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CLERK U.S. DISTRICT COURT
SOUTHERN DISTRICT OF IOWA

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

MARSHALLTOWN TROWEL COMPANY,	*	4-98-CV-90565
Plaintiff,	*	
v.	*	
WALTON TOOL COMPANY,	*	MEMORANDUM OPINION AND ORDER
Defendant.	*	

Before the Court is Defendant's Motion for Summary Judgment. Defendant asks the Court to dismiss the two causes of action contained in Plaintiff's Complaint. The Court held a hearing on this motion on December 14, 2000. The Court now deems the summary judgment matter submitted, and for the following reasons will deny the motion. A hearing will be held at a later time on the motions in limine.

I. Background

This lawsuit is based on an alleged trade dress infringement in violation of both federal and state law. Plaintiff, Marshalltown Trowel Company, is an Iowa-based producer of hand tools. Defendant, Walton Tool Company, is a California corporation that also produces various hand tools.

In 1993, Marshalltown Trowel introduced its DuraSoft® line of trowel handles.[1] Marshalltown Trowel markets and distinguishes its DuraSoft® model of trowel handles using a unique black-red-black color scheme. The company has spent a large portion of its advertising

[1]A trowel is a flat bladed tool that aids in the application of plaster and cement.

Pleading # 115

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budget publicizing its DuraSoft® model in trade journals, magazines and hardware stores. These efforts have proven to be successful, as Marshalltown Trowel has sold more than 750,000 DuraSoft® units in less than five years.

In 1997, Walton Tool, one of Marshalltown Trowel's competitors, asked one of its suppliers to begin producing trowels with handles similar to Marshalltown Trowel's DuraSoft® model. Walton Tool subsequently began selling a line of trowels with "GRIP" handles. These trowels competed directly with Marshalltown Trowel's DuraSoft® line, and used a similar black-red-black color scheme.

In its Complaint, Marshalltown Trowel alleges two causes of action against Walton Tool. Count one is an action for trade dress infringement in violation of the Lanham Act. *See* Lanham Trade-Mark Act of 1946 § 1, 15 U.S.C. § 105. Count two is an action alleging unfair competition in violation of Iowa common law. For the purposes of this motion, these two counts will be treated as one. The elements underlying both causes of action are identical. The Iowa Supreme Court looks to the Lanham act to interpret Iowa common law. *See Commercial Sav. Bank v. Hawkeye Fed. Sav. Bank*, 592 N.W.2d 321, 327 (Iowa 1999); *Microware Sys. Corp. v. Apple Computer, Inc.*, No. 4-99-CV-90496, 2000 U.S. Dist. LEXIS 3653, at *44 (S.D. Iowa Mar. 15, 2000). As mentioned above, Walton Tool moves for summary judgment on both counts.

II. Legal Standard

Federal Rule of Civil Procedure 56(c) provides that summary judgment "shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." An issue is "genuine

. . . if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A fact is "material" if the dispute over it might affect the outcome of the suit under the governing law. *Id.*

The moving party has the burden of demonstrating the absence of a genuine issue of material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986); *Anderson*, 477 U.S. at 248. In meeting its burden, the moving party may support his or her motion with affidavits, depositions, answers to interrogatories, and admissions. *See Celotex*, 477 U.S. at 323. Once the moving party has carried its burden, the nonmoving party must go beyond the pleadings and, by affidavits or by the depositions, answers to interrogatories, and admissions on file, designate the specific facts showing that there is a genuine issue for trial. *See* Fed. R. Civ. P. 56(c), (e); *Celotex Corp.*, 477 U.S. at 322-323; *Anderson*, 477 U.S. at 257. In order to survive a motion for summary judgment, the nonmoving party must present enough evidence for a reasonable jury to return a verdict in his or her favor. *Anderson*, 477 U.S. at 257.

On a motion for summary judgment, the Court is required to "view the evidence in the light most favorable to the nonmoving party and give that party the benefit of all reasonable inferences." *United States v. City of Columbia*, 914 F.2d 151, 153 (8th Cir. 1990). The Court does not weigh the evidence or make credibility determinations. *See Anderson*, 477 U.S. at 252. The Court only determines whether there are any disputed issues and, if so, whether those issues are both genuine and material. *Id.*

III. Discussion

The Lanham Act, and its Iowa common law counterpart, were designed to help stymie the false representation of goods in the marketplace. By enacting the Lanham Act, Congress provided for the registration of trademarks. *See* 15 U.S.C. § 1051. In § 43 of this Act, Congress

extended trademark protection to some unregistered marks that would otherwise qualify for registration. *See* Lanham Act § 43(a); 15 U.S.C. § 1125. Courts have held that Lanham Act protection extends to "trade dress." *See Woodsmith Pub. Co. v. Meredith Corp.*, 904 F.2d 1244, 1247 (8th Cir. 1990). Trade dress was originally defined as "the packaging, or 'dressing,' of a product." *Wal-Mart Stores, Inc., v. Samara Bros., Inc.*, 529 U.S. 205, __, 120 S.Ct. 1339, 1342 (2000). Recently, however, courts have expanded the definition of trade dress to include the design and color of a product. *Id.*

There are three elements in an action for trade dress infringement under the Lanham Act and Iowa common law. First, a party bringing an action must demonstrate that the allegedly infringing feature is non-functional. *See* 15 U.S.C. § 1125(a)(3); *Wal-Mart Stores, Inc.,* 529 U.S. at __, 120 S.Ct. at 1343 (2000); Restatement (Third) of Unfair Competition § 16(b) (1995). Second, the aggrieved producer must show that its trade dress is distinctive. *See Wal-Mart Stores*, 529 U.S. at __, 120 S.Ct. at 1343; Restatement (Third) of Unfair Competition § 16(a) (1995); *Commercial Sav. Bank*, 592 N.W.2d at 327. Third, a party bringing a trade dress infringement action under either the Lanham Act or Iowa common law must demonstrate the alleged infringement creates a likelihood of confusion in the minds of consumers. *See Wal-Mart Stores*, 529 U.S. at __, 120 S.Ct. at 1343; 15 U.S.C. § 1125(a)(1)(A); *Commercial Sav. Bank*, 592 N.W.2d at 329-30. Marshalltown Trowel has raised a genuine issue of material fact as to all three elements.

A. Functionality

A party alleging trade dress infringement must demonstrate that the allegedly infringing feature is non-functional. *See* 15 U.S.C. § 1125(a)(3); *Wal-Mart Stores, Inc.,* 529 U.S. at __, 120 S.Ct. at 1343 (2000); Restatement (Third) of Unfair Competition § 16(b) (1995). Marshalltown

Trowel's original complaint alleged Walton Tool sold trowels which had a design and color confusingly similar to Marshalltown Trowel's DuraSoft® model. Marshalltown Trowel now alleges, however, only that Walton Tool's color scheme amounts to a trade dress infringement. Therefore, the Court will address the legality of Walton Tool's actions only as to the black-red-black color scheme on its GRIP trowels. Both parties agree that this scheme is completely non-functional.

B. Distinctiveness

The second element in a trade dress infringement action is distinctiveness. The party alleging infringement must establish that their trade dress is distinct. *See Wal-Mart Stores*, 529 U.S. at __, 120 S.Ct. at 1343; Restatement (Third) of Unfair Competition § 16(a) (1995); *Commercial Sav. Bank v. Hawkeye Fed. Sav. Bank*, 592 N.W.2d 321, 327 (Iowa 1999). Distinction is not explicit in the trade dress infringement statute, but courts have consistently imposed this requirement. *See Wal-Mart Stores*, 529 U.S. at __, 120 S.Ct. at 1343. Courts agree that distinctiveness is a necessary precursor to consumer confusion, an element explicit in the relevant statutes.

The party alleging trade dress infringement can demonstrate distinctiveness in two ways: inherent distinctiveness and secondary meaning. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 770 (1992). Trade dress is inherently distinctive if its "intrinsic nature serves to identify a particular source." *Id.* at 768. Neither party argues that Marshalltown Trowel's color scheme could be deemed inherently distinctive. *See Wal-Mart Stores, Inc*, 529 U.S. at __, 120 S.Ct. at 1344 ("Indeed, with respect to one category of mark - colors - we have held that no mark can ever be inherently distinctive.").

Marshalltown Trowel does, however, allege that the color scheme of their DuraSoft®

handles has acquired a secondary meaning. *See id.* at 1343. Secondary meaning requires that "the user of . . . a [trade dress] . . . show that by long and exclusive use in the sale of the user's goods, the [dress] has become so associated in the public mind with such goods that the [dress] serves to identify the source of the goods and to distinguish them from those of others." *Stuart Hall Co., Inc., v. Ampad Co.*, 51 F.3d 780, 789 (8th Cir. 1995) (alterations in original) (quoting *Aromatique, Inc., v. Gold Seal, Inc.*, 28 F.3d 863, 870 (8th Cir. 1994). The Supreme Court noted that a color can take on a second meaning and be distinctive if a party proves that, "over time, customers . . . treat a particular color on a product or its packaging . . . as signifying a brand." *Qualitex Co. v. Jacobsen Prod. Co.*, 514 U.S. 159, 162-163 (1995).

There are several factors courts have considered when determining whether a particular trade dress has acquired a secondary meaning. Courts have considered (1) proof of intentional copying; (2) length, manner and exclusivity of use of the trade dress; (3) direct consumer testimony; (4) plaintiff's total sales volume; (5) plaintiff's advertising expenditures; and (6) consumer surveys. *See Stuart Hall*, 51 F.3d at 789; *Co-Rect Prod., Inc. v. Marvy! Adver. Photography, Inc.*, 780 F.2d 1324, 1330 (8th Cir. 1995). Marshalltown Trowel has raised a genuine issue of material fact as to whether their black-red-black color scheme has acquired a secondary meaning.

Evidence currently before the Court suggests Walton Tool may have deliberately copied Marshalltown Trowel's color scheme. In his deposition, Brian Cuiper, Walton Tool's Vice President of Sales and Marketing, admitted to knowingly adopting Marshalltown Trowel's black-red-black color scheme. Cuiper Dep. at 38:1-22. The Fourth Circuit has ruled that "evidence of intentional direct copying establishes a prima facie case of secondary meaning sufficient to shift the burden of persuasion to the defendant on that issue." *Osem Food Indus.,*

Ltd. v. Sherwood Foods, Inc., 917 F.2d 161, 163 (1990) (citations omitted). While the Eighth Circuit has not rendered an opinion on whether intentional copying shifts the burden of persuasion, evidence of intentional copying is certainly probative.

Marshalltown Trowel was the exclusive producer of black-red-black colored trowel handles for four years and seven months. The company reserved the black-red-black colors for its DuraSoft® handles and never sold a DuraSoft® handle colored differently. Marshalltown Trowel has consistently associated one color scheme with one brand of trowel handle. Exclusivity and longevity go a long way to proving a product has acquired a secondary meaning in the eyes of consumers. *See Stuart Hall*, 51 F.3d at 789.

During the four year and seven month period, Marshalltown Trowel enjoyed a healthy demand for its DuraSoft® handles, thanks in large part to extensive advertising. The company spent seventy-five percent of its advertising budget marketing DuraSoft® trowel handles in trade journals and hardware stores. These efforts were apparently successful, as Marshalltown Trowel sold over five million dollars worth of DuraSoft® handled trowels in less than five years.

Walton Tool argues that Marshalltown Trowel's secondary meaning arguments are refuted by its own consumer surveys and expert opinion. Walton Tool cites to Marshalltown Trowel's own evidence to prove that few consumers can name the company which produces the black-red-black handled trowels. However, a party attempting to prove secondary meaning need not demonstrate consumers associate a specific product with a specific company. *See Processed Plastic Co. v. Warner Communications, Inc.*, 675 F.2d 852, 216 (7th Cir. 1982).

C. Likelihood of Confusion

A party alleging trade dress infringement must prove that the use of similar trade dress by a competing company is likely to result in consumer confusion. *See Wal-Mart Stores*, 529 U.S.

at __, 120 S.Ct. at 1343; 15 U.S.C. § 1125(a)(1)(A); *Commercial Sav. Bank*, 592 N.W.2d at 329-30. The Eighth Circuit uses the following six factors to evaluate likelihood of confusion: (1) the strength of the plaintiff's trade dress; (2) the degree of similarity between the plaintiff's trade dress and the alleged infringer's trade dress; (3) whether and to what degree the two products compete against each other; (4) the defendant's intent to "pass off" its product as that of the plaintiff's; (5) examples of actual confusion; and (6) the degree of care used by consumers when purchasing the products in question. *See Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 602 (8th Cir. 1999). Consumer surveys are the most accurate evidence of likelihood of confusion. *See Stuart Hall*, 51 F.3d at 790.

Marshalltown Trowel presented evidence on many of these factors. The company presented evidence indicating its trowel and Walton Tool's trowel share almost identical color schemes. The two trowel models in question compete directly against each other. Walton Tool's own executive testified that the company deliberately adopted a black-red-black color scheme for its trowel handles knowing its competitor, Marshalltown Trowel, color its DuraSoft® trowel handles similarly. *See* Cuiper Dep. at 38:1-22; *Hallmark Cards, Inc. v. Hallmark Dodge*, 634 F. Supp. 990, 999 (W.D. Mo. 1986) (noting intentional copying gives rise to a presumption of consumer confusion). Moreover, Marshalltown Trowel conducted a consumer survey that demonstrates the difficulty consumers had in distinguishing the two trowels. Thus, genuine issue of material fact also exists as to whether Walton Tool created a likelihood of confusion.

IV. Conclusion

For the foregoing reasons, Walton Tool's Motion for Summary Judgment (Clerk's # 54) is **denied** as to both counts contained in Marshalltown Trowel's Complaint.

IT IS SO ORDERED.

Dated this 15th day of December 2000.

Robert W. Pratt

ROBERT W. PRATT,
U.S. DISTRICT JUDGE