

United States District Court,
S.D. New York.

E-Z BOWZ, L.L.C,
Plaintiff.

v.

PROFESSIONAL PRODUCT RESEARCH CO., INC,
Defendant.

PROFESSIONAL PRODUCT RESEARCH CO., INC,
Third-Party Plaintiff.

v.

Deborah Lea CAVENDER, et al,
Third-Party Defendants.

No. 00 Civ. 8670(LTS)GWG

Sept. 5, 2003.

Entrepreneur brought action against competitor for patent infringement, trade dress infringement, and common law unfair competition. Competitor filed counterclaim and third-party complaint raising claims of antitrust violations, unfair competition, fraud, trade libel, and tortious interference with business relations. Parties moved for summary judgment. The District Court, Gorenstein, United States Magistrate Judge, held that: (1) competitor did not have standing on declaratory judgment to assert invalidity of patent on three retaining member bow-tying device; (2) fact issue existed as to whether patent application adequately disclosed later invention so as to entitle inventor to benefit of earlier filing date; (3) fact issue existed as to whether entrepreneur demonstrated secondary meaning in its trade dress; (4) patentee did not violate Sherman Act or Clayton Act; (5) competitor did not have standing to assert false or misleading advertising claim; and (6) competitor failed to show that patentee tortiously interfered with contractual relations between competitor and its customers.

Recommended that motions be granted in part and denied in part.

5,617,979. Construed.

REPORT AND RECOMMENDATION

GORENSTEIN, Magistrate J.

Plaintiff E-Z Bowz, L.L.C. ("E-Z Bowz") brought this suit against defendant Professional Product Research Co., Inc. ("PPR") for patent infringement, trade dress infringement and common law unfair competition. In response, PPR filed a counterclaim and third-party complaint raising claims of antitrust violations, unfair

competition, fraud, trade libel, and tortious interference with business relations. PPR has sought a judgment declaring that E-Z Bowz's patents are invalid and that PPR did not infringe upon E-Z Bowz's patents or trade dress. PPR has moved to dismiss the patent infringement claim for failure to join an indispensable party and the trade dress claim for failure to state a claim. In addition, PPR has moved for summary judgment dismissing both the patent and trade dress infringement claims. For its part, E-Z Bowz has moved to dismiss all of PPR's counterclaims, with the exception of the declaratory judgment claim. In addition, E-Z Bowz has moved for summary judgment dismissing the same claims.

For the reasons stated below, PPR's motion for summary judgment dismissing the patent claims should be granted in part and denied in part. PPR's motion for summary judgment dismissing E-Z Bowz's trade dress claims should be denied. In addition, E-Z Bowz's motion for summary judgment should be granted.

The Court is issuing two other Report and Recommendations today. One addresses the third-party defendants' motion to dismiss PPR's third-party complaint for lack of personal jurisdiction. The other addresses PPR's motion to dismiss the complaint for failure to join an indispensable party.

I. INTRODUCTION

A. *Factual Background*

In 1993, Deborah Lea Cavender ("Cavender") worked at a company named The Ribbon Outlet. Statement of Material Undisputed Facts, dated January 17, 2003 ("Def. 56.1 Statement") (reproduced in Defendant and Counter-Plaintiff Professional Product Research Co. Inc.'s Notice of Motion for Partial Summary Judgment, filed January 17, 2003 (Docket # 105), Ex. A), para. 1; E-Z Bowz' Response to PPR's Statement of Material Undisputed Facts, filed February 6, 2003 (Docket # 125) ("Pl. 56.1 Resp."), para. 1. On or about July 22, 1993, Cavender's father, James Teffeteller, developed a prototype of a bow making machine. Def. 56.1 Statement para. 2; Pl. 56.1 Resp. para. 2. Cavender began selling a bow making machine on November 18, 1993. Def. 56.1 Statement para. 5; Pl. 56.1 Resp. para. 5.

On October 7, 1993, Cavender and Tina Lucille Benton Slater filed United States Patent Application Serial Number 08/133,618 (the "'618 Application"). Def. 56.1 Statement para. 6; Pl. 56.1 Resp. para. 6. The United States Patent and Trademark Office ("USPTO") denied the '618 Application a number of times. Def. 56.1 Statement para. 7; Pl. 56.1 Resp. para. 7. On or about November 29, 1993, E-Z Bowz, Inc. was incorporated under the laws of the State of Tennessee. Def. 56.1 Statement para. 3; Pl. 56.1 Resp. para. 3. Cavender and her husband, Art Cavender, are the sole owners and officers of E-Z Bowz, Inc. Def. 56.1 Statement para. 4; Pl. 56.1 Resp. para. 4.

On January 11, 1995, Cavender filed U.S. Patent Application Serial Numbers 08/371,295 (the "'295 Application") and 29/033,379 (the "'379 Application"). Def. 56.1 Statement para. 9, 11; Pl. 56.1 Resp. para. 9, 11. Both applications were filed as continuations in part of the '618 Application. Def. 56.1 Statement para. 9, 11; Pl. 56.1 Resp. para. 9, 11. The '295 Application was eventually granted and became United States Utility Patent 5,617,979 (the "'979 Patent") on April 8, 1997. Def. 56.1 Statement para. 10; Pl. 56.1 Resp. para. 10. The '379 Application was also granted and became United States Design Patent 364,733 (the "'733 Patent") on April 8, 1997. Def. 56.1 Statement para. 12; Pl. 56.1 Resp. para. 12.

On November 2, 1995, Cavender and Slater jointly filed United States Design Patent Application Serial Number 29/045,935 (the "'5 Application"). Def. 56.1 Statement para. 13; Pl. 56.1 Resp. para. 13. The '5 Application claimed to be a continuation in part of the '379 Application and the '618 Application, but did

not claim to be a continuation in part of the '295 Application or the '979 Patent. Def. 56.1 Statement para. 13; Pl. 56.1 Resp. para. 13. The '5 Application was granted and matured into United States Design Patent 389,998 (the " '998 Patent") and was issued on February 3, 1998. Def. 56.1 Statement para. 14; Pl. 56.1 Resp. para. 14.

On May 15, 1995, E-Z Bowz, L.L.C. was formed. Def. 56.1 Statement para. 15; Pl. 56.1 Resp. para. 15. The original members of this limited liability company were Cavender, Slater and E-Z Bowz, Inc. Def. 56.1 Statement para. 16; Pl. 56.1 Resp. para. 16. PPR contends that at present Cavender and her husband, Mr. Cavender, are the sole members and owners of E-Z Bowz, L.L.C. Def. 56.1 Statement para. 17, although E-Z Bowz disputes this allegation. *See* Pl. 56.1 Resp. para. 17. The parties agree that Cavender has served as the President of E-Z Bowz, L.L.C, while Mr. Cavender has served as the company's Chief Operating Officer. Def. 56.1 Statement para. 18, 19; Pl. 56.1 Resp. para. 18, 19.

In 1993 Cavender and Slater allegedly sold approximately 15,000 bow makers. Defendant and Counter-Plaintiff Professional Product Research Co. Inc.'s First Amended Counterclaims and Third-Party Complaint, filed December 12, 2001 (Docket # 43) ("PPR Complaint"), para. 17. Mr. Cavender joined E-Z Bowz, Inc. in 1994 and created a craft business around the bow maker. *Id.* para. 19.

On November 18, 1996, a distributor of the E-Z Bowz bow maker, C.M. Offray & Son, Inc. ("Offray"), wrote to the Cavenders enclosing an advertisement for a bow making product. *See* Letter to Art and Lea Cavender from Regina Benn LoPresti, Vice President of Marketing, C.M. Offray & Son, Inc., dated November 18, 1996 (reproduced in Memorandum of Law of Plaintiff and Counter-Defendant E-Z Bowz, L.L.C. and Third-Party Defendants, Arthur and Lea Cavender, E-Z Bowz, Inc. and E-Z Crafts, L.L.C., in Opposition to the Motion for Partial Summary Judgment of Defendant and Counter-Plaintiff, Professional Product Research Co., Inc., filed February 6, 2003 (Docket # 123) ("Pl.Opp.Mem."), Ex. C). The device, called "Create-A-Bow," consisted of a stand and two upright members and sold for \$5. *See id.* at 2. The device looked so similar to the E-Z Bowz bow maker that Barry Sokol, Offray's Vice President of Sales, thought that Cavender had "knocked ... off" the E-Z Bowz bow maker. *See* Deposition of Barry S. Sokol, dated September 12, 2002 (reproduced in Pl. Opp. Mem. Ex. A), at 36. In addition, E-Z Bowz was contacted by their manufacturer and customers about the "Create-A-Bow" maker. *See* Declaration of Deborah Lea Cavender in Support of Opposition to Professional Product Research Co., Inc.'s Motion for Partial Summary Judgment, dated February 6, 2003 (Docket # 124) ("Cavender Decl."), para. 35.

At some point thereafter, E-Z Bowz determined that the "Create-A-Bow" bow maker was made by PPR. E-Z Bowz wrote a letter to PPR asking that it cease and desist from selling the "Create-A-Bow." PPR, however, refused and E-Z Bowz subsequently filed this lawsuit.

B. Procedural History

E-Z Bowz filed suit against PPR in the United States District Court for the Eastern District of Tennessee on March 8, 1999. *See* Complaint for Damages and Injunction for Unfair Competition and Related Claims, filed March 8, 1999 (Tenn. Docket # 1). The original complaint alleged claims of unfair competition and trade dress infringement under the Lanham Act, common law unfair competition and patent infringement of both a utility and design patent. *See id.* para. 5-23. PPR then filed a motion to dismiss for lack of jurisdiction under Fed.R.Civ.P. 12(b)(2), improper venue under Fed.R.Civ.P. 12(b)(3), insufficient process under Fed.R.Civ.P. 12(b)(4), and improper service under Fed.R.Civ.P. 12(b)(5). *See* Motion to Dismiss under Rule 12(b)(2)-(5) F.R.C.P. or, Alternatively, Motion to Transfer under 28 U.S.C. s. 1404, filed April

13, 1999 (Tenn. Docket # 3). In the alternative, PPR asked for the case to be transferred to the Southern District of New York. *See id.*

E-Z Bowz filed an amended complaint on September 20, 1999 alleging trade dress infringement and unfair competition under the Lanham Act, 15 U.S.C. s. 1125(a), common law unfair competition, and infringement of the '998 and the '979 Patents. *See* Amended Complaint for Damages and Injunction for Unfair Competition and Related Claims, filed September 20, 1999 (Tenn. Docket # 26) ("Am.Compl."). The amended complaint sought to enjoin PPR's alleged infringement of E-Z Bowz's bow maker and sought an accounting and award of damages. *See id.* para. 25. On March 21, 2000, PPR filed an additional motion to dismiss pursuant to Fed.R.Civ.P. 12(b)(7) for failure to join Slater as an indispensable party. *See* Memorandum in Support of Defendant's Motion to Dismiss under Rule 12(b)(7) for Failure to Join an Indispensable Party under Rule 19, F.R.C.P., filed March 21, 2000 (Tenn. Docket # 52).

On October 30, 2000, the Tennessee district court held that it lacked personal jurisdiction over PPR and ordered the case transferred to this Court. *See* Memorandum Opinion, filed October 30, 2000 (Tenn. Docket # 66), at 10-11.

Following the transfer, PPR filed a motion to dismiss, or in the alternative summary judgment, on April 3, 2001. *See* Notice of Motion, filed April 3, 2001 (Docket # 17). PPR sought dismissal of the trade dress claim on the ground that E-Z Bowz could not demonstrate secondary meaning in its trade dress and because the elements of its trade dress were functional. With respect to the patent claims, PPR sought summary judgment on the issue of non-infringement because the subject matter of the E-Z Bowz patents had been surrendered in a prior patent application and because prosecution history estoppel prevented E-Z Bowz from using the doctrine of equivalents. *See* Memorandum of Law of Defendant Professional Product Research Co., Inc. in Support of Motion to Dismiss the Amended Complaint or Alternatively for Summary Judgment, filed April 2, 2001 (Docket # 18). E-Z Bowz opposed the motion.

On July 11, 2001, PPR filed a counterclaim against E-Z Bowz and a third-party complaint against a number of third party defendants: Mr. and Mrs. Cavender, E-Z Bowz, Inc., E-Z Distribution, L.L.C., E-Z Crafts, L.L.C. (collectively the "E-Z Defendants"); E-Z Bowz's attorneys, Luedeka, Neely & Graham, P.C. ("LNG"); and another attorney for E-Z Bowz, John O. Threadgill. *See* Defendant and Counter-Plaintiff Professional Product Research Co. Inc.'s Counterclaims and Third-Party Complaint, filed July 11, 2001 (Docket # 28). Thereafter, E-Z Bowz filed a motion to strike the counterclaims and third party complaint pursuant to Fed.R.Civ.P. 12(f). *See* Notice of Plaintiff's Motion to Strike Defendant's Counterclaims and Third-Party Complaint, filed August 1, 2001 (Docket # 32). On August 10, 2001, this Court issued an order, on joint motion of the parties, withdrawing the third party complaint and counterclaim and the motion to strike. *See* Order, filed August 10, 2001 (Docket # 36). Later, by memorandum endorsement, the Court reinstated the third party complaint and counterclaims-but not the motion to strike. *See* Memorandum Endorsement, filed December 10, 2001 (Docket # 42).

Shortly thereafter, PPR filed an amended counterclaim and third-party complaint. *See* PPR Complaint. This pleading alleged that the E-Z Defendants, LNG and Threadgill collectively engaged in a conspiracy to monopolize in violation of section 2 of the Sherman Antitrust Act, 15 U.S.C. s. 2, *see id.* para. para. 75-84; some of the E-Z Defendants engaged in unfair competition under the common law and section 43(a) of the Lanham Act, 15 U.S.C. s. 1125(a), *see id.* para. para. 85-95; all of the defendants committed fraud, *see id.* para. para. 96-101; all of the defendants committed trade libel in violation of section 360-1 of the New York General Business Laws, *see id.* para. para. 108-11; and all of the defendants committed tortious interference

with business relations, *see id.* para. 112-19. PPR also requested a declaratory judgment that the '979, '733 and '998 Patents are invalid and that PPR had not infringed E-Z Bowz's patents or trade dress. *See id.* para. 102-07.

LNG and Threadgill then filed motions to dismiss or in the alternative to transfer the third party complaint to the Eastern District of Tennessee on January 3, 2002. *See* Notice of Motion, filed January 3, 2002 (Docket # 45); Notice of Motion, filed January 3, 2002 (Docket # 48). The E-Z Defendants responded to the counterclaims and third party complaint on January 16, 2002. *See* Answer to the Amended Complaint and Third Party Complaint, filed January 16, 2002 (Docket # 54). On April 9, 2002, the E-Z Defendants moved to dismiss the third party complaint, or for judgment on the pleadings or in the alternative to transfer the case to the Eastern District of Tennessee. *See* The Other E-Z Bowz Defendants' Motion to Dismiss, for Judgment on the Pleadings or, in the Alternative, for Change of Venue, filed April 9, 2002 (Docket # 74).

On April 26, 2002, the Court set a date of October 18, 2002 for the end of discovery and for the parties to notify each other of any intention to file dispositive motions. *See* Order, filed April 26, 2002 (Docket # 78). These deadlines were thereafter extended, *see* Memorandum Endorsement, dated August 12, 2002 (Docket # 93); Memorandum Endorsement, filed January 9, 2003 (Docket # 103), and the discovery period concluded.

On January 17, 2003, PPR filed the instant motion for partial summary judgment dismissing E-Z Bowz's claims and granting summary judgment in its favor with respect to its counterclaim of patent invalidity. *See* Defendant and Counter-Plaintiff Professional Product Research Co., Inc.'s Memorandum of Law in Support of its Motion for Partial Summary Judgment, filed January 17, 2003 (Docket # 106) ("Def.Mem."). LNG and Threadgill moved for summary judgment to dismiss the claims against them in PPR's third party complaint. *See* Notice of Motion, filed January 17, 2003 (Docket # 107). E-Z Bowz and the E-Z Defendants made a separate motion for summary judgment to dismiss the counterclaims and third-party claims. *See* Notice of Motion, filed January 21, 2003 (Docket # 110). The parties filed their respective opposition papers thereafter.

On April 1, 2003, Judge Swain referred all outstanding motions to the undersigned for a Report and Recommendation. *See* Order of Reference, filed April 1, 2003 (Docket # 135).

C. The Patents in Suit and E-Z Bowz's Trade Dress

1. The Patents

a. The '618 Application. Cavender filed the '618 Application on October 7, 1993. Claim Number 1 of the application disclosed:

A bow making apparatus for receiving and maintaining the disposition of bow fabricating material during the making of a decorative bow, such decorative bow defining gathered sections of bow fabricating material and looped portions of bow fabricating material, said apparatus comprising:

a base member defining an upper work surface for supporting the bow fabricating material; and

at least a first and second retainer member extending upwardly from said upper work surface of said base member for releasably receiving and maintaining the gathered sections of bow fabricating material therebetween.

'618 Application Patent Prosecution History (" '618 History") (reproduced in Index to Exhibits (undated) ("Def.Exhibits") (filed with Def. Mem.), Ex. 8), Description, at 10. Claims 2 through 5 described the apparatus in Claim Number 1 more fully. Claim Number 6 described a similar apparatus, but went into more detail about the spacing of the two retaining members extending from the apparatus' base. *See id.* at 11-12. Claims 7 through 11 described Claim Number 6 in more detail. Claim Number 12 described a bow making apparatus with "at least a first and second retainer member extending upwardly" that narrowed at the top of the two retainers. *See id.* at 13. Claims 13 through 15 further described the details of Claim Number 12.

The patent examiner first rejected all of the claims in the '618 Application. *See Examiner's Action*, dated February 25, 1994 ("Feb.Denial") (reproduced in '618 History). The examiner found that claims 4 and 5 did not adequately describe the invention, *see id.* at 2; claims 1-7 and 9-11 were anticipated under 35 U.S.C. s. 102(b) by an earlier patent, United States Patent number 2,542,222, *see id.*; *see also* Notice of References Cited, dated February 17, 1994 ("Examiner Refs.") (reproduced in '618 History); claims 8 and 12 were anticipated by another earlier patent, Patent 3,428,227, *see Feb. Denial* at 2-3; *see also* Examiner Refs.; and claims 13-15 were obvious under 35 U.S.C. s. 103 in light of the two earlier patents. *See Feb. Denial* at 3-4.

Following the rejections, Cavender sought to amend her claim to answer the examiner's rejections. Specifically, Cavender cancelled claims 6 and 8, amended claims 1, 4, 7, 9 and 12, and added a new claim 16. *See Amendment*, dated April 26, 1994 (reproduced in '618 History), at 1-3. Nonetheless, the claims were rejected again by the examiner for the same reasons. *See Examiner's Action*, dated July 26, 1994 (reproduced in '618 History), at 1-4. Following the rejection, the examiner interviewed Cavender's patent attorney but found his arguments did not overcome the reasons for the rejection. *See Examiner Interview Summary Record*, dated November 8, 1994 (reproduced in '618 History), at 1.

Cavender tried to amend claims 1, 2, 4, 7, 12 and 16 again by providing more detail about the individual claims. *See Amendment*, dated November 28, 1994 (reproduced in '618 History), at 1-6. The examiner found the second amendments unavailing, however, and again rejected Cavender's claims. *See Advisory Action*, dated January 11, 1995 (reproduced in '618 History), at 1. On January 11, 1995, the '295 Application was filed as a continuation in part of the '618 Application. In light of the '295 Application, Cavender formally abandoned the '618 Application on January 24, 1995. *See Express Abandonment*, dated January 24, 1995 (reproduced in '618 History), at 1. The USPTO accepted the abandonment of the '618 Application on February 9, 1995. *See Notice of Abandonment*, dated February 9, 1995 (reproduced in '618 History), at 1.

b. The '295 Application and '979 Patent. As noted, Cavender filed the '295 Application on January 11, 1995 as a continuation in part of the '618 Application. Claim 1 in the '295 Application was for a bow making apparatus that contained "at least a first and second retainer member" extending from the base of the apparatus. United States Patent 5,617,979 Prosecution History (" '979 History") (reproduced in Def. Exhibits, Ex. 10), Description, at 14. Claims 2 through 6 related to this apparatus. However, the '295 Application also claimed a device containing three retaining members. Specifically, claim 7 of the '295 Application described a bow making device with three retaining members extending upwards from the base of the apparatus. *Id.* at 16-18. Claims 8 through 10 further described this three retaining member device. *See id.* at 18-19. Claims 11 through 14 also described a bow making device with three retaining members. *See id.* at 19-22.

The Patent examiner rejected claims 1-6 (relating to a device with "at least" a first and second retaining members) as having been anticipated by a prior patent, United States Patent 3,816,888. *See Examiner's*

Action, dated August 15, 1995 (reproduced in '979 History), at 1-2. However, claims 7-14-which eventually became renumbered claims 1-8-were found to be allowable as "the claims include limitations for an angular disposition inwardly between the first, second, and third retainer members to compensate for bending which is not shown or suggested in the prior art of record." *Id.* at 2-3.

Thereafter, Cavender appealed the denial of claims 1-6, disputing that they were anticipated or obvious in light of the earlier patent. *See* Communication (undated) (reproduced in '979 History), at 1-4. The USPTO considered Cavender's attempt to distinguish claims 1-6 from the earlier patent, *see* Examiner Interview Summary Record, dated December 19, 1995 (reproduced in '979 History), at 1, but ultimately rejected the arguments finding that the claims were anticipated by the earlier patent. *See* Examiner's Action, dated March 1, 1996 (reproduced in '979 History), at 1-4. However, the examiner again allowed claims 7-14 (renumbered claims 1-8)-describing the three retaining member apparatus. *See id.* at 1, 3.

After the allowance of renumbered claims 1-7, Cavender filed an amendment which added new claims 15 and 16 (or renumbered claims 9 and 10). *See* Amendment, dated August 30, 1996 (reproduced in '979 History). New claim 15 was "identical to the allowed Claim 7 with the exception that it is limited to a device having a first and second retainer members as opposed to having first, second and third retainer members." *Id.* at 3. The new claim also had notations on the base to help make loops of certain lengths. *See id.* The USPTO allowed all of the remaining claims including the new claims. *See* Notice of Allowability, dated September 4, 1996 (reproduced in '979 History), at 1.

Prior to the issuance of the patent, Cavender filed a petition to amend the application to name Slater as a co-inventor. *See* Petition and Fee to Correct and/or Add to Originally Named Inventor(s) (37 CFR 1.48(a) and/or(c)), dated March 20, 1997 ("Pet. to Add Inventor") (reproduced in '979 History). Apparently, Slater was omitted because Cavender alone had created the three retaining member device described in original claims 7-14 of the '295 Application. *See* Affidavit of Deborah L. Cavender, dated February 13, 1997 (reproduced in '979 History), para. 3-6, 8. After claims 15 and 16 were added, Cavender and her representatives realized that the two retainer apparatus described in those claims was similar to the '618 Application in which Slater was listed as a co-inventor. *See id.* para. 8. Nonetheless, the '979 Patent was issued with Cavender designated as the sole inventor.

On October 31, 2002, while this case was ongoing, E-Z Bowz petitioned the USPTO to add Slater as a co-inventor on the '979 Patent. *See* Petition to Correct Inventorship under 37 CFR 1.324, dated October 31, 2002 ("Petition to Correct") (reproduced in Pl. 56.1 Resp., Ex. B). The USPTO subsequently granted the petition to add Slater's name as a co-inventor. *See* Decision on Petition under 37 CFR 1.324 (undated) (reproduced in Pl. 56.1 Resp., Ex. C).

The '295 Application matured into the '979 Utility Patent on April 8, 1997.

c. The '379 Application and '733 Design Patent. The '379 Application was filed on the same day as the '295 Application and sought to patent a design for the utility device claimed in the '295 Application. United States Patent D364,733 Prosecution History (" '733 History") (reproduced in Def. Exhibits, Ex. 12). The drawings submitted with the '379 Application showed a bow making apparatus with three retaining members extending from the base. *See* Figures 1-7 (reproduced in '733 History). The application was approved subject to a minor amendment added by the patent examiner. *See* Notice of Allowability (undated) (reproduced in '733 History) at 1-2. The '379 Application became the '733 Design Patent on December 5, 1995. The '733 Patent discloses a three member bow making apparatus.

d. *The '5 Application and the '998 Design Patent.* The '5 Application was filed on November 2, 1995 and claimed to be a continuation in part of the '379 Application and the '733 Design Patent as well as the '618 Application. *See* United States Patent D389,998 Prosecution History ("998 History") (reproduced in Def. Exhibits, Ex. 14), at 1-2. The '5 Application sought a design patent for a bow making apparatus with two retaining members extending from the base. *See* Figures 1-9 (reproduced in '998 History). The claim represented in the drawings was allowed by the USPTO. *See* Notice of Allowability, dated June 17, 1997 (reproduced in '998 History), at 1-3. The Application ultimately matured into the '998 Design Patent on February 3, 1998.

2. E-Z Bowz's Claimed Trade Dress

E-Z Bowz has identified four elements of its claimed trade dress: (1) the color, length, width, shape, and design of the base; (2) the color, finish, texture, length, width, height, placement and color of the dowels (that is, the retaining members); (3) the graphic design, which includes the font, color scheme, labels, background, border, measuring indicia and other elements placed on the top of the base; and (4) the instructions that are included with the bow maker. *See* Plaintiff's Supplemental Response to Defendant's Interrogatories 3, 6, 7, 9, 10 and 11 and Supplemental Verification, dated January 25, 2002 ("Pl. Resp. to Interr.") (reproduced in Def. Exhibits, Ex. 22), para. 6. E-Z Bowz claims that PPR has infringed upon its dress by selling a product that leads consumers to believe PPR's product is in some manner related to or approved by E-Z Bowz. *See* Am. Compl. para. 6-10. In the instant motion, whether PPR actually infringed E-Z Bowz's claimed trade dress is not at issue. Instead, the only issue before the Court is whether or not E-Z Bowz has a protectible trade dress that could be the subject of an infringement claim.

II. STANDARD OF REVIEW

A. Summary Judgment Standard

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." Fed.R.Civ.P. 56(c); *accord* Repp v. Webber, 132 F.3d 882, 889 (2d Cir.1997), *cert. denied*, 525 U.S. 815, 119 S.Ct. 52, 142 L.Ed.2d 40 (1998); *Eagle Comtronics, Inc. v. Arrow Communication Labs., Inc.*, 305 F.3d 1303, 1313 (Fed.Cir.2002) (citations omitted), *cert. denied*, 537 U.S. 1172, 123 S.Ct. 995, 154 L.Ed.2d 914 (2003). A fact is material if it "might affect the outcome of the suit under the governing law." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). "An issue of fact is 'genuine' if 'the evidence is such that a reasonable jury could return a verdict for the nonmoving party.'" *Gayle v. Gonyea*, 313 F.3d 677, 682 (2d Cir.2002) (quoting *Anderson*, 477 U.S. at 248).

"When ruling on a motion for summary judgment, all of the nonmovant's evidence is to be credited, and all justifiable inferences are to be drawn in the nonmovant's favor." *Netscape Communications Corp. v. Konrad*, 295 F.3d 1315, 1319 (Fed.Cir.2002) (citing *Anderson*, 477 U.S. at 255). However, to survive a motion for summary judgment, "the nonmoving party must come forward with 'specific facts showing that there is a genuine issue for trial.'" *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986) (emphasis omitted) (quoting Fed.R.Civ.P. 56(e)) (citation omitted). In other words, "the non-movant must show enough that a jury could reasonably find for [the nonmovant]." *In re Bennett Funding Group*, 336 F.3d 94, 102 (2d Cir.2003). "Conclusory allegations, conjecture, and speculation ... are insufficient to create a genuine issue of fact." *Kerzer v. Kingly Mfg.*, 156 F.3d 396, 400

(2d Cir.1998) (citation omitted). Thus, "[s]tatements that are devoid of any specifics, but replete with conclusions, are insufficient to defeat a properly supported motion for summary judgment." *Bickerstaff v. Vassar Coll.*, 196 F.3d 435, 452 (2d Cir.1999) (citations omitted), *cert. denied*, 530 U.S. 1242, 120 S.Ct. 2688, 147 L.Ed.2d 960 (2000). In addition, "[t]he 'mere existence of a scintilla of evidence' supporting the non-movant's case is also insufficient to defeat summary judgment." *Niagara Mohawk Power Corp. v. Jones Chem. Inc.*, 315 F.3d 171, 175 (2d Cir.2003) (quoting *Anderson*, 477 U.S. at 252); *Golan v. Pingel Enter., Inc.*, 310 F.3d 1360, 1367-68 (Fed.Cir.2002) ("the party opposing summary judgment ... must show more than a mere metaphysical doubt regarding the material facts ... [n]or will the existence of a mere scintilla of evidence suffice") (citations omitted).

"In moving for summary judgment against a party who will bear the ultimate burden of proof at trial, the movant may satisfy [its] burden by pointing to an absence of evidence to support an essential element of the nonmoving party's claim." *Vann v. City of New York*, 72 F.3d 1040, 1048 (2d Cir.1995) (citing *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986)); *see also* *Conroy v. Reebok Int'l., Ltd.*, 14 F.3d 1570, 1575 (Fed.Cir.1994) ("The moving party ... need not produce evidence showing the absence of a genuine issue of material fact but rather may discharge its burden by showing the district court that there is an absence of evidence to support the nonmoving party's case.") (citations omitted). Thus, "[a] defendant moving for summary judgment must prevail if the plaintiff fails to come forward with enough evidence to create a genuine factual issue to be tried with respect to an element essential to its case." *Allen v. Cuomo*, 100 F.3d 253, 258 (2d Cir.1996) (citing *Anderson*, 477 U.S. at 247-48); *see also* *Novartis Corp. v. Ben Venue Labs., Inc.*, 271 F.3d 1043, 1046 (Fed.Cir.2001) ("Summary judgment must be granted against a party who has failed to introduce evidence sufficient to establish the existence of an essential element of that party's case, on which the party will bear the burden of proof at trial.") (citing *Celotex Corp.*, 477 U.S. at 322).

B. Patent Validity

Under 35 U.S.C. s. 282, a patent is presumed valid and a "party asserting invalidity not only has the procedural burden of proceeding first and establishing a prima-facie case, but the burden of persuasion on the merits remains with that party until final decision." *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1534 (Fed.Cir.1983). A party claiming a patent is invalid bears the burden to establish such invalidity by clear and convincing evidence. *See, e.g., Ralston Purina Co. v. Far-Mar-Co., Inc.*, 772 F.2d 1570, 1574 (Fed.Cir.1985). However, once an alleged infringer has raised a prima facie case of invalidity, "it falls to the patent owner to come forward with some evidence to the contrary sufficient to raise a genuine issue of material fact." *Sinskey v. Pharmacia Ophthalmics, Inc.*, 982 F.2d 494, 498 (Fed.Cir.1992) (citation omitted), *cert. denied*, 508 U.S. 912, 113 S.Ct. 2346, 124 L.Ed.2d 256 (1993). The issue of the validity of a patent is decided under the law of the Federal Circuit. *See, e.g., Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1359 (Fed.Cir.), *cert. denied*, 528 U.S. 1019, 120 S.Ct. 527, 145 L.Ed.2d 409 (1999); *Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc.*, 813 F.2d 1207, 1212 (Fed.Cir.1987).

III. PPR'S MOTION FOR SUMMARY JUDGMENT

A. PPR's Motion for Summary Judgment on the Patent Claims

[1] PPR argues that the E-Z Bowz patents in suit-the '979, '733 and '998 Patents-are invalid because (1) they are precluded by the "on sale bar" in 35 U.S.C. s. 102(b), Def. Mem. at 3-4, 6-13, and (2) Cavender failed to include Slater as a co-inventor for the '979 Patent. *See id.* at 13-14. Before the Court addresses these arguments, however, it must first determine PPR's standing to raise claims of invalidity. *See, e.g., Prima Tek*

II, L.L.C. v. A-Roo Co., 222 F.3d 1372, 1376 (Fed.Cir.2000) ("As a threshold issue, we must determine whether any of the Appellees in this suit had standing"); *see also* Warth v. Seldin, 422 U.S. 490, 517-18, 95 S.Ct. 2197, 45 L.Ed.2d 343 (1975) ("The rules of standing, whether as aspects of the Art. III case-or-controversy requirement or as reflections of prudential considerations defining and limiting the role of the courts, are threshold determinants of the propriety of judicial intervention."). E-Z Bowz has raised an argument regarding PPR's standing to challenge the '733 Patent, *see* Pl. Opp. Mem. at 34-38, although it did not do so with respect to the other patents. Following the discussion of standing, the Court will examine PPR's arguments as to the invalidity of the patents.

1. The Scope of PPR's Standing

As noted, PPR's counterclaim seeks a declaration of invalidity for the '979, '998 and '733 patents. *See* PPR Complaint para. 102-07. In order for this Court to have jurisdiction to review PPR's counterclaim for a declaratory judgment of invalidity as to these three patents, there must be an "actual controversy" between the parties. 28 U.S.C. s. 2201(a). Because it is the party seeking the declaratory judgment, PPR bears the burden of establishing the existence of an actual controversy. *See, e.g.,* Cardinal Chem. Co. v. Morton Int'l, Inc., 508 U.S. 83, 95, 113 S.Ct. 1967, 124 L.Ed.2d 1 (1993) ("a party seeking a declaratory judgment has the burden of establishing the existence of an actual case or controversy") (citing *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240-41, 57 S.Ct. 461, 81 L.Ed. 617 (1937)) (footnote omitted); *see also* Intellectual Prop. Dev., Inc. v. TCI Cablevision of Calif., Inc., 248 F.3d 1333, 1340 (Fed.Cir.) ("[t]he burden rests on [defendant] ... to establish 'that jurisdiction over its declaratory judgment action existed at, and has continued since, the time the [counterclaim] was filed' ") (quoting *Int'l Med. Prosthetics Research Assocs. v. Gore Enter. Holdings, Inc.*, 787 F.2d 572, 575 (Fed.Cir.1986)), *cert. denied*, 534 U.S. 895 (2001). Under Federal Circuit law, PPR can meet its burden by demonstrating two elements:

" There must be both (1) an explicit threat or other action by the patentee, which creates a *reasonable* apprehension on the part of the declaratory plaintiff that it will face an infringement suit, and (2) *present* activity which could constitute infringement or concrete steps taken with the intent to conduct such activity." '

Super Sack Mfg. Corp. v. Chase Packaging Corp., 57 F.3d 1054, 1058 (Fed.Cir.1995) (emphasis in original) (quoting *BP Chems., Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 978 (Fed.Cir.1993)), *cert. denied*, 516 U.S. 1093 (1996).

Obviously, PPR meets this test with regard to its "Create-A-Bow" product because E-Z Bowz has filed this suit claiming infringement. E-Z Bowz's complaint, however, alleges only that PPR infringed upon the '998 and '979 Patents (which contain descriptions of devices with two retaining members), *see* Am. Compl. para. 16-23, not the '733 Patent (which describes a three retaining member device). Significantly, the only bow maker ever produced by PPR has only two retaining members. *See, e.g.,* Pl. Opp. Mem. Ex. C at 2 (reproduction of an advertisement of the Create-A-Bow showing it has two retaining members). PPR has never suggested that it took "concrete steps" to produce a bow maker with three retaining members. *See* *Super Sack*, 57 F.3d at 1059-60 (defendant lacked standing because it "has ... never contended that it has already taken meaningful preparatory steps toward an infringing activity by planning to make a new product that may later be said to infringe"). Because PPR has never produced, or shown that it plans to produce, a three retaining member device, it lacks the ability to challenge the claims in E-Z Bowz's patents that involve three retaining members. *See* *Spectronics Corp. v. H.B. Fuller Co., Inc.*, 940 F.2d 631, 634 (Fed.Cir.) ("the accused infringer must have actually produced or prepared to produce an allegedly infringing product")

(citing *Jervis B. Webb Co. v. Southern Sys., Inc.*, 742 F.2d 1388, 1398-99 (Fed.Cir.1984)), *cert. denied*, 502 U.S. 1013 (1991).

In other words, should PPR demonstrate that the claims in E-Z Bowz's patents involving two retaining members were invalid, the Court would only have the power to invalidate those specific claims-not the claims in the patents that involve a three member device. *See Weatherchem Corp. v. J.L. Clark, Inc.*, 163 F.3d 1326, 1336 (Fed.Cir.1998); *Datascope Corp. v. SMEC, Inc.*, 776 F.2d 320, 327 (Fed.Cir.1985); *Vandenberg v. Dairy Equip. Co.*, 740 F.2d 1560, 1568 (Fed.Cir.1984).

The '733 Design Patent exclusively deals with a bow making device with three retaining members. There is no allegation that PPR infringed this patent and thus PPR lacks standing to challenge its validity. The '979 Utility Patent includes claims for both a two and three retaining member bow making device. However, because PPR is only alleged to have infringed upon this patent by selling a two retaining member bow making device, the Court will only examine whether claims 15 and 16 (renumbered claims 9 and 10) are invalid. Finally, the '998 Design Patent exclusively deals with a two retaining member bow making device and is properly the subject of examination for validity.

2. On-Sale Bar Claim

[2] An inventor is not entitled to patent an invention if "the invention was ... on sale in this country, more than one year prior to the date of the application for patent in the United States." 35 U.S.C. s. 102(b). "The on-sale bar applies when the invention is the subject of a commercial offer for sale, and is ready for patenting before the critical date." *Netscape Communications*, 295 F.3d at 1323 (citing *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67, 119 S.Ct. 304, 142 L.Ed.2d 261 (1998)). In general, "the on-sale bar starts to accrue when a completed invention is offered for sale." *Seal-Flex, Inc. v. Athletic Track and Court Const.*, 98 F.3d 1318, 1324 (Fed.Cir.1996) (citation omitted). The parties do not dispute that the devices at issue in this case were offered for sale as of November 18, 1993. Def. 56.1 Statement para. 5; Pl. 56.1 Resp. para. 5. Nor do they dispute that the applications for the '979 and '998 Patents were filed on January 11, 1995 and November 2, 1995 respectively-well beyond one year from the corresponding products being sold.

E-Z Bowz argues, however, that the '979 and '998 Patents acquired the filing date of the '618 Application-October 7, 1993-and, thus, are not invalid under the on-sale bar. *See* Pl. Opp. Mem. at 4-7. Thus, disposition of this issue turns solely on the question of whether the claims in the '979 and '998 Patents that involved two retaining members could have acquired the filing date of the '618 Application.

In order for the relevant claims in the '979 and '998 Patents to have acquired the filing date of the '618 Application, their applications must have complied with the requirements of 35 U.S.C. s. 120. Section 120 allows a patent application to acquire the filing date of an earlier application if certain conditions are met. *See, e.g., Johnson Worldwide Assocs., Inc. v. Zebco Corp.*, 175 F.3d 985, 993 (Fed.Cir.1999). In pertinent part, section 120 states:

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States ... which is filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the

earlier filed application.

35 U.S.C. s. 120. Thus, "[u]nder 35 U.S.C. s. 120, claims are granted the benefit of the filing date of an earlier-filed application only if the earlier application provides support according to 35 U.S.C. s. 112, para. 1 for the later claims." *Johnson Worldwide*, 175 F.3d at 993 (citations omitted)

PPR claims that E-Z Bowz has failed to meet the requirements of section 120 because it failed to adequately describe the invention under 35 U.S.C. s. 112. *See* Def. Mem. at 10-12. The first paragraph of section 112 states:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains ... to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

35 U.S.C. s. 112. The purpose of this requirement "is to prevent an applicant from later asserting that he invented that which he did not." *Amgen Inc. v. Hoechst Marion Rousell, Inc.*, 314 F.3d 1313, 1330 (Fed.Cir.2003); *see also* *Reiffin v. Microsoft Corp.*, 214 F.3d 1342, 1345-46 (Fed.Cir.2000) (per curiam) ("[t]he purpose of this provision is to ensure that the scope of the right to exclude, as set forth in the claims, does not overreach the scope of the inventor's contribution to the field of art as described in the patent specification.") (citing cases). In order to satisfy section 112's written description requirement the description must allow an artisan within the field to recognize what invention has been created. *See* *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed.Cir.1997) ("a prior application itself must describe an invention, and do so in sufficient detail that one skilled in the art can clearly conclude that the inventor invented the claimed invention as of the filing date sought") (citations omitted); *see also* *Amgen Inc.*, 314 F.3d at 1330 ("Satisfaction of this requirement is measured by the understanding of the ordinarily skilled artisan.") (citation omitted). Whether or not an application complied with the written description requirement is a question of fact. *See, e.g.*, *ENZO Biochem, Inc. v. Gen-Probe Inc.*, 323 F.3d 956, 962-63 (Fed.Cir.2002) (citing *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1563 (Fed.Cir.1991)).

a. Whether claims 15 and 16 in the '979 Patent acquired the filing date of the '618 Application. Claims 15 and 16 (renumbered claims 9 and 10) of the '979 Patent describe a bow making device with only two retaining members. *See* '979 History, Amendment at 1-2. Specifically, claim 15 describes the bow making device itself, while claim 16 describes the markings and measuring lines or indicia placed on the base of the bow maker. *See id.* Claim 1 of the '618 Application claims a bow making apparatus that comprises "at least a first and second retainer member extending upwardly from said upper work surface of said base member ..." '618 Application, Description at 10. The "at least" language was included as the original claim 1 in the '295 Application and was rejected. *See* '979 History, Examiner's Action, at 1-2. For E-Z Bowz to benefit from the filing date of the '618 Application, claim 1 of the '618 Application must have "convey[ed] to a person skilled in the art that the inventor had possession of the claimed subject matter [here, claim 15 of the '979 Patent] at the time of the earlier filing date." *Eiselstein v. Frank*, 52 F.3d 1035, 1039 (Fed.Cir.1995) (citing *Ralston Purina Co. v. Far-Mar-Co.*, 772 F.2d 1570, 1575 (Fed.Cir.1985)).

E-Z Bowz and PPR focused their respective motions on whether the "at least" language contained in the '618 Application properly disclosed a three retaining member device described in claims 7-14 (renumbered claims 1-7) of the '979 Patent, without addressing whether this language properly disclosed the two member device described in claim 15 of the '979 Patent. *Compare* Def. Mem. at 11, *with* Pl. Opp. Mem. at 4-5. This

Court, however, need not determine whether "at least" two members adequately described the three member device disclosed in the '979 Patent. As stated in Section III.A.1 above, the only relevant device at issue is the two member device sold by PPR. Thus, we must determine whether a reasonable jury could conclude that the term "at least" two members adequately described a device with only two members.

The description of "at least a first and a second member" in the '618 Application includes exactly what was described in claim 15 (renumbered claim 9) of the '979 patent. While the "at least a first and second" language is not limited to a two member device, the specification does in fact show that the patentee had invented a device with two retaining members—the device described in claim 15 (renumbered claim 9) of the '979 Patent. As one court has noted,

[i]n order to determine whether a prior application meets the "written description" requirement with respect to later-filed claims, the prior application need not describe the claimed subject matter in exactly the same terms as used in the claims; it must simply indicate to persons skilled in the art that as of the earlier date the applicant had invented what is now claimed.

Eiselstein, 52 F.3d at 1038 (citations omitted). Here, the phrase "at least two" retainer members could indicate to persons skilled in the art that the applicants had invented a device with two retainer members. Notably, at least one court has denied summary judgment in the on-sale bar context when claims in a parent application were broader than those in a subsequent application, as long as a jury could conclude that they described the later claims. *See Pfizer, Inc. v. Perrigo Co.*, 933 F.Supp. 377, 381-82 (S.D.N.Y.1996) ("the parent application included a broader range of pH levels [than the later patent claims] ... a rational trier of fact could conclude that the disclosures contained in the parent application reasonably convey to a person skilled in the art that the inventors possessed the invention claimed in the [later patent] at the time the [earlier] application was filed")

Whatever doubt there might be on this point is laid to rest by the drawings submitted as part of the '618 Application, which depict a bow making device with two retaining members only. *See* '618 Application, Figures 1-7. The Federal Circuit has held that "under proper circumstances, drawings alone may provide a 'written description' of an invention as required by s. 112." *Vas-Cath*, 935 F.2d at 1565; *see also* *Cooper Cameron Corp. v. Kvaerner Oilfield Prods., Inc.*, 291 F.3d 1317, 1322 (Fed.Cir.2002) ("Drawings constitute an adequate description if they describe what is claimed and convey to those of skill in the art that the patentee actually invented what is claimed.") (citing *Vas-Cath*, 935 F.2d at 1566); *M.T. McBrian, Inc. v. Liebert Corp.*, 1998 WL 67621, at (N.D.Ill. Feb.6, 1998) ("in determining the extent of the disclosure in the earlier application, the entire application, including diagrams, schematics and drawings, must be considered as part of the disclosure") (citing *Vas-Cath*, 935 F.2d at 1564). A reasonable jury could find that the description in the '618 Application in combination with the drawings would allow an artisan in the field of bow makers to know that Cavender had invented the device embodied in claim 15 (renumbered claim 9) of the '979 Patent as of the filing date of the '618 Application.

[3] *b. Whether the '998 Patent acquired the filing date of the '618 Application.* The same analysis applies with respect to whether the '618 Application adequately described the device claimed in the '998 Design Patent. The '998 Patent is a design patent that discloses a bow maker with two retaining members. A reasonable jury could find that the claims and drawings in the '618 Application sufficiently described the later invention in the '998 Patent. The fact that the '618 Application was for a utility patent while the '998 Patent was for a design patent does not bar the Court from considering the drawings in the earlier application. *See Vas-Cath*, 935 F.2d at 1565 ("Whether the drawings are those of a design application or a

utility application is not determinative.... In the instant case ... the design drawings are substantially identical to the utility application drawings.") However, because the application for the '998 Patent was filed after the abandonment of the '618 Application, an additional step is required for the '998 Patent to survive PPR's on-sale bar challenge. FN1

FN1. PPR also claims that all of E-Z Bowz's patents are invalid because they were allegedly filed after the '618 Application was abandoned. *See* Def. Mem. at 14-15. However, the prosecution history of the '618 Application shows that E-Z Bowz abandoned that application on January 24, 1995, *see* Express Abandonment, dated January 24, 1995 (reproduced in '618 History), at 1, and the USPTO acknowledged the abandonment on February 9, 1995. *See* Notice of Abandonment, dated February 9, 1995 (reproduced in '618 History), at 1. It is undisputed that the applications for the '979 and '733 Patents were filed on January 11, 1995, *see* Def. 56.1 Statement para. 9, 11-prior to the notice and recognition of abandonment.

PPR claims that the '998 Patent is invalid because it never acquired the filing date of the '733 Patent and, therefore, could not have acquired the filing date of the '618 Application. *See* Def. Mem. at 9-10. The '998 Patent claimed to be a continuation in part of both the '379 Application-which matured into the '733 Patent-and the '618 Application. The validity of the '733 Patent is not before this Court. *See* section III.A.1. However, in order for the '998 Patent to acquire the filing date of the '618 Application, the '733 Patent must first have acquired the filing date of the '618 Application. To have done this, the '618 Application needed to have adequately described the invention in the '733 Patent. *See* *Dart Indus., Inc. v. Banner*, 636 F.2d 684, 688 (D.C.Cir.1980) ("Under section 120, no claimed subject matter is entitled to the benefit of the filing date of an earlier application unless that subject matter has been disclosed in every intervening application relied upon to establish a chain of copendency.") (citing *In re Schneider*, 481 F.2d 1350, 1356 (C.C.P.A.1973)); *see also* *Lemelson v. TRW, Inc.*, 760 F.2d 1254, 1266-67 (Fed.Cir.1985) ("In order for the [earlier] patents to be entitled ... to the filing date of an earlier application in the chain of applications of which they are part, it must be shown that as to the inventions claimed there has been 'continuing disclosure through the chain of applications." ') (quoting *Schneider*, 481 F.2d at 1356) (citations omitted). Thus, in order to determine whether the '998 Patent is invalid due to the on-sale bar, the Court must address whether or not the '733 Patent met the requirements of 35 U.S.C. s. 120 to acquire the filing date of the '618 Application.

As noted, the claims in the '618 Application disclosed a device with "at least a first and second retainer member." '618 History, Description at 10-13. Because the '733 Patent is a design patent, the description of the invention claimed is contained in its drawings. *See* *In re Daniels*, 144 F.3d 1452, 1456 (Fed.Cir.1998) ("[i]t is the drawings of the design patent that provide the description of the invention.") (citing *In re Klein*, 987 F.2d 1569, 1971 (Fed.Cir.1993)). The drawings contained in the application for the '733 Patent disclosed a bow maker with three retaining members-two of equal height and a smaller one at the side. *See* '733 History, Figures 1-3, 6, 7. For the '733 Patent to be entitled to claim the earlier filing date, the '618 Application must have "convey[ed] to a person skilled in the art that the inventor had possession of the claimed subject matter [of the '733 Patent] at the time of the earlier filing date." *Eiselstein*, 52 F.3d at 1039 (citation omitted)

According to E-Z Bowz, it is "obvious" that the phrase "at least a first and second member" included a device with three members. Pl. Opp. Mem. at 5. However, a claim in a parent application that obviously or apparently foreshadows a potential later claim does not meet the written description requirement of 35 U.S.C. s. 112. The Federal Circuit has noted:

Entitlement to a filing date does not extend to subject matter which is not disclosed, but would be obvious over what is expressly disclosed. It extends only to that which is disclosed.... The question is not whether a claimed invention is an obvious variant of that which is disclosed in the specification. Rather, a prior application itself must describe an invention, and *do so in sufficient detail that one skilled in the art can clearly conclude that the inventor invented the claimed invention as of the filing date sought*.... Although the exact terms need not be used *in haec verba* ... the specification must contain an equivalent description of the claimed subject matter. A description which renders obvious the invention for which an earlier filing date is sought is not sufficient.

Lockwood, 107 F.3d at 1571-72 (some emphasis added) (citations omitted); *see also* In re Winkhaus, 527 F.2d 637, 640 (C.C.P.A.1975) ("[a]lthough it may be apparent ... that does not mean that such a step is described as part of the [] invention. That a person skilled in the art might realize from reading the disclosure that such a step is possible is not a sufficient indication to that person that that step is part of appellants' invention.").

E-Z Bowz is correct that the term "at least a first and second" retaining member mathematically includes the possibility of a device containing a third member. The problem, however, is that such a description could similarly include a fourth, fifth, or sixth member and so on. Of even greater significance is that neither the claims in the '618 application nor any drawings indicate the placement of the potential third retaining member in relation to the first two members, such as the distances, angles, etc.. Nor does the '618 application show the dimensions of a potential third retaining member. If E-Z Bowz's construction were correct, it could be entitled to claim the '618 Application filing date to patent a bow making apparatus with retaining members from two to infinity in any possible size and configuration.

E-Z Bowz's lack of claim to a three member device is made clear by the drawings of the '618 Application, which depict only a two member device. In addition, numerous descriptions of the device contained within the '618 Application refer only to two members without any reference to the "at least" language or even the possibility of additional members. *See, e.g.*, Description (reproduced in '618 History) at 4 (the claimed apparatus contains "a pair of retainer members"); Abstract of the Disclosure (reproduced in '618 History) ("The apparatus also includes first and second retainer members extending upwardly...."); Amendment (reproduced in '618 History) at 4 (apparatus includes "first and second retainer members"). These descriptions in combination with drawings that show exclusively a two member device would not allow a skilled artisan to "clearly conclude," Lockwood, 107 F.3d at 1572, that the '618 Application disclosed the three member device that is depicted in the drawings of the '733 Patent. *See* Augustine Med., Inc. v. Gaymar Indus., Inc., 181 F.3d 1291, 1302 (Fed.Cir.1999) ("a court must examine whether the 'disclosure of the application relied upon reasonably convey[s] to the artisan that the inventor had possession at the time of the later claimed subject matter" ') (quoting Waldemar Link v. Osteonics Corp., 32 F.3d 556, 558 (Fed.Cir.1994), in turn quoting Wang Labs., Inc. v. Toshiba Corp., 993 F.2d 858, 865 (Fed.Cir.1993)). Because there is no evidence that would allow a reasonable jury to find that the '618 Application claimed the specific three member device disclosed in the '733 Patent, the '733 Patent is not entitled to the earlier filing date. As the '733 Patent cannot claim the filing date of the '618 Application, the '998 Patent also cannot relate back to the '618 Application.

As noted, it is undisputed that the device embodied in the '998 Patent was first sold to the public on November 18, 1993. Def. 56.1 Statement para. 5; Pl. 56.1 Resp. para. 5. Without the benefit of the earlier filing date, the '998 Patent was filed on November 2, 1995, *see* Def. 56.1 Statement para. 13; Pl. 56.1 Resp. para. 13, almost two years after the device was sold to the public. Therefore, the bow making apparatus

claimed in the '998 Patent "is invalid because the invention had been on sale for more than one year." Pfaff, 525 U.S. at 59-60.

c. Conclusion. PPR has not met its burden to show by clear and convincing evidence that the claims 15 and 16 (renumbered claims 9 and 10) of the '979 Patent are invalid under the on-sale bar. A reasonable jury could find that the '618 Application adequately disclosed the later invention so as to entitle E-Z Bowz to the benefit of the earlier filing date. Thus, summary judgment must be denied as to the '979 patent.

However, the '998 Patent is invalid under the on-sale bar contained in 35 U.S.C. s. 102(b). Accordingly, summary judgment should be granted in favor of PPR as to the '998 Patent and thus E-Z Bowz's claim of design patent infringement, *see* Am. Compl. para. 16-19, should be dismissed.

3. Failure to Name Slater as a Co-Inventor

[4] PPR also argues that the '979 Patent is invalid because it was initially filed naming Cavender as the inventor without any mention of Slater. *See* Def. Mem. at 13-14. Following the initial application, however, Cavender and Slater filed a petition to add Slater's name to the application. *See* Pet. to Add Inventor at 1-2. In addition, Cavender filed an affidavit in connection with the application to add Slater. *See* Affidavit of Deborah L. Cavender, dated February 13, 1997 ("Cavender Pat. Aff.") (reproduced in '979 History). The affidavit explains that the '295 Application originally concerned a three member bow making device and that Cavender was the sole inventor of this apparatus. *See id.* para. 3-6. Cavender further averred that, upon review, she and her patent attorneys determined that the subject matter of the '295 Application was substantially similar to the subject matter in the '618 Application-of which Slater was a co-inventor. *See id.* para. 7. Cavender's affidavit states that there were extenuating circumstances that resulted in the delay in moving to add Slater as an inventor. *See id.* para. 9. In the affidavit, Cavender swore that her failure to name Slater originally was done without fraudulent intent. *See id.* para. 11.

In addition to the evidence in the prosecution history of the '979 Patent, E-Z Bowz has submitted evidence on the motion for summary judgment reflecting that E-Z Bowz made a recent filing to add Slater as a co-inventor of the '979 Patent. On October 31, 2002, E-Z Bowz petitioned the USPTO to add Slater as a co-inventor of the '979 Patent. *See* Petition to Correct. This petition was subsequently granted by the USPTO. *See* Decision on Petition under 37 CFR 1.324 (undated) (reproduced in Pl. 56.1 Resp., Ex. C).

"Omission of an inventor can invalidate a patent unless the omission was an error 'without any deceptive intention.'" *Acromed Corp. v. Sofamor Danek Group, Inc.*, 253 F.3d 1371, 1379 (Fed.Cir.2001) (quoting 35 U.S.C. s. 256) (citations omitted). However, every issued patent enjoys a presumption of validity. *See* 35 U.S.C. s. 282. "Intent to mislead or to deceive must be proved by clear and convincing evidence.... Deceptive intent is not inferred simply because information was in existence that was not presented to the examiner." *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1365 (Fed.Cir.1998) (citation omitted), *cert. denied*, 526 U.S. 1130 (1999). Thus, "[i]n order to rebut [the] presumption [of validity], a party challenging patent validity for omission of an inventor must present clear and convincing evidence" that shows the patent is invalid. *Acromed*, 253 F.3d at 1379 (citing *Environ Prods. v. Furon Co.*, 215 F.3d 1261, 1265 (Fed.Cir.2000)).

Here, PPR has not met its burden of showing that it is entitled to summary judgment on this issue. Indeed, the only evidence in the record regarding the initial failure to name Slater as a co-inventor indicates that it was done without deceptive intent. *See* Cavender Pat. Aff. para. 11; Petition to Correct, at 1; *see also*

Statement of Tina Lucille Benton Slater in Support of Petition to Correct Inventorship Under 37 CFR 1.324, dated October 21, 2001 (reproduced in Pl. 56.1 Resp., Ex. B) ("The inventorship error of failing to include Tina Lucille Benton Slater as an inventor of U.S. patent number 5,617,979 occurred without any deceptive intention"). PPR has offered no evidence-let alone evidence of a clear and convincing nature-that contradicts or rebuts this evidence. PPR's apparent belief that E-Z Bowz bears the burden to prove the lack of deceptive intent, *see* Professional Product Research Co., Inc.'s Reply Brief in Support of its Motion for Partial Summary Judgment, filed February 18, 2003 (Docket # 129) ("Def.Reply"), at 5, is mistaken as case law is clear that E-Z Bowz bears no such burden. *See, e.g.,* Acromed, 253 F.3d at 1379. In any event, E-Z Bowz has adduced evidence which, if accepted by the trier of fact, would show a lack of deceptive intent. Accordingly, summary judgment is inappropriate for PPR's claim of invalidity for failure to name a co-inventor.

In sum, PPR's motion for summary judgment on its counterclaim seeking a declaration of invalidity of E-Z Bowz's patents must be denied as to the '979 Patent. However, the motion should be granted as to the '998 Patent.

B. PPR's Motion on the Trade Dress Infringement and Common Law Unfair Competition Claim

1. Trade Dress

[5] PPR argues that it is entitled to summary judgment on E-Z Bowz's claims of trade dress infringement because (1) E-Z Bowz cannot prove secondary meaning in its trade dress and (2) its trade dress is functional. *See* Def. Mem. at 15-20. While E-Z Bowz's patent claims are decided under the law of the Federal Circuit, the trade dress claims are examined under Second Circuit precedent. *See, e.g.,* Thompson v. Haynes, 305 F.3d 1369, 1374 (Fed.Cir.2002) ("[i]n deciding non-patent issues, such as ... trade dress ... under s. 43(a) of the Lanham Act, this Court applies regional circuit law") (citing cases).

E-Z Bowz makes the following claims as to its trade dress. First, it asserts that the base of the bow maker has a "unique and distinctive design." It notes that the base is made of a "generally light-colored, lightly-grained, unpainted wood with a non-shiny finish" with specific dimensions. Second, E-Z Bowz asserts that the shape, size and "look, feel, color, finish and texture" of the dowels are of the same texture as the base. Third, it points to the graphics on the base, including the label affixed to the surface of the base, which contains the plaintiff's trademark, as well as the trademark's color, typeface and placement in relation to the base. Finally, it asserts trade dress in the instructions that accompany the bow maker. The instructions contain drawings and text depicting the various types of bows that can be made. *See generally* Pl. Resp. to Interr. para. 6.

Section 43(a) of the Lanham Act provides a civil remedy against any person who

in connection with any goods ... or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof ... which ... 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 ... by another person[.]

15 U.S.C. s. 1125(a). The protection afforded by this section applies equally to claims involving unregistered trademarks and trade dress. *See* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 773, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992). "[T]rade dress encompasses the design and appearance of the product together with all the elements making up the overall image that serves to identify the product presented to

the consumer." *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 999 (2d Cir.1997) (citation omitted); *see also* *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1042 (2d Cir.1992) (" 'trade dress' of a product 'involves the total image of a product and may include features such as size, shape, color or color combinations, texture, [or] graphics.' ") (quoting *LeSportsac, Inc. v. K-mart Corp.*, 754 F.2d 71, 75 (2d Cir.1985), in turn quoting *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir.1983)).

To succeed in an action for trade dress infringement a plaintiff must show "(a) that its trade dress is entitled to protection under the Act, and (b) that the defendant's dress infringes on the plaintiff's dress by creating a likelihood of confusion." *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 377 (2d Cir.1997). If the plaintiff's trade dress is based on the design of its product it must have acquired a secondary meaning to be protected. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 216, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000) ("a product's design is distinctive, and therefore protectible, only upon a showing of secondary meaning."). However, if the trade dress is not solely based on the design of the product, a plaintiff may show that the trade dress is protected because it is either inherently distinctive or has a secondary meaning. *See Two Pesos*, 505 U.S. at 769; *Landscape Forms*, 113 F.3d at 377. Thus, when a claimed trade dress involves the actual product itself, *see, e.g., Wal-Mart*, 529 U.S. at 207 (children's clothing), secondary meaning must be proven. *See id.* at 216. However, when the claimed trade dress involves features that are not actually the product itself, *see, e.g., Two Pesos*, 505 U.S. at 765 (interior and exterior design of a restaurant), the dress may be protected without proof of secondary meaning. *See id.* at 769-70. Because E-Z Bowz's claimed trade dress is based at least in part on the design of its product, it must demonstrate the trade dress has acquired secondary meaning. A product has acquired a secondary meaning if " 'in the minds of the public, the primary significance of a product feature ... is to identify the source of the product rather than the product itself.' " *Two Pesos*, 505 U.S. at 766 n. 4 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 11, 102 S.Ct. 2182, 72 L.Ed.2d 606 (1982)).

In addition, to prove trade dress infringement a plaintiff must prove that a likelihood of confusion exists. *See, e.g., Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 118-19 (2d Cir.2001). The Second Circuit utilizes the eight factors announced in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820, 82 S.Ct. 36, 7 L.Ed.2d 25 (1961), to examine this question. *See Nora Beverages*, 269 F.3d at 119. PPR, however, has not raised any argument regarding the likelihood of confusion and thus this issue will not be considered further.

A party accused of trade dress infringement can defeat such a charge by asserting that the claimed trade dress is functional. *See, e.g., id.* at 120 n. 4 ("A plaintiff is barred from gaining trade dress protection for a product if the trade dress is functional.") (citation omitted). " '[A] product feature is functional,' and cannot serve as [trade dress], 'if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.' " *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995) (quoting *Inwood Labs.*, 456 U.S. at 850 n. 10); *see also* *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001) ("a functional feature is one the 'exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.' ") (quoting *Qualitex*, 514 U.S. at 165). The party asserting trade dress protection bears the burden of demonstrating its claimed device is not functional. 15 U.S.C. s. 1125(a)(3). Finally, while "[a] utility patent is strong evidence that the features therein claimed [as trade dress] are functional," *TraFFix Devices*, 532 U.S. at 29, a "design patent" can be "presumptive evidence of non-functionality." *Topps Co. Inc. v. Gerrit J. Verburg Co.*, 1996 WL 719381, at (S.D.N.Y. Dec.13, 1996) (citing *In re Morton Norwich Prods., Inc.*, 671 F.2d 1332, 1342 n. 3 (C.C.P.A.1982)).

a. Secondary Meaning. The factors utilized to evaluate whether a claimed trade dress has secondary meaning include " (1) advertising expenditures, (2) consumer studies linking the dress to the source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the dress, and (6) length and exclusivity of the [dress]'s use." ' L. & J.G. Stickley, Inc. v. Canal Dover Furniture Co., Inc., 79 F.3d 258, 263 (2d Cir.1996) (quoting Centaur Communications, Ltd. v. A/S/M Communications, Inc., 830 F.2d 1217, 1222 (2d Cir.1987), in turn quoting Thompson Med. Co. v. Pfizer, Inc., 753 F.2d 208, 217 (2d Cir.1985)). No factor is determinative and a court need not examine each factor to reach a decision. *See* L. & J.G. Stickley, 79 F.3d at 263.

PPR contends that E-Z Bowz has not properly alleged secondary meaning in its amended complaint or adduced sufficient evidence to establish such meaning. *See* Def. Mem. at 16. Because this is a motion for summary judgment, the Court will examine whether E-Z Bowz has brought forward sufficient evidence to establish the existence of a genuine issue of material fact. The Second Circuit has noted that "proof of secondary meaning entails vigorous evidentiary requirements" and, therefore, "careful weighing of [the] evidence necessary to determining secondary meaning renders it an unlikely candidate for summary judgment." *Coach Leatherware Co., Inc. v. AnnTaylor, Inc.*, 933 F.2d 162, 169 (2d Cir.1991) (citation omitted).

E-Z Bowz has brought forward several different types of evidence in an attempt to demonstrate that its trade dress acquired secondary meaning. First, E-Z Bowz has offered evidence that between the years of 1994 to 2001 it spent \$1,065,909 to advertise its products-primarily its bow maker, *see* Cavender Decl. para. 8, and has included copies of paid advertisements for the E-Z Bowz bow maker placed in craft magazines. *See id.* Ex. B. Next, E-Z Bowz has adduced evidence showing media coverage of the product on television programs including the Home Shopping Network, *see id.* para. para. 12-14, and the QVC network, *see id.* para. para. 15-18; on various other television programs, *see id.* para. para. 19-26; and in print media between 1997 to 2002. *See id.* para. 30; *id.* Ex. H. As evidence of the sales success of the dress, E-Z Bowz has offered evidence showing gross revenues for its products totaled \$19,442,804 between the years of 1994 to 2001. *See id.* para. 10. E-Z Bowz has also showed that its product is sold in various retail stores throughout the United States. *See id.* para. 31. Finally, E-Z Bowz has shown that there have been a number of attempts, beyond just PPR, to copy the asserted trade dress. *See id.* para. 33; *id.* Ex. I.

PPR responds to E-Z Bowz's evidence by pointing out that E-Z Bowz manufactures an entire product line that includes products not containing the elements of the trade dress claimed in this case. *See* Def. Reply at 7-9. PPR also argues that E-Z Bowz's evidence is insufficient because it may relate to the entire product line, not necessarily to the specific product at issue here. *See id.* at 9. However, these contentions raise an argument regarding the strength of E-Z Bowz's evidence-not its existence-and are insufficient to result in a grant of summary judgment for PPR. *See, e.g.*, *Anderson*, 477 U.S. at 250 ("If reasonable minds could differ as to the import of the evidence" summary judgment is inappropriate). Moreover, cases have denied summary judgment where a party has submitted similar evidence regarding secondary meaning. *See, e.g.*, *U-Neek, Inc. v. Wal-Mart Stores, Inc.*, 147 F.Supp.2d 158, 172 (S.D.N.Y.2001) (evidence of advertisements, sales amounts, and purported infringement of the product); *see also* *Penguin Books U.S.A., Inc. v. New Christian Church of Full Endeavor, Ltd.*, 2000 WL 1028634, at (S.D.N.Y. July 25, 2000) (denying summary judgment where the evidence was "not sufficient in and of itself to establish secondary meaning" but did "establish an issue of material fact"). Accordingly, summary judgment should be denied with respect to PPR's claim that E-Z Bowz has failed to demonstrate secondary meaning.

[6] *b. Functionality.* PPR also argues that E-Z Bowz's trade dress is functional because (1) there are so many symbols and graphics on E-Z Bowz's products that there is no particular expression of trade dress; (2) E-Z Bowz's products incorporate common shapes and graphics so as to be generic and not protectible; (3) the claimed trade dress was disclosed in a utility patent (the '979 Patent); and (4) the separate paper instructions included with the bow maker are functional and cannot serve as trade dress. *See* Def. Mem. at 17-21. The first two contentions are easily disposed of because E-Z Bowz has only sought protection in this case as to one product, not its entire line. PPR's contention that elements of E-Z Bowz's trade dress are generic is relevant to a determination of distinctiveness, not functionality. *See, e.g.,* *Two Pesos*, 505 U.S. at 768 (citing *Abercrombie & Fitch Co. v. Hunting Worldwide, Inc.*, 537 F.2d 4, 9 (2d Cir.1976)). Moreover, PPR's attempt to dissect the individual elements of the trade dress is unavailing as case law makes clear that "even if certain individual elements of [plaintiff's] trade dress are functional, the appropriate inquiry looks at the trade dress as a whole." *Majestic Drug Co., Inc. v. Olla Beauty Supply, Inc.*, 1997 WL 37955, at (S.D.N.Y. Jan.31, 1997) (citing *LeSportsac*, 754 F.2d at 76); *accord* *O.P. Solutions, Inc. v. Intellectual Prop. Network, Ltd.*, 1999 WL 47191, at (S.D.N.Y. Feb.2, 1999); *see also* *Masterfoods USA v. Arcor USA, Inc.*, 230 F.Supp.2d 302, 309 (W.D.N.Y.2002) ("any worthwhile litigation lawyer could distinguish almost every separate element of [a claimed trade dress] and find that just about each element, alone, was functional," but the claimed dress must be "viewed as a whole"). Accordingly, the proper inquiry on this motion is whether E-Z Bowz has brought forward evidence that could show its trade dress, viewed as a whole, is not functional.

To determine whether a claimed trade dress is functional the Court "must assess the degree of usefulness of the similar features on the competing dress, the degree of similarity between the non-useful, ornamental features of the packaging, and the feasibility of alternatives to the useful features." *Fun-Damental Too*, 111 F.3d at 1002 (citation omitted); *accord* *Fabrication Enters., Inc. v. Hygenic Corp.*, 64 F.3d 53, 59 (2d Cir.1995). The factors

should be considered along a continuum. On one end, unique arrangements of purely functional features constitute a functional design. On the other end, distinctive and arbitrary arrangements of predominantly ornamental features that do not hinder potential competitors from entering the same market with differently dressed versions of the product are non-functional and hence eligible for trade dress protection.

Fabrication Enters., 64 F.3d at 59 (quoting *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 977 (2d Cir.1987)).

PPR's best argument comes from the existence of the '979 Patent. In *TrafFix Devices*, the Supreme Court stated that "[a] utility patent is strong evidence that the features therein claimed are functional." 532 U.S. at 29; *accord* *id.* at 30 (utility patent "adds great weight to the statutory presumption that features are ... functional"). When trade dress features are among the claims established in the utility patent, "one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device." *Id.* at 30. The Court noted, however, that

[i]n a case where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as ... an ornamental pattern painted on [features disclosed in the patent] ... the manufacturer could perhaps prove that those aspects do not serve a purpose within the terms of the utility patent.

Id. at 34. E-Z Bowz seizes on this language to argue that, taken as a whole, its trade dress is arbitrary and ornamental. *See* Pl. Opp. Mem. at 29-30. If such a claim is raised, a court can "be aided by going beyond the claims and examining the patent and its prosecution history to see if the feature in question is shown as a useful part of the invention." *TraFFix Devices*, 532 U.S. at 34. Accordingly, the Court will examine the '979 Patent and its prosecution history to determine whether any elements of E-Z Bowz's claimed trade dress were disclosed in the patent and, if so, whether they were a useful feature of the device.

The first and second elements of E-Z Bowz's claimed trade dress, the base and dowels (that is, retaining members), are clearly functional elements included in the '979 Patent. The base of the apparatus is described in claims 1, 3, 4, 5, 7, 8, 9, and 10 of the '979 Patent, while the dowels are described in claims 1, 2, 5, 6, and 9. *See* '979 Patent. Moreover, these elements are described within the patent itself as functional:

The bow making apparatus ... includes a base member ... defining an upper work surface ... for supporting bow fabricating material ... during the bow making operation. The apparatus ... also includes first, second and third retainer members ... extending upwardly from the upper work surface ... of the base member ... for releasably receiving and maintaining the position of the gathered sections of bow fabricating material.

'979 Patent, Abstract (reproduced in '979 History). Accordingly, these elements of the patent are functional and cannot sustain a claim for trade dress.

Other portions of the base and dowels, however, are ornamental and have no function in the bow making machine. Specifically, the color, grain and texture of the wood used in the bow maker have no relation to the actual function and operation of the device.

The most complicated element of E-Z Bowz's claimed trade dress pertains to the colors, graphics and markings on the base of the bow maker. Much of the coloring and placement of graphics on the bow maker serve an aesthetic and ornamental purpose and are unrelated to the function of the bow maker. The measuring lines or indicia on the base of the bow maker, by contrast, are functional. This is because the measuring lines were disclosed as part of the '979 Patent to "facilitat[e] the making of bows having looped portions of preselected length." '979 Patent Claim 3; *accord* '979 History, Description at 4 ("In a preferred embodiment of the apparatus the upper work surface of the base member is provided with measuring indicia to facilitate the making of bows having preselected dimensions."). Facilitating the making of bows was the entire purpose of the bow maker and these indicia were intended to help this function. Thus, the graphics and markings on the base element consist of both functional as well as arbitrary and ornamental elements. On this motion for summary judgment, drawing all reasonable inferences in favor of E-Z Bowz, the Court cannot say that the functional portions of this element so outweigh the ornamental portions as to deprive them of any trade dress protection as a matter of law.

The remaining element of E-Z Bowz's trade dress claim is the instructions on how to use the bow making product. The Court concurs with PPR's argument that these instructions are inherently functional. The purpose of the bow making device is to allow people to make decorative bows. The instructions are in no way arbitrary but are instead designed to allow consumers to fulfill the purpose of the bow maker.

In support of its position that its trade dress is not functional, E-Z Bowz has submitted evidence that at least 36 different bow making machines exist that utilize dress different from the E-Z Bowz bow maker. *See* Cavender Decl. para. 34; *id.* Ex. K (providing copies of numerous advertisements for different bow makers). Such evidence is relevant because "one factor in establishing the non-functionality of a trade dress is a

demonstration that feasible, or cost-effective, alternatives to the design exist." *Neutrik AG v. Switchcraft, Inc.*, 2001 WL 286722, at (S.D.N.Y. Mar.23, 2001) (citing *Stormy Clime*, 809 F.2d at 977), *aff'd*, 2002 WL 315032 (Fed.Cir. Feb.27, 2002). The existence of these other trade dresses shows that E-Z Bowz's trade dress does not inhibit or prevent companies from entering this market and helps to prevent a finding of functionality. *See Landscape Forms*, 113 F.3d at 377 (the functionality defense "requires a showing that trade dress protection would deprive competitors of alternative designs, and, thus, foreclose competition from the relevant market") (citing *Restatement (Third) of Unfair Competition*, s. 17 cmt. c (1995)). Thus, "[t]here is no risk of ... market foreclosure" in this case because E-Z Bowz "seeks protection only of a single specific design." *P.E. Guerin, Inc. v. Nanz Custom Hardware, Inc.*, 1997 WL 777812, at (S.D.N.Y. Dec.16, 1997).

E-Z Bowz also points to the existence of the '998 Design Patents as evidence of non-functionality. *See Pl. Opp. Mem.* at 30. Courts have stated that "[t]he existence of a design patent ... is relevant to the functionality defense." *Krueger Int'l, Inc. v. Nightingale Inc.*, 915 F.Supp. 595, 605 (S.D.N.Y.1996) (citing cases). While such evidence does not, by itself, require a finding that the trade dress is non-functional, *see* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, s. 7:93 (4th ed.2003), it provides some additional weight in support of E-Z Bowz's argument. FN2

FN2. The fact that this Court has recommended finding the '998 Design Patent invalid due to the on-sale bar does not abrogate its relevance to the question of functionality. A design patent cannot be issued if the invention is functional. *See, e.g., Hupp v. Siroflex of Am., Inc.*, 122 F.3d 1456, 1460 (Fed.Cir.1997) ("A design or shape that is entirely functional ... does not meet the statutory design criteria of a design patent.") (citing cases). It follows that "because a design patent is granted only for non-functional designs, it can serve as evidence that a plaintiff's trade dress is not functional." *Krueger Int'l*, 915 F.Supp. at 605 (citations omitted). The expiration of a design patent does not remove its relevance to the functionality question. *See Topps Co.*, 1996 WL 719381, at *10. That such a patent may be invalidated due to the on-sale bar is also of no logical relevance to the question of whether the patent as granted showed non-functionality.

The Court is mindful that if "there is any evidence in the record from which a reasonable inference could be drawn in favor of the opposing party, summary judgment is improper." *Curry v. City of Syracuse*, 316 F.3d 324, 333 (2d Cir.2003) (quoting *Fischl v. Armitage*, 128 F.3d 50, 55-56 (2d Cir.1997)). While many of the elements in E-Z Bowz's claimed trade dress are functional, the proper inquiry is not into the individual elements but the dress as a whole. *See, e.g., Landscape Forms*, 113 F.3d at 381. Trade dress "accord[s] protection to symbols consumers are likely to rely upon in distinguishing goods, while denying protection that would hamper efforts to market competitive goods." *Id.* at 380. In this case, E-Z Bowz has assembled a bow making device with a specific color scheme and markings as part of its design. *See Cavender Decl. Ex. A*. While some portions of this dress are functional, some are purely arbitrary and designed to allow consumers to distinguish the E-Z Bowz bow maker from other products. On this motion for summary judgment, E-Z Bowz has submitted evidence creating a genuine issue of material fact as to whether its claimed trade dress is functional.

c. Conclusion. Because E-Z Bowz has provided sufficient evidence that its trade dress carries a secondary meaning and that it is not functional, PPR's motion for summary judgment on E-Z Bowz's trade dress claims should be denied.

2. Common Law Unfair Competition

[7] Finally, E-Z Bowz has asserted a claim of common law unfair competition against PPR. *See* Am. Compl. para. para. 12-15. PPR argues that because the New York law of unfair competition requires a showing of non-functionality, it is entitled to summary judgment. *See* Def. Mem. at 21 n.19. PPR is correct that "a claim for unfair competition under New York law requires proof of a competitor's deliberate use of a non-functional trade dress." *Morex S.p.A. v. Design Inst. Am., Inc.*, 779 F.2d 799, 801 (2d Cir.1985) (per curiam). However, because E-Z Bowz has adduced sufficient evidence of non-functionality, PPR's motion for summary judgment on this ground should be denied.

IV. E-Z BOWZ'S MOTION FOR SUMMARY JUDGMENT

E-Z Bowz (that is, E-Z Bowz, L.L.C.) has also moved for summary judgment dismissing counts 1 through 4, and counts 6 and 7 of PPR's counterclaims. FN3 *See* Memorandum of Law in Support of E-Z Bowz Defendant's Motion for Partial Summary Judgment, filed January 21, 2003 ("E-Z Bowz Mem.") (Docket # 111), at 5-23. These counts relate to antitrust, unfair competition, fraud and deceit, trade libel, and certain tort claims. Each of these counts is discussed in turn.

FN3. E-Z Bowz has not moved for summary judgment in its favor with regard to PPR's counterclaim of patent invalidity and non-infringement of E-Z Bowz's patents or trade dress. *See* PPR Complaint para. para. 102-07. As discussed in section III.A above, the Court has already determined that PPR's motion for summary judgment on this count should be granted in part and denied in part.

These same counterclaims form the basis of the third-party complaint against the E-Z Defendants, LNG and Threadgill. In a separate Report and Recommendation, however, it has been recommended that the third-party complaint be dismissed for lack of personal jurisdiction over these defendants. Thus, PPR's summary judgment motion is considered only with respect to the counterclaims against plaintiff E-Z Bowz, L.L.C..

A. Antitrust Claims

[8] E-Z Bowz argues that PPR's claims under section 2 of the Sherman Antitrust Act fail for (1) failure to present evidence regarding the relevant market, (2) failure to prove monopoly power, (3) failure to demonstrate antitrust injury and (4) failure to prove attempted monopolization. *See* E-Z Bowz Mem. at 5-11. PPR has opposed E-Z Bowz's motion on the ground that it has provided sufficient evidence to show monopoly and attempted monopolization under section 2 of the Sherman Act, 15 U.S.C. s. 2. *See* Professional Product Research Co., Inc.'s Memorandum of Law in Opposition to the Several E-Z Bowz, L.L.C.'s Defendants' Motion for Summary Judgment, filed February 6, 2003 (Docket # 120) ("PPR Mem."), at 3-14. PPR also appears to assert that it has shown violations not only of section 2 of the Sherman Act but also separate violations of section 4 of the Clayton Act, 15 U.S.C. s. 15. *See* PPR Complaint para. para. 75-84. Section 4 of the Clayton act, however, is the provision that allows a private right of action for substantive violations of the antitrust laws. *See, e.g., Atl. Richfield Co. v. USA Petroleum Co.*, 495 U.S. 328, 331 n. 1, 110 S.Ct. 1884, 109 L.Ed.2d 333 (1990). The section provides no separate cause of action.

For the reasons set forth below, E-Z Bowz's motion must be granted because PPR has failed to define a relevant market, failed to prove E-Z Bowz's market power and failed to show that it suffered antitrust injury. Moreover, PPR has not provided evidence to support the underpinning of its antitrust claim: that is, that E-Z Bowz committed fraud before the USPTO.

As an initial matter, PPR argues that the Supreme Court has cautioned against the use of summary judgment in complex antitrust cases, citing *Poller v. Columbia Broad. Sys., Inc.*, 368 U.S. 464, 82 S.Ct. 486, 7 L.Ed.2d 458 (1962). *See* PPR Mem. at 3. More recent case law, however, has squarely held that "summary judgment serves a vital function in the area of antitrust law." *Tops Mkts., Inc. v. Quality Mkts., Inc.*, 142 F.3d 90, 95 (2d Cir.1998) (citing *Matsushita*, 475 U.S. at 593-94) (citation omitted); *see also* *PepsiCo, Inc. v. Coca-Cola Co.*, 315 F.3d 101, 104 (2d Cir.2002) (per curiam) ("In the context of antitrust cases ... summary judgment is particularly favored because of the concern that protracted litigation will chill pro-competitive market forces.") (citing *Tops Mkts.*, 142 F.3d at 95). Moreover, at least one court has noted, "[a]lthough *Poller* has not been overruled, the courts, including the Supreme Court, now more freely approve the granting of summary judgment in antitrust cases." *Texaco Puerto Rico, Inc. v. Medina*, 834 F.2d 242, 247 (1st Cir.1987) (citing cases).

1. PPR has Failed to Adduce Evidence of the Relevant Market

To demonstrate a monopolization violation of section 2 of the Sherman Act, a plaintiff (or, in this instance, a counterclaimant) must show: "(1) the possession of monopoly power in the relevant market and (2) the willful acquisition or maintenance of that power as distinguished from growth or development as a consequence of a superior product, business acumen, or historic accident." *United States v. Grinnell Corp.*, 384 U.S. 563, 570-71, 86 S.Ct. 1698, 16 L.Ed.2d 778 (1966); *see also* *Spectrum Sports, Inc. v. McQuillan*, 506 U.S. 447, 455, 113 S.Ct. 884, 122 L.Ed.2d 247 (1993) ("the plaintiff charging attempted monopolization must prove a dangerous probability of actual monopolization, which has generally required the definition of the relevant market and examination of market power"). To meet this burden, an antitrust plaintiff must establish the geographic scope of the market and define the actual product market. *See* *PepsiCo*, 315 F.3d at 105 ("[I]t is necessary to define the relevant product and geographic market.... A relevant product market consists of 'products that have reasonable interchangeability for the purposes for which they are produced-price, use and qualities considered.'") (quoting *United States v. E.I. du Pont de Nemours & Co.*, 351 U.S. 377, 404, 76 S.Ct. 994, 100 L.Ed. 1264 (1956)); *see also* *United States v. Microsoft Corp.*, 253 F.3d 34, 81 (D.C.Cir.) (en banc) (per curiam) ("Defining a market ... involves ... a detailed description of the purpose of [the product]-what functions may be included and what are not-and an examination of the substitutes that are part of the market and those that are not."), *cert. denied*, 534 U.S. 952, 122 S.Ct. 350, 151 L.Ed.2d 264 (2001). "Products will be considered reasonably interchangeable if consumers treat them as 'acceptable substitutes.'" *PepsiCo*, 315 F.3d at 105 (quoting *FTC v. Cardinal Health, Inc.*, 12 F.Supp.2d 34, 46 (D.D.C.1998)). The party alleging a violation of the antitrust laws has the burden of defining the relevant market and all of its relevant parts. *See, e.g.*, *Virgin Atl. Airways Ltd. v. British Airways PLC*, 257 F.3d 256, 273 (2d Cir.2001) (affirming summary judgment where plaintiff "failed to define in which markets [defendant] supposedly exercised monopoly power").

PPR's counterclaim defines the relevant market as "the domestic hand-tied bow maker market." PPR Complaint para. 76. Standing alone, this definition of the market would be insufficient to withstand a motion to dismiss, let alone one for summary judgment. As one court has noted:

[A]n antitrust complaint must explain why the market it alleges is the relevant, economically significant product market.... Because a relevant market includes all products which are reasonably interchangeable, ... [p]laintiff's failure to define its market by reference to the rule of reasonable interchangeability is, standing alone, valid grounds for dismissal." '

B.V. Optische Industrie De Oude Delft v. Hologic, Inc., 909 F.Supp. 162, 171-72 (S.D.N.Y.1995) (quoting

E & G Gabriel v. Gabriel Bros., Inc., 1994 WL 369147, at (S.D.N.Y. June 13, 1994)) (citation omitted). Thus, even on a motion to dismiss, an antitrust claim will be dismissed " [i]f a complaint fails to allege facts regarding substitute products, to distinguish among apparently comparable products, or to allege other pertinent facts relating to cross-elasticity of demand." ' Commercial Data Servers, Inc. v. Int'l Bus. Mach. Corp., 166 F.Supp.2d 891, 896 (S.D.N.Y.2001) (quoting *Re- Alco Indus. Inc. v. Nat'l Ctr. for Health Educ., Inc.*, 812 F.Supp. 387, 391 (S.D.N.Y.1993)) (citation omitted). Neither PPR's complaint nor any of the evidence it has submitted in support of its motion properly identifies comparable products or any cross-elasticity of demand for other products that could or could not compete with the E-Z Bowz bow maker.

PPR's entire antitrust claim is premised on its contention that E-Z Bowz fraudulently obtained the patents at issue. This premise-which PPR failed to prove in its own motion for summary judgment, *see* section III.A.3-is insufficient to constitute evidence defining a relevant market.FN4 As one court has noted, "it is obvious that merely obtaining a patent for a product does not create a product market for antitrust purposes." *B.V. Optische*, 909 F.Supp. at 172 (citations omitted). In *Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 86 S.Ct. 347, 15 L.Ed.2d 247 (1965), a case on which PPR heavily relies, the Supreme Court explicitly referred to the importance of establishing the relevant market in an antitrust case alleging a fraudulently obtained patent. *See id.* at 177-78 ("Without a definition of th [e] market there is no way to measure [defendant's] ability to lessen or destroy competition.... There may be effective substitutes for the device which do not infringe the patent."). Thus, "proof of fraud on the [US]PTO is insufficient to survive a motion to dismiss; rather, all of the elements of a s. 2 claim must be established." *B.V. Optische*, 909 F.Supp. at 171 (citing *Walker Process*, 382 U.S. at 177-78); *see also* *Walker Process*, 382 U.S. at 174 ("enforcement of a patent procured by fraud on the Patent Office may be violative of s. 2 of the Sherman Act provided the other elements to a s. 2 case are present").

FN4. PPR has not even shown there was any "fraud" in obtaining the patents at issue. The fact that the Court has found the '998 Patent invalid due to the on-sale bar does not establish fraud. *See Digital Equip. Corp. v. Diamond*, 653 F.2d 701, 719 (1st Cir.1981) ("At most, the [US]PTO has established that [the inventor] was 'negligent' in not exploring ... the possibility that the early commercial activity constituted an 'on sale' bar. Such negligence is not by itself equivalent to fraud.").

PPR attempts to distinguish *B.V. Optische* by claiming that the alleged market in that case "merely defined the relevant market in terms identical to the allegedly fraudulent patents." PPR Mem. at 12 (citing *B.V. Optische*, 909 F.Supp. at 172). However, the case says no such thing and is not limited in the way PPR suggests.

PPR also claims that E-Z Bowz defined the relevant market through statements made during the discovery process. *See* PPR Mem. at 6-7. However, it is PPR who bears the burden of delineating the relevant market. Moreover, even the evidence cited by PPR shows that E-Z Bowz has not attempted to monopolize the entire domestic bow making market. Specifically, Cavender testified that one competing product, the Bow Master, was so different so as not to infringe upon the E-Z Bowz patents. *See* Deposition of Lea Cavender, dated August 29, 2001 (reproduced in Exhibits to Professional Product Research Co., Inc.'s Opposition to the E-Z Bowz, Defendants' Motion for Summary Judgment, filed February 6, 2003 ("PPR Opp. Exhibits") (filed with PPR Mem.), Ex. 3), at 84-86. Thus, the domestic bow maker market includes products that have not been subject to E-Z Bowz's alleged monopoly.

2. PPR has Failed to Demonstrate Market Power

[9] Even if PPR had sufficiently defined a product market, it has failed to demonstrate the existence of market power. "The core element of a monopolization claim is market power, which is defined as 'the ability to raise price by restricting output.'" *PepsiCo*, 315 F.3d at 107 (quoting 2A Philip E. Areeda, *et al.*, *Areeda & Hovenkamp's Antitrust Law*, para. 501, at 85 (2002)); *see also* *Tops Mkts.*, 142 F.3d at 97-98 ("Monopoly power, also referred to as market power ... is 'the power to control prices or exclude competition.'") (quoting *EI du Pont*, 351 U.S. at 391) (citation omitted). Market power may be proven in two ways: either "directly by evidence of the control of prices or the exclusion of competition, or it may be inferred from one firm's large percentage of the relevant market." *Tops Mkts.*, 142 F.3d at 98 (citing *K.M.B. Warehouse Distribs., Inc. v. Walker Mfg. Co.*, 61 F.3d 123, 129 (2d Cir.1995)). PPR has failed to proffer evidence that could support a finding under either method.

PPR's only evidence regarding E-Z Bowz's alleged market power consists of efforts by E-Z Bowz to stop other parties from allegedly infringing its patents. *See, e.g.*, Letter to Can Creations, Inc., from John O. Threadgill, dated February 2, 2001 (reproduced in PPR Opp. Exhibits, Ex. 5). However, such acts alone cannot constitute a violation of the antitrust laws. The Federal Circuit has stated:

Neither the bringing of an unsuccessful suit to enforce patent rights, nor the effort to enforce a patent that falls to invalidity, subjects the suitor to antitrust liability.... Since a principal purpose of the patent system is to provide innovators with a property right upon which investment and other commercial commitments can be made ... the patentee must have the right of enforcement of a duly granted patent, unencumbered by punitive consequences should the patent's validity or infringement not survive litigation.

See *C.R. Bard*, 157 F.3d 1340, 1369 (Fed.Cir.1998) (citations omitted). The only exception to this statement is if the party initiates a "sham litigation as a tactic to destroy competition." *See id.* at 1368. The "sham litigation" exception is not even at issue, however, because there is no evidence that any litigation ensued. As the holder of a patent that is presumed valid, *see* 35 U.S.C. s. 282, E-Z Bowz was certainly within its rights to notify parties that allegedly infringed upon those patents of the prospect of litigation.

To the extent that PPR is claiming that E-Z Bowz has exerted market power by initiating the instant suit, it has failed to demonstrate the suit falls under the definition of sham. The standard to evaluate whether litigation qualifies as sham requires: "(1) the lawsuit must be objectively meritless such that 'no reasonable litigant could expect success on the merits' and (2) it must be found that 'the baseless lawsuit conceals 'an attempt to interfere directly with the business relationships of a competitor.'" *C.R. Bard*, 157 F.3d at 1368 (quoting *Profl Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 60, 113 S.Ct. 1920, 123 L.Ed.2d 611 (1993), in turn quoting *E. R.R. Presidents Conf. v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 144, 81 S.Ct. 523, 5 L.Ed.2d 464 (1961)). There is no need to evaluate the second step of the process unless the litigation is found to be objectively meritless. *See Profl Real Estate Investors*, 508 U.S. at 60. In this case, PPR has provided no evidence that would demonstrate that E-Z Bowz's patent claims are objectively meritless. In fact, the denial in part of PPR's motion for summary judgment, *see* section III.A above, shows exactly the opposite.

In addition, PPR has not brought forward any evidence regarding market share. *See, e.g.*, *Tops Mkts.*, 142 F.3d at 98 ("A court may infer monopoly power from a high market share.") (citing cases). PPR claims that "the use of certain fraudulently procured patents to exclude others from the relevant market may be sufficient in itself to constitute monopoly power." PPR Mem. at 6. The Federal Circuit has noted that "[u]nless the patent had been obtained by fraud such that the market position had been gained illegally, the patent right to exclude does not constitute monopoly power prohibited by the Sherman Act." *C.R. Bard.*, 157

F.3d at 1368 (citing *Walker Process*, 382 U.S. at 177-78); *see also* *SCM Corp. v. Xerox Corp.*, 645 F.2d 1195, 1204 (2d Cir.1981) ("No court has ever held that the antitrust laws require a patent holder to forfeit the exclusionary power inherent in his patent the instant his patent monopoly affords him monopoly power over a relevant product market."). However, PPR has failed to establish the existence of any fraud on the part of E-Z Bowz in obtaining the patents at issue. Without such evidence, "[a] patent alone does not demonstrate market power." *In re Indep. Serv. Orgs. Antitrust Litig.*, 203 F.3d 1322, 1325 (Fed.Cir.2000) (citation omitted), *cert. denied*, 531 U.S. 1143, 121 S.Ct. 1077, 148 L.Ed.2d 954 (2001); *accord* *C.R. Bard*, 157 F.3d at 1368 ("It is not presumed that the patent-based right to exclude necessarily establishes market power in antitrust terms.") (citation omitted). Without its reliance on E-Z Bowz's alleged fraud, PPR has no argument to support its contention that E-Z Bowz exercised market power.

In the course of briefing this issue, PPR disclosed in its brief the terms of E-Z Bowz's alleged offer to settle this case, purportedly made during the course of a settlement conference before the undersigned. *See* PPR Mem. at 8 n.14. The apparent purpose of this disclosure was to show that the instant litigation is in fact a "sham." Such evidence, however-even if true-is plainly inadmissible under Fed.R.Evid. 408 and thus inadmissible under Fed.R.Civ.P. 56(e). In addition, it violated an order of this Court's stating that "[a]ll communications made as part of the conference process are strictly confidential." *See* Standing Order In Cases Referred for Settlement to Magistrate Judge Gabriel W. Gorenstein, para. 1. Obviously, the Court has not considered PPR's allegation on this score.

3. PPR has Failed to Demonstrate Antitrust Injury

[10] Compounding its multiple failures of proof, PPR has also failed to demonstrate an antitrust injury. A party claiming an antitrust violation "must prove the existence of 'antitrust injury, which is to say injury of the type the antitrust laws were intended to prevent and that flows from that which makes defendants' acts unlawful.'" *Atl. Richfield*, 495 U.S. at 334 (emphasis omitted) (quoting *Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc.*, 429 U.S. 477, 489, 97 S.Ct. 690, 50 L.Ed.2d 701 (1977)). "The antitrust laws ... were enacted for 'the protection of competition not competitors.'" *Brunswick*, 429 U.S. at 488 (quoting *Brown Shoe Co. v. United States*, 370 U.S. 294, 320, 82 S.Ct. 1502, 8 L.Ed.2d 510 (1962)). Thus, the party asserting a claim under the antitrust laws "must allege not only cognizable harm to [itself], but an adverse effect on competition market-wide." *Todd v. Exxon Corp.*, 275 F.3d 191, 213 (2d Cir.2001) (citing *Elecs. Communications Corp. v. Toshiba Am. Consumer Prods., Inc.*, 129 F.3d 240, 242 (2d Cir.1997)). "Where the defendant's conduct harms the plaintiff without adversely affecting competition generally, there is no antitrust injury." *Paladin Assocs., Inc. v. Montana Power Co.*, 328 F.3d 1145, 1158 (9th Cir.2003) (citations omitted).

PPR seems to assert that it has demonstrated an antitrust injury because E-Z Bowz has allegedly used its patents to drive lower priced competitors from the market so it could undercut the prices of remaining competitors. *See* PPR Mem. at 13. But PPR has failed to offer any evidence that E-Z Bowz was engaging in any type of predatory pricing-that is, by offering its product below its costs. Without proof of such behavior, PPR has failed to demonstrate any antitrust injury. *See* *Brooke Group Ltd. v. Brown & Williamson Tobacco Corp.*, 509 U.S. 209, 223, 113 S.Ct. 2578, 125 L.Ed.2d 168 (1993) ("we have rejected ... the notion that above-cost prices that are below general market levels or the costs of a firm's competitors inflict injury to competition cognizable under the antitrust laws") (citing *Atl. Richfield*, 495 U.S. at 340). The Supreme Court has made clear that "[l]ow prices benefit consumers regardless of how those prices are set, and so long as they are above predatory levels, they do not threaten competition. Hence, they cannot give rise to antitrust injury." *Atl. Richfield*, 495 U.S. at 340; *see also* *Cargill Inc. v. Monfort of Colorado, Inc.*, 479 U.S.

104, 116, 107 S.Ct. 484, 93 L.Ed.2d 427 (1986) ("To hold that the antitrust laws protect competitors from the loss of profits due to such price competition would, in effect, render illegal any decision by a firm to cut prices in order to increase market share. The antitrust laws require no such perverse result."). Without any evidence showing that E-Z Bowz sold its products below its costs, PPR cannot rely on allegations of predatory pricing to establish antitrust injury.

Even had PPR brought forward evidence regarding E-Z Bowz's costs, it still failed to demonstrate the second element of predatory pricing. "The second prerequisite to holding a competitor liable under the antitrust laws for charging low prices is a demonstration that the competitor had, ... under s. 2 of the Sherman Act, a dangerous probability[] of recouping its investment in below-cost prices." *Brooke Group*, 509 U.S. at 224 (citations omitted). Assuming, *arguendo*, that E-Z Bowz did lower its prices to gain market share, it "is of no moment to the antitrust laws" that these actions "impose[d] painful losses on" PPR. *Id.* Lower prices for bow makers benefitted consumers unless PPR had brought forward evidence of "a dangerous probability that [E-Z Bowz] would monopolize [the] particular market." *Spectrum Sports*, 506 U.S. at 459. PPR has not brought forward any such evidence.

4. PPR has Failed to Demonstrate a Conspiracy or Attempted Monopolization

In order to state a claim for a conspiracy to monopolize PPR must offer evidence that shows " '(1) proof of a concerted action deliberately entered into with the specific intent to achieve an unlawful monopoly, and (2) the commission of an overt act in furtherance of the conspiracy.' " *Int'l Distrib. Ctrs., Inc. v. Walsh Trucking Co., Inc.*, 812 F.2d 786, 795-96 (2d Cir.) (quoting *Paralegal Inst., Inc. v. Am. Bar Ass'n*, 475 F.Supp. 1123, 1132 (E.D.N.Y.1979)) (citations omitted), *cert. denied*, 482 U.S. 915 (1987). PPR's argument regarding concerted action to achieve an unlawful monopoly consists of the allegations of fraud before the USPTO. However, as noted above, PPR has failed to demonstrate that these actions were undertaken to achieve an unlawful monopoly. Thus, PPR's claim of a conspiracy to monopolize fails.

For PPR to succeed on its claim of attempted monopolization it needed to show: "(1) that the defendant has engaged in predatory or anticompetitive conduct with (2) a specific intent to monopolize and (3) a dangerous probability of achieving monopoly power." *Spectrum Sports*, 506 U.S. at 456 (citation omitted); *accord* *Tops Mkts.*, 142 F.3d at 99-100. As noted above, there is no evidence that E-Z Bowz engaged in any predatory or anticompetitive conduct sufficient to support this claim. Even if PPR had adduced sufficient evidence of a specific intent to monopolize, its claim would still fail because it has not shown a dangerous probability of success. "Critical to deciding the dangerous probability prong of [an] attempted monopolization claim is defendant's economic power in the relevant market.... Attempted monopolization requires some degree of market power." *Tops Mkts.*, 142 F.3d at 100 (citations omitted). A lesser degree of market power is required for a claim of attempted monopolization than for a claim of a completed monopoly. *See id.* However, as noted in section IV.A.2 above, PPR has not brought forward any evidence regarding market power. Thus, even under the reduced quantum of proof required for this claim, PPR has failed to offer evidence that could allow a reasonable jury to find in its favor.

B. Unfair Competition Claims

PPR asserted two counterclaims of unfair competition against E-Z Bowz: one under section 43(a) of the Lanham Act, 15 U.S.C. s. 1125(a) and one for common law unfair competition. *See* PPR Complaint para. 85-95. Both of these claims must be dismissed.

1. PPR's Lanham Act Claim

[11] Section 43(a) of the Lanham Act provides in pertinent part:

(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-(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. s. 1125(a). PPR has claimed that E-Z Bowz made four allegedly false claims in connection with its bow maker. *See* PPR Complaint para. 86(a)-(d). Specifically, PPR claims that statements of "more than 1 million sold;" "more than 3 million sold;" that the bow maker was "made in the U.S.A.;" and that the bow maker was protected by the '979, '733 and/or '998 Patents were false. *Id.* (capitalization omitted). E-Z Bowz claims that PPR's claim under the Lanham Act fails because PPR lacks standing to assert this claim and that the alleged misrepresentations were true. *See* E-Z Bowz Mem. at 13-14. The Court need not reach the argument regarding the truth of the statements because, as discussed below, PPR has failed to demonstrate that it has standing to assert this claim.

E-Z Bowz's argument that PPR lacks standing is based on two contentions. The first contention-that PPR allegedly infringed upon E-Z Bowz's product, *see* E-Z Bowz Mem. at 13-is irrelevant. At this stage, E-Z Bowz has not been called upon to offer its proof that PPR infringed upon any protectible interest of E-Z Bowz.

E-Z Bowz also contends that PPR has failed to bring forward any evidence that it suffered a cognizable injury sufficient to establish standing. *See* E-Z Bowz Mem. at 15. "In order to establish standing to sue under [section 43(a)], a plaintiff must demonstrate a 'reasonable interest to be protected' against the advertiser's false or misleading claims, ... and a 'reasonable basis' for believing that this interest is likely to be damaged by the false or misleading advertising." *Ortho Pharm. Corp. v. Cosprophar, Inc.*, 32 F.3d 690, 694 (2d Cir.1994) (citations and some quotation marks omitted). In order to have satisfied the "reasonable basis" prong, PPR "must submit specific evidence that [E-Z Bowz's] advertising causes direct harm to the product in which [PPR] claims a pecuniary interest." *PDK Labs, Inc. v. Friedlander*, 103 F.3d 1105, 1112 (2d Cir.1997) (quoting *Coca-Cola Co. v. Tropicana Prods., Inc.*, 690 F.2d 312, 316 (2d Cir.1982)). While PPR "need not demonstrate that it ... has definitely lost sales because of [E-Z Bowz's] advertisements ... '[t]he likelihood of injury and causation will not be presumed, but must be demonstrated in some manner." *Ortho Pharm.*, 32 F.3d at 694 (citations omitted). PPR has failed to adduce any evidence that shows any harm attributable to E-Z Bowz's allegedly false statements.

The only evidence that PPR points to is the deposition testimony of one of its employees, Robert Notine, who testified about the circumstances of PPR's discontinuing making its bow maker. *See* Deposition of Robert G. Notine, III, dated July 25, 2002 ("Notine Dep.") (reproduced in PPR Opp. Exhibits, Ex. 20), at 55-59. However, this testimony shows that PPR stopped producing its item because of the potential of a patent infringement lawsuit. *See id.* at 56. Notine does not offer any testimony that PPR stopped producing this item because of any allegedly false statements made by E-Z Bowz on its packaging. Thus, there is no evidence that the statements made by E-Z Bowz on its packaging caused PPR any damage.

[12] In addition, because PPR seeks money damages, *see* PPR Complaint at 28, it "must introduce evidence

of actual consumer confusion." *Res. Developers, Inc. v. Statute of Liberty-Ellis Island Found., Inc.*, 926 F.2d 134, 139 (2d Cir.1991) (citations omitted); *accord Sun Trading Distrib., Inc. v. Evidence Music, Inc.*, 980 F.Supp. 722, 728 (S.D.N.Y.1997). PPR has not introduced any such evidence. Nonetheless, " 'where a plaintiff adequately demonstrates that a defendant has intentionally set out to deceive the public,' and the defendant's 'deliberate conduct' in this regard is of an 'egregious nature,' a presumption arises 'that consumers are, in fact, being deceived.'" ' *Johnson & Johnson v. Smithkline Beecham Corp.*, 960 F.2d 294, 298-99 (2d Cir.1992) (quoting *Res. Developers*, 926 F.2d at 140). "In such a case, once a plaintiff establishes deceptive intent, 'the burden shifts to the defendant to demonstrate the absence of consumer confusion.'" ' *Johnson & Johnson*, 960 F.2d at 299 (quoting *Res. Developers*, 926 F.2d at 140). This presumption is inapplicable here because PPR has failed to offer evidence of a deceptive intent.

PPR seems to claim that deposition testimony from the Cavenders shows an intent to deceive because they could not remember when exact sales figures had been reached or when some products were made in Mexico as opposed to the United States. *See* PPR Mem. at 16-17. But the fact that the Cavenders could not specifically remember dates and exact sales figures during their depositions does not mean that they acted in bad faith years earlier. Without any evidence tending to show E-Z Bowz acted with an intent to deceive, PPR is not entitled to a presumption of deception. *See Res. Developers*, 926 F.2d at 141 ("The fact that the defendant's state of mind is in issue does not alter the result where only speculative allegations are offered to demonstrate the existence of state of mind after ample opportunity to engage in relevant discovery.") (citation omitted).

Finally, PPR cites to *Alto Prods. Corp. v. Ratek Indus. Ltd.*, 1996 WL 497027 (S.D.N.Y. Sept.3, 1996), for the proposition that mislabeling a product "made in the U.S.A." is sufficient to establish a likelihood of deception. *See* PPR Mem. at 18-19. *Alto Prods*, found that the sale of a product that violated the Tariff Act, 19 U.S.C. s. 1304, by failing to designate its country of origin, violated the Lanham Act. *See* 1996 WL 497027, at *5. Here, however, Art Cavender testified that the E-Z Bowz products that were made in Mexico were appropriately labeled to reflect this fact. *See* Deposition of Arthur D. Cavender, dated August 30, 2001 (reproduced in PPR Opp. Exhibits, Ex. 16), at 73 ("it also had a sticker on the Bow Maker that said Made in Mexico, and the master carton said Made in Mexico, too. So they were identified that they were manufactured in Mexico."). PPR has not brought forward evidence to contradict this claim. In addition, the evidence in *Alto Prods*. showed that a foreign manufacturer intentionally sold foreign made products as American made. *See* 1996 WL 497027, at *7; *id.* at (finding the foreign company specifically intended to sell its products "in violation of the Lanham Act"). PPR has not brought forward any similar evidence in this case.

2. PPR's Common Law Claim

PPR's common law unfair competition under New York law fares even worse. "In a common law unfair competition claim under New York law, the plaintiff must show ... actual confusion in an action for damages ... [and] there must be some showing of bad faith." *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 35 (2d Cir.1995) (citations omitted). As noted above, PPR has failed to offer any evidence that would show actual confusion or bad faith. Accordingly, the common law unfair competition claim must fail.

C. Fraud and Deceit Claim

[13] PPR's fourth counterclaim is for common law fraud based on allegedly false statements from E-Z Bowz regarding: (1) the enforceability of the '979, '733 and '998 Patents; (2) the sales figures of E-Z Bowz's

products; (3) where E-Z Bowz's products were manufactured; and (4) representations to courts regarding the validity of E-Z Bowz's patents. *See* PPR Complaint para. 98(a)-(d). E-Z Bowz has moved for summary judgment as to PPR's allegation of fraud, claiming that PPR cannot prove the requisite elements of fraud. *See* E-Z Bowz Mem. at 16-19.

To prove a claim of fraud under New York law, PPR must show by clear and convincing evidence: "1) the defendant made a material misrepresentation; 2) the defendant knew of its falsity; 3) the defendant possessed an intent to defraud; 4) the plaintiff reasonably relied on the misrepresentation; and 5) the plaintiff suffered damage as a result of the misrepresentation." *Kaye v. Grossman*, 202 F.3d 611, 614 (2d Cir.2000) (citation omitted); *see also* *New York City Transit Auth. v. Morris J. Eisen, P.C.*, 276 A.D.2d 78, 85, 715 N.Y.S.2d 232 (1st Dep't 2000) ("An actionable fraud claim requires proof that defendant made a misrepresentation of fact which was false and known to be false. It also requires a showing that the misrepresentation was made with the intent to induce another party's reliance upon it.").

PPR cannot assert a claim of fraud based on statements made to the general public or the courts involved in this lawsuit. Assuming, *arguendo*, that these statements were false and made with an intent to defraud, PPR is not the proper party to bring claims regarding these statements. A fraud claim "may not rest on allegations of speculative or remote injury to the plaintiff; rather, the plaintiff must have suffered losses as a 'direct, immediate, and proximate result' of the defendant's misrepresentation." *Kaye*, 202 F.3d at 614 (quoting *Kregos v. Associated Press*, 3 F.3d 656, 665 (2d Cir.1993)). Here, any false statements made to the general public or the courts could not have caused any direct harm to PPR. Any harm suffered by PPR is, at best, tangential and indirect. This is insufficient to establish a fraud claim. *See id.* In addition, there is no evidence of reliance by PPR-let alone reasonable reliance-on virtually any of the allegedly untrue statements made by E-Z Bowz.

The only exception are the statements made directly to PPR regarding the validity of E-Z Bowz's patents. PPR claims that it reasonably relied on E-Z Bowz's attorney's representation that E-Z Bowz held valid patents that PPR was infringing. *See* Letter to Professional Products from John O. Threadgill, dated August 9, 1996 (reproduced in PPR Opp. Exhibits, Ex. 11); Letter to Larry Brown from John O. Threadgill, dated June 19, 1997 (reproduced in PPR Opp. Exhibits, Ex. 12); Letter to Barth X. deRosa from John O. Threadgill, dated August 7, 1998 (reproduced in PPR Opp. Exhibits, Ex. 12). However, PPR's own employees testified that they relied upon the opinions of their own attorneys regarding the validity of E-Z Bowz's patents in deciding to stop producing PPR's bow maker. *See* Notine Dep. at 55-56 (stating that PPR stopped selling its product after receiving an opinion from its attorney that E-Z Bowz held its claimed patents). Thus, PPR did not directly rely on E-Z Bowz's statements.

In any event, PPR has not provided evidence that would allow a reasonable jury to conclude that E-Z Bowz knew or held any belief that its patents were invalid. As discussed previously, an issued patent enjoys a presumption of validity, *see* 35 U.S.C. s. 282, and PPR has failed to prove that the key patent at issue, Patent '979, was invalid. Moreover, PPR has not brought forward any evidence, let alone evidence of a clear and convincing nature, that shows that E-Z Bowz knew, or even suspected, that any of the remaining patents were invalid. Thus PPR could not show that E-Z Bowz knew its claims regarding its patents were false. Without such knowledge, E-Z Bowz's assertions that it held enforceable patents cannot support a claim for common law fraud. *See Kaye*, 202 F.3d at 614.

D. Trade Libel Claim

1. Identification of the Claim PPR is Asserting

PPR's sixth counterclaim seeks monetary damages for trade libel in violation of N.Y. General Business Law s. 360-1. *See* PPR Complaint para. 108-11; *id.* at 29-30. At the outset, it is unclear what claim PPR is purporting to assert. N.Y. Gen. Bus. L. s. 360-1 does not concern trade libel. The statute states:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

N.Y. Gen. Bus. L. s. 360-1. By its terms, this statute creates only a cause of action for injunctive relief. *See* *Scholastic, Inc. v. Stouffer*, 124 F.Supp.2d 836, 848 (S.D.N.Y.2000). Yet PPR has sought only monetary damages for this purported claim. *See* PPR Complaint at 29-30.

New York does recognize a cause of action for trade libel as a common law tort. *See, e.g.,* *Waste Distillation Tech., Inc. v. Blasland & Bouck Eng'rs, P.C.*, 136 A.D.2d 633, 634, 523 N.Y.S.2d 875 (2d Dep't 1988); *cf.* *Collins & Aikman Prods. Co. v. Building Sys., Inc.*, 58 F.3d 16, 22 (2d Cir.1995) (characterizing a claim of trade libel as a "tort claim"). This cause of action allows for monetary relief. *See* *Waste Distillation*, 136 A.D.2d at 634, 523 N.Y.S.2d 875 (noting that a claim of trade libel requires proof of "special damages").

Strangely, neither party has addressed the proper construction of PPR's sixth counterclaim. Accordingly, the Court will examine whether PPR brought forward sufficient evidence to avoid summary judgment for either a tort or statutory claim. The difference is of little importance, however, because PPR's claim fails either way.

2. General Business Law s. 360-1

To state a claim for dilution under N.Y. Gen. Bus. L. s. 360-1, PPR "must show (1) ownership of a distinctive mark, and (2) a likelihood of dilution." *E. Am. Trio Prods., Inc. v. Tang Elec. Corp.*, 97 F.Supp.2d 395, 423 (S.D.N.Y.2000) (citing cases), *appeal dismissed*, 243 F.3d 559 (Fed.Cir.2000); *see also* *Winner Int'l LLC v. Omori Enters., Inc.*, 60 F.Supp.2d 62, 73 (E.D.N.Y.1999) ("In order to establish a claim for injury to business reputation or dilution, plaintiff must establish two elements: (1) a distinctive mark capable of being diluted and (2) a likelihood of dilution.") (citing *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1030 (2d Cir.1989)). PPR has not even asserted, let alone demonstrated, that it was ever the owner of any distinctive mark. Accordingly, it cannot state a claim for dilution under General Business Law s. 360-1.

In its brief, PPR does not address whether it has provided evidence to satisfy this statute but instead asserts that it has met the elements of an entirely different statute: N.Y. Gen. Bus. L. s. 360-m. *See* PPR Mem. at 22. This statute, however, requires a party to own a trademark in order to state a claim for damages. *See* N.Y. Gen. Bus. L. s. 360-m ("Any owner of a mark ... may proceed by suit"). PPR has not provided evidence that it owns a trademark in its bow making device. The case cited by PPR in its brief, *Monsanto Co. v. Haskel Trading, Inc.*, 13 F.Supp.2d 349 (E.D.N.Y.1998), is also irrelevant for an entirely different reason. *Monsanto Co.* dealt with a "common law claim of unfair competition" for monetary damages, *id.* at 361-a claim for which PPR provided no evidence as discussed in Section IV.B.2 above.

3. Trade Libel

"The tort of trade libel or injurious falsehood consists of the knowing publication of false matter derogatory to the plaintiff's business of a kind calculated to prevent others from dealing with the business or otherwise interfering with its relations with others, to its detriment." *Waste Distillation*, 136 A.D.2d at 634, 523 N.Y.S.2d 875 (citation omitted); *see also* *Global Merch., Inc. v. Lombard & Co.*, 234 A.D.2d 98, 99, 650 N.Y.S.2d 724 (1st Dep't 1996) ("trade libel ... requires 'knowing publication of false matter derogatory to the plaintiff's business.' ") (quoting *Waste Distillation*, 136 A.D.2d at 634, 523 N.Y.S.2d 875). Thus, under New York law PPR needs to prove " 'four essential elements ... (1) the falsity of the alleged statements; (2) publication to a third person; (3) malice; and (4) special damages." ' *Computech Int'l, Inc. v. Compaq Computer Corp.*, 2002 WL 31398933, at (S.D.N.Y. Oct.24, 2002) (quoting *Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc.*, 75 F.Supp.2d 235, 239 (S.D.N.Y.1999)).

Assuming, *arguendo*, that PPR could prove the existence of false statements, malice and special damages, it has not alleged nor proven the publication of any statements by E-Z Bowz regarding PPR. PPR has offered testimony of E-Z Bowz employees discussing when they did or did not recall creating instructions for the E-Z Bowz bow maker. *See* PPR Mem. at 23 n.36. However, this has no connection or relevance to a claim for trade libel. Without any evidence showing that E-Z Bowz published false statements regarding PPR, the claim for trade libel fails.

E. Tortious Interference with Business Relations Claim

PPR's final counterclaim is for tortious interference with business relations. *See* PPR Complaint para. para. 112-19. Specifically, PPR claims that E-Z Bowz interfered with its existing and prospective business relations. *See id.* Contrary to E-Z Bowz's argument, *see* E-Z Bowz Mem. at 22, New York recognizes tortious interference with both existing contractual relations and prospective economic advantage. *See, e.g.*, *Kronos, Inc. v. AVX Corp.*, 81 N.Y.2d 90, 94, 595 N.Y.S.2d 931, 612 N.E.2d 289 (1993); *G-I Holdings, Inc. v. Baron & Budd*, 179 F.Supp.2d 233, 253-54 (S.D.N.Y.2001). Each is examined separately.

1. Tortious Interference with Contractual Relations

[14] To assert a claim for tortious interference with contractual relations under New York law a plaintiff must prove: "(1) the existence of a contract between plaintiff and a third party; (2) defendant's knowledge of the contract; (3) defendant's intentional inducement of the third party to breach or otherwise render performance impossible; and (4) damages to the plaintiff." *Kronos, Inc.*, 81 N.Y.2d at 94, 595 N.Y.S.2d 931, 612 N.E.2d 289; *accord* *G.K.A. Beverage Corp. v. Honickman*, 55 F.3d 762, 767 (2d Cir.), *cert. denied*, 516 U.S. 944, 116 S.Ct. 381, 133 L.Ed.2d 304 (1995). Because the alleged interference here involved E-Z Bowz's assertion of patent rights, PPR must also prove that E-Z Bowz was acting in bad faith. *See* *Zenith Elec. Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1355 (Fed.Cir.1999) ("bad faith is a prerequisite to [defendant's] state-law tortious interference claim; without it, the claim is preempted by patent law").

PPR has adduced evidence that shows that E-Z Bowz contacted at least one customer of PPR to attempt to stop it from selling PPR's product. *See* Letter to Carol Wrights Gift Catalog Sales from John O. Threadgill, dated August 9, 1996 (reproduced in PPR Opp. Exhibits, Ex. 28), at 1-2. In a case that did not involve patent rights, such evidence might be sufficient to withstand a motion for summary judgment. However, "[b]ecause the 'law recognizes a presumption that the assertion of a duly granted patent is made in good faith,' ... defendants are 'charged with the task of coming forward with some affirmative evidence of bad faith in order to survive a motion for summary judgment.' " *Gleason Works v. Oerlikon Geartec, AG*, 141

F.Supp.2d 334, 341 (W.D.N.Y.2001) (quoting C.R. Bard, 157 F.3d at 1369; *Sys. Mgm't Arts, Inc. v. Avesta Tech., Inc.*, 87 F.Supp.2d 258, 271 (S.D.N.Y.2000)) (citation omitted). As noted already, PPR has failed to offer any evidence concerning E-Z Bowz's motives or lack of good faith. Thus, PPR's claim for tortious interference with contractual relations fails.

2. Tortious Interference with Economic Advantage

[15] A claim for tortious interference with economic advantage requires four elements: "(1) a prospective contractual relation or business with a third party; (2) defendants' interference with that relation; (3) defendant acted with the sole purpose of harming plaintiff or used dishonest, unfair or improper means; and (4) injury to the plaintiff." *G-I Holdings*, 179 F.Supp.2d at 253-54. In addition, "a higher degree of interference is required" for this tort than a claim for tortious interference with contract. *Id.* at 254 (citing *Lane's Floor Coverings, Inc. v. Ardex, Inc.*, 1996 WL 19181, at (E.D.N.Y. Jan. 4, 1996)); *see also* *NBT Bancorp Inc. v. Fleet/Norstar Fin. Group, Inc.*, 87 N.Y.2d 614, 621, 641 N.Y.S.2d 581, 664 N.E.2d 492 (1996) ("[w]here there has been no breach of an existing contract, but only interference with prospective contract rights ... plaintiff must show more culpable conduct on the part of the defendant") (citation omitted). This tort is also subject to the same bad faith requirement as just described with respect to an assertion of patent rights. *See Zenith Elec.*, 182 F.3d at 1355. Because PPR cannot prove this element with respect to a claim for tortious interference with contract, it also cannot prove this element with respect to the claim for tortious interference with economic advantage.

Conclusion

For the foregoing reasons, E-Z Bowz's motion for partial summary judgment (Docket # 110) should be granted. PPR's motion for summary judgment (Docket # 105) should be granted in part and denied in part. Based on this disposition, PPR's previously filed motion to dismiss or, in the alternative for summary judgment, *see* Notice of Motion, filed April 3, 2001 (Docket # 17), should be denied.

Accordingly, the remaining patent issues to be tried are whether the '979 Patent is valid and, if so, whether PPR's bow making device infringed upon this patent. In addition, trial is necessary on the issue of whether E-Z Bowz has a protectible interest in its claimed trade dress and, if so, whether PPR infringed upon that dress.

PROCEDURE FOR FILING OBJECTIONS TO THIS REPORT AND RECOMMENDATION

Pursuant to 28 U.S.C. s. 636(b)(1) and Rule 72(b) of the Federal Rules of Civil Procedure, the parties have ten (10) days from service of this Report to file any objections. *See also* Fed.R.Civ.P. 6(a), (e). Such objections (and any responses to objections) shall be filed with the Clerk of the Court, with copies sent to the Honorable Laura Taylor Swain, 40 Centre Street, New York, New York 10007, and to the undersigned at the same address. Any request for an extension of time to file objections must be directed to Judge Swain. If a party fails to file timely objections, that party will not be permitted to raise any objections to this Report and Recommendation on appeal. *See Thomas v. Arn*, 474 U.S. 140, 106 S.Ct. 466, 88 L.Ed.2d 435 (1985).