rebuttable presumption of secondary meaning. We shall discuss these elements separately as follows.

With respect to the actual proof of the secondary meaning, the affidavit of Michael Wilson, submitted in support of complainants' motion for default judgment, is particularly relevant. Mr. Wilson is the President of Plus Four Inc. and the Secretary-Treasurer of Howw Manufacturing Inc. He stated in his affidavit that complainants introduced these styles of glasses between 1976 and 1977, that they have manufactured and sold the glasses since that time, and that they have utilized the distinctive packaging and design under consideration in this investigation since that time. He further stated that complainants' products have been widely advertised and promoted in various markets and advertising media and, as a result, have been widely and favorably known by the public and in the giftware industry.

While the testimony of an employee of the party asserting secondary meaning is usually given little weight, 9/ it is entitled to some consideration. Moreover, Mr. Wilson's statements are less self-serving on the questions of advertising efforts and the length of time on the market than they are on the issue of association by the consumer of the trade dress with a particular source. While the statements might suggest that the products have not been on the market for a sufficient period of time to acquire secondary

---

9/ Hot Shoppes, Inc. v. Hot Shoppe, Inc., 203 F. Supp. 777 (D.C.N.C. 1962).

meaning, courts have accorded "distinctive" products special treatment. 10/ The fact that respondents had the opportunity to disprove these statements, but did not, leaves unrebutted the presumption of secondary meaning raised by complainants.

The record shows that the products have been on the market since 1976 and 1977 ("On the Rocks" and "Casino" glasses, respectively). The record also shows that the complainants achieved a respectable sales level and profited from those sales shortly after entering the market. The facts that (1) these glasses have been on the market for that period of time, (2) such a level of sales has been achieved, and (3) they have distinctive characteristics calculated to attract users lead us to the conclusion that the buying public associates the trade dress of these novelty items with products from a single source.

With respect to the respondents' behavior, the ALJ found that packaging by respondents of its novelty glasses incorporated actual photographs of complainants' glasses. We have also carefully examined the packaging, and we agree with that finding of the ALJ. The use of such photographs indicates an intent by respondents to copy complainants' packaging, and thereby, to deceive consumers as to the source of their products. As noted above, deliberate and close imitation of other's trade dress, or intentional passing off, is sufficient to raise a presumption of

---

10/ See Clairol Inc. v. Cosway Co. Inc., 184 U.S.P.Q. 583 (C.D. Cal. 1974) where the court stated "Extensive use of a distinctive trade dress, even over a short period of time, has been accepted as a basis for finding secondary meaning ." At 586. See also, Noma Lites Inc. v. Lawn Spray Inc., 222 F.2d 716 (2d Cir. 1955).

secondary meaning. 11/ Again we note that no respondent appeared to rebut these presumptions of intentional copying and secondary meaning.

The third element necessary to show unlawful copying of trade dress is the likelihood of consumer confusion regarding the source of a product. The test generally used is whether a reasonable consumer under ordinary circumstances would be likely to be confused as to the sources of the products. 12/ In this investigation, we think the test is very easily met. A review of the record will support this finding.

The ALJ found that the novelty glassware manufactured by respondents utilized the trade dress of the complainants' products and packaging. The physical exhibits of complainants' and respondents' glasses reveal the striking similarities between the nonfunctional design features of the glasses themselves and their packaging. The glasses from both sources are nearly identical in their nonfunctional design aspects, e.g., style of lettering, size, similar colors, and novelty features such as the games and the rocks. Additionally, the packaging of products from both sources utilizes black backgrounds with photographic reproductions of the enclosed glasses. The effect of viewing the two products, even when side by side, is to create a general impression that the products are identical. We find it likely that a reasonable consumer under ordinary circumstances would be confused as to the source of the two products.

11/ E. R. Squibb & Sons Inc. v. Premo Pharmaceutical Labs Inc., 195 U.S.P.Q. 545 (S.D.N.Y. 1977).

12/ McLean v. Flemming, 96 U.S. 245 (1877). See also, Jean Patou, Inc. v. Jacqueline Cochran, Inc., 201 F.Supp. 861 (D.C.N.Y.), aff'd in 312 F.2d 125 (2d Cir. 1962).

For the above reasons, we think that complainants have shown by substantial, reliable, and probative evidence that respondents unlawfully copied their trade dress, and by doing so, committed unfair acts within the scope of section 337.

With respect to infringement of common law trademarks, complainants seek protection against infringement by their continuous use of the terms "Craps," "Big Six," "Roulette," "Jackpot," and "On the Rocks" in conjunction with their products. Common law trademarks can receive protection under the Lanham Act, 13/ but only if the trademark has met the criteria necessary to become a common law trademark. Such criteria are either that the mark is distinctive, i.e., an arbitrary mark or one created for the express purpose of functioning as a trademark, or that it has acquired a secondary meaning.

In our view, the marks used by complainants are not distinctive, but merely descriptive. They describe the games or allude, through a double entendre, to the rocks included in the glasses. When a mark is not registered or is not inherently distinctive, but is merely descriptive, the burden to establish secondary meaning falls on the user of the mark. 14/ The evidence of secondary meaning which we have reviewed in this investigation (e.g., distinctiveness of trade dress, advertising, length of time on the market) goes more to the question of complainants' trade dress than to their use of

---

13/ See Joshua Meier Co. v Albany Novelty Mfg. Co., 236 F.2d 144 (1956); L'Aiglon Apparel v. Lana Lobel, Inc., 214 F.2d 649 (1954); and Scarves By Vera, Inc. v. United Merchants & Manufacturers, Inc. 173 F.Supp. 625 (1959).

14/ See Supreme Wine Co. v. The American Distilling Co., 310 F.2d 888 (2d Cir. 1962) and Hiram Walker & Sons, Inc. v. Penn-Maryland Corp. 79 F.2d 836 (2d Cir. 1935).

the specific words for which they seek protection against trademark infringement. We, therefore, determine that complainants have not made a separate case of infringement of common law trademark.

Not having found secondary meaning for the alleged common law trademarks, we do not find it necessary to address the question of likelihood of confusion which must also be demonstrated in order to show common law trademark infringement. Thus, with respect to this allegation, we find no unfair method of competition or unfair act. 15/

In addition to the allegations of unlawful copying of trade dress and infringement of common law trademarks, complainants have also alleged that respondents have falsely designated their products as to origin by using photographs of complainants' products and complainants' trade dress on their packaging. We think it unnecessary to determine whether use of photographs of complainants' products does, in this investigation, constitute false designation of origin. 16/ In this case, the elements showing false designation of origin are subsumed into the broader allegation of unlawful copying of trade dress. Having previously determined that unlawful copying of trade dress has occurred and can be remedied under section 337, we find it unnecessary to reach a separate conclusion as to false designation of origin, which would be remedied in the same manner as unlawful copying of trade dress.

Having determined that there exists an unfair method of competition or unfair act in the use by respondents of complainants' trade dress, we turn

---

15/ As noted earlier, at n. 1, Commissioner Moore did find the record sufficient to find infringement of common law trademarks.

16/ Commissioner Moore, as noted earlier, at n. 1, did determine that the record supported a finding of violation on the basis of false designation of origin.

our attention to the other elements which must be shown by substantial, reliable, and probative evidence in order to find a violation of section 337.

(b) Importation of articles in question. The record shows that both respondents were involved in the importation of the glasses in question. The names of both companies appear on the various customs invoices and shipping documents. 17/

(c) Effect or tendency to cause substantial injury. The record also shows that a substantial number of both types of glasses have entered the United States. We think that the number shown to be imported 18/ are of the degree that would substantiate a claim of at least a tendency to cause substantial injury. The record indicates that the imports in question amounted to a significant portion of complainants' sales. 19/ Moreover, the record shows that complainants' sales and profits have decreased since the introduction of the glasses in question late in 1977. In his affidavit, Mr. Wilson stated that substantial orders received by complainants were expressly cancelled because of the imported glasses. Information in the sworn complaint would further suggest substantial margins of underselling by respondents' imports. There is no evidence on the record contrary to the foregoing evidence of injury and causation.

17/ See Complaint, Exhibits G-N and P-W.

18/ A review of the customs invoices and other shipping documents attached to the complaint shows that approximately 1600 dozen glasses have been imported into this country. Mr. Wilson in his affidavit has stated, on the basis of information and belief, that more than 30,000 dozen glasses have entered the country.

19/ This is shown by comparing of complainants' sales figures with the estimated number of imports submitted by the complainants in their sworn complaint and in Mr. Wilson's affidavit. There is no evidence on record to rebut these figures.

(d) Efficiently and economically operated industry in the United States. We have reviewed the record and agree with the findings of fact and conclusions of law of the administrative law judge concerning the industry involved. We, therefore, adopt those findings and conclusions insofar as they relate to this issue.

Remedy, Public Interest, and Bonding

1. Remedy. We find that an exclusion order is the appropriate remedy for the violation of section 337 that we have found to exist. Therefore, we have ordered exclusion from entry into the United States of novelty glasses which unlawfully copy the trade dress of complainants' products. 20/ The exclusion order will run until the Commission has determined that the complainants no longer use the trade dress in issue in this investigation. Accordingly, we have ordered the complainants to report every 6 months to the Commission as to whether they are continuing the use of such trade dress.

A cease and desist order would not, in our judgment, be an effective or appropriate remedy in this investigation because such order would not include within its scope domestic importers not named in the investigation.

20/ Complainants' trade dress consists of the following:
These glasses are tumblers (approximately 3-1/2 inches in height and 3-1/2 inches in diameter) made of clear plastic or acrylic substance and constructed with a false bottom. Inside the false bottom is either a colorful facsimile of a gambling game or rocks. Those glasses with a game bear a label describing the enclosed game ("Craps," "Big Six," "Roulette," or "Jackpot") in block-type lettering approximately three-fourths of an inch in height. Those glasses with the false bottom filled with rocks bear the label "On the Rocks" in the same lettering design and of the same size as the game-type glasses. The lightweight cardboard boxes (approximately 7-3/8 inches x 7-3/8 inches x 3-5/8 inches) in which the game-type glasses are sold hold four glasses and utilize a black background with color, photographic reproductions of the enclosed glasses. The color photographs are of the glasses from the side and top perspectives.

2. Public-interest factors. We are not aware of any public-interest factors which would oppose the issuance of an exclusion order in this investigation.

3. Bonding. We have determined that a bond in the amount of 482 percent ad valorem, f.o.b. Hong Kong, should be required during the 60-day period in which the President may approve the Commission's determination or disapprove it for policy reasons. A bond of this amount is necessary in order to offset any unfair competitive advantage accruing to importers of novelty glasses which unlawfully copy complainants' trade dress.

DISSENTING OPINION OF CHAIRMAN JOSEPH O. PARKER

The notice of investigation in this matter sets forth three allegations of unfair acts against the named respondents: infringement of common law trademarks, copying trade dress and packaging, and false designation of origin. A majority of the Commission has determined that there is no violation of section 337 of the Tariff Act of 1930, as amended, with respect to the allegations of trademark infringement, but has determined that there is a violation with respect to the allegation of copying trade dress. The majority did not find it necessary to reach a separate conclusion regarding the issue of false designation of origin. I dissent from the affirmative determination regarding trade dress, and find that there is no violation of section 337 with respect to any of the allegations raised herein.

Complainants in this investigation design, manufacture, and sell plastic glasses which have, as their unique or novel feature, bottoms or bases which are constructed to contain various gambling games presumably for the amusement of the user of the glass. On the outside base of each glass appears the name identifying the game inside: "Roulette," "Big Six," "Jackpot," and "Craps." Complainants also manufacture a similar glass with pebbles at its base instead of a gambling game, on which the inscription "On the Rocks" appears. For the purpose of this investigation, these glasses have been collectively referred to as novelty glasses.

Complainants began selling novelty glasses in 1976, and about a year and a half later, imports of similar novelty glasses started appearing in the

marketplace. Complainants are bringing this action (as well as various concurrent actions in the Federal District Court of Illinois) in order to curtail this selling of imported novelty glasses.

As enumerated above, complainants have proposed various legal theories for defining the alleged unfair acts from which they seek protection: trademark infringement, copying trade dress and packaging, and false designation of origin. Each of the causes of action proscribes commercial copying of certain features of a product or a package where those features have become associated in the mind of the consuming public with single source. The causes of action vary according to the type of feature that is alleged to be copied and are largely duplicative of each other.

However, the common element in these three causes of action--and the key element in light of the record presently before us--is whether a design feature has achieved such recognition in the mind of the consuming public that the products bearing such a design feature will be recognized as coming from a single source. 1/ This recognition factor is known as "secondary meaning." With reference to the facts in this investigation, it is incumbent on the complainants to prove that the design of their novelty glasses has achieved a secondary meaning in the marketplace before any of their proposed causes of action can succeed. As set forth below, I find that the proof of secondary

---

1/ See, e.g., Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315 (1938) (secondary meaning required to establish trademark); Spangler Candy Co. v. Crystal Pure Candy Co., 235 F. Supp. 18 (D.C. Ill. 1964), aff'd in 353 F.2d 641 (7th Cir. 1964) (secondary meaning required in proof of trade dress copying); L'Aiglon Apparel, Inc. v. Lana Lobell, Inc., 214 F.2d 649 (1954) (secondary meaning required in proof of false advertising or passing off).

meaning is lacking in this record, and therefore find against complainants with respect to each cause of action alleged.

A review of the case law involving the issue of secondary meaning shows that there is no definitive rule for determining if secondary meaning has been achieved. Courts have looked at direct evidence of buyer recognition, such as consumer surveys. 2/ This record contains no evidence of consumer surveys. Courts have also looked at indirect evidence of buyer recognition, such as the length of time the trademark or trade dress has been used, the amount of sales, the extent of publicity or advertising, and statements by wholesalers and retailers. 3/

In this investigation, the combination of the relatively short period of time on the market, the vague claim of advertising, the low level of sales, and the absence of competent testimony or evidence that consumers have associated complainants' design features with a single source convince me that complainants' design features with a single source convince me that complainants have not proved the existence of secondary meaning as to their novelty glasses. The novelty glasses were only sold a year to a year and a half prior to the appearance of respondents' glasses and in a very seasonal market. (Most sales appear to have been Christmas season sales.) Although

---

2/ See Anheuser-Busch, Inc. v. Bavarian Brewing Company, 264 F.2d 88 (6th Cir. 1959). See also In re Certain Steel Toy Vehicles, investigation No. 337-TA-31, USITC Pub. 880, April 1978.

3/ See, e.g., Jewel Tea Co. v. Kraus, 88 F.Supp. 1003 (N.D. Maine 1950) mod. on other grounds, 187 F.2d 278; Sterling Products Co. v. Crest Mfg. Co., 314 F.Supp. 204 (E.D. Mich. 1970); American Luggage Works v. U.S. Trunk Co. 158 F.Supp. 50 (D.C. Mass. 1957). See also McCarthy, 1 Trademarks and Unfair Competition, at 538 et seq.

complainants' counsel stated at oral argument that advertising had been placed in 150-200 magazines on a nationwise basis, there is no evidence in the record to that effect and there is no evidence of total advertising expenditures or of a comprehensive advertising campaign. 4/ Finally, although complainants' president, Mr. Michael Wilson, stated by affidavit that complainants' products have been "widely and favorably known by the public and in the giftware industry" as a result of this advertising, I must give his statement very little weight, in light of applicable case law. It is well settled law that statements by the manufacturer, or even distributors, of the article for which a protected design or mark is being sought are highly unreliable as being either biased or self-serving. 5/ Mr. Wilson simply is not competent to speak on behalf of the consuming public regarding secondary meaning.

Complainants and the Commission investigative attorney rely on a number of cases where secondary meaning was inferred from indirect evidence. 6/ These cases can be distinguished as cases in which plaintiff presented substantial evidence of large advertising expenditures, extensive promotion, high sales

---

4/ Although some cases have held that rapid or "overnight" recognition can be achieved through mass media efforts, see Premier-Pabst Corp. v. Elm City Brewing Co., 9 F.Supp. 754 (1935), such an effort does not appear to have been attempted in the novelty glasses industry. As an example of how extensive an advertising campaign might have to be to produce secondary meaning in a short period of time, see Westward Coach Manufacturing Co. v. Ford Motor Co., 338 F.2d 627 (CCPA 1968). There, over a 6 month period, Ford spent over $15,000,000 in advertising and promoting the Mustang car and trademark.

5/ Application of Meyer & Wenthe, Inc., 267 F.2d 945 (CCPA 1959); Application of Duvernoy & Sons, Inc. 212 F.2d 202 (CCPA 1954).

6/ Scholl, Inc. v. Tops E.H.R. Corp., 185 U.S.P.Q. 754 (E.D.N.Y. 1975); Clairol, Inc. v. Cosway Co., Inc., 184 U.S.P.Q. 583 (C.D. Cal. 1974); Clairol, Inc. v. Andrea Dumon, Inc., 163 U.S.P.Q. 245 (D.C. Ill. 1969).

volume, and a substantial length of time on the market. 7/ By contrast, the the present record reveals very limited advertising, few sales, and a short time period on the market.

In conclusion, it is clear to me from this record that complainants have failed to prove that their novelty glasses have acquired secondary meaning in the marketplace. Without proof of secondary meaning, each of the complainants' causes of action fail. Therefore, I have determined that there is no unfair act and, therefore, no violation of section 337.

7/ For example, in Clairol Inc. v. Cosway Co., Inc., n. 6 supra, the court found that plaintiff had invested over fourteen million dollars over almost a 3 year period in media advertising which included television, radio, and magazines; that the readership of the magazines in which its printed advertising appeared was in excess of nine hundred million; and that the shampoo which was the subject of the suit had become the third leading shampoo in the national shampoo market.

Library Cataloging Data

U.S. International Trade Commission.
In the matter of: certain novelty glasses. Investigation no. 337-TA-55. Washington, 1979.

4, 16, 5 p. illus. 28 cm. (USITC Publication 991)

1. Glassware. 2. Glass manufacture.
3. Glass trade. 3. Drinking cups.
I. Title. II. Title: Novelty glasses.

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

OFFICIAL BUSINESS

ADDRESS CORRECTION REQUESTED

Postage And Fees Paid
U.S. International Trade Commission

ADDRESS CHANGE
☐ Remove from List
☐ Change as Shown
Please detach address label and mail to address shown above.