

In the Matter of

**CERTAIN ELECTRIC POWER
TOOLS, BATTERY CARTRIDGES,
AND BATTERY CHARGERS**

Investigation No. 337-TA-284

(Commission Decision of
February 20, 1990)

USITC PUBLICATION 2389

JUNE 1991

**United States International Trade Commission
Washington, DC 20436**



UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

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United States International Trade Commission
Washington, DC 20436**

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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

Furthermore, it is noted that regular audits are essential to identify any discrepancies or errors in the accounting process. By conducting these audits frequently, potential issues can be resolved before they become significant problems.

The document also highlights the need for clear communication between all parties involved in the financial process. This includes providing timely updates to stakeholders and ensuring that everyone has access to the necessary information.

In conclusion, the document stresses that a strong foundation of accurate record-keeping and regular audits is crucial for the long-term success and stability of any organization.

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

In the Matter of)
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CERTAIN ELECTRIC POWER TOOLS,)
BATTERY CARTRIDGES, AND)
BATTERY CHARGERS)
_____)

Investigation No. 337-TA-284

COMMISSION ORDER

For the reasons set forth in the attached Commission Opinion, it is hereby ORDERED that:

1. Complainants' motion (No. 284-141) for leave to reply to the staff's response to complainants' motion for reconsideration is denied.

2. Complainants motion (No. 284-142) to strike the response filed by respondents' Jepson and Ko Shin in opposition to the aforesaid motion for reconsideration is denied.

3. Complainants' motion (No. 284-139) for reconsideration of the Commission's determination not to review and to adopt portions of the presiding administrative law judge's initial determination on whether respondents in this investigation have violated section 337 of the Tariff Act of 1930 is denied.

4. Complainants' motion (No. 284-140) to strike the Commission investigative staff's response to the complainants' submission on relief, the public interest, and bonding is denied.

5. For the sole violation of section 337 of the Tariff Act of 1930 that has been found, the appropriate remedy is the attached Cease and Desist Order, which prohibits respondent Equipment Importers, Inc., d/b/a Jet Equipment & Tools, Inc., from importing into the United States or selling after importation electric power tools, battery cartridges, or battery chargers bearing a mark that infringes the U.S. registered trademark "Makita" (Registration No. 1,204,296) or that are accompanied by sales literature bearing such a mark. This prohibition applies except when use of the aforesaid trademark is licensed by the trademark registrant, or the prohibited acts are otherwise required by law.

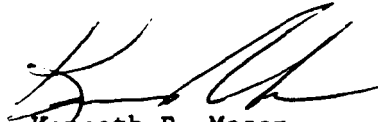
6. The imported articles covered by the attached Cease and Desist Order shall be entitled to entry into the United States and sale in the United States under bond in the amount of 50 percent of their entered value from the day this Order and the attached Cease and Desist Order are received by the President pursuant to subsection (j)(1) of section 337 of the Tariff Act of 1930. This provision for entry under bond shall remain in effect until such time as the President notifies the Commission that he approves or disapproves the Cease and Desist Order or, if the President fails to take such action, no later than 60 days after the date on which the President received this Order and the attached Cease and Desist Order.

7. Notice of this Order and the attached Cease and Desist Order shall be published in the Federal Register.

8. The Secretary shall serve copies of this Order, the Cease and Desist Order, and the accompanying Commission Opinion on each party of record in the investigation and on the U.S. Department of Health and Human Services,

the U.S. Department of Justice, the Federal Trade Commission, and the
Secretary of the Treasury.

By order of the Commission.



Kenneth R. Mason
Secretary

Issued: February 20, 1990

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of)
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CERTAIN ELECTRIC POWER TOOLS,)
BATTERY CARTRIDGES, AND BATTERY)
CHARGERS)
_____)

Investigation No. 337-TA-284

CEASE AND DESIST ORDER

IT IS HEREBY ORDERED THAT Equipment Importers, Inc., d/b/a Jet Equipment & Tools, Inc., 1901 Jefferson Avenue, Tacoma, Washington 98401, cease and desist from importing, selling for importation, offering for sale, or selling in the United States certain electric power tools, battery cartridges, and battery chargers in violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) (1982 and Supp. VII 1989).

I

(Definitions)

As used in this Order:

(A) "Commission" shall mean the United States International Trade Commission.

(b) "Complainants" shall mean Makita USA, Inc., 12950 East Alonda Blvd., Cerritos, California 90701-8775 and Makita Corp. of America, 650 Gainesville Hwy., Buford, Georgia 30518.

(C) "Respondent" shall mean Equipment Importers, Inc., d/b/a Jet Equipment & Tools, Inc., 1901 Jefferson Avenue, Tacoma, Washington 98401.

(D) "United States" shall mean the fifty states, the District of Columbia, and Puerto Rico.

II

(Applicability)

The provisions of this Order shall apply to Respondent and to its principals, stockholders, officers, directors, employees, agents, licensees, distributors, controlled (whether by stock ownership or otherwise) and/or majority-owned business entities, successors and assigns, and to each of them.

III

(Conduct Prohibited)

Respondent shall not import into the United States, sell for importation into the United States, offer for sale in the United States after importation, or sell in the United States after importation electric power tools, battery cartridges, and/or battery chargers bearing a mark that infringes U.S. registered trademark 1,204,296 ("the '296 mark") (see the attached copy of the certificate of registration) and/or accompanied by literature bearing the '296 mark, except under license of the Complainants, or as permitted by law.

IV

(Conduct Permitted)

Notwithstanding any other provisions of this Order, specific conduct otherwise prohibited by the terms of this Order shall be permitted if, in a written instrument, such specific conduct is licensed or authorized by the

Complainants or is related to the importation or sale of electric power tools, battery cartridges, and/or battery chargers by or for the United States.

V

(Reporting)

For purposes of this reporting requirement, each reporting period shall commence on the first day of January, and shall end on the following last day of December. The first report required under this section shall cover the period beginning on the day this order and ending on December 31, 1990. This reporting requirement shall continue in force unless and until the Commission orders otherwise. Failure to report shall constitute a violation of this Order.

Within 30 days of the last day of each reporting period, Respondent shall report to the Commission the following:

(A) Its importations, measured in units, of electric power tools, battery cartridges, and battery chargers, if any, during the reporting period in question, which bear the '296 mark and/or are accompanied by literature bearing the '296 mark.

(B) Its sales in the United States, measured in units, of imported electric power tools, battery cartridges, and battery chargers, if any, during the reporting period in question, which bear the '296 mark and/or are accompanied by literature bearing the '296 mark.

(C) All contracts, whether written or oral, entered into during the reporting period in question, to sell imported electric power tools, battery cartridges, or battery chargers, if any, bearing the '296 mark and/or accompanied by literature bearing the '296 mark.

In connection with the importation and sales referred to in paragraphs (A) and (B) above, Respondent shall provide the Commission with two (2) copies of all invoices, delivery orders, bills of lading, and other documents concerning the importation and/or sale in question. Such copies shall be attached to the reports required by paragraphs (A) and (B) above.

VI

(Compliance and Inspection)

(A) For the purposes of aiding the Commission in determining or securing compliance with this Order, Respondent shall retain any and all records relating to the importation into or the sale in the United States of electric power tools referred to in paragraphs V(A) and V(B) above that are made and received in the usual and ordinary course of its business, whether in detail or in summary form, for a period of three (3) years from the close of the reporting year to which they pertain.

(B) For the purposes of aiding the Commission in determining or securing compliance with this Order and for no other purposes, and subject to any privilege recognized by Federal Courts of the United States, Respondent shall furnish or otherwise make available for inspection and copying to duly authorized representatives of the Commission, and in the presence of counsel or other representative(s) if Respondent so chooses, upon reasonable written notice by the Commission or its staff, all books, ledgers, accounts, correspondence, memoranda, financial reports, and other records or documents in its possession or control, for the purposes of verifying any matter or statement contained in the reports required under section V of this Order.

VII

(Service of Cease and Desist Order)

Respondent is ordered and directed to:

(A) Serve, within thirty (30) days after the date of issuance of this Order, a copy of the Order upon each of its respective officers, directors, managing agents, agents, and employees who have any responsibility for the importation, marketing, distribution, or sale of imported electric power tools, battery cartridges, or battery chargers in the United States.

(B) Serve within thirty (30) days after the succession of any of the periods referred to in paragraph VII(A) above, a copy of this Order upon each successor.

(C) Maintain such records as will show the name, title, and address of each person described in paragraph VII(A) and (B) above upon whom this Order has been served, together with the date on which service was made.

VIII

(Confidentiality)

Information obtained by the means provided for in sections V and VI of this Order will be made available only to the Commission and its authorized representatives, will be entitled to confidential treatment, and will not be divulged by any authorized representative of the Commission to any person other than duly authorized representatives of the Commission, except as may be required in the course of securing compliance with this Order or as otherwise required by law. Disclosure hereunder will not be made by the Commission without providing ten (10) days prior notice in writing to Respondent.

IX

(Enforcement)

Violation of this Order may result in any of the actions specified in section 211.56 of the Commission's Interim Rules of Practice and Procedure, 19 C.F.R. § 211.56) (1989), including an action for civil penalties in accordance with section 337(f)(2) of the Tariff Act of 1930 (19 U.S.C. § 1337(f)(2)), and such other action as the Commission may deem appropriate. In determining whether Respondent is in violation of this Order, the Commission may infer facts adverse to Respondent if Respondent fails to provide adequate or timely information as required by this Order.

X

(Modification)

This Order may be modified by the Commission on its own motion or upon motion by any person pursuant to section 211.57 of the Commission's Interim Rules of Practice and Procedure, (19 C.F.R. § 211.57) (1989).

XI

(Bonding)

The conduct prohibited by paragraph II of this Order may be continued during the period the Commission's final determinations and this Order are before the President for his review pursuant to subsection (j) of section 337 (19 U.S.C. 1337(j)), subject to Respondent posting a bond in the amount of 50 percent of the entered value of the imported electric power tools, battery cartridges, and battery chargers in question. This bond provision does not apply to conduct which is otherwise permitted by paragraph IV of this Order.

This bond is to be posted in accordance with the procedures established by the Commission for the posting of bonds by complainants in connection with

the issuance of temporary exclusion orders. See generally 19 C.F.R. 210.58(b)(3)-(b)(8).

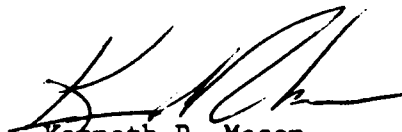
The bond and any accompanying documentation is to be provided to and approved by the Commission prior to the commencement of conduct which is otherwise prohibited by paragraph III of this Order.

The bond is to be forfeited in the event that the President approves, or does not disapprove within the Presidential review period, the Commission's determination of July 31, 1989 (54 Fed. Reg. 31896, Aug. 2, 1989), and this Order, or any subsequent Order issued after the President has disapproved this Order--unless the United States Court of Appeals for the Federal Circuit, in a final judgment, reverses the Commission's final determination and Order as to Respondent on appeal, or unless Respondent exports the products subject to the bond or destroys them and provides certification to that effect which is deemed satisfactory by the Commission.

The bond is to be released if the following requirements are satisfied:

(1) the President disapproves the Commission's determinations and this Order; (2) no subsequent Order is issued by the Commission and approved or allowed to become final by the President; and (3) the Commission serves upon Respondent a Commission Order requiring release of the bond in response to an application filed by Respondent with the Commission.

By Order of the Commission.

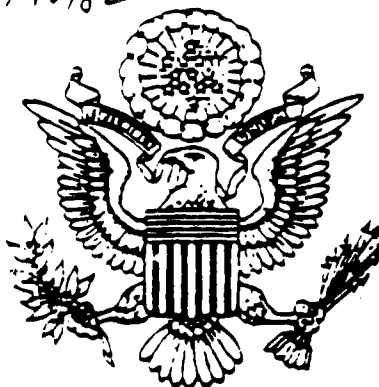

Kenneth R. Mason
Secretary

Issued: February 20, 1990

ATTACHMENT TO CEASE AND DESIST ORDER

Copy of Certificate of Registration for U.S. Registered Trademark
No. 1,204,296

11018
ATTN: MISS SUE
Matsuyama.
(Ref: FMAHOJ#82)
Ser No. FAH142.



1/4
Nº 1204296

THE UNITED STATES OF AMERICA

CERTIFICATE OF REGISTRATION

This is to certify that the records of the Patent and Trademark Office show that an application was filed in said Office for registration of the Mark shown herein, a copy of said Mark and pertinent data from the Application being annexed hereto and made a part hereof.

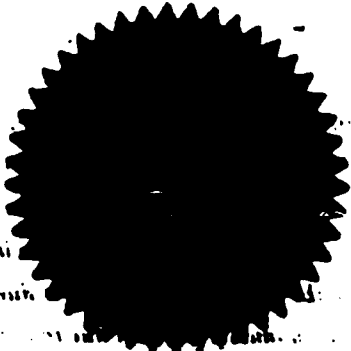
And there having been due compliance with the requirements of the law and with the regulations prescribed by the Commissioner of Patents and Trademarks.

Upon examination, it appeared that the applicant was entitled to have said Mark registered under the Trademark Act of 1946, and the said Mark has been duly registered this day in the Patent and Trademark Office on the

PRINCIPAL REGISTER

to the registrant named herein.

This registration shall remain in force for Twenty Years unless sooner terminated as provided by law.



In Testimony Whereof I have hereunto set my hand and caused the seal of the Patent and Trademark Office to be affixed this tenth day of August, 1982.

COMMISSIONER OF PATENTS AND TRADEMARKS

Int. Cl.: 7

Prior U.S. Cl.: 23

United States Patent and Trademark Office

Reg. No. 1,204,296

Registered Aug. 10, 1982

TRADEMARK
Principal Register

Makita

Makita Electric Works, Ltd. (Japan joint stock
company)

11-8, 3-chome, Sumiyoshi-cho
Anjo-shi, Aichi-ken, Japan

For: ELECTRICALLY-POWERED TOOLS—
NAMELY, CIRCULAR SAWS, MITER SAWS,
CHAIN SAWS, TABLE SAWS, BAND SAWS,
JIG SAWS, GROOVE CUTTERS, CUT-OFF MA-
CHINES, RECIPROCATING SAWS, ROUTERS
AND TRIMMERS, WOOD SURFACERS, PLAN-
ERS, DRILLS, LIQUID MIXERS, HAMMER
DRILLS, ROTARY HAMMERS, PERCUSSION
AND DEMOLITION HAMMERS, AND BREAK-
ERS, BLOWERS, IMPACT WRENCHES,
SCREWDRIVERS, SHEARS, NIBBLERS, DISC
AND STRAIGHT GRINDERS, BENCH GRIND-
ERS, DISC, BELT AND ORBITAL SANDERS,
JOINTERS, KNIFE GRINDERS AND SHARP-
ENERS, AND PARTS THEREFOR, IN CLASS 7
(U.S. CL. 23).

First use Sep. 1966; in commerce Oct. 1970.

Ser. No. 306,451, filed Apr. 20, 1981.

A. D. HOOKS, Primary Examiner

SECRETARY
USITC

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SECRETARY
USITC

UNITED STATES INTERNATIONAL TRADE COMMISSION
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CERTAIN ELECTRIC POWER TOOLS,)
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BATTERY CHARGERS)
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Investigation No. 337-TA-284

**COMMISSION OPINION CONCERNING COMPLAINANTS' MOTION FOR RECONSIDERATION AND
THE ISSUES OF REMEDY, THE PUBLIC INTEREST, AND BONDING**

Background

This investigation was conducted to determine whether there is a violation of section 337 of the Tariff Act of 1930 ^{1/} in the importation or sale of certain electric power tools, battery cartridges, and battery chargers from Taiwan. Makita U.S.A., Inc. and its subsidiary, Makita Corporation of America, are the complainants. (They will be referred to jointly as "Makita.") Thirty-one firms in Taiwan and the United States were named as respondents. The investigation focused on whether in the importation or sale of accused articles each respondent has engaged in one or more of the following unfair acts and unfair methods of competition: (1) common-law trademark infringement--i.e., unlicensed copying of the

^{1/} 19 U.S.C. § 1337 (1988 and Supp. I 1989).

design, the color "Makita Blue," or the design/color combination of certain Makita products; (2) infringement of the registered trademark "Makita"; (3) false representation; (4) false advertising; or (5) passing off. 2/

After a lengthy evidentiary hearing, the presiding administrative law judge ("ALJ") issued an initial determination ("ID") that there had been no violation of section 337 by any respondent other than Equipment Importers, Inc., d/b/a Jet Equipment & Tools, Inc. ("Jet"), a domestic firm that was found to have infringed the registered trademark "Makita" in the importation and sale of a wood planer manufactured in Taiwan.

Makita and various respondents petitioned for review of the ID. 3/ The Commission determined, however, that a review was not warranted. 4/ As its final determination concerning the violation of section 337, the Commission adopted the discussion and findings of fact in the ID concerning certain outcome-determinative issues and the holding by the ALJ that no respondent other than Jet had violated section 337. 5/

The following matters are now before the Commission for decision:

(1) Makita's motion for reconsideration of the Commission's decision not to review the violation ID and to adopt only portions thereof; (2) the appropriate remedy for the violation found to have been committed by

2/ See 53 Fed. Reg. 31112 (Aug. 17, 1988) as amended by 53 Fed. Reg. 47587 (Nov. 23, 1988); 53 Fed. Reg. 47586 (Nov. 23, 1988); 54 Fed. Reg. 16009 (Apr. 20, 1989); 54 Fed. Reg. 21490 (May 18, 1989).

3/See 19 C.F.R. § 210.54(a) (1989).

4/ See 19 C.F.R. § 210.54(b) (1989); 54 Fed. Reg. 31896 (Aug. 2, 1989).

5/ See 54 Fed. Reg. 31896 (Aug. 2, 1989). Chairman Brunsdale and Vice Chairman Cass adopted the entire ID as their respective final determinations concerning violation of section 337. Id.

respondent Jet; (3) whether remedial orders should also be issued against respondents who were found to be in default by the Commission and/or the ALJ; (4) whether the public interest precludes the granting of relief in this investigation; and (5) the amount of the bond under which imported articles covered by a remedial order would be permitted to enter the United States during the Presidential review period.

The Motion For Reconsideration

As stated above, the Commission considered the parties' petitions for review of the violation ID, but determined that a review was not warranted. As its final determination concerning the violation of section 337, the Commission adopted the findings and discussion in the ID on the following matters, which collectively support the holding that no respondent other than Jet has violated section 337:

1. that the Commission has jurisdiction over the parties and the subject matter of the investigation;
2. that the designs, the color "Makita" blue, and the design/color combination of Makita's machines are not entitled to protection as common-law trademarks--i.e., Makita has a right to use the marks, but some of them are de jure functional, none of them are inherently distinctive, and none of them have acquired secondary meaning;
3. that Makita failed to prove a likelihood of confusion between its products and respondents' accused imported products;
4. that no respondent has engaged in passing off, false representation, or false advertising in the importation or sale of accused imported merchandise; and
5. that Jet is the only respondent that has infringed the registered trademark "Makita" in the importation or sale of a product manufactured in Taiwan. 6/

6/ See 54 Fed. Reg. 31896 (Aug. 2, 1989).

The Commission took no position on the ID's adjudication of any other issue relating to the alleged violation of section 337. 7/

Makita has moved for reconsideration of the Commission's decision not to review the violation ID and to adopt only the aforesaid portions of the ID. In support of that motion, Makita cites the following: (1) a U.S. District Court decision that "mandates reversal" of the Commission's adverse decision concerning Makita's common-law trademark infringement claims; (2) alleged prejudice to Makita resulting from the Commission's decision not to include certain categories of unfair acts within the scope of the investigation; and (3) alleged prejudice to Makita resulting from the Commission's decision to adopt selected portions of the ID without first having ordered a review of the ID.

The Commission investigative attorneys ("IAs") and several respondents oppose Makita's motion, arguing that it fails to meet the requirements of the Commission interim rule governing such motions and also fails to demonstrate error in the Commission's actions or its findings on the matters in question. 8/

Motions for reconsideration of Commission determinations in section 337 proceedings must be confined to new questions raised by the contested determination or the action to be taken thereunder -- questions upon which

7/ Id.

8/ Makita has moved to strike as untimely the opposition of respondents Jepson, Inc. and Ko Shin Machinery & Electric Co., Ltd. to Makita's motion for reconsideration. The Commission finds that the respondents' submission was timely under the governing Commission rules (19 C.F.R. §§ 201.14(a) and 201.16(d) (1989)), and accordingly denies Makita's motion.

the moving party had no previous opportunity to submit arguments. 2/ Makita's motion fails, for the most part, to meet those requirements.

PAF S.R.L. v. Lisa Lighting Co., Ltd.

Makita's motion for reconsideration relies primarily on PAF S.R.L. v. Lisa Lighting Co., Ltd., 712 F. Supp. 394 (SDNY 1989), a U.S. District Court case that was decided a month before the issuance of the violation ID but did not come to Makita's attention until after the Commission had determined not to review the ID and to adopt portions of it as the Commission's final determination on violation. Makita contends that PAF mandates reversal of the Commission's decision not to review and to adopt portions of the ID that rejected Makita's common-law trademark infringement claims on the grounds that Makita failed to prove secondary meaning and a likelihood of confusion. According to Makita, the facts in the present investigation are "strikingly similar" to those in PAF, where the District Court found, on the basis of far less evidence than Makita presented to the Commission, that defendants' intentional copying of the plaintiff's trade dress constituted infringement and unfair competition. Makita argues further that the District Court's analysis of the facts and evidence in PAF illustrates that the ALJ and the Commission applied unreasonably stringent and unfair legal standards in adjudicating Makita's common-law trademark infringement claims.

The Commission finds that PAF is not an appropriate basis for granting the relief Makita has requested. The issues Makita raises in light of PAF are not new issues upon which Makita had no previous opportunity to submit

2/ 19 C.F.R. § 210.60 (1989).

arguments, as required by the governing Commission rule. Alleged error in the legal standards applied in the violation ID, as discussed in Makita's motion, is a matter Makita could have raised 10/ -- and in fact did raise 11/ -- in its petition for review of the ID. Under Commission precedent, a motion for reconsideration that purports to address a new issue, but essentially is nothing more than a reassertion of arguments the Commission previously rejected, is properly denied. 12/

The Commission also does not find that there is good reason in this instance for exercising its discretion to waive the requirement that a motion for reconsideration be based on a new question raised by the contested determination. 13/ As the parties opposing Makita's motion have pointed out, PAF is not controlling precedent for the Commission's purposes, since it was not decided by the U.S. Court of Appeals for the Federal Circuit (which is the court of review for Commission determinations under section 337 14/). Moreover, unlike the federal court decisions that have prompted the Commission to determine whether to reconsider or modify its determinations in previous investigations, PAF does not involve the

10/ See 19 C.F.R. § 210.54(a)(1).

11/ Compare the Motion for Reconsideration (Motion No. 284-139) at 2-12 and 15-18 with Makita's Petition for Review at 9-41 and 66-88.

12/ See, e.g., Inv. No. 337-TA-252, Certain Heavy-Duty Mobile Scrap Shears, Commission Order at 2, paragraph 1 (June 12, 1989).

13/ Under Commission rule 201.4(b), the Commission may waive or suspend a Commission rule when, in its judgment, there is good and sufficient reason for doing so and the rule is not a matter of procedure required by law. See 19 C.F.R. § 201.4(b) (1989).

14/ See 19 U.S.C. § 1337(c).

same parties, merchandise, and alleged intellectual property rights that were before the Commission. 15/

Misappropriation and Common-Law Unfair Competition

Makita argues in its motion for reconsideration that it has been prejudiced as a result of the Commission's decision not to include within the scope of the investigation allegations of misappropriation and common-law unfair competition contained in the complaint. Makita argues further that misappropriation and common-law unfair competition are separate from and broader than common-law trademark infringement and passing off, and that Makita should be permitted to prove that it is entitled to section 337 relief for misappropriation and common-law unfair competition by respondents, even if Makita has not succeeded in proving common-law trademark infringement and passing off.

As the parties opposing Makita's motion have correctly pointed out, the scope of the investigation is not a new issue raised by the contested Commission determination not to review the violation ID and to adopt portions thereof. The scope of the investigation is defined by the

15/ See, e.g., Inv. 337-TA-83, Certain Adjustable Window Shades and Components Thereof, 50 Fed. Reg. 41229 (Oct. 9, 1985), 51 Fed. Reg. 16236 (May 1, 1986), and 54 Fed. Reg. 43000 (Oct. 19, 1989); Inv. No. 337-TA-97, Certain Steel Rod Treating Apparatus, 47 Fed. Reg. 2950 (Jan. 20, 1982) and 47 Fed. Reg. 23047 (May 26, 1982)). Indeed, as some respondents have noted, there are substantial factual distinctions between PAF and this investigation. For example, the product at issue in PAF was a halogen desk lamp with a design that was highly distinctive and aesthetically appealing rather than predominantly functional. See 712 F.Supp. at 401. The electric power tools and accessories at issue here, by contrast, have designs and a color that are not inherently distinctive and are functional in many respects. See, e.g., ID at 201-209 and findings of fact ("FF") 162-172.

Commission's notice of investigation which, in this case, was published almost one year prior to the issuance of the contested determination. 16/

The exclusion of misappropriation and unfair competition from the notice of the investigation also is an issue upon which Makita had a previous opportunity to submit arguments. Within 14 days after service of the notice, Makita could have filed a petition for reconsideration of the Commission's determination to institute an investigation that did not cover the misappropriation and unfair competition allegations in the complaint. 17/ Makita also could have filed at any time a motion (1) to amend the complaint to include additional information and evidence in support of Makita's position that the alleged unfair acts of misappropriation and common-law unfair competition by respondents were separate and distinct from common-law trademark infringement and passing off in this instance, 18/ and (2) to amend the notice of investigation to add misappropriation and common-law unfair competition to the scope of the

16/ 19 C.F.R. § 210.12 (1988 and 1989); 53 Fed. Reg. 31112 (Aug. 17, 1988).

17/ See 19 C.F.R. 210.60 (1988). Cf., Inv. No. 337-TA-252, Certain Heavy-Duty Mobile Scrap Shears, (1) the Commission Order and Commission Opinion of May 1, 1989, which defined the scope of the reopened investigation; (2) Complainant LaBounty Manufacturing Inc.'s Petition for Reconsideration of the aforesaid Order and Opinion; and (3) the resulting Commission Order (June 12, 1989), which denied LaBounty's petition but provided certain clarification regarding the scope of the proceedings.

18/ The misappropriation and common-law unfair competition counts set forth in the original complaint simply realleged the substance of the preceding paragraphs which set forth the elements of other alleged unfair acts. See Complaint at 39, paragraphs 40-42, and 40, paragraphs 46-48.

investigation on the basis of the aforesaid new information and evidence. 19/

Commission notices of investigation are not always co-extensive with the complainant's characterization of the counts or allegations in the complaint. 20/ Moreover, in an investigation involving multiple parties, products, intellectual property rights, and/or alleged unfair acts, it is possible for a complainant to prevail on the merits of some allegations under investigation and to fail on others. 21/ Thus, the question of whether the Commission's notice of investigation includes all allegations that are essential to the complainant's ability to obtain the relief it seeks is a matter of critical importance to a complainant.

19/ See 19 C.F.R. § 210.22 (a) and (b) (1988 and 1989).

20/ See e.g., Inv. No. 337-TA-174, Certain Woodworking Machines, which involved some of the same parties and some of the same types of machines, alleged intellectual property rights, and alleged unfair acts that are the subject of the present investigation. Although the complaint in Woodworking Machines alleged that respondents had engaged in misappropriation, the Commission did not find it appropriate to include misappropriation in the notice of investigation. See USTIC Pub. 1979, Opinion of Vice Chairman Liebler, Commissioner Eckes, Commissioner Lodwick, and Commissioner Rohr at 33-35 (May 1987).

21/ See e.g., Certain Woodworking Machines, 50 Fed. Reg. 14172 (Apr. 10, 1985); USITC Pub. 1979 (1987), Commission Action and Order at 2 and 4-5, Opinion of Vice Chairman Liebler, Commissioner Eckes, Commissioner Lodwick, and Commissioner Rohr at 1-48; Certain Amorphous Metal Alloys and Amorphous Metal Articles, Inv. No. 337-TA-143, USTIC Pub. 1664, Initial Determination (Nov. 1984); 49 Fed. Reg. 29159 (July 18, 1984). See also Certain Dynamic Random Access Memories, Components Thereof and Products Containing the Same, Inv. No. 337-TA-242, USTIC Pub. 2034, Commission Opinion on Violation, Remedy, Bonding, and Public Interest (Nov. 1987); Certain Erasable Programmable Read-Only Memories, Components Thereof, Products Containing Such Memories, and Processes for Making Such Memories, Inv. No. 337-TA-276, USITC Pub. 2196, Commission Opinion on Violation, Remedy, Bonding, and Public Interest (May 1989).

The statute sets deadlines for the completion of section 337 investigations, 22/ and the Commission rules governing amendment of notices of investigations and complaints indicate that even if a complainant alleges that there is good cause for allowing an amendment that would change the scope of the investigation, such amendment will only be permitted if it can be accomplished in a manner that will avoid prejudicing the rights of the parties to the investigation and the public interest. 23/ In light of those restrictions, Makita was, or should have been, aware that any complainant who believes that the Commission's notice of investigation improperly narrows the scope of the Commission's inquiry should take prompt action to attempt to have the notice amended.

Makita's complaint addressed misappropriation and common-law unfair competition in separate counts, and Makita contends that those categories of unfair acts are separate from and broader than common-law trademark infringement and passing off and that they provide separate bases for the granting of section 337 relief. Yet, when the Commission issued a notice of investigation that did not include misappropriation and common-law unfair competition, Makita failed to take any action, prior to filing of the present motion for reconsideration, to attempt to have the scope of the investigation expanded to include those categories of alleged unfair acts.

In light of these circumstances, the Commission finds no reason to grant such relief in response to a motion for reconsideration of its

22/ See 19 U.S.C. § 1337(b)(1).

23/ See 19 C.F.R. § 210.22 (a) and (b).

determination not to review and to adopt portions of a violation ID that was properly limited to matters listed in the notice of the investigation.

Failure to Order Review of the Violation ID

There is only one argument in Makita's motion for reconsideration that qualifies as a new issue raised by the contested determination and upon which Makita had no previous opportunity to submit arguments. That argument is that, in determining to adopt selected portions of the violation ID, the Commission conducted a de facto review of the ID in a manner not in accord with the governing rules. Makita contends that it was prejudiced by the Commission's actions since Makita did not have an opportunity to file a review brief or to present oral argument before the Commission considered the ID in reaching its decision not to review it and to adopt portions of the ID as the Commission's final determination on violation.

The Commission notes that while the rules indicate that an entire ID is to become the determination of the Commission if a review is not ordered, 24/ the rules also permit the Commission to waive that procedure. 25/ The Commission in fact has adopted only portions of unreviewed violation IDs in previous investigations. 26/

24/ See 19 C.F.R. § 210.53(h) (1989).

25/ See 19 C.F.R. § 201.4(b).

26/ See Inv. No. 337-TA-147, Certain Papermaking Machine Forming Sections for the Continuous Production of Paper and Components Thereof, 49 Fed. Reg. 11896 (Mar. 28, 1984); Inv. No. 337-TA-190, Certain Softballs and Polyurethane Cores Therefor, 50 Fed. Reg. 16171 (Apr. 24, 1985).

The Commission also found good reason for waiving the customary procedure in the present investigation. The Commission rules requiring that a violation ID address all issues raised in the investigation 27/ are for the benefit of the Commission and are not a requirement of law. The U.S. Court of Appeals for the Federal Circuit has held that it is permissible for the Commission to base a final determination of no violation on a single dispositive issue. 28/ Having found in the instant investigation no justification for reviewing the ID's disposition of certain outcome-determinative issues, the Commission found no need to reach the remaining issues.

Makita was not prejudiced by the Commission's actions. The interim Commission rules governing review proceedings do not require the Commission to allow parties to file briefs or to hear oral argument. 29/ Makita thus was not deprived of any procedural right as a result of the Commission's decision not to order a review and to adopt portions of the ID as its final determination. Moreover, Makita filed a lengthy petition for review which contested essentially every finding in the ID. The Commission thus was fully apprised of Makita's arguments on the matters in question when it decided not to review the ID and to adopt selected portions thereof. The

27/ See 19 C.F.R. §§ 210.53(a) and (d) (1989).

28/ Beloit Corp. v. Valmet Oy, 742 F. 2d 1421, 1423 (Fed. Cir. 1984).

29/ See 19 C.F.R. § 210.56(a) (1989).

Commission accordingly finds no cause for granting reconsideration of its decision for the reasons Makita has stated in its motion. 30/

Remedy

Respondent Jet

The Commission has determined that domestic respondent Jet violated section 337 by infringing the registered trademark "Makita" in the importation and sale of certain Taiwanese wood planers. 31/ Jet was found to have displayed the mark in reverse on certain parts schematics for the imported planers. 32/

The statute authorizes the Commission to provide relief in the form of an exclusion order, a cease and desist order, or both -- unless the Commission finds that such relief is precluded by public interest considerations (as discussed below). 33/ Makita has requested that the Commission issue both types of orders to prevent future unlicensed use of the registered trademark "Makita" by Jet in the importation or sale of Taiwanese merchandise. The IAs advocate the issuance of only a cease and

30/ In determining whether to grant or deny this motion, the Commission did not consider the arguments in Makita's reply submission. Under interim Commission rule 210.24(c), a moving party has no right to reply to responses to its motion except as provided by the Commission or the presiding ALJ. 19 C.F.R. § 210.24(c) (1989). The Commission found that Makita's motion for leave to file a reply submission did not state good reason for the Commission to exercise its discretion to permit Makita's reply.

31/ See 54 Fed. Reg. 31896 (Aug. 2, 1989); ID at 237-238, 245, 253 (conclusion of law 12), 254 and FF 58-60, 161, 471-475, 527, and 563-570; 19 U.S.C. §§ 1337(a)(1)(C) and (a)(2)-(4).

32/ ID at FF 475.

33/ See 19 U.S.C. §§ 1337(d) and (f)(1).

desist order. Jet did not file a submission on remedy, and neither did any other respondent.

The Commission notes first that Makita's remedy submission fails to explain why Makita believes that both a cease and desist order and an exclusion order are necessary in this case. In the Commission's view, the facts adduced from the record do not demonstrate the need for both types of relief. Jet admitted having used the registered trademark "Makita" on certain parts schematics for Taiwanese wood planers, but that practice and Jet's distribution of the imported planers ceased by 1985. 34/ There is no evidence of any subsequent infringement of that mark by Jet in the importation or sale of Taiwanese power tools, 35/ nor did Makita prove that Jet committed any other unfair act or unfair method of competition listed in the notice of investigation. In light of these circumstances, the issuance of both types of remedial orders directed to Jet is not warranted.

The Commission has determined that the sole remedial order that should be issued against Jet is a cease and desist order. 36/ The Commission notes that the administration and enforcement of an exclusion order imposes a burden on the U.S. Customs Service, which is unwarranted in this case, since Jet's infringing importations ceased by 1985 and there is no evidence

34/ See ID at 238 and FF 475 and 527.

35/ Id. at FF 475.

36/ Commissioner Eckes and Commissioner Rohr have determined that no remedy should be issued against Jet. They note that violations of section 337 by Jet ceased more than four years before the investigation was instituted. As the statute is remedial rather than punitive and there is nothing to remedy at this time, Commissioner Eckes and Commissioner Rohr believe that the issuance of either a cease and desist order or an exclusion order directed to Jet is inappropriate.

that Jet is likely to resume such importations if an exclusion order is not issued. A cease and desist order, on the other hand, imposes a substantially lesser burden on Customs and can prohibit Jet from making infringing importations as well as infringing sales of Taiwanese merchandise. 37/ Moreover, the fact that the statute imposes substantial civil penalties for violations of cease and desist orders should provide sufficient incentive for Jet not to resume its unlawful activities. 38/

The Commission thus has determined that the appropriate remedy for the violation of section 337 by Jet is a cease and desist order prohibiting Jet from importing, selling, or offering to sell (except under license from Makita) imported electric power tools, battery cartridges, and battery chargers that bear the registered trademark "Makita" or are accompanied by literature bearing that mark.

The Defaulting Respondents

During the investigation, a number of respondents failed to appear and contest the allegations against them (i.e., they failed to file a response to the complaint and notice of investigation within the time provided or failed to appear at the evidentiary hearing conducted by the ALJ). Five respondents were formally found to be in default when the Commission

37/ The statute authorizes the Commission to issue an order directing a party found to have violated section 337 from engaging in the unfair methods of competition and unfair acts involved. See 19 U.S.C. § 1337(f)(1). In this case, Jet was found to have infringed the registered trademark "Makita" in both the importation and the sale of imported merchandise. ID at 253 (conclusion of law 12) and 254.

38/ See 19 U.S.C. § 1337(f)(2).

decided not to review and to adopt an ID holding them in default. 39/ The violation ID found additional respondents to be in default, 40/ but the Commission did not adopt those findings.

Makita has requested that the Commission issue an exclusion order directed to all defaulting respondents, including those that were held to be in default by the ALJ (but not the Commission) in the violation ID. Makita claims that it is entitled to such relief pursuant to subsection (g) of section 337, which reads in pertinent part as follows:

If--

(A) a complaint is filed against a person under this section;

(B) the complaint and notice of investigation are served on the person;

(C) the person fails to respond to the complaint and notice or otherwise fails to appear to answer the complaint and notice;

(D) the person fails to show good cause why the person should not be found in default; and

(E) the complainant seeks relief limited solely to that person;

the Commission shall presume the facts alleged in the complaint to be true and shall, upon request, issue an exclusion from entry or a cease and desist order, or both limited to that person [unless certain public interest considerations preclude such relief]. 41/

The Commission has determined that no remedial order of any type will be issued against any defaulting respondent in this investigation because of the adverse effect such relief would have upon the public interest.

39/ See 54 Fed. Reg. 16009 (Apr. 20, 1989).

40/ See ID at 6-7 and 255 (paragraph 4) and FF 95-99.

41/ 19 U.S.C. § 1337(g)(1).

The Public Interest

The public interest is paramount in the administration of section 337. 42/ Thus, even if the Commission determines that there is a violation of section 337, it is authorized to deny relief if it finds that the likely impact of the proposed remedy on the public health and welfare, competitive conditions in the U.S. economy, the production of like or directly competitive articles in the United States, and/or United States consumers is such that the remedy should not be ordered. 43/

In accordance with the statute and the Commission rules, the Commission solicited written comments from the public and from other federal agencies on the issues of remedy, bonding, and the public interest in this investigation. 44/ The only comments the Commission received were those submitted by Makita and the IAs.

The Impact of Relief Directed to Jet

Makita and the IAs have argued that the issuance of a remedial order directed to Jet would not have an adverse impact on any of the aforesaid public interests. The Commission agrees.

Makita makes the additional argument that the issuance of remedial orders directed to Jet (and the defaulting respondents) in fact would have a salutary effect on the relevant public interest considerations. For example, Makita argues that U.S. consumers would benefit from exclusion of

42/ See S. Rep. No. 1298, 93d Cong., 2d Sess. 193 (1974).

43/ See 19 U.S.C. §§ 1337(d), (f)(1), and (g)(1).

44/ See 54 Fed. Reg. 31896 (Aug. 2, 1989); 19 U.S.C. § 1337(b)(2); 19 C.F.R. § 210.58(a)(2) and (4) (1989).

respondents' imported merchandise because that merchandise, according to Makita, poses a safety hazard.

As the Commission pointed out in response to similar arguments by a complainant in a previous investigation, the plain language of the statute and its legislative history indicate that in every investigation in which a violation has been found, Congress intends for the Commission to determine whether relief should not be granted because of the likelihood of an adverse impact on the enumerated aspects of the public interest. 45/ The question of whether a proposed remedy would have a beneficial impact on the public interest thus is not a relevant consideration. 46/

In the absence of any indication that a cease and desist order directed to Jet would have an adverse impact upon any aspect of the public interest, such an order will be issued.

The Impact of Relief Directed to Defaulting Respondents

As noted above, subsection (g) of section 337 provides that when certain conditions are satisfied, the Commission shall assume the facts alleged in the complaint to be true with respect to defaulting respondents and shall issue, upon request, a remedial order directed to the defaulting respondents -- unless, after considering the effect such relief would have upon the public health and welfare, competitive conditions in the U.S. economy, the production of like or directly competitive articles in the

45/ See 19 U.S.C. §§ 1337(d), (f)(1), and (g)(1); S. Rep. No. 1298 at 197; Certain Miniature Plug-In Blade Fuses, Inv. No. 337-TA-114, USITC Pub. 1337, Commission Opinion at 45 (Jan. 1983).

46/ Certain Miniature Plug-In Blade Fuses, USITC Pub. 1337, Commission Opinion at 45.

United States, and United States consumers, the Commission determines that a remedy should not be issued. 47/ The Commission has determined, for the reasons discussed below, that public interest considerations preclude the issuance of a limited exclusion order covering the imported merchandise of (or cease and desist orders directed to) the defaulting respondents.

The allegations in the complaint that are within the scope of the investigation and that pertain to the defaulting respondents are: (1) that those respondents have been involved in the manufacture, exportation, importation, or U.S. sale of Taiwanese merchandise utilizing -- without license from Makita -- the design, the color, or the design/color combination that Makita claims are its common-law trademarks; and (2) that the threat or effect of respondents' acts has been to destroy, substantially injure, or prevent the establishment of a domestic industry. 48/

Although the defaulting respondents did not appear to contest the allegations against them and the statute provides that the Commission shall presume the facts alleged in the complaint to be true with respect to defaulting respondents (provided that the conditions specified in the statute are satisfied), the conclusions of law at issue -- i.e., the validity of Makita's common-law trademarks -- were fully litigated by the non-defaulting respondents, the IAs, and Makita. After considering the

47/ 19 U.S.C. § 1337(g)(1).

48/ See, e.g., the original Complaint, Part II at paragraphs 4, 7, 8, and 14; Supplement to the original Complaint at paragraph 6 (adding paragraphs 11a, 11b, 24a, 24b, and 24c); Second Supplement to the original Complaint at paragraph 3; 53 Fed. Reg. 31112 (Aug. 17, 1988) as amended by 53 Fed. Reg. 47587 (Nov. 23, 1988).

arguments of the parties and the evidence on the record, the ALJ and the Commission both determined that neither the designs, nor the color "Makita" blue, nor the design/color combinations in dispute are entitled to protection as common-law trademarks. It would be contrary to public policy for the Commission to issue a remedial order on the basis of presumed infringement of marks that are not protected by valid and enforceable intellectual property rights.

The issuance of a remedial order directed to the defaulting respondents in this investigation also would have an adverse impact on competitive conditions in the U.S. economy. Makita would be receiving a competitive advantage to which it is not entitled. To the extent that there is a right to copy the marks in the absence of a valid intellectual property right and that some duplication may be a matter of competitive necessity, 49/ the issuance of a remedial order directed to the defaulting respondents would have an adverse impact on lawful competition by those respondents.

Given the facts that Makita has not been able to conclusively define its design marks 50/ and that the color it refers to as "Makita" blue is not a single, readily identifiable color, 51/ Customs' administration and enforcement of an exclusion order directed to the defaulting respondents' merchandise is likely to be problematic and could impede the entry of Taiwanese imports that are not covered by the order.

49/ See generally Violation ID at 204-206 and FF 218-220.

50/See ID at 140-159.

51/Id. at FF 139.

Finally, to the extent that the defaulting respondents' imported merchandise has been accepted by U.S. consumers and is priced significantly lower than the complainant's merchandise, U.S. consumers would be adversely affected by a remedial order preventing the U.S. importation or sale of the respondents' merchandise.

For all the foregoing reasons, remedial orders directed to the respondents who were found to be in default by the Commission, or by the ALJ in portions of the violation ID that the Commission did not adopt, will not be issued. 52/

52/ Makita moved to strike the IAs' response to Makita's remedy submission, arguing that the notice concerning the filing of written submissions on the issues of remedy, the public interest, and bonding did not authorize the IAs to file a response to Makita's remedy submission. This argument is without merit, as the wording of the notice setting forth instructions concerning the filing of submissions from the parties on the issues of remedy, the public interest, and bonding did not state or imply that the respondents were the only parties that would be permitted to file a reply to the submission filed by the IAs or that filed by Makita. See 54 Fed. Reg. 31896 (Aug. 2, 1989).

Makita's motion to strike argued further that the IAs may not appear on behalf of the defaulting respondents and are therefore precluded from discussing whether the public interest would be adversely affected if a remedial order is issued against those respondents. The Commission sees nothing improper in the IAs' arguments on this issue. In addition to serving as "proxy" for the Commission in executing its responsibility to investigate violations of section 337, "[t]he second principal responsibility of the [IA] is to represent the public interest and to ensure that considerations bearing upon the public interest, which the parties may give short shrift in pursuit of their private interests, are presented to the Commission [during the investigation]." Certain Card Data Imprinters and Components Thereof, Inv. No. 337-TA-104, Commission Memorandum Opinion at 8 (Nov. 18, 1981) (emphasis added). The Commission notes also that the arguments Makita finds objectionable were submitted in direct response to arguments in Makita's remedy submission.

As an alternative to striking the IAs' reply to Makita's remedy submission in whole or in part, Makita requested that the Commission accept the arguments in Makita's motion to strike as Makita's reply to the IAs' remedy submission. This request is denied. If Makita wanted to respond to the IAs' submission, it should have done so on or before the deadline specified in the aforesaid notice. Makita's motion to strike does not

(continued...)

Bonding

Under subsection (j) of section 337, articles subject to a cease and desist order may be imported into and sold in the United States under a bond during the period in which the President is determining whether to disapprove the order or allow it to become final. 53/ In determining the amount of the bond, the Commission attempts to ascertain what amount would be sufficient to offset any competitive advantages resulting from the unfair method of competition or unfair act enjoyed by persons benefitting from importations. 54/

Makita argues that the bond in this investigation should be 50 percent of the entered value of the infringing articles, because that amount is the approximate competitive advantage that importers of the subject Taiwanese merchandise generally enjoy. The IAs initially argued that the bond should be 100 percent of the entered value of the infringing articles because the competitive advantage enjoyed by the importer is difficult to quantify from the limited information on the record. In their response to Makita's remedy submission, however, the IAs have agreed that the amount of the bond should be 50 percent as requested by Makita.

52/(...continued)

offer any plausible explanation for Makita's failure to comply with the prescribed deadline, nor does it provide good reason for the Commission to exercise its discretion to allow Makita to submit its response out of time.

For all the foregoing reasons, Makita's motion to strike is denied in its entirety.

53/ See 19 U.S.C. § 1337(j)(3). See also In re Atmel Corp., U.S. Court of Appeals for the Federal Circuit, Docket No. 89-1382, Order dated April 27, 1989 at 3-4.

54/ See S. Rep. No. 1298 at 198; 19 C.F.R. § 210.58(a)(3)) (1989).

In the absence of any argument or information from which it can be inferred that a bond in that amount would be inappropriate, the Commission has determined that the bond during the Presidential review period shall be 50 percent of the imported articles' entered value, as requested by Makita and the IAs. 55/

55/ Having determined that no remedial order should be issued against Jet (supra n.36), Commissioner Eckes and Commissioner Rohr determine that a bond is not necessary.

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

OFFICE OF THE
SECRETARY

19 JUL 1971 11:32

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In the Matter of)
)
)
CERTAIN ELECTRIC POWER TOOLS,)
BATTERY CARTRIDGES, AND)
BATTERY CHARGERS)
)
)
)

Investigation No. 337-TA-284

NOTICE OF COMMISSION DECISION
NOT TO REVIEW INITIAL DETERMINATION;
SCHEDULE FOR FILING WRITTEN SUBMISSIONS
ON REMEDY, THE PUBLIC INTEREST, AND BONDING

AGENCY: U.S. International Trade Commission.

ACTION: Notice; request for briefs and written comments.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination ("ID") issued by the presiding administrative law judge ("ALJ") concerning violation of section 337 of the Tariff Act of 1930 in the above-captioned investigation. However, as discussed below, the Commission has adopted only those portions of the ID which pertain to the following issues: jurisdiction over the parties and the subject matter of the investigation; complainants' right to use the alleged trademarks and whether they are de jure functional, inherently distinctive, and have acquired secondary meaning; likelihood of confusion; false representation; false advertising; passing off; and all the elements necessary for a section 337 violation based on registered trademark infringement. Those portions of the ID collectively have become the Commission's final determination concerning violation of section 337 in this investigation. Since those findings and conclusions are dispositive of the question of whether each respondent has or has not violated section 337, the Commission has taken no position on other issues adjudicated in the ID in connection with the alleged violation of section 337.

Since the ID holds that there has been a violation of section 337 by one respondent, the Commission directs the parties to submit briefs and requests

written comments from other agencies and interested persons on the issues of appropriate relief, the public interest, and bonding, as described below.

ADDRESSES: Copies of all nonconfidential documents filed in this investigation, including the ID, are available for public inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, Docket Section, U.S. International Trade Commission, 500 E Street SW., Room 112, Washington, D.C. 20436, telephone 202-252-1000.

FOR FURTHER INFORMATION CONTACT: P. N. Smithey, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW., Washington, D.C. 20436, telephone 202-252-1061. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal at 202-252-1810.

SUPPLEMENTARY INFORMATION: The subject investigation was instituted to determine whether there is a violation of section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337 (1982 and Supp. VI 1988) in the importation or sale of certain electric power tools, battery cartridges, and battery chargers from Taiwan. The complainants are Makita U.S.A., Inc. and its subsidiary Makita Corporation of America (collectively, "Makita" or "complainants"). The complaint alleged that each respondent has engaged in one or more of the following unfair acts in the importation or sale of accused merchandise: (1) common-law trademark infringement; (2) registered trademark infringement; (3) false representation; (4) false advertising; or (5) passing off. The complaint also alleged that unfair acts (1) and (3)-(5) have a threat or effect of destroying or substantially injuring a domestic industry or preventing the establishment of such an industry. Makita's allegations covered more than 100 imported products and more than 50 domestic products. See 53 FR 31112 (Aug. 17, 1988) as amended by 53 FR 45787 (Nov. 23, 1988).

On June 2, 1989, the presiding ALJ issued an ID holding that there has been no violation of section 337 by any respondent except one who was found to have infringed complainants' registered trademark in the importation or sale of an accused Taiwanese product. Complainants and two groups of respondents filed petitions for review of the ID. Various parties filed responses opposing one or more of the petitions in whole or in part.

After considering the ID, the petitions, and the responses, the Commission determined not to review the ID, but to adopt only those portions that relate to the following matters: (1) jurisdiction over the parties 1/

1/ **CORRECTION:** The ID erroneously states at pages 7, 10, and 252 that the Commission does not have in personam jurisdiction over respondent Mechanics Products, Inc., because that company was not served with copies of the complaint and notice of investigation. A signed, dated, certified mail return receipt on file in the Office of the Secretary indicates that Mechanics Products did in fact receive copies of the aforesaid documents on September 6, 1988. The Commission thus has in personam jurisdiction over respondent Mechanics Products.

and the subject matter of the investigation; (2) whether complainants have a right to use the designs and color claimed as common-law trademarks and whether those designs and color are de jure functional, are inherently distinctive, or have acquired secondary meaning; (3) whether there is a likelihood of confusion between complainants' products and respondents' imported products; (4) whether any respondent has engaged in passing off, false representation, or false advertising in the importation or sale of accused merchandise; and (5) whether any respondent has engaged in registered trademark infringement in the importation or sale of accused products in violation of section 337(a)(1)(C) (within the meaning of section 337(a)(2), (3), and (4)). The aforesaid portions of the ID collectively have become the Commission's final determination concerning violation of section 337 in this investigation. See interim Commission rule 210.53(h) (53 FR 33043, Aug. 29, 1988) (to be codified at 19 CFR § 210.53(h)).

The Commission takes no position on the ID's adjudication of other issues relating to the alleged violation of section 337. 2/ This includes the issue of complainants' readiness to commence domestic production of certain products. The Commission accordingly vacates the order in the ID requiring complainants to submit verified progress reports on that subject on or before September 1, 1989. The Commission does adopt, however, the ID's disposition of various motions and ancillary matters not related to the alleged violation of section 337 (e.g., the motions to strike and the in camera treatment of certain materials and information).

Since the Commission has found that a violation of section 337 has occurred, the Commission may issue (1) an order which could result in the exclusion of the subject articles from entry into the United States and/or (2) cease and desist orders which could result in the respondent in question being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions which address the form of relief, if any, which should be ordered.

If the Commission concludes that relief is appropriate, it must also consider the effect of that relief upon (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) the U.S. production of articles which are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submission concerning the effect, if any, that granting relief would have on the enumerated public interest factors.

If the Commission orders relief, the President has 60 days to approve or disapprove the Commission's action. During this period, the subject articles

2/ Chairman Brunsdale and Vice Chairman Cass adopted the entire ID as their final determination concerning the violation of section 337.

would be entitled to enter the United States under a bond in an amount determined by the Commission and prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving written submissions concerning the amount of the bond which should be imposed.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues of remedy, the public interest, and bonding. Complainants and the Commission investigative attorney are also requested to submit a proposed remedial order(s) for the Commission's consideration. The written submissions and proposed remedial orders must be filed no later than the close of business on August 7, 1989. Reply submissions on these issues must be filed no later than the close of business on August 14, 1989. No further submissions will be permitted unless otherwise ordered by the Commission.

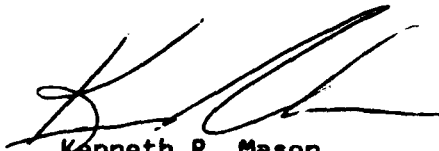
Interested government agencies and members of the public also may file written submissions addressing the issues of remedy, the public interest, and bonding. Such submissions must be filed not later than the close of business on August 14, 1989.

COMMISSION HEARING: The Commission does not plan to hold a public hearing in connection with final disposition of this investigation.

ADDITIONAL INFORMATION: All parties, government agencies, and interested persons that file written submissions must file the original document and 14 true copies thereof with the Office of the Secretary on or before the deadlines stated above. Any person desiring to submit a document (or a portion thereof) to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the investigation. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. Documents containing confidential information approved by the Commission for confidential treatment will be treated accordingly. All nonconfidential submissions will be available for public inspection at the Secretary's Office.

The 18-month statutory deadline for completing this investigation is February 20, 1990. See 19 U.S.C. § 1337(b)(1).

By order of the Commission.



Kenneth R. Mason
Secretary

Issued: July 31, 1989

PUBLIC VERSION

United States International Trade Commission
Washington, D.C.

In the Matter of)
)
CERTAIN ELECTRIC POWER TOOLS, BATTERY)
CARTRIDGES AND BATTERY CHARGERS)

INVESTIGATION NO. 337-TA-284

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RECORDED

INITIAL DETERMINATION

John J. Mathias
Administrative Law Judge

Pursuant to the Notice of Investigation in this matter (53 Fed. Reg. 31112, August 17, 1988), this is the Administrative Law Judge's Initial Determination under Rule 210.53(a) of the Interim Rules of Practice and Procedure of this Commission. (19 C.F.R. § 210.53(a)).

The Administrative Law Judge hereby determines that there was a violation of Section 337(a)(1)(C) of the Tariff Act, as amended (19 U.S.C. §1337(a)(1)(C), hereafter Section 337(C)), in the use by respondent Jet Equipment and Tools, Inc. of certain parts schematics in the United States which showed the "Makita" mark in reverse in connection with the importation and sale of certain accused wood planers. It is further determined that there is no violation of Section 337(a)(1)(A) of the Tariff Act of 1930, as amended (19 U.S.C. §1337(a)(1)(A), hereafter Section 337), in the importation and sale of certain electric power tools, battery cartridges and battery chargers by respondents. The complaint herein alleged that such importation and sale constitute unfair acts and unfair methods of competition by reason of alleged infringement of U.S. Registered Trademark No. 1,204,296; infringement of common law trademarks; false

designation of sponsorship, source, or origin, and false descriptions; contributory infringement of, and inducement to infringe, complainants' common law trademarks and registered trademarks; misappropriation of complainants' marks; passing off; and common law unfair competition. It was further alleged that the effect or tendency of such unfair methods of competition and unfair acts is to destroy or substantially injure and/or prevent the establishment of an efficiently and economically operated industry in the United States.

APPEARANCES

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FOR RESPONDENT: Puma Industrial Co., Ltd.

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BREINER & BREINER

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PROCEDURAL HISTORY

A complaint was filed with the United States International Trade Commission on April 1, 1988, under Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. §1337 (Section 337), on behalf of Makita U.S.A., Inc., 12950 East Alondra Boulevard, Cerritos, California 90701-8775 and Makita Corporation of America, 650 Gainesville Highway, Buford, Georgia 30518. Supplements to the complaint were filed on July 7, 25, 27 and 29, 1988. The Complaint, as supplemented, alleges unfair methods of competition and unfair acts in the importation of certain electric power tools, battery cartridges and battery chargers into the United States, and in their sale, by reason of alleged (1) infringement of U.S. Registered Trademark No. 1,204,296; (2) infringement of common law trademarks; (3) false designation of sponsorship, source, or origin and false descriptions; (4) contributory infringement of, and inducement to infringe, Makita's common law and registered trademarks; (5) misappropriation of Makita's marks; (6) passing off; and (7) common law unfair competition. The complaint further alleges that the effect or tendency of the unfair methods of competition and unfair acts is to destroy or substantially injure and/or prevent the establishment of an efficiently and economically operated industry in the United States. Complainants requested the Commission to institute an investigation and, after a full investigation, issue a permanent exclusion order.

Upon consideration of the complaint, the Commission, on August 9, 1988, ordered that an investigation be instituted pursuant to subsection (b) of Section 337 to determine whether there is a violation of subsection (a) of Section 337 in the unlawful importation of certain electric power tools,

battery cartridges, and battery chargers into the United States, or in their sale, by reason of alleged (1) direct infringement of U.S. Registered Trademark No. 1,204,296; (2) direct infringement of common law trademarks; (3) false representation; (4) false advertising; and (5) passing off, the effect or tendency of which is to destroy or substantially injure and/or prevent the establishment of an efficiently and economically operated industry in the United States.

The following parties were named as respondents in the Notice of Investigation:

Ko Shin Electric & Machinery Co., Ltd.
228 Chung King North Road
Sec. 3
Taipei, Taiwan

P&F Brother Industrial Corporation
P.O. Box 46-26
Taichung, Taiwan

Nu-Way Machinery Corporation
P.O. Box 46-26
Taichung, Taiwan

Jiang Charng Machinery Works
Co., Ltd.
No. 89, Lane 109
Feng Lien Road
Feng Yuan
Taichung, Taiwan

Jenn Feng Industrial Co., Ltd.
No. 19, Lane 118
Sec. 2 Min. TSU Rd.
Ping Chang Shiang
Taoyuan, Taiwan

Kuen Master Industry Ltd.
P.O. Box 179
Chia Yi, Taiwan

Homegene Corp.
P.O. Box 87-93
Taipei, Taiwan

Honworld International Inc.
P.O. Box 67-511
Taipei, Taiwan

Union-Tech Corp.
7F, No. 420
Keelung Rd., Sec. 1
Taipei, Taiwan

Ta Shin Electric Industrial Co., Ltd.
P.O. Box 47-3
Taipei, Taiwan

Poromes Enterprise Co., Ltd.
Room 3, 3rd Floor, No. 19
Fu-Hsing N. Rd.
Taipei, Taiwan

New Golden Star Electric Works, Ltd.
No. 12, Lane 185
Nan King W. Road
Taipei, Taiwan

Famous Overseas Corporation
Room 3, 6th Floor
102 Tun Hua S. Road
Taipei, Taiwan

Tochiado
No. 1, Lane 111, Sec. 3
Chung Sun Road
Taichung, Taiwan

Puma Industrial Co., Ltd.
4070 Tugwell Ave.
Franklin Park, Illinois 60131

Alltrade, Inc.
2140 Davie Avenue
Commerce, California 90040

Jepson, Inc.
23140 Kashiwa Court
Torrance, California 90505

Jet Equipment & Tools, Inc.
1901 Jefferson Avenue
Tacoma, Washington 98401

Home Depot

2727 Paces Ferry Road
Atlanta, Georgia 30339

Harbor Freight Salvage Co.
3491 Mission Oaks Boulevard
Camarillo, California 93010-3169

Steve's Wholesale Distributor
2423 South Walker
Oklahoma City, Oklahoma 73109

Trade Associates, Inc.
4310 B Street, N.W.
Auburn, Washington 98001

Mechanics Products
Kent, Washington 98035

International Consumer Brands, Inc.
126 Monroe Turnpike
Trumbull, Connecticut 06611-1360

Atlas Group
115 Lehigh Drive
Fairfield, New Jersey 07006

Tool City
10562 Westminster Avenue
Garden Grove, California 92643

Floyd Ready and Associates
96 Shobota Drive
Jackson, Mississippi 32909

Ace Tool Company
9099 Bank Street
Cleveland, Ohio 44125

Nestor Sales Company
12340 66th Street
North Largo, Florida 33543

Pay N' Pak
1209 South Central Avenue
Kent, Washington 98032

Pace Membership Warehouse
3350 Peoria Street
Aurora, Colorado 80010

Marcia H. Sundeen, Esq., Office of Unfair Import Investigations, was the named Commission Investigative Attorney. Judge John J. Mathias was designated the Administrative Law Judge to preside over this investigation.

Responses to the complaint and notice of investigation were filed on behalf of most of the respondents. A preliminary conference was held before the Administrative law Judge. Appearances were made on behalf of complainants, staff and the following respondents: Pay N' Pak; Ko Shin Electric and Machinery co., Ltd.; Jepson Inc.; Atlas Group; Union Tech Corp.; Tool City; Alltrade, Inc.; Kuen Master Industry, Ltd.; Harbor Freight Salvage Co.; Pace Membership Warehouse; Ta Shin Electric Industrial Co., Ltd.; Tochiado Industry Co., Ltd.; International Consumer Brands; Home Depot; Floyd Ready Associates; Trade Associates, Inc.; Jet Equipment & Tools, Inc.; Jenn Feng Industrial Co., Ltd.; and Puma Industrial Co.

An Initial Determination was issued on October 17, 1988, granting the motions of complainants and Commission staff to amend the notice of investigation per the amendments to Section 337 effected by the Omnibus Trade and Competitiveness Act of 1988. (Order No. 6). Under such amendments complainants were no longer required to prove that the unfair act of registered trademark infringement has the effect or tendency to injure a domestic industry, and the complainants need not prove that the domestic industry is efficiently and economically operated for any of the allegations of the complaint. The Commission by Notice of November 17, 1988, decided not to review that Initial Determination. (53 Fed. Reg. 47586, Nov. 23, 1988).

By notice dated September 22, 1988, George G. Summerfield, Jr., Esq. was assigned as Commission Investigative Attorney in this investigation, in

addition to Marcia H. Sundeen, Esq. (53 Fed. Reg. 37879, Sept. 28, 1988). By notice dated, November 4, 1988, George G. Summerfield, Jr., Esq., and Gary Hnath, Esq., were designated the Commission Investigative Attorneys in this investigation. (53 Fed. Reg. 45399, Nov. 9, 1988).

By Initial Determination filed December 14, 1988, the Administrative Law Judge granted the motion of Robert Bosch Power Tool Corporation ("Bosch") to intervene in the investigation. (Order No. 26). The Commission did not review that Initial Determination. (Notice, January 31, 1989).

By Initial Determination filed March 6, 1989, the Administrative Law Judge granted the joint motion of complainants and respondent Bosch for termination of the investigation as to respondent Bosch on the basis of a settlement agreement. (Order No 83).

By Order No. 84, dated March 3, 1989, the Administrative Law Judge issued an Initial Determination designating this matter more complicated and extending the administrative deadline for filing his Initial Determination on the issues herein until June 2, 1989.

By Initial Determination dated March 8, 1989, the Administrative Law Judge found respondents Honworld International, Inc.; Homegene Corp.; Famous Overseas Corporation; New Golden Star Electric Works, Ltd.; and Jiang Charng Machinery Workds, to be in default in this investigation. (Order No. 85).

The Commission decided not to review Orders No. 83, 84 and 85. (54 Fed. Reg. 16009, Apr. 20, 1989).

By Order No. 70, dated February 17, 1989, respondents Ace Tool Company, Pay N' Pak, Nestor Sales Corporation and Union Tech Corporation were ordered to show cause on or before March 1, 1989 as to why they should not

be held in default and subjected to certain sanctions for failure to comply with an order compelling discovery. None of said respondents have responded to that show cause order and they are found hereinbelow to be in default.

Order No. 70 denied complainants' motion for default as to respondent Steve's Wholesale Distributors and Kuen Master Industry, Ltd. on the ground that each of these respondents had responded to the complaint and notice of investigation. However, neither of these respondents participated at the hearing and respondent Kuen Master did not provide discovery. Accordingly, I order hereinbelow that complainants may rely upon secondary evidence in proof of charges against respondent Kuen Master.

Order No. 70 also denied complainants' motion for default as to respondent Poromes Enterprise Company on the ground that there was no evidence of service on this respondent. However, Poromes' correspondence has acknowledged receipt of the complaint and notice. Accordingly, respondent Poromes is found hereinbelow to be in default.

Respondent Mechanics Products was never served with the complaint and notice of investigation. (FF 1, below).

The Prehearing Conference in this matter was held on March 3, 1989. The hearing commenced on March 6, 1989 before Judge Mathias to determine whether there is a violation of Section 337(a)(1)(A) and/or (a)(1)(C) as alleged in the amended complaint and set forth in the amended notice of investigation. The hearing concluded and the record closed on March 28, 1989.

The issues have been briefed and proposed findings and conclusions of

law submitted by the parties. Oral Argument on the proposed findings and briefs was held on May 3, 1989. This matter is now ready for decision.

This initial determination is based on the entire record of this proceeding including the evidentiary record compiled at the hearing, the exhibits admitted into the record at the hearing, and the briefs, proposed findings of fact and conclusions of law and supporting memoranda filed by the parties. I have also taken into account my observation of the witnesses who appeared before me and their demeanor. Proposed findings not herein adopted, either in the form submitted or in substance, are rejected either as not supported by the evidence or as involving immaterial matters.

The findings of fact herein include references to supporting evidentiary items in the record. Such references are intended to serve as guides to the testimony and exhibits supporting the findings of fact. They do not necessarily represent complete summaries of the evidence supporting each finding.

The following abbreviations are used in this Initial Determination:

- Tr. - Official Transcript, usually preceded by the witness' name and followed by the referenced pages;
- CX - Complainants' Exhibit, followed by its number and the referenced page(s);
- CPX - Complainants' Physical Exhibit;
- CPF - Complainants' Proposed Finding
- CRF - Complainants' Rebuttal Finding;
- RX - Respondent Exhibit followed by its number and the referenced page(s);
- RPX - Physical Exhibit of Respondent;
- RPF - Respondents' Proposed Finding;
- RRF - Respondents' Reply Finding;
- SX - Staff's Exhibit, followed by its number and the referenced page(s);
- SPX - Staff's Physical Exhibit;*
- SPF - Staff's Proposed Finding;
- CB - Complainants' Post Hearing Brief;
- RB - Respondents' Post Hearing Brief;
- SB - Staff's Post Hearing Brief;
- CRB - Complainants' Reply Brief;
- RRB - Respondents' Reply Brief;
- SRB - Staff's Reply Brief;
- FF - Finding of Fact
- Interr. - Interrogatory

* Some proposed findings (CPF, RPF or SPF) will be cited herein as "Unopposed." In accordance with my order at the hearing, the parties filed a separate response to the proposed findings of opposing parties, objecting to and commenting upon the proposed findings of such other parties. In accordance with that order, all proposed findings not objected to were to be treated as having been agreed to. Thus, those proposed findings which have been agreed to are identified as "Unopposed." (Tr. 3715).

FINDINGS OF FACT

I. JURISDICTION

1. Service of the complaint and notice of investigation was perfected on all respondents, except Mechanics Products, by the Commission Secretary. Respondents Alltrade, Inc.; Harbor Freight Salvage Co. (Central Purchasing), Pace Membership Warehouse, Inc.; Trade Associates, Inc.; P&F Brother Industrial Corp.; Nu-Way Machinery Corp.; Ko Shin Electric & Machinery Co.; Jepson, Inc.; Tool City; Floyd Ready Associates; Ta Shin Electric Industrial Co., Ltd.; Tochiado Industry Co., Ltd.; Atlas Group; Union Tech Corp.; Kuen Master Industry, Ltd.; International Consumer Brands; Home Depot; Jet Equipment and Tools, Inc.; Jenn Feng Industrial Co., Ltd.; Puma Industrial Co.; Steve's Wholesale Distributors; and New Golden Star Electric Works, Ltd. have responded to the complaint and notice and/or appeared through counsel. (Preliminary Conf. 9/29/88, Tr. 1-5). Respondent Poromes Enterprise Co., Ltd has acknowledged receipt of the complaint in correspondence with complainant. (CPF PA 101). The participating respondents have not contested the Commission's jurisdiction over the subject matter of this investigation. (Preliminary Conf. 9/19/88, Tr. 42-57).

II. THE PARTIES^{1/}

A. Complainants

2. Complainant, Makita U.S.A., Inc., is a corporation organized and existing under the laws of the State of New York, with its headquarters

^{1/} The findings in this section consist of the unopposed proposed findings of complainants, except for FF 7, 15, 26, 50, 66, 84 and 97, below.

located at 14930-C Northam Street, La Mirada, California 90638. (CPX 88, Complaint, p. 1; RXP 140, p. 1).

3. Complainant, Makita Corporation of America, is a corporation organized and existing under the laws of the State of Georgia with its headquarters located at 650 Gainesville Highway, Buford, Georgia. (CPX 88, Complaint, p. 1).

4. Makita U.S.A., Inc. was established and commenced business in the United States in 1970 (CXA 2, Hattori Witness Statement, p. 4).

5. One hundred percent of the stock of Makita U.S.A., Inc. is owned by its parent company, Makita Electric Works, Ltd., Anjo, Japan. (Margolis, Tr. 3037).

6. Makita Corporation of America was incorporated in September, 1984. (CPX 34, Takeuchi Dep., p. 34).

7. Makita Corporation of America is an (C)
(C) engaged in the United States production of power tools. (CXA 2, Hattori W.S., p. 1; SXT 1, Answer. to Interr. No. 1).

8. The business of Makita U.S.A., Inc. is the marketing and sale in the United States of high quality portable electric power tools, stationary electric power tools, and parts and accessories for tools. (CXA 3, Griffin W.S., p. 1).

9. The sources of the products marketed and sold by Makita U.S.A., Inc. include (C)
(C)
(C) (CXA 2, Hattori W.S., p. 2; CXA 3, Griffin W.S., p. 1).

10. (C)
(C)
(C)

11. Production of power tools by Makita Corporation of America began at Buford, Georgia in November, 1985. (CXA 5, Donovan W.S., p. 1).

12. (C)
(C)

13. In addition to its headquarter's office, Makita U.S.A., Inc. has seven regional distribution centers located in the following places: Los Angeles, San Francisco, Houston, Chicago, Atlanta, New Jersey and Denver. (CPX 88, Conf. Ex. 3 to Complaint).

14. In addition to the distribution centers, Makita U.S.A., Inc. maintains 46 factory service centers which exclusively service Makita brand products and has contracts with an additional 177 authorized service centers to which it supplies parts and has authorized to service Makita brand products. (CPX 88, Conf. Ex. 3 to Complaint).

15. The activities of Makita U.S.A., Inc. also involve repair and warranty service, shipping, distribution, advertising, importation, inspection, warehousing, and marketing activities. (CXA 2, Hattori W.S., p. 15; CPX 88, Complaint, p. 2).

16. The production facilities of Makita Corporation of America at Buford, Georgia involve three phases. The first two phases are complete and consist of the construction of approximately (C) production facility of which between (C) (C) and the balance is for warehouse use. Phase 3, which is projected to be completed by the end of 1990,

will add another (C) manufacturing facility at the same location. (CXA 5, Donovan W.S., p. 2; CXA 14; CXA 4, Kato W.S., p. 2).

17. (C)
(C)
(C)
18. (C)
(C)

B. Respondents

19. Ko Shin Electric and Machinery Co., Ltd. ("Ko Shin") is a corporation organized under the laws of Taiwan with its principal place of business at 228 Chung Chiang Road North, Section 3, Taipei, Taiwan. (CXB 5, pp. 1-2).

20. (C)
(C)
(C)

21. Ko Shin manufactures in Taiwan and exports into the United States electric power tools, battery cartridges and battery chargers. (CXB 5, pp. 3-4).

22. P&F Brother Ind. Corp. ("P&F Brother" or "P&F") is a corporation organized under the laws of Taiwan with its principal place of business at No. 12 6th Road, Industrial Park, Taichung, Taiwan. (CXK 3, p. 2).

23. P&F Brother manufactures in Taiwan and exports to the United States electric power tools, battery cartridges and battery chargers. (CXK 3, p. 3; CXK 5, pp. 3-4).

24. Nu-Way Machinery Corp. ("Nu-Way") is a corporation organized

under the laws of Taiwan with its principal place of business at No. 76, Lane 967, San Feng Road, Feng Wuan, Taiwan. (CXK 3, p. 2).

25. Nu-Way is engaged, along with P&F Brother Ind. Corp., in the manufacturing in Taiwan and exporting to the United States of electric power tools, battery cartridges and battery chargers. (CXK 3, p. 3; CXK 5, pp. 3-4).

26. (C)
(C)

P&F was established in 1985 and began operations in 1986. Nu-Way was established in 1976. (CXK 3, p. 5).

27. In addition to their factory addresses, both P&F and Nu-Way maintain a mailing address of Post Office Box 46-26, Taichung, Taiwan. (CXK 12, p. 1).

28. Jiang Charng Machinery Works Co., Ltd. ("Jiang Charng") is a corporation organized under the laws of Taiwan with its principal place of business at #89, Lane 109, Feng Lien Road, Feng Yuan, Taichung, Taiwan, Republic of China. (See CPX 88, Complaint p. 41).

29. Jiang Charng manufactures in Taiwan and exports to the United States electric power hand tools. (CPX 88, Pub. Ex. 26, to Complaint).

30. Jenn Feng Industrial Co., Ltd. ("Jenn Feng") is a corporation organized under the laws of Taiwan with its principal place of business and mailing address at P.O. Box 131 Chung L1, No. 19, Lane 118, Section II Min Tsu Rd., Pen Chang Shiang, Taoyuan, Taiwan, Republic of China. (CXL 2, p. 2, Response to Complainants' Interr. 1).

31. Jenn Feng exports to the United States electric power tools,

battery cartridges and battery chargers manufactured in its facility in Taiwan (CXL 2, p. 7, Response to Complainants' Interr. 5).

32. Jenn Feng manufactures and exports electric power tools, battery cartridges and battery chargers to the United States under the brand name of "Johnswell." (CXL 2, p. 3, Response to Complainants' Interr. 2; CXL 3, page 3, Response to Staff Interr. 2; CXL 6).

33. Kuen Master Industry Ltd. ("Kuen Master") is a corporation organized under the laws of Taiwan with an address of P.O. Box 179 Chia Yi, Taiwan, Republic of China. (CPX 88, Pub. Ex. 28, to Complaint, at p. 1).

34. Kuen Master manufactures in Taiwan and exports to the United States electric power tools, battery cartridges and battery chargers under the "KuMas" name. (CPX 88, Pub. Ex. 28, to Complaint, pp. 1-3).

35. Some of the Kuen Master accused tools are purchased by and imported into the United States from Taiwan by (C) (CPX 77, Livian Dep., pp. 80-81, 129-130; CXD 23, pp. 4-5).

36. Homegene Corp. ("Homegene"), a corporation organized under the laws of Taiwan, is located at P.O. Box 87-93, Taipei, Taiwan, Republic of China. Homegene exports and sells to the United States cordless power hand tools, battery cartridges and battery chargers. (CPX 88, Pub. Ex. 29, to Complaint).

37. Honworld International, Inc. ("Honworld"), a corporation organized under the laws of Taiwan, is located at P.O. 67-511, Taipei, Taiwan, Republic of China. Honworld sells and exports into the United States rechargeable electric power hand tools, battery chargers and

battery cartridges and accessories under the "Union-Tech" label. (CPX 88, Pub. Ex. 30, to Complaint).

38. Tochiado Industry Co., Ltd. ("Tochiado") is a corporation organized under the laws of Taiwan with its principal offices at No. 1, Lane 11, Section III, Chung Sun Rd., Tan Tzu, Taichung, Hsien, Taiwan, Republic of China. (CXH 3, p. 2, Response to Complainants' Interr. 1).

39. Tochiado manufactures in Taiwan and exports for sale in the United States electric power tools, battery chargers, and battery cartridges. (CXH 3, pp. 2-3, Response to Complainants' Interr. 2; CXH 4, pp. 1-2, Supplemental Response to Complainant's Interr. 2).

40. Tochiado sells its products to (C) (C) (CXH 4, p. 5, Supplemental Response to Complainants' Interr. 10; CXH 4, p. 5; CXH 11; CXH 12; CXH 13; CXH 16; CXH 39; CXH 40; CXH 41).

41. Tochiado also has sold to (C) (CXH 6, p. 2, Response to Staff Interr. 2).

42. Union-Tech Corp. ("Union Tech") is a corporation organized under the laws of Taiwan with its principal offices at 7F, No. 420, Keelung Road, Section I, Taipei, Taiwan, Republic of China. (CPX 88, Pub. Ex. 31 to the Complaint, p. 4).

43. Respondent Tochiado made all sales to the (C) (C) (CXH 4, p. 5).

44. Ta Shin Electric Industrial Co., Ltd., ("Ta Shin"), is a corporation organized under the laws of Taiwan with its main offices at 48, Lane 243, Section III, Chung King North Road Taipei, Taiwan,

Republic of China. (CXG 1, Response to Complainants' Interr. Nos. 1 and 2).

45. Ta Shin has a factory located at 35 Fen Liao Road, Second Industrial Zone, Linkou, Taipei Hsein, Taiwan. (CXG 1, pp. 2-3, Response to Complainants' Interr.).

46. Ta Shin designs, tests and manufactures electric power tools, battery cartridges and battery chargers in Taiwan. (CXG 2, pp. 3-4, Supplemental Response to Complainants' Interr. 5).

47. Ta Shin has attempted to sell its products in the United States and has exhibited its products at trade shows in the United States, including the National Hardware Show. (CXG 4, pp. 1-2, Supplemental Response to Commission Staff Interr. 3; CXG 27).

48. Poromes Enterprise Co., Ltd., ("Poromes"), is a corporation organized under the laws of Taiwan with its offices at Room 3, Third Floor, No. 19, Fu-Hsing North Road, Taipei, Taiwan, Republic of China. Poromes has a factory located at No. 2, Lane 25, Taiping Road, Taiping Hsiang, Taichung, Taiwan. Poromes manufactures cordless electric power tools, battery cartridges and battery chargers in Taiwan for export to the United States. (CXP 88, Pub. Ex. 33, to the Complaint; Griffin, Tr., pp. 157-158).

49. Puma Industrial Co., Ltd., ("Puma"), is an Illinois corporation with its main office and principal place of business at 733 Maple Lane, Bensenville, Illinois. (SXB 1, p. 2, Response to Complainants' Interr. 1).

50. Respondent Puma has submitted conflicting information concerning the part it has played in the distribution and sale of certain power

tools in the United States. (See, Response to the Complaint and Notice of Investigation; SXB 1, 2 and 5, Puma responses to interr.; and Motion Docket Nos. 284-28, 284-41 and 284-50). (C)

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(C)

(C) (Order No.

61).

51. (C)

(C)

(C)

(C) (SXB 4, p.1; SXB 6).

52. Alltrade, Inc., ("Alltrade"), is a California corporation with its main office at 2140 Davie Avenue, Commerce, California. (CXD 3, p. 1, Response to Complainants' Interr. 1).

53. Alltrade imports, distributes and sells in the United States electric power tools, battery cartridges and battery chargers manufactured in Taiwan. (CXD 3, p. 2, Response to Complainants' Interr. 2).

54. Alltrade power tools are sourced (C) (CPX 77, Livian Dep., p. 71).

55. Alltrade's accused products are purchased from (C) (C) . (CPX 77, Livian Dep., Tr., p. 12).

56. Jepson, Inc., ("Jepson"), is a California corporation with its main offices at 23140 Kashiwa Court, Torrance, California 90505. (CCX 3, p. 1, Response to Commission Staff Interr. 1).

57. Jepson is engaged in the importation, distribution and sale in the United States of electric power tools, battery chargers and battery cartridges manufactured in Taiwan by (C) (C) (CXC 1, pp. 2-3, Responses to Complainants' Interr. 2 and 3).

58. Equipment Importers, Inc., which does business as Jet Equipment and Tools ("Jet"), is a corporation with its main offices located at 1901 Jefferson Avenue, Tacoma, Washington, 98404 (SXC 1, p. 1, Answer to Complainants' Interr. 1).

59. Among other things, Jet is engaged in the importation, distribution and sale in the United States of electric power hand tools. (SXC 1, p. 2, Answer to Complainants' Interr. 2; CPX 85, Blanchfield Dep., p. 5).

60. Most of the products sold by Jet are obtained from overseas. Jet's tools at issue are manufactured in Japan and Taiwan. (CPX 85, Blanchfield Dep., pp. 7, 12-13, 52, and 112).

61. The Home Depot, Inc., ("Home Depot"), is a corporation with its main offices at 2727 Paces Ferry Road, Atlanta, Georgia 30339. (CXN 62, p. 2, Response to Commission Staff Interr. 1).

62. Home Depot sells electric power tools, battery cartridges and battery chargers at the retail level. (CXN 61, p. 4, Response to Complainants' Interr. 2).

63. Home Depot's accused tool products are tools sold under the name "Ohio Forge." (CXN 62, p. 2, Response to Commission Staff Interr. 2).

64. Home Depot purchases its products from (C)
(C)
(C) (CXN 61, p. 9, Response to Complainants' Interr. 10; CXN 40).

65. Central Purchasing, Inc. is a California corporation that does business as Harbor Freight Salvage Co. ("Harbor Freight"), and has its main office at 3491 Mission Oaks Blvd., Camarillo, California. Harbor Freight imports, distributes, sells electric power tools, battery cartridges and battery chargers by mail order and in retail stores under the brand name Chicago Electric Power Tools. (CXE 7, pp. 2 and 3, Response to Complainants' Interr. 2).

66. Harbor Freight's accused products are manufactured by (C)
(C)
(C)
(C) and others. (CXE 8, p. 3, Response to Staff Interr. 4).

67. Harbor Freight has authorized (C)
(C)
(C) (CXE 7, p. 27, Response to Complainants' Interr. 47; CXB 349).

68. Harbor Freight orders the accused products and receives delivery

direct from (C) (CXE 1, all pages; CXB 313-325).

69. Steve's Wholesale Distributors, Inc. is a retailer with its principal offices at 2423 S. Walker, Oklahoma City, Oklahoma 73109. (SXF 2, p. 1, Response to Staff Interr. 1).

70. Trade Associates, Inc. ("Trade Associates") is a corporation organized under the laws of the State of Washington with its main offices at 4310 "B" Street, N.W., Auburn, Washington. (CXF 6, p. 2, Response to Complainants' Interr. 1).

71. Trade Associates imports, distributes and sells electric power tools, battery chargers and battery cartridges manufactured by (C) (C) (CXF 6, p. 2, Response to Complainants' Interr. 2; CPX 84, Turnbull Dep., pp. 81-86).

72. Accused products are sold by Trade Associates under the names Eastern Steel, Mechanics and Mark I. (CXF 8, p. 2, Response to Staff Interr. 2; CPX 84, Turnbull Dep., pp. 51-59; CXF 63).

73. Customers of Trade Associates include, among others, (C) (C) (CXF 8, p. 3, Response to Staff Interr. 4).

74. International Consumer Brands, Inc. ("ICB") is a corporation organized under the laws of Delaware with its main office and principal place of business located at 126 Monroe Turnpike, Trumbull, Connecticut. (CXM 4, p. 2, Response to Staff Interr. 1).

75. ICB is engaged in the business of importation, distribution and sale of, among other things, electric power tools, battery cartridges and battery chargers, including accused products in issue. (CXM 4, pp. 2-3, Response to Staff Interr. 2 and 3).

76. Accused products have been sold by ICB under the names "Houseworks" and "Ohio Forge." (CXM 4, pp. 2-3, Response to Staff Interr. 2).

77. ICB has purchased the accused products from a Taiwanese manufacturer, (C) (C) (CXM 4, p. 4, Response to Staff Interr. 4; CXM 5, p. 3, CXA 3, Response to Complainants' Interr. 2; CXM 5, p. 7, Response to Complainants' Interr. 6; CXM 124).

78. Among ICB's customers is (C) (CXN 61, p. 9, 25, Response to Complainants' Interr. 10 and 35 to (C) CXN 62, p. 3, Response to Staff Interr. 4 to (C).

79. Atlas Hardware Company, Inc. ("Atlas" or "Atlas Group") is a corporation organized under the laws of New Jersey with its principal offices at 115 Lehigh Drive, Fairfield, New Jersey. Atlas imports, distributes and sells within the United States electric power tools, battery chargers and battery cartridges. (CXI 4, pp. 2, 4, Response to Complainants' Interr. 1, 2 and 5).

80. Atlas imports its accused tools from (C) (C) (CXI 4, p. 7, Response to Complainants' Interr. 10; CXI 8; CXI 9, p. 2, Supplemental Response to Complainants' Interr. 25).

81. Tool City is a sole proprietorship owned by Sam Tesser, with its main offices at 10562 Westminster Avenue, Garden Grove, California. (CXQ 1-2, Responses to Complainants' Interr. 1 and 2).

82. Tool City sells accused products under the brand name "Jepson." (CXQ 2, p. 2, Response to Staff Interr. 2; CXQ 7; CXQ 12; CPX 48, Tesser Dep.; pp. 26-27).

83. Floyd Ready Associates, Inc. ("Ready") is a Mississippi corporation with its principal offices at 96 Shubuta Drive, Jackson, Mississippi. (CXJ 2, p. 1, Response to Commission Staff Interr. 1).

84. Ready is a manufacturers' representative for industrial products and tools. It acts as a sales agent for (C) brand power tools. (CPX 47, Ready Dep.).

85. New Golden Star Electric Works, Ltd. ("New Golden Star") is a corporation organized under the laws of Taiwan with its main offices at No. 12, Lane 185, Nanking West Road, Taipei, Taiwan, Republic of China. New Golden Star manufactures in Taiwan for export to the United States electric power tools, including the accused products in this investigation. (CPX 88, Supplemental Ex. 2 to Complaint).

86. Famous Overseas Corporation, ("Famous Overseas") a Taiwanese corporation with its principal place of business at P.O. Box 36-53, Room 3, Sixth Floor, 102 Tun Hua South Road, Taipei, Taiwan, Republic of China, is engaged in the manufacture of electric power tools, battery cartridges and battery chargers for export to the United States (CPX 88, Supplemental Ex. 3 of Supplement to Complaint).

87. Nestor Sales Company, ("Nestor Sales") a company run by Brian Nestor with its main offices at 12340 66th Street North, Largo, Florida 33543, is engaged in the importation and sale of electric power tools manufactured in Taiwan (C) including the accused tools in this investigation. Tools sold by Nestor Sales Co. bear the name "Nesco." (CPX 88, Supplemental Ex. 6, to the Complaint; CXB 6).

88. Ace Tool Company, ("Ace Tool") a corporation with its offices located at 9099 Bank Street, Cleveland, Ohio 44125, is engaged in the

sale in the United States of electric power tools manufactured in Taiwan and sold under the name "Nesco." (CPX 88, Supplemental Exhibit 5, to the Complaint).

89. Pay N' Pak, a corporation with its main offices at 1209 S. Central Avenue, Kemp, Washington 98032, is engaged in the business of operating home center stores. Among other products, Pay-'N-Pak sells the
(C)
(C)
(C) (CPX 88, Supplemental Ex. 7, to the Complaint; CXF 8, p. 3, Response to Staff Interr. 4; CPX 84, Turnbull Dep., pp. 240-42).

90. Pace Membership Warehouse, Inc., ("Pace") a corporation with its main offices at 3350 Peoria Street, Aurora, Colorado 80010, is engaged in the operation of membership warehouse stores selling products at retail. (CPX 78, Middleton Dep., p. 12).

91. Among other things, Pace sells at retail Alltrade electric power tools purchased from (C)
(C) (CPX 78, Middleton Dep., p. 67).

92. Order No. 9 which was issued November 15, 1988, granted Complainants' motion to compel discovery from respondents Honworld International, Inc., Homegene Corp., Famous Overseas Corporation, and Jiang Charng Machinery Works, Ltd.

93. Having received no response to Order No. 9, I issued Order No. 70 requiring Respondents Honworld International, Inc., Homegene Corp., Famous Overseas Corporation, New Golden Star Electric Works and Jiang

Chang Machinery Works, Ltd., to show cause why they should not be found in default in this investigation.

94. Having received no response to Order No. 70, I found Respondents Honworld International, Inc., Homegene Corp., Famous Overseas Corporation, New Golden Star Electric Work, Ltd., and Jiang Chang Machinery Works, Ltd., to be in default. Respondents were deemed to have waived their right to appear at the hearing in this investigation, to be served with documents, and to contest the allegations at issue in this investigation.

95. Order No. 70 also required Respondents Ace Tool Company, Pay N' Pak, Nestor Sales Corporation and Union-Tech Corporation to show cause on or before March 1, 1989 as to why I should not rule that they may not introduce into evidence testimony of their officers, agents, or other materials in support of their position in this investigation. It was also ruled that they may not be heard to object to the introduction and use of secondary evidence to show what the withheld admission, testimony, documents and other evidence would have shown.

96. As of this date, respondents Ace Tool Company, Pay N' Pak, Nestor Sales Corporation and Union-Tech Corporation have not responded to Order No. 70. They are, therefore, in default and the aforementioned sanctions are imposed.

97. Order No. 70 denied Complainants' motion for a default as to respondent Steve's Wholesale Distributors and Kuen Master Industry, Ltd. on the ground that these respondents responded to the Complaint and Notice of Investigation. However, these respondents have not participated at the hearing and respondent Kuen Master has not provided

any discovery. Complainants may rely upon secondary evidence in proof of their charges against respondent Kuen Master.

98. Order No. 70 also denied the motion for default as to Poromes Enterprise Company. The court indicated that it needed to have a copy of the correspondence dated October 1, 1988 from Poromes which acknowledged receipt of the Complaint before it would grant the motion for default.

99. Poromes' correspondence acknowledged receipt of the complaint. (CPF PA 101). Respondent Poromes is in default and secondary evidence may be used to show what withheld admissions, testimony, documents and other evidence would have shown.

III. PRODUCTS AT ISSUE^{2/}

100. This investigation involves the following categories of products: cordless sanders; 3/8" cordless drills; cordless grinders; cordless jigsaws; battery cartridges; battery chargers; corded 3/8" VSR drills; corded 4" finishing sanders; corded 4" sander grinders; corded 7" angle grinders; corded 9" angle grinders; corded 7-1/4" circular saws; corded 14" cut-off saws; corded routers; corded 10" miter saws. (CXA 3, Griffin W.S. pp. 2-3).

A. COMPLAINANTS' PRODUCTS

101. The specific models of Makita products involved in this investigation are as follows:

- (a) Corded 4" Finishing Sanders - Models BO4550 (CPX 170); BO4510 (CPX 38); BO4530 (CPX 247); M904 (CPX 255); and M901 (CPX 254). (CXA 3, Griffin W.S., p. 2; Griffin, Tr. 63-64).

^{2/} The findings in this section consist of the unopposed proposed findings of complainants, except for FF 101(e), 101(i), 101(k), 104(d), 106(a), 106(h), 108(g-i), 114(c), 116(a), 130(b & c), 130 (f-h), 130(k), 132(a-g), below.

(b) Corded 4" Disk Grinders - Model 9501B (CPX 169, Griffin, Tr. 70) and 9501BKW. (CPX 3, Griffin W.S., p. 2).

(c) Corded 7" Disk Grinders - Models GA7001L (CPX 16); GA7911 (CPX 15) and 9607BL (CPX 12). (CXA 3, Griffin W.S., p. 2; Griffin, Tr. 73-74).

(d) Corded 9" Disk Grinders - Models 9609B (CPX 13), and 9000BL (CPX 14). (CXA 3, Griffin W.S., p. 2; Griffin, Tr. 75).

(e) Routers - Model 3601B (CPX 20). (Griffin, Tr. 161).

(f) 14" Cut-Off Saw - Model 2414 (CPX 24). (CXA 3, Griffin W.S., p. 3; Griffin, Tr. 83).

(g) Miter Saws - Models LS1020 (CPX 27); 2401B (CPX 135); LS1000 and 2400B. (CXA 3; Griffin W.S., p. 3; Griffin, Tr. 87-88).

(h) 7-1/4" Circular Saws - Models 5007NB (CPX 32) and 5007NBA (CPX 31). (CXA 3, Griffin W.S., pp. 2-3; Griffin, Tr. 90).

(i) 3/8" Corded Drills - Models 6404 (CPX 1); DP3720 (CPX 2); and 6510LVR (CPX 5). (CXA 3, Griffin W.S., p. 2; Griffin, Tr. 91-92).^{2/}

(j) Battery Cartridges - Model 9000/632007-4 (CPX 213) and 7.2 volt Model 7000/632002-4 (included as part of CPX 172, the 6002DWK cordless 3/8" drill kit). (CXA 3, Griffin W.S., p. 2; Griffin Tr. 95-98).

(k) Battery Chargers - Models DC 7010/11306-6, 7.2 Volt (CPX 39); DC9000/113087-4, 9.6 Volt (CPX 211) and DC 9012, 9.6 Volt (CPX 210).

(l) Cordless Jigsaws - Models 4307D (CPX 256) and 4300D (CPX 257). (CXA 3, Griffin W.S., p. 2; Griffin, Tr. 131).

(m) Cordless Grinder - Model 9500D (CPX 259). (CXA 3, Griffin W.S., p. 2; Griffin, Tr. 134).

^{3/} Respondents object to the inclusion of Model No. 6404 (CPX 1), as Mr. Hattori's list of first production dates in CPX 2 does not indicate production of this product in Japan or the U.S. However, it is included in a 2/1/89 distributor price list. (CPX 293).

(n) Cordless Finishing Sanders - Models 9035D (CPX 37) and 9035DW. (CXA 3, Griffin W.S., p. 2; Griffin, Tr. 136).

(o) Cordless Drills - Models 6002D (CPX 171); 6010D (CPX 228); 6010SDW; 6093D (CPX 217); 6092D (CPX 244); 8400D (CPX 216); 6012HD (CPX 43); 6070D (CPX 227) and M001 (CPX 229). (CXA 3, Griffin W.S., p. 2; Griffin, Tr. 138-155).

102. (C)

(C)

(C) The 6404 and the DP3720 are similar in design. (Griffin, Tr. 411-412).

103. The 6010SD and 6010SDW are the same tool. (Griffin Tr. 242).

B. Respondents' Products

1. Cordless Finishing Sanders

104. Respondents' accused cordless finishing sanders (with replaceable battery packs) include:

(a) Mark 1 Cordless Finishing Sander Model JS-333 (CPX 191), manufactured (C) (C) and sold in the U.S. by Respondent, Trade Associates, Inc. (CXF 6, p. 7, Response to Complainant Interr. 12) and by (C) (C) (CPX 88, Supplemental Ex. 7 to Complaint, public version).

(b) Tochiado Model 7218 (CPX 269) exported to the U.S. and manufactured in Taiwan by Respondent Tochiado. (CXH 6, p. 2, Supplemental Response to Staff Interr. 3; CXH 4, p. 2, Supplemental Response to Complainant's Interr. 2; CXH 18, p. 2).

(c) International Consumer Brands Model RS38Q (CPX 193) imported from Taiwan and sold in the U.S. by Respondent ICB (CXM 4, pp. 2-3, Response to Staff Interr. 3).

(d) Workshop Model 07301, (CPX 200), also known as Atlas Hardware Company, Inc. RSN-18 and Union-Tech Corporation RSN-18, imported

and sold in the U.S. by Respondents Atlas and Union-Tech. (CXI 1, p. 1; CXI 4, Responses to Complainants' Interr. 2 and 10; CXI 5, Response to Staff Interr. 2; CXI 6; CPX 88, Pub. Ex. 1, 30, at p. 3, and 31 to Complaint).

(e) Pro-Tech Model 8801 (CPX 260), manufactured in Taiwan and exported to and sold in the U.S. by Respondents P&F and Nu-Way. (CPX 88, Ex. 25, last page, of Pub. Ex. to Complaint; CXK 3, p. 3, Response to Complainants' Interr. 2).

105. Each of the foregoing Respondents' cordless finishing sanders is a product in issue in this investigation. (CPX 88, Complaint, Supplements and Exhibits).

2. 7.2V Cordless Drills With Nonremovable Battery Packs

106. Respondents' 3/8" cordless 7.2V drills (with nonremovable battery packs) include:

(a) Puma Model PA8010 (CPX 206) manufactured in Taiwan. (SXB 1, p. 3, Response to Complainant's Interr. 2; SXB 2, p. 9, Response to Staff Interr. 8).

(b) Mark 1 Model JD327 (CPX 225), manufactured (C) () and sold in the U.S. by Respondent Trade Associates, Inc. (CXF 6, p. 7, Response to Complainant Interr. 12) and by (C) (C) (CPX 88, Supplemental Ex. 7 to Complaint, public version; CXF 20, pp. 304; CXF 21).

(c) Poromes Enterprise Company, Ltd. Model FK-706 (4.8V) (CPX 174), exported to the U.S. from Taiwan by Respondent Poromes. (CPX 88, Pub. Ex. 33 to Complaint).

(d) Johnswell Model 6025 (CPX 223), manufactured in Taiwan and sold in the U.S. by Jenn Feng Industrial Company, Ltd. (CPX 88, Pub. Ex. 27 to Complaint, at p. 2).

(e) Homegene Corp. Model 8702 exported from Taiwan to the U.S. by Respondent Homegene. (CPX 88, Pub. Ex. to Complaint).

(f) Tochiado Model 7210A, manufactured in Taiwan and sold in the U.S. by Respondent Tochiado. (CPX 274; CXH 18 at p. 1).

(g) Kumas Model KD301, manufactured in Taiwan and sold in the U.S. by Respondent Kuen Master Industry, Ltd. (4.8V) (CPX 88, Pub. Ex. 28 to Complaint).

(h) Ta Shin Model DR-1 manufactured in Taiwan. (CPX 219, CXG 9, p. 1)

(i) Mechanics Model (CXF 17), (C) (C) and sold by Respondent Trade Associates, Inc. in the U.S. (CXF 8, p. 2, Response to Staff Interr. 2; CPX 84, Turnbull Dep., pp. 54-68).

107. Each of the foregoing Respondents' 3/8" cordless 7.2 volt drills with non-removable battery pack is a product in issue in this investigation. (CPX 88, Complaint, including its Supplements and Exhibits).

3. 7.2V Cordless Drills With Removable Battery Cartridges

108. Respondents' 3/8" cordless 7.2V drills (with removable battery packs) include:

(a) Tochiado Model 72105, 7.2V (CPX 280; CXH 18 at p. 1), exported to the U.S. and manufactured in Taiwan by Respondent Tochiado. (CXH 4, p. 1, Supplemental Response to Complainants' Interr. 2).

(b) Houseworks Model 2SD-177Q (CPX 221), imported from Taiwan and sold by Respondent International Consumer Brands. (CXM 4, pp. 2-3, Response to Staff Interr. 3).

(c) Ta Shin 7.2V Model DRP-1. (CPX 220; CXG 9, p. 1).

(d) Workshop 7.2V Model 07300 (CPX 222), manufactured in Taiwan by Respondent (C)

and sold in the U.S. by (C)
(C) (CXI 1, p. 1; CXI 4,
pp. 2, 7 and 27 Responses to Complainants'
Interr. 2, 10 and 48; CXI 6; CXI 8; CPX 88,
Pub. Ex. 1, 30, at p. 3 and 31 to Complaint).

(e) Jepson 7.2V Model 2410K, with kit
(CPX 240), including metal carrying case,
1-hour charger and 7.2V removable cartridge.
These products are manufactured by (C)
(C) and
imported and sold in the U.S. by (C)
(C) (CXC 1, p. 2, Response to
Complainants' Interr. 2; CXC 4).

(f) Tochiado 7.2V Model 7210A (CPX 224;
CXH 18 at p. 1), exported to the U.S. and
manufactured in Taiwan by Respondent
Tochiado. (CXH 4, Supplemental Response to
Complainants' Interr. 2).

(g) The Johnswell 7.2V Models 6039 and 6235,
of respondent Jenn Feng. (CPX 202, M137744,
pp. 5 and 6).

(h) Union Tech/Honworld/Atlas Model RDD-10.
(CPX 88, Pub. Ex. 30, 31 to the Complaint;
CPX 202, p. 137341).

(i) It was also alleged that Famous Overseas
Corporation of Taiwan was exporting a 3/8"
cordless drill to the United States. (CPX
88, Supplemental Ex. 3 to Complaint).

109. Each of the foregoing Respondents' 3/8" cordless 7.2V drills
with removable battery pack is a product in issue in this investigation.
(CPX 88, Complaint, with Exhibit and Supplements; Griffin Tr. 143-146).

4. 9.6V Cordless Drills With Removable Battery Cartridges

110. Respondents' 3/8" cordless 9.6V Drills (with removable battery
packs) include:

(a) Jepson 9.6V Model 2416K (CPX 236), in
kit form, including battery cartridge 9600,
1-hour DC9600 battery charger and metal
carrying case, sold in the U.S. by (C)
(C) It is manufactured in Taiwan by

(
(C) (CXC 1, p. 2, Response to
Complainants' Interr. 2; CXC 4; CXB 7).

(b) Tochiado 9.6V Model 9610V (CPX 276;
CXH 18 at p. 1), manufactured in Taiwan by
Respondent Tochiado and exported to the
United States. (CXH 4, p. 1, Supplemental
Response to Complainants' Interr. 2).

(c) Tochiado 9.6V Model 9610 (CPX 279;
CXH 18 at p. 1), manufactured in Taiwan by
Respondent Tochiado and exported to the
United States. (CXH 4, p. 1, Supplemental
Response to Complainants' Interr. 2).

111. Each of the foregoing Respondents' 3/8" cordless 9.6V drills
with removable battery pack is a product in issue in this investigation.
(CPX 88, Complaint, with Supplements and Exhibits).

5. Cordless Jigsaws

112. Respondents' 7.2v and 9.6v cordless jigsaws include:

(a) Tochiado 7.2v Model 7223 (CPX 275;
CXH 18 at p. 1), manufactured in Taiwan by
Respondent Tochiado and exported to the
United States. (CXH 4, p. 1, Supplemental
Response to Complainants' Interr. 2).

(b) Houseworks 7.2v Pro Series Jigsaw
(CPX 268), manufactured in Taiwan and
imported and sold as Model RJS-39 by
International Consumer Brands, Inc. from
(C) (CXM 3,
pp. 1-2, Supplemental Response of
International Consumer Brands, Inc. to
Interr. of Staff; CXM 4, pp. 2-3, Response to
Interr. 2 of Staff; CXM 5, pp. 2-3, Response
to Interr. 2 of Complainants).

(c) Mark 1 Model JJ-329/JJ-339 (CPX 188),
(C)
(C) imported and sold by Respondent
Trade Associates, Inc. and sold by (C)
(C) (CXF 6, p. 7, Response to
Complainants' Interr. 12; CXF 20, pp. 1-2).

(d) Pro-Tech 9.6V Model 3901 (CPX 189),
manufactured in Taiwan and exported to the

United States by Respondents P&F Brother Ind. Corp. and Nu-Way Machinery Corp. (CXK 3, p. 3, Response to Interr. 2 of Complainants'; CXK 5, pp. 3-4, Response to Staff Interr. 3).

113. Each of the foregoing Respondents' 7.2V and 9.6V cordless jigsaws is a product in issue in this investigation. (CPX 88, Complaint, Exhibits and Supplements).

6. Cordless Grinders

114. Respondents' cordless grinders include:

(a) Tochiado Model 7204 (CPX 277; CXH 18 at p. 1), manufactured in Taiwan by Respondent Tochiado and exported to the United States. (CXH4, p-1, Supplemental Response to Complainants' Interr. 2).

(b) Mark 1 7.2V cordless grinder Model JG332 (CPX 199), (C) and imported and sold in the U.S. by Respondent Trade Associates, Inc. (CXF 6, p. 7, Response to Complainants' Interr. 12; CXF 20, pp. 5-6).

(c) Pro-Tech Model 7904 (CPX 261) manufactured in Taiwan and exported to the U.S. by P&F Brother Ind. Corp. and Nu-Way Machinery Corp. (CXK 3, p. 3, Response to Interr. 2 of Complainants'; CPX 88, Pub. Ex. 25, to Complaint, p. 8; CXK 5, pp. 3-4, Response to Staff Interr. 3).

115. Each of the foregoing Respondents' cordless grinders is a product in issue in this investigation. (CPX88, Complaint, with Exhibits and Supplements).

7. 3/8" Corded Drills

116. Respondents' 3/8" corded drills include:

(a) Pro-Tech Model 9005 (CPX 3), manufactured in Taiwan by Respondents P&F Brother Ind. Corp. and Nu-Way Machinery Corp. (CXK 12, p. 13; CXK 5, pp. 3-4, Response to Staff Interr. 3 and 4; CPX 88, Pub. Ex. 25 to Complaint, p. 4).

(b) Nesco Model NI6030 imported and sold by Respondent Nestor Sales Company and sold by Respondent Ace Tool Company. (CPX 88, Supplemental Ex. 5 and 6 to Complaint).

(c) The Nesco Model NI6030 is manufactured in Taiwan by (C) (CXB 239-240, 244-246).

(d) Jepson Model 2200 (CPX 7), imported and sold in the U.S. by (C) and manufactured in Taiwan by (C) (CXC 1, p. 2, Response to Complainants' Interr. 2; CXC 4; CXB 7).

(e) Jepson Model 1210 (CPX 6), imported and sold in the U.S. by (C) and manufactured in Taiwan by (C) (CXC 1, p. 2, Response to Complainants' Interr. 2; CXC 4; CXB 7).

(f) Alltrade Model 1902-D-38 (CPX 88, Pub. Ex. 35 to Complaint, p. 2; CXD 3, p. 7, Response to Interr. 12 of Complainants'). This product is imported, sold and distributed in the U.S. (C) and is manufactured (C) (CXD 41, p. 1; CXB 262-266).

(g) Alltrade Model 1903-D-38 (CPX 88, Pub. Ex. 35, to Complaint, p. 2; CXD 3, p. 7, Response to Complainants' Interr. 12).

(h) Alltrade Model 1903-D-38 is imported, sold and distributed in the U.S. by Respondent Alltrade, Inc. and is manufactured (C) (CXD 41, p. 1; CXB 262-266).

(i) Chicago Electric Power Tools, 3/8" VSR Drill (RXP 258), imported and sold in the U.S. by Respondent Central Purchasing, Inc., d/b/a Harbor Freight Salvage Company. (CXE 1, p. 1; CXE 7, pp. 2-3, Response to Complainants' Interr. 2). This model is (C) (CXE 2, p. 8; CXB 313, pp. 1-2; CXB 325).

(j) Ohio Forge Model 644-196, sold in the U.S. through () manufactured in Taiwan by () () and imported by Respondent International Consumer Brands, Inc. (CXN 61, p. 9, Response to Complainants' Interr. 10; CXN 62, p. 2, Response to Staff Interr. 2; CPX 88, Pub. Ex. 38, to Complaint, p. 2; CXB 221-222).

117. Each of the foregoing Respondents' 3/8" corded drills is a product in issue in this investigation. (CPX 88, Complaint, with Exhibits and Supplements).

8. 4" Finishing Sanders

118. Respondents' 4" Palm-Type Finishing Sanders include:

(a) Nesco Model NI6130, manufactured in Taiwan by Respondent Ko Shin and imported and sold in the U.S. by Respondent Nestor Sales Company and sold by Respondent Ace Tool Company (CPX 88, Supplemental Exhibits 5 and 6 to Complaint; CXB 239-240, 244, 246).

(b) Alltrade Model 1931-S-44 (CPX 41). This model () () and imported, distributed and sold in the U.S. by Respondent Alltrade, Inc. (CPX 88, Pub. Ex. 35 to Complaint, p. 2; CXD 3, p. 7, Response to Complainants' Interr. 12; CXB 262-266). This model is also sold by () (CXA 3, p. 300004).

(c) Jepson Model 6245 (CPX 40), imported and sold by () () () (CXC 1, p. 2, Response to Complainants' Interr. 2; CXC 4; CXB 7).

(d) Jepson Model 6245 is also sold in the U.S. by () (CPX 88, Pub. Ex. 44 to Complaint).

(e) Chicago Electric Power Tools Model 345 (CPX 258), imported and sold in the U.S. by

Respondent Central Purchasing, Inc., d/b/a Harbor Freight Salvage Company (CXE 1, p. 1; CXE 7, pp. 2-3, Response to Complainants' Interr. 2), (C) (CXB 6; CXB 375).

(f) Pro-Tech Model 8101 (CPX 253), manufactured in Taiwan by Respondents P&F Brothers Ind. Corp. and Nu-Way Machinery Corp. (CXK 3, p. 3, Response to Complainants' Interr. 2; CXK 5, pp. 3-4, Response to Staff Interr. 3; CPX 88, Pub. Ex. 25 to Complaint, p. 4).

119. Each of the foregoing Respondents 4" finishing sanders is a product in issue in this investigation. (CPX 88, Complaint, with Exhibits and Supplements).

9. 4" Sander/Grinders

120. Respondents' 4" Corded Sander/Grinders include:

(a) Nesco Model 6140, imported and sold in the U.S. by Respondent Nestor Sales Company and also sold by Respondent Ace Tool Company. (CPX 88, Supplemental Exhibits 5 and 6 to Complaint).

(b) Nesco Model 6140 is manufactured in Taiwan by (C) (CXB 239-240; 246).

(c) Jiang Charng Machinery Works, Ltd. Model JC-100, manufactured in Taiwan and sold in the U.S. by Respondent Jiang Charng. (CPX 88, Pub. Ex. 26 to Complaint, p. 3).

(d) Alltrade Model 1921-S-4 (CPX 196). This model is imported and sold in the U.S. by Respondent Alltrade, Inc. (CXD 3, p.7, Response to Complainants' Interr. 12), and is (C) (CXB 262-266).

(e) Jepson Model 4204N (CPX 42), imported and sold in the U.S. by (C) Inc. and manufactured in Taiwan by (C) (C) (CXC 1, p. 2, Response to Complainants' Interr. 2; CXC 4; CXB 7, p. 1). This model

is also sold by Respondent Tool City.
(CPX 88, Pub. Ex. 44 to Complaint).

(f) Chicago Electric Power Tool Model 1089
(CPX 192), imported and sold in the U.S. by
Respondent Central Purchasing, Inc., d/b/a
Harbor Freight Salvage Company. (CXE 1,
p. 1; CXE 7, pp. 2-3, Response to
Complainants' Interr. 2). This model is
(C)
(CXB 375).

(g) Jet Models JEG400 and JEG400HD
(CPX 195), imported and sold by Respondent
Jet Equipment and Tools, Inc. (CPX 85,
Blanchfield Dep., p. 7, and Exhibits).

121. Each of the foregoing Respondents' 4" corded sander grinders is
a product in issue in this investigation. (CPX 88, Complaint, with
Exhibits and Supplements).

10. 7 1/4" Circular Saws

122. Respondents' 7-1/4" Circular Saws include:

(a) Nesco Model NI6870, imported and sold in
the U.S. by Respondent Nestor Sales Company
and also by Respondent, Ace Tool Company.
(CPX 88, Supplemental Ex. 5, p. 4, and
Supplemental Ex. 6 to Complaint, p. 4).

(b) Nesco Model NI6870 is manufactured in
Taiwan by (C) (CXB 239-240,
244, 246).

(c) Alltrade Model 1982-B-725 (CPX 34;
CXD 30), is imported and sold in the U.S. by
Respondent Alltrade, Inc. (CXD 3, p. 7,
Response to Complainants' Interr. 12).

(d) Alltrade Model 1982-B-725 is
manufactured (C)
(C) (CXD 38; CXD 41; CXB
262-266).

(e) Alltrade Model 1982-B-725 is also
purchased and offered for sale by respondent,
(C) (CXO 3,
p. 3004).

(f) Jepson Model 8218 (CPX 33). This model is imported and sold by (C)
(C)
(C)
(C) (CXC 1, p. 2, Response to Complainants' Interr. 2; CXC 4; CXB 7).

(g) Chicago Electric Power Tool, Model 343. (CPX 88, Pub. Ex. 39 to Complaint; CXE 7, pp. 2-3, Response to Complainant's Interr. 2).

(h) Chicago Electric Power Towel Model 343 is manufactured (C) (CXE^C 1, p. 206046; CXE 2, p. 205610; CXB 6, 375).

(i) Chicago Electric Power Tool Model 343 is imported and sold in the U.S. by Central Purchasing, Inc., doing business as Harbor Freight Salvage Company. (CXE 1, p. 1; CXE 7, pp. 2-3, Response to Complainant's Interr. 2).

123. Each of the foregoing Respondents' 7 1/4" circular saws is a product in issue in this investigation. (CPX 88, Complaint, with Exhibits and Supplements).

11. 14" Cut-off Saws

124. Respondents' 14" Cut-off saws include:

(a) New Golden Star Model GS914 (CPX 88 Supplemental Ex. 2 to Complaint, Pub. Ver.).

(b) New Golden Star Model GS914 is manufactured in Taiwan and exported to the United States by New Golden Star Electric Works, Ltd., of Taiwan. (CPX 88, Supplemental Ex. 2 to of Complaint, Pub. Ver.).

(c) Nesco Model NI6800, imported and sold in the U.S. by Respondent Nestor Sales Company (CPX 88, Supplemental Ex. 6, p. 4, to Complaint).

(d) Nesco Model NI6800 is also sold by Respondent Ace Tool Company. (CPX 88, Supplemental Ex. 5, p. 4, to Complaint).

(e) Nesco Model Ni6800 is manufactured in Taiwan by () (CXB 6; CXB 239-240, 244-246; CPX 59, J.C. Chen Dep., p. 44).

(f) Jiang Charng Model JC301, manufactured in Taiwan and sold in the U.S. by Respondent Jiang Charng Machinery Works Company, Ltd. (CPX 88, Pub. Ex. 26A, Second Supplement to Complaint).

(g) Pro-Tech and Nu-way Model 7002 (CPX 26), manufactured, in Taiwan and exported to the U.S. by Respondents, P&F Brother Ind. Corp. and Nu-way Machinery Corp. (CXK 3, pp. 3-4, Responses to Complainant's Interr. 2 and 3; CXK 5, pp. 3-4, Response to Complainants' Interr. 3 and 4).

(h) Alltrade Model 1992-B-14 (CPX 21; CPX 88, Pub. Ex. 35A to Second Supplement to Complaint) is imported and sold in the U.S. by Respondent Alltrade, Inc. (CXD 3, p. 7, Response to Complainants' Interr. 12).

(i) Alltrade Model 1992-B-14 is manufactured () (CXB 262-266).

(j) Jepson Model 9114 (CPX 42), imported and sold in the U.S. by Respondent () and manufactured in Taiwan by () Ltd. (CXA C1, p. 2, Response to Complainants' Interr. 2; CXB 7; CXC 4).

(k) Chicago Electric Power Tools Model 1014, (CPX 23). This model is imported and sold in the U.S. by Respondent Central Purchasing, Inc., doing business as Harbor Freight Salvage Company. (CXE 1, p. 1; CXE 7, pp. 2-3, Response to Complainants' Interr. 2).

(l) Chicago Electric Power Tools Model 1014 is manufactured () (CXE 2, p. 10; CXB 6, 375).

(m) Ohio Forge Model 644-145 (CPX 25). This model is imported and sold in the U.S. by

(C) (CXN 61, p. 9, Response to Complainant's Interr. 10); CXN 62, p. 2, Response to Staff Interrogatory 2; CPX 88, Pub. Ex. 38, to Complaint, p. 4).

(n) Ohio Forge Model 644-145 is imported from and manufactured in Taiwan by (C) (C) (CXN 40, p. 2).

125. Each of the foregoing respondents' 14" cut-off saws is a product in issue in this investigation. (CPX 88, Complaint, with Exhibits and Supplements).

12. Routers

126. Respondents' Routers include:

(a) New Golden Star Model GS914 (CPX 88 Supplemental Exhibit 2 to Complaint, Pub. Ver.).

(b) New Golden Star Model GS914 is manufactured in Taiwan and exported to the United States by Respondent New Golden Star Electric Works, Ltd. (CXA 88, Supplemental Ex. 2 to Complaint, Pub. Ver.).

(c) Alltrade Model 1990-B-12 (RXP 247), sold and distributed in the U.S. by Respondent Alltrade, Inc. (CPX 88, Pub. Ex. 35 to Complaint; CXD 3, p. 7, Response to Complainants' Interr. 12).

(d) Alltrade Model 1990-B-12 is manufactured (C) (C) (CXD 41, p. 2; CXB 262-266).

(e) Jepson Model 7112 (CPX 19), imported and sold in the U.S. by (C) (CXC 1, p. 2, Response to Complainant's Interr. 2; CXC 4).

(f) Jepson Model 7112 is manufactured in Taiwan by (C) (C) (CXB 7, p. 1).

(g) Chicago Electric Power Tools Model 344 (CPX 14), is imported and sold in the U.S. by Respondent Central Purchasing, Inc., doing business as Harbor Freight Salvage Company. (CXE 1, p. 1; CXE 7, pp. 2-3, Responses to Complainants' Interr. 2).

(h) Chicago Electric Power Tools Model 344 is manufactured (C)
(C)
(CXB 7, p. 2; CXB 6; CXB 1).

127. Each of the foregoing Respondents' routers is a product in issue in this investigation. (CPX 88, Complaint, with Exhibits and Supplements).

13. 10" Miter Saws

128. Respondents' 10" Miter Saws include:

(a) Nesco Model NI6810, imported and sold in the U.S. by Respondent Nestor Sales Company (CPX 88, Supplemental Ex. 6, to Complaint, p. 4).

(b) Nesco Model NI6810 is also sold by Respondent Ace Tool Company. (CPX 88, Supplemental Ex. 5, to Complaint, p. 4). Model NI6800 is manufactured in Taiwan by (C)
(C) (CXB 6; J.C. Chen Dep., CPX 59, p. 44).

(c) Jepson Model 9210S (CPX 29) imported and sold in the U.S. by (C)
(C)
(C)
(CXA C1, p. 2, Response to Complainant's Interr. 2; CXC 4; CXB 7, p. 1).

(d) Alltrade Model 1988-B-10 (RXP 248) is imported, distributed and sold in the U.S. by Respondent Alltrade, Inc. (CPX 88, Pub. Ex. 35, to Complaint, p. 9; CX 3, p. 7, Response to Complainant's Interr. 12).

(e) Alltrade Model 1988-B-10 is manufactured (C)
(C) (CXD 41; CXB 262-266).

(f) Chicago Electric Power Tools 10" Miter Saw Model 342 (CPX 28) imported and sold in the U.S. by Respondent Central Purchasing, Inc. doing business as Harbor Freight Salvage Co. (CXE 1, p. 1; CXE 7, pp. 2-3, Response to Complainant's Interr. 2).

(g) Chicago Electric Power Tools Model 342 is manufactured (C)
(C)
(CXB 313; CXB 319).

(h) Pro-Tech 10" Miter Saw Model 7201 (CPX 30), manufactured in Taiwan and exported to the U.S. by Respondents' P&F Brothers Ind. Corp. and Nu-Way Machinery Corp. (CXK 3, p. 3, Response to Complainant's Interr. 2; CXK 5, pp. 3-4, Response to Staff Interr. 3; CPX 88, Pub. Ex. 25 to Complaint, p. 2).

129. Each of the foregoing Respondents' 10" miter saws is a product in issue in this investigation. (CPX 88, Complaint, with Exhibits and Supplements).

14. 7.2V and 9.6V Battery Cartridges

130. Respondents 7.2V and 9.6V Battery Cartridges include:

(a) Tochiado Model BC-6 7.2V Nickel Cadmium Battery Cartridge (CPX 272). This model is manufactured in Taiwan and sold by Respondent Tochiado Industry Co., Ltd. (CXH 3, p. 2, Response to Complainants' Interr. 1; CXH 4, pp. 1 and 2, Supplemental Response to Complainants' Interr. 2; CPX 88, Supplemental Exhibit 4, p. 1 to Complaint).

(b) Tochiado Model BC-6 is also manufactured for, and exported and sold by, (C)
(C) (CXH 1, pp. 4 and 001769; CXH 6, p. 2, Supplemental Response to Staff Interr. 3).

(c) The evidence shows that respondent Honworld has offered the BC-6 cartridge for sale in the United States. (CPX 88, Pub. Ex. 30 to Complaint).

(d) Respondent (C) imports for sale in the U.S. (C) cartridge through

(C) (CXI 9, p. 2, Supplemental Response to Complainants' Interr. 25; CXI 4, p. 7, Response to Complainants' Interr. 10).

(e) Tochiado 9.6V Nickel Cadmium Battery Cartridge, Model BC-8 (CPX 278) is manufactured in Taiwan and sold by Respondent Tochiado Industry Co., Ltd. (CXH 3, p. 2, Response to Complainants' Interr. 1; CXH 4, pp. 1 and 2, Supplemental Response to Complainants' Interr. 2; CPX 88, Supplemental Exhibit 4, p. 1 to Complaint).

(f) Tochiado Model BC-8 is also manufactured for, and exported and sold by, (C) (C) (CXH 1, pp. 4 and 001769; CXH 6, p. 2, Supplemental Response to Staff Interr. 3). (C) purchases and sells the Tochiado Model BC-8 (CXH 4, p. 4, Tochiado Supplemental Response to Complainants' Interr. 9; CXI 8, p. 7).

(g) (C) imports the Tochiado Model BC-8 for sale in the U.S. through (C) (CXI 9, p. 2, Supplemental Response to Complainants' Interr. 25; CXI 4, p. 7, Response to Complainants' Interr. 10).

(h) The evidence also shows that respondent Honworld has offered the BC-8 cartridge for sale in the United States. (CPX 88, Pub. Ex. 30 to Complaint).

(i) Jepson 9.6V and 7.2V Nickel Cadmium Battery Cartridges, Models 9600 and 7200 (CPX 264; RXP 305) are imported and sold in the U.S. by (C) (C) (C) (CXI 1, p. 2, Response to Complainants' Interr. 2; CXI 4).

(j) Jepson Models 9600 and 7200 are also sold in the U.S. by (C) (CPX 88, Pub. Ex. 44 to Complaint).

(k) Mark I Nickel Cadmium Battery Cartridges JB-8 (9.6V) and JB-6 (7.2V) are imported and sold in the United States by respondent Trade Associates, Inc. (CXF 6, Response to

Complainants' Interr. 12; CXF 21, p. 100077; CXF 45, p. 100220).

(l) Trade Associates Model JB6 is manufactured (C) (C) (CXF 6, p. 2, Responses to Complainants' Interr. 2).

(m) Trade Associates Model JB6 is also sold in the U.S. by (C) (CPX 88, Supplemental Ex. 7 to Complaint).

(n) Johnswell 7.2V Nickel Cadmium Battery Cartridge, Model B-720 (CXL8, p. 9), manufactured in Taiwan and sold and exported to the United States by Respondent Jenn Feng, Industrial Co., Ltd. (CXL 2, p. 3, Response to Complainants' Interr. 2).

131. Each of the foregoing Respondents' battery cartridges is a product in issue in this investigation. (CPX 88, Complaint, with Exhibits and Supplements).

15. 7.2V and 9.6V Battery Chargers

132. Respondents' 7.2V and 9.6V Battery Chargers include:

(a) Tochiado's 9.6v Charger, Model FC-8 (CPX 270) and its 7.2V charger, Model FC-6 (CPX 271) are manufactured in Taiwan and sold by respondent Tochiado. (CXH 3, p. 2, Response to Complainants' Interr. 1; CXH 4, pp. 1 and 2, Supplemental Response to Complainants' Interr. 1 and 2; CPX 88, Supplemental Ex. 4, p. 1, to Complaint).

(b) Tochiado Models FC-8 and FC-6 are exported to the United States and sold by (C). (Unopposed CPF PR 55(2); CXH-1, p. 001773).

(c) (C) (C) to purchase its products for sale in the United States. (CXI 9, p. 2, Answer to Interr. 25). I, therefore, infer that (C) has sold the Tochiado chargers, FC-8 and FC-6, in the United States.

(d) The evidence also shows that respondent Honworld has offered the FC-8 and FC-6

chargers for sale in the United States. (CPX 88, Pub. Ex. 30 to Complaint).

(e) The Jepson 9.6V Battery Charger Model DC-9600 (CPX 197) and the Jepson 7.2V Battery Charger Model DC-7200 (CPX 294), are imported and sold in the United States by (C) (C) (CX 1, p. 2, Response to Complainants; Interr. 2; (CXC 4).^{4/}

(f) Jepson Model DC-9600 and DC-7200 are sold in the United States by (C) (C) (CPX 88, Pub. Ex. 44 to Complaint).

(g) Houseworks 7.2V Battery Charger Model 6CV-97 (CPX 267), imported and sold in the United States by respondent International Consumer Brands, Inc. (CXE 4, pp. 2 and 3, Response to Staff Interr. 2; CXM 5, pp. 12 and 13, Response to Complainants' Interr. 13).

(h) Mark 1 7.2v Battery Charger Model JC-6, imported and sold in the U.S. by Respondent Trade Associates, Inc. (CXF 16; CXF 19).

(i) Mark 1 Model JC-6 is manufactured (C) (C) (CXF 8, p. 9, Response to Staff Interr. 18; CXF 6, p. 2, Response to Complainants' Interr. 2).

(j) Mark 1 9.6V Battery Charger Model JC-8 (CXF 16), imported and sold in the U.S. by Respondent Trade Associates, Inc. (CFX 16).

(k) Mark 1 JC-8 is (C) (C) (CXF 8, p. 9, Response to Staff Interr. 18; CXF 6, p. 2, Response to Complainants' Interr. 2).

^{4/} Staff has objected to the inclusion of the Jepson Model DC-7200 on the ground that this product is not at issue. However, respondents have not objected to its inclusion. In view of the fact that I find below that it would not infringe any of complainants' alleged marks, and the fact that respondents have not objected, I have included it as a product at issue.

133. Each of the foregoing Respondent's 7.2v and 9.6v battery chargers is a product in issue in this investigation. (CPX 88, Complaint with Exhibits and Supplements).

16. 7" Angle Grinders

134. Respondents' 7" Corded Angle Grinders include:

(a) New Golden Star Model GS-700, manufactured in Taiwan and exported to the United States by Respondent New Golden Star Electric Works, Ltd. (CPX 88, Supplemental Ex. 2 to Complaint).

(b) Nesco Model NI-6160, is imported and sold in the U.S. by Respondent Nestor Sales Company. (CPX 88, Supplemental Exhibit 6, p 3, Supplement to Complaint).

(c) Nesco Model NI-6160 is also sold by Respondent Ace Tool Co. (Supplemental Exhibit 5, p. 3, Supplement to Complaint).

(d) Nesco Model NI-6160 is manufactured in Taiwan by (C) (CXB 6, 239-240, 244, 246).

(e) Nesco Model NI-6180, is imported and sold by Respondent Nestor Sales Company. (CPX 88, Supplemental Exhibit 6, p 3, Supplement to Complaint).

(f) Nesco Model NI-6180 is also sold by Respondent Ace Tool Co. (CPX 88, Supplemental Exhibit 5, p. 3, Supplement to Complaint).

(g) Nesco Model NI-6180 is manufactured in Taiwan by (C) (CXB 6, 239-240, 244 & 246).

(h) Alltrade Model 1924-D-7 (RXP 242), imported, distributed and sold in the U.S. by Respondent Alltrade, Inc. (CPX 88, Pub. Ex. 35 to Complaint, p. 9; CX 3, p. 7, Response to Complainants' Interr. 12).

(i) Alltrade Model 1924-D-7 is manufactured (C) (CXD 41; CXB 262-266).

(j) Alltrade Model 1926-D-7, imported, distributed and sold in the U.S. by Respondent Alltrade, Inc. (CPX 88, Pub. Ex. 35 to Complaint, p. 9; CX 3, p. 7, Response to Complainants' Interr. 12).

(k) Alltrade Model 1926-D-7 is manufactured (C) (CXD 41; CXB 262-266).

(l) Alltrade Model 1927-D-7, imported, distributed and sold in the U.S. by Respondent Alltrade, Inc. (CPX 88, Pub. Ex. 35 to Complaint, p. 9; CX 3, p. 7, Response to Complainants' Interr. 12).

(m) Alltrade Model 1927-D-7 is manufactured (C) (CXD 41; CXB 262-264).

(n) Jepson Model 4207, imported and sold in the U.S. by (C) (CXC 1, p. 2, Response to Complainants' Interr. 2; CXB 7; CXC 4).

(o) Jepson 7" Angle Grinder, Model 4215 (CPX 8), imported and sold in the U.S. by (C) (CXC 1, p. 2, Response to Complainants' Interr. 2; CXB 6; CXC 4).

(p) Jepson 7" Angle grinder, Model 4207L (CPX 35), imported and sold in the U.S. by (C) (CXC 1, p. 2, Response to Complainants' Interr. 2; CXB 6 CXC 4).

(q) Chicago Electric Power Tools 7" Angle Grinder Model 1091 (CPX 256), imported and sold in the U.S. by Respondent Central Purchasing, Inc., doing business as Harbor Freight Salvage Co. (CXE 7, pp. 2 and 3, Response to Complainants' Interr. 2).

(r) Chicago Electric Power Tools Model 1091 is manufactured (C) (CXE-1, p. 206089; CXB 6; CXB 375).

(s) Ohio Forge 7" Angle Grinder Model 644-129 (CPX 9) sold in the U.S. by (C) (CXN 62, p. 2, Responses to Staff Interr. 1 and 2) and manufactured in Taiwan by (C) (CXN 40, p. 2)

135. Each of the foregoing Respondent's 7" corded angle grinders is a product in issue in this investigation.

17. 9" Angle Grinders

136. Respondents' 9" Corded Angle Grinders include:

(a) Alltrade Model 1928-D-9 (RXP 243), imported and sold in the U.S. by Respondent Alltrade, Inc. (CPX 88, Pub. Ex. 35, to Complaint, p. 9; CXD 3, p. 7, Response to Complainants' Interr. 12).

(b) Alltrade Model 1928-D-9 is manufactured (C) (CXD 41; CXB 262-266).

(c) Jepson 9" Angle Grinder Model 4209L (CPX 11), imported and sold in the U.S. by (C) and manufactured in Taiwan by (C) (CXC 1, p. 2, Response to Complainants' Interr. 2; CXB 7; CXC 4).

(d) Chicago Electric Power Tools Model 1092 (CPX 10), imported and sold in the U.S. by Respondent Central Purchasing, Inc., doing business as Harbor Freight Salvage Co. (CXE 7, pp. 2 and 3, Response to Complainants' Interr. 2).

(e) Chicago Electric Power Tools Model 1092 is manufactured (C) (CXE-1, p. 206089; CXB 375).

137. Each of the foregoing Respondents' 9" corded angle grinders is a product in issue in this investigation. (CPX 88, Complaint, with Exhibits and Supplements).

IV. THE CLAIMED TRADEMARKS

A. Common Law Trademarks

138. The common law trademarks claimed by complainants in this investigation include: the overall design of each of its tools at issue; the "Makita blue" color of all, or parts, of most of its tools at issue; and the design/color combinations of its tools at issue. (CPF TM 7; Margolis, Tr. 3024, 3030-31, 3034-35; Hattori, Tr. 779).^{5/}

139. In defining the alleged color trademark, evidence was submitted to show that Pantone numbers 321c through 323c are very similar to "Makita blue," but the actual color may vary depending on the materials used. (Hattori, Tr. 812; RXP 168 -- Pantone Color Chart). Makita blue might also be represented by Pantone numbers 3155 and 3155c. (Hattori, Tr. 814).

140. Exhibit B to Patrick Griffin's witness statement (CXA 2) is a list of features which Makita claims to be distinctive for each category of products at issue. (CXA 2, Ex. B; Unopposed SPF D-10).

141. There are no specific design features set out in the Complaint and Supplements thereto, nor in Exhibit B, for the 7" and 9" grinders. (Complaint and Supplements; CXA 2, Ex. B). The trademarks claimed for these products consist solely of the overall design, color, and design/color combination. (Statement of Complainants' Counsel, Tr. 475-76).

142. The record is somewhat unclear as to the precise significance of the features specified in Exhibit B. (FF 143-159, below).

^{5/} The 14" cut-off saw (CPX 24) and Makita's battery cartridges (CPX 213; RXP 337) do not contain any portions which are colored blue.

143. Mr. Bartlett, complainants' design expert testified that said Exhibit B is comprised of both distinctive features and merely observable differences. (Bartlett, Tr. 1949; Unopposed SPF D-12).

144. Mr. Bartlett had a role in the preparation of Exhibit B. (Bartlett, Tr. 1943; Unopposed SPF D-11).

145. Mr. Hattori, President of Makita U.S.A., testified that the overall design is more important than the individual features. (Hattori, Tr. 782). He was not sure whether only one, or more of the individual features constituted a claimed Makita trademark. He indicated that one, or even three, features might constitute a trademark. (Hattori, Tr. 781-82). He finally stated that if respondents had copied even one feature of the ten or eleven features listed, then it could constitute infringement. (Hattori, Tr. 783; Unopposed SPF D20).

146. Gerald Margolis, Makita's General Counsel, testified that each design feature of each power tool at issue, in and of itself, constitutes a trademark. (Margolis, Tr. 3031-32; RXP 419, Margolis Dep., at 101; Unopposed SPF D17).

147. Mr. Margolis also testified that the features must be in combination and take on the overall design/Makita appearance for a common law trademark to be asserted. (Margolis, Tr. 3134-35; Unopposed RPF 259).

148. Mr. Margolis also testified that to an employee of Makita there may be some features which have greater significance than others. (Margolis, Tr. 3158; Unopposed RPF 264).

149. Mr. Margolis was unable to identify with certainty the trademark features of the tools at issue without resort to documents,

specifically the witness statement of Makita's design expert, Mr. Bartlett, and Makita's response to Interrogatory 11 of the Commission Investigative Staff which was annexed to Mr. Hattori's witness statement. (Margolis, Tr. 3032; Unopposed RPF 265).

150. Mr. Bartlett testified that the overall width and length of the pads on Makita's cordless finishing sanders are an observable difference, but are not a distinctive feature. (Bartlett, Tr. 1962; CXA 776 at 1; Unopposed SPF D21).

151. Mr. Bartlett testified that the location of the handle on Makita's 3/8" drills is not a distinctive feature. (Bartlett, Tr. 1963; CXA 776 at 4; Unopposed SPF D22).

152. Mr. Bartlett testified that the bearing sizes, locations, mold markings on the base plate and specific length and width of the pad of Makita's palm sanders are not distinctive features. (Bartlett, Tr. 1963; CXA 776, at 4; Unopposed SPF D23).

153. Mr. Bartlett testified that neither the cut-off wheel size nor the dimensions and color of the wheel guard of Makita's 4" sander-grinder are distinctive. (Bartlett, Tr. 1963-64; CXA 776, at 5; Unopposed SPF D24).

154. The molded feet on Makita's battery chargers are not distinctive features. (Bartlett, Tr. 1965-66; Griffin, Tr. 509; CXA 776, at 9; Unopposed SPF D25).

155. The terminal arrangement of one of Black and Decker's battery cartridges is the same in outer appearance as Makita's battery cartridge. (Cahill, Tr. 1666-67; RXP 250B; Unopposed SPF D26).

156. Mr. Bartlett testified that the particular shape of a battery charger is not a major factor in the customer identification or selection of the tool itself. (Bartlett, Tr. 1598-99; Unopposed SPF D27).

157. At pages 3152-53 of the transcript, I directed complainants' counsel to clarify just what the issue is as to the various specific features listed in Complainants' Supplemental Response to Staff Interrogatory 11 (the design features listed for each tool other than the 7" and 9" grinders). (Tr. 3152-53).

158. Complainants' counsel responded in part as follows:

Item No. 3 basically amounts to the following. We have a list of features which at some if you want to call it magic point, leave an impression in the mind of a consumer or of anyone in this room of what the overall design of a tool actually is or what is it that actually makes the tool distinctive.

People may have different opinions as to what it is that creates that impression. The point here is Your Honor, at some point some combination of these features will create the impression of overall design that we claim is uniquely Makita. That is the purpose of Item No. 3. Therefore, what I believe Mr. Margolis is testifying is still correct.

To one person, it may be that very few of those features will create that impression. On the other hand, to another, it may be that it will require all of them but the point is that these are features. We did not consider them to constitute independent trademark significant-type features but rather descriptive features that would at some point create an impression of an overall design.

(Tr. 3154-55).

159. Mr. Zeitler stated in response to my further question, that the controlling language in the response to Staff's Interrogatory 11 (Exhibit B to Mr. Griffin's witness statement) is "Overall design including one or

more of the following features. . . . " (CXA 3, Griffin W.S., at Ex. B; Tr. 3155).

160. (C)
(C)
(C)
(C)

B. Registered Trademarks

161. The registered trademark at issue in this proceeding is the mark "Makita," Registration No. 1,204,296 ("the '296 mark"). (Hattori, Tr. 983).

V. DISTINCTIVENESS

162. Many non-respondent power tool manufacturers sell power tools in the United States which contain design features similar to the principal design features of the Makita tools here at issue. A perusal of the catalogues of various competitors, namely, Ryobi, Kress, Black & Decker, Bosch, Milwaukee, Hitachi, AEG, Sears, Perles, Toshiba, Metabo, Freud, Stanley, Stuhr and Skil, reveal numerous tools containing features similar to those found on the Makita tools at issue. (RXP 178, 109, 13, 22, 146, 91, 7, 9, 195, 170, 208, 145, 44, 205, 206; CXA 771).

163. An examination of physical exemplars of various power tools, battery cartridges and battery chargers of non-respondents which are in evidence also reveal many similarities. (CPX 97, 100, 104, 105, 113, 115, 116, 119, 121, 122, 124A, 125, 127, 128, 129, 138, 139, 140, 141, 142, 142B, 145, 146, 148, 150A, 151, 152, 154, 155, 157, 158A, 160, 161, 162, 165, 166, 185; RXP 250, 250B, 252, 330b, 359, 362, 362B, 430).

164. Even the color blue has not been unique to Makita power tools. Ryobi, Freud, Bosch, Kress, AEG, Toshiba, and Black and Decker have utilized the color blue. (RXP 416, Griffin Dep., at 302; CPX 138, 158; RXP 9, 109, 208, 249, 264, 430).

165. Bosch has been selling blue tools in the United States since the early 1960's. (RXP 414, Signorelli Dep., at 13-14; Unopposed SPF E4; Unopposed RPF 309).

166. Complainants' Japanese parent, Makita Electric Works, has used the blue color on its power tools exported to the United States since the late 1960's. (CXA 2, p. 7; Hattori, Tr. 752).

VI. FUNCTIONALITY

167. The basic external features of each of the tools in issue serve some functional purpose. The configuration of the housing around the motors must conform to some degree to the arrangement of the internal components. The handles, or gripping surface, must be comfortable and convenient to the users. Where there is heat generated, adequate venting must be provided. (RXC 2027, Jones W.S.; Griffin, Tr. 205-07; Bartlett, Tr. 1869-77, 1882-90, 1895-98, 1900-08, 1913-17, 1921-23; CXA 579, p. M195741; CPX 232; CPX 289B-H, K-M, P-V, X-EE, GG-KK; RXJ 42; RXP 109, at pp. 2-3; RXP 7, at p. 8; SPX 10, Okumuru Dep., at 18, 21, 33-34, 38, 54, 65, 69, 70-71, 82, 94, 102, 115-116, 129-130, 131).

168. The internal components used in a given class of power tool are very similar. (Bartlett, Tr. 1819).

169. The internal features of the housing of the tool must be shaped in such a way as to physically accommodate the internal components of the tool. (Griffin, Tr. 206).

170. In view of FF 167-69, above, the great similarity in external configuration between complainants' tools and some non-respondent tools in certain categories indicates that the more prominent features thereof are dictated in great part by the need to conform to internal components and the need to provide convenient use for the handler of such tools. (Compare: Cordless drills: CPX 43 and 228, with RXP 362, 250 and CPX 142; Cordless rechargeable drills: CPX 227, 229 and RXP 251 and 344 with CXA 771; Corded drills: CPX 1 and 2, with CPX 100, 125, 151 and 160; Battery chargers: CPX 185 and 211, with CPX 212, 150A and 124A; Battery cartridges: CPX 213 and 241A with RXP 250B and 362B; Palm sanders: CPX 170, with 145, 152, 161 and 170; 4" disc grinders: CPX 169 with 114, 120, 146 and 162; 7" and 9" disc grinders: CPX 12 and 13 with 16, 115, 121 and 127; 14" circular saws: CPX 31 and 32, with 104, 116, 122, 128 and 155; 10" miter saws: CPX 27 with 105, 156 and 165; and 14" cut-off saws: CPX 24 with 157 and 166).

171. There are also U.L. specifications which affect certain features on some of the tools. Because of U.L. regulations there are a limited number of places on a 4" grinder to place the on-off switch. (Hattori, Tr. 841; Unopposed RPF 628). The wheel cover, or guard on the 4" sander grinder extends 180 degrees along the back of the wheel to protect user and conforms to U.L. 45 requirements. (RXC 2027, Jones W.S., at 10-11; Unopposed RPF 681). U.L. regulations govern the switches on 4" grinders. (Bartlett, Tr. 1900; Unopposed RPF 683). U.L. 45 has a section pertaining to circular saws. It dictates the configuration of the guard in terms of optional design. (RXP 459; Jones, Tr. 3283).

172. In the case of cordless tools, the design of the housing must take into account the structure of the battery it must accommodate. (Griffin, Tr. 207).

173. The Makita cordless tools are specifically designed around a single interchangeable battery pack and associated battery chargers. (CXA 11, Bartlett W.S., at 25; Unopposed RPF 633).

174. (C)
(C)

175. The battery cartridges of Makita are designed so that the battery cells are arranged parallel therein -- in line with each other-- in 2x2x2 fashion (7.2V), or 2x2x2x2 fashion (9.6V). (Bartlett, Tr. 1611, 1897; CPX 241A, 213).

176. Mr. Bartlett, complainants' design expert, testified that he knew of two basic arrangements of battery cells within cartridges for cordless power tools. One is to have two cells in line (arranged in parallel) and the other is to have two cells and then a group of four cells clumped together. He added that "one could come up with several other configurations." (Bartlett, Tr. 1897).

177. Other non-respondent power tool manufacturers utilize battery packs wherein the battery cells are aligned parallel in a 2x2x2 manner. For example, Black and Decker, Ryobi, Sears and Stanley have battery packs arranged in such a manner. (RXP 250B, 362B, 205 and CPX 142B).

178. The first Makita cordless power tool, with rechargeable battery pack, to appear on a Makita distributor price list for sale in the United States was a 7.2V cordless drill, Model No. 6010D, which was listed on a 10/15/79 price list. A 9.6V cordless drill, the 6012 HDW, was first

listed in a distributor price list for the U.S. market in July 1982. Other cordless tools with a rechargeable battery pack were not listed in U.S. distributor price lists until July 1985, and later. (CPX 293).

179. The battery packs for the Makita cordless tools at issue (CPX 213 and 241A) are basically constituted of two parallel rows of sub-C cell batteries. (C)

(C)

(C)

(C)

(C)

180. (C)

(C)

(C) testified that he had seen other battery cartridges on the market that resembled the outside of the Makita battery cartridge design. The Sears battery was included in those he had seen. (C) Tr. 1643). He also testified, upon being shown the Black and Decker battery cartridge (RXP 250B) that it looked similar in outside appearance. (C) Tr. 1666-67).

181. U.S. Patent No. 3,194,688 (issued on July 17, 1965) is a utility patent showing a slide-out battery pack with an external appearance similar to that of the Makita battery pack. (RXP 409).

182. U.S. Patent No. 3,956,019 (issued May 11, 1976) is for a Battery Cassette Power Source Device, wherein the cells are arranged in two parallel rows containing 4 cells each. (RXP 406).

183. The parallel arrangement of the Makita battery pack is a simple design. (Jones, Tr. 3231, 3233, 3235, and 3240; Unopposed RFP 650).

184. Mr. Jones, respondents' expert, testified that the columnar battery packs (such as Makita, Black and Decker and Ryobi) are cheaper to manufacture than those with bulb configurations. (Jones, Tr. 3245, 3242, 3231, 3233, 3235 and 3240). Mr. Bartlett's testimony as to comparative costs does not conflict with that of Mr. Jones, as he limited his testimony as to comparative costs to the cost of the Sub-C cells within the battery pack. He testified that Sub-C cells are standard in size throughout the industry and would not cost any different in a 2-4 configuration than in a 2x2x2 configuration, if from the same supplier. He specifically did not address whether the battery pack would be more expensive to make in the 2-4 configuration than in the 2x2x2 configuration. (Bartlett, Tr. 1990-92).

185. Mr. Bartlett, complainants' design expert, when asked to testify concerning the distinctiveness of the Makita battery cartridge, referred to the vertical rib on the negative side of the battery cartridge. (Bartlett, Tr. 1610).

186. The vertical ribs are different between the 9.6V and 7.2V cartridges. The rib on the 9.6V cartridge is much narrower than the one on the 7.2V cartridge. (CPX 213 and 241A). The ribs are designed so that the cartridges cannot be inserted into the wrong charger inadvertently. (Bartlett, Tr. 1610). The ribs also are designed to fit the cartridge properly into the power tool and the charger. (Bartlett, Tr. 1614).

187. Mr. Bartlett also testified that the Makita chargers and batteries, are not interchangeable with those of any of the non-respondents. (Bartlett, Tr. 1610).

188. This latter testimony of Mr. Bartlett (FF 187) is erroneous. The rib on the Ryobi 7.2V battery is quite similar to that of the Makita battery cartridge. It will fit in and operate the Makita 7.2V cordless drill. (RXP 362B operates CPX 228; Hattori, Tr. 880; Unopposed RPF 655). The Ryobi 7.2V battery pack is almost identical in outward appearance to the Makita 7.2V battery pack. (Compare RXP 362B to CPX 241A).

189. Mr. Bartlett, in testifying that alternative designs were available to respondents, indicated that any kind of slot, rib, or other structure which would key respondents' cartridges to their tools and chargers in a different manner, so as to make them non-interchangeable with complainants' tools and chargers would represent an alternative design. (Bartlett, Tr. 1615).

190. The rib on the Makita battery pack provides protection to the customer in that the charger is designed to be used with this particular battery pack and cannot be inadvertently mixed and create a problem. (Bartlett, Tr. 1610). The rib also makes it impossible to insert the battery cartridge into the charger in the wrong way. (Compare CPX 213 and 241A with CPX 184 and 210).

191. Thus, Mr. Bartlett's testimony is to the effect that the rib which keys the Makita battery pack to Makita's tools and chargers is the distinctive feature of the Makita battery pack. (FF 185-87, 189, 190).

192. Mr. Bartlett's primary concern with the design of respondents' battery cartridges was the fact that they were interchangeable with complainants' tools and chargers. (FF 185-87, 189; CPF F69).

193. There are no U.S. or international standards to regulate the

interchangeability of battery packs and chargers. (CXA 11, Bartlett W.S., at 26; Unopposed RPF 634).

194. Complainants' counsel has cited to the fact that the Black & Decker 7.2V battery cartridge is shorter than the Makita 7.2V cartridge as a distinguishing design characteristic. (Oral Argument, Tr. 3835). The Black and Decker cartridge (RXP 250B) is only 1/8 inch shorter than the Makita cartridge (CPX 241A). This is hardly a noticeable, distinguishing feature.

195. There is a relationship between the shape of the handle of the cordless tool and the shape of the battery pack, in that the handle is the container for the battery pack. (RXP 416, Griffin Dep., at 836).

196. The handles of the Black and Decker, Ryobi, Sears and Stanley cordless drills which utilized battery packs with 2x2x2 columnar configurations have a similar appearance to the handles of the Makita cordless drills. (Compare RXP 250, 362, 205, and CPX 142, with CPX 180 and 228).

197. Non-respondent Ryobi holds a design patent on the design of its 7.2V cordless driver drill -- RXP 362. (RXP 35). The patent application on U.S. Patent No. Des. 279,957, was filed on October 31, 1983, and the patent issued on August 6, 1985. (RXP 35). The design of the Ryobi 7.2V driver drill is quite similar to the design of Makita's 9.6V cordless driver drill. (Compare RXP 362 with CPX 43).

Color

198. (C)
(C)

(C)
(C)
199. (C)
(C) (RXP 414, Signorelli Dep., at 27, 41).

200. Bosch introduced blue power tools to the United States prior to 1965. (RXP 414, Signorelli Dep., at 13-14.).

201. Other non-accused manufacturers of electric power tools use the color blue on their tools. Ryobi, Freud, Kress, AEG, Toshiba, and Black and Decker have used the color blue on power tools. (FF 164).

202. Makita sells both a blue line of electric power hand tools and a red line of electric power hand tools. Complainants witness testified that the blue line is perceived to be the industrial line of tools. (Griffin, Tr. 175).

203. The color red was chosen by Makita for its Home T.E.C.H. line of power tools because it was felt that red was the best selection of popular colors that would attract "the masses". (RXP 413, Bragassa Dep., at 63; Unopposed RPF 427).

VII. AVAILABILITY OF COST-EFFECTIVE ALTERNATIVE DESIGNS

204. Mr. Bartlett, complainants design expert spent 20 years in the power tool industry. (Bartlett, Tr. 1437; Unopposed SPF I5).

205. Mr. Bartlett has a Masters Degree in Mechanical Engineering and post graduate, non-degree study in Business Administration. He is a registered professional engineer. His work in the power tool industry included the areas of product design and development, product testing and manufacturing. (CXA 11, Bartlett W.S., at 1, and attached resume).

206. Mr. Bartlett's experience also includes relative costing on power tools. He is familiar with the internal components. He is also familiar with alternatives which exist in terms of design and supply and equivalent costs of production. (Bartlett, Tr. 1820).

207. Dr. Jones, respondents' design expert, has a Ph.D in mechanical engineering, and is a professor in the Department of Mechanical Engineering and Materials Science at Duke University. Since completing his post graduate studies he has been a member of the faculty in that department and has been involved in teaching courses and performing studies involving mechanical design, product safety and failure analysis. He is also a registered professional engineer. (RXC 2027, Jones W.S., at 1, and resume).

208. Dr. Jones exposure to power tools has been primarily from a user perspective. (Jones, Tr. 3204-12).

209. Dr. Jones has had no experience manufacturing, producing or marketing power tools. (RXC 2027, Jones W.S., and resume; Jones, Tr. 3204-12).

210. Dr. Jones has had no experience with the production of a commercial product from polycarbonates such as are used in the housing of many of the power tools at issue. (Jones, Tr. 3212).

211. Mr. Bartlett has testified, in connection with the tools here at issue that there are cost effective alternative designs available to the respondents for the manufacture of competing products. (Bartlett, Tr. 1460-65, 1487, 1497-98, 1554, 1565, 1576-77, 1585, 1588-89, 1615, 1623-24, 1629, 1634, 1636, 1699-1701, 1709, 1737-38, 1741-42, 1746-47, 1771-73, 1885-86, 1888-89, 1917, 1992-93, 3532-42).

212. In most categories of tools Mr. Bartlett referred to certain non-respondent tools in such categories as being illustrative of the fact that non-infringing designs are available for the manufacture of such tools. (Cordless drills: CPX 138, 149, 158, 215, 289A; Cordless rechargeable drills with non-removable battery packs: CPX 130, 143, CXA 771, 772; Cordless jigsaws: CPX 140; Cordless finishing sanders: CPX 139; Battery cartridges: CPX 141B, 215B, 124B, 97B, 138B, 149B, 150B, 158B, 209B; Battery chargers: CPX 118A, 215A, 139A, 150A, 124A, 140A, 138A, 212; Palm Sanders: CPX 126, 145, 152; 4" disc grinders: CPX 114, 146, 162, 120; Cordless sanders: CPX 139; Cordless jigsaws: CPX 140; 7" and 9" disc grinders: CPX 115, 121, 127; Routers: CPX 107, 108, 123, 129; 7 1/4" circular saws: CPX 104, 116, 122, 128, 155; 10" miter saws: CPX 105, 156, 165; 14" cut-off saws: 157, 166).

213. It was Mr. Bartlett's position that the internal components of a given class of power tools are very similar throughout the industry. Competitors, therefore, can be expected to obtain such internal components for the same price. "That leaves . . . the cost of the housing and any particular external features such as an overload trip that may be added." (Bartlett, Tr. 1819-20).

214. As for the cost of the housing, Mr. Bartlett testified that such cost was not a significant factor in determining the cost of a particular tool. He testified that the cost of the housing in the case of a cordless product such as Makita's 9.6V drill is only about 4% of the total cost of the tool. On a corded product, such as some of those considered in this investigation, the cost of the housing is less than 10% of the overall cost of the tool. Small differences in the amount of

and cost of the polycarbonate material used for such housings "constitute an insignificant additional cost -- increase or decrease in the cost of the product." (Bartlett, Tr. 1764-65).

215. Mr. Bartlett also testified that changes in the configuration of the housing would have a very minor effect on the manufacturing of the tool. (Bartlett, Tr. 1765).

216. Accordingly, it is Mr. Bartlett's testimony that the external configuration of respondent's tools could reasonably be changed, at little or no cost, so that they would not resemble Makita's tools. (Bartlett, Tr. 3531-42, 1757-64; CPX 286B, 287D and 288E).

217. Dr. Jones testimony, on the other hand, is to the effect that the Makita designs are superior, both as to use and as to cost. He criticized Mr. Bartlett's examples of alternative design as inferior in both respects. (RXC 2027, Jones W.S., at 28-33). He testified also that the housing fabrication cost of a 3/8" VSR drill would vary from \$20 to \$25 based on the fabrication technique. (Jones, Tr. 3214, 3442).

218. Insofar as Mr. Bartlett maintains that alternative designs are available for battery cartridges, the record reveals that the range of such alternatives is quite narrow. The parallel arrangement of the Sub-C cells used by complainants and respondents represents one of the very few possible arrangements for such battery packs. (Bartlett, Tr. 1897). As for alternative designs available where such parallel arrangement is used, Mr. Bartlett can only cite to changes in the vertical rib on the one side of the Makita battery packs as representing alternative designs. He indicated that any kind of slot, rib or other structure which would

differentiate respondents' battery packs would represent an alternative design. (FF 189).

219. The rib on the Makita battery cartridges is a functional feature which insures that the battery will be placed in the battery charger in the proper manner. (FF 185-87, 189-93).

220. The evidence also indicates that available alternative designs for certain other of the tools at issue are quite limited. Mr. Bartlett knew of no cordless 4" disc grinder on the market with an alternative design. He stated that there "are no non-Respondents' tools that I am aware of on the market which would perform this same function." (Bartlett, Tr. 1587). He suggested some alternative design changes, such as a different arrangement of battery cells in the battery pack or a different ribbing on the battery pack, or a different shape for the motor housing. (Bartlett, Tr. 1589). However, the Tochiado model (CPX 277) does have a square shaped motor housing, rather than the rounded housing such as Makita's (CPX 259) and this was not sufficient to satisfy Mr. Bartlett as constituting an alternative design. (Bartlett, Tr. 1587-89). The corded 4" sander grinders and the 7" and 9" angle grinders also appear to offer limited possibilities as to alternative designs. The exemplars of alternative design introduced in evidence all bear striking resemblance in overall design to the tools of Makita and the respondents. (CPX 114, 120, 146, 162, 115, 121, 127, 154, 12, 13, 10, 11, 35). Mr. Bartlett noted in his testimony with regard to the 4" sander grinder, that these tools tend to have similar housing diameters because the motor housing acts as a handle. (Bartlett, Tr. 1907). In the case of the 7" and 9" grinders, aside from the very close similarity in appearance, the

exemplars of alternatives offered by complainants, in two of the four instances, are single insulated tools with metallic housing, as compared to the double insulated tools with polycarbonate housing such as those of complainants and respondents that are at issue herein. (Compare: CPX 12 with CPX 115 and 121).

VIII. ADVERTISING

221. Makita's catalogues feature the utilitarian and functional advantages of its power tools. The descriptions of each of the tools therein stress such functional attributes of the tools as:

- . . . double insulated for safety
- . . . powerful [or heavy duty, or hightech, etc.] motor
- . . . well balanced
- . . . comfortable grip
- . . . rugged, non-conductive polycarbonate housing
- . . . chuck key is securely retained in housing to prevent loss.

(RXP 115, 125, 126, 127, 129, 131, 132, 138, 139, 140).

222. 'Makita's 1985 catalogue, for example features the following functional attributes of its cordless tools:

- ... This system combines efficiency with convenience.
- ... Compact and lightweight for less operator fatigue and increased maneuverability.
- ... Well-balanced with comfortable non-slip grip for easy handling and better control.
- ... automatic cut-off one hour fast charger
- ... All 7.2V DC tools use the same battery

and charger for added convenience and interchangeability.

... All 9.6V DC tools use the same battery and charger for added convenience and interchangeability.

(RXP 131, p. 5).

223. Makita's 1988 catalogue makes similar points concerning the attributes of its cordless power tools:

... Tools that are superbly balanced, lightweight, compact, and powerful.

... The weight of the motor is effectively matched by the weight of the battery. This means that the operator's hand grips the tool at the balanced point between the two.

... No cumbersome, bulky batteries that restrict work in awkward spots or light corners.

... No heavy, unbalanced tools that hinder accuracy and cause fatigue.

... All Makita cordless tools are designed to give "All the Power You Need." They are compact, versatile, and as powerful as today's technology can make them.

... Given total flexibility, there are eighteen tools that operate using the same removable rechargeable battery together with the one, one-hour fast charge.

... There is no need for you to purchase extra chargers or batteries as you add to your collection of tools.

(RXP 140, pp. 6, 7).

224. Makita's media advertising likewise stresses the various functional aspects of Makita's power tools. For example:

... the ideal tool for door installation, cabinetry work and much more. The powerful 4 AMP motor delivers 15,000 RPM . . . A compact and lightweight design makes it easy

to operate. All ball bearing construction makes it durable.

(RXP 154).

Makita's 3HP router allows you to take charge of any routing project. A powerful 14AMP hi-tech motor delivers 23,000 rotations per minute for fast stock removal and clear cutting. All ball bearing construction makes it durable.

(RXP 156).

225. Makita's television commercials include similar statements concerning the functional aspects of its power tools. For example:

- ... versatile and convenient
- ... no more cords
- ... more power for your money
- ... handy belt and chuck key holder
- ... great performance
- ... convenience
- ... quality and durability

(RXP 92).

- ... performance and durability
- ... compact tools
- ... plenty of power in a rugged easy to handle package
- ... simplicity and versatility
- ... handy chuck key holder

(CPX 93).

- ... number one with me in power
- ... number one with me in convenience
- ... number one with me in versatility
- ... wide range of cordless tools
- ... all the power you need

(CPX 94).

- ... makes tough jobs easy
- ... built to last
- ... compact and light weight
- ... handy belt clip built right into the drill
- ... power and speed to cut your big jobs down to size

235. The name "Makita" -- a registered trademark -- is used in all of Makita's advertisements. (Hattori, Tr. at 900; Margolis Tr. at 3061; RXP 420, Notarian Dep., at 46, 53, 237; RXJ 103; RXJ 115; RXJ 123; RXJ 137; RXJ 218).

236. Complainants have not been able to cite to any advertisement or catalogue which specifically focuses on and advertises the non-utilitarian features of its tools (including the specific design features and the color blue set out in their complaint and supplements and the answer to Staff Interrogatory No. 11) except to the extent that its advertisements and catalogues depict the tools therein. (CPF SM 1-37).

IX. UTILITY PATENTS

237. Complainants hold a utility patent in the clamping mechanism for cordless finishing sanders. (SXT 53; Unopposed SPF I-1).

238. Complainants hold a utility patent in the safety cover for miter saws -- not one of the design features claimed as part of the mark for this tool. (SPX 11, Suzuki Dep., at 283).

239. There is a utility patent held by Mabuchi Motor Co., dated May 11, 1976, for a "Battery Cassette Power Source Device" which covers a battery pack having a rectangular shape in length and an oval cross section, similar to the longitudinal and cross sectional shape of the Makita battery pack (CPX 241A and 213), within which the cells are arranged in parallel series, as in the Makita battery packs. (RXP 406).

X. COPYING

240. There is evidence of copying in this matter. (FF 241-53, below).

241. Respondent (C) used the tools of other manufacturers,

including Makita, as a "reference" in the designing of tools which it would manufacture. (CPX 60, (C) Dep., at 166).

242. (C))
(C) testified that in designing tools his department makes reference to the tools of other manufacturers, including Bosch, Metabo, AG, Hitachi, Ryobi and Makita, as to the general shape of the tool. When he designs a new tool he "may go in the same direction." (CPX 71, (C) (C) at 136-37). He further explained in this connection that his testimony was with regard to general appearance. (CPX 71, (C) at 140-41). (C) designers took the shape and OPM of such tools into consideration and used those tools to come up with their own designs. (CPX 71, (C), at 140).

243. (C) further testified that when he designed the palm sander he referred to the products of other manufacturers, including Hitachi, Ryobi and Makita. (CPX 71, (C) at 138-39).

244. (C) was requested by (C) to send (C) (C) samples of Makita products, as well as samples of products of other manufacturers. (CPX 49, (C), at 216-19).

245. (C))
(C))
(C))
(C))

246. The information gathered by (C) indicated that cordless tools were becoming popular in the United States, especially cordless drills. (CPX 49, (C) at 280-83).

247. (C) sent a sample Makita cordless drill to (C) (CPX 49, (C) at 284-85).

248. (C) would only request a sample from (C) if it could not itself obtain one locally in Taiwan. (CPX 49, (C) at 285).

249. (C) is the manufacturer of the Jepson power tools at issue in this investigation. (CPX 49, (C) at 21).

250. A physical examination of a number of (C) manufactured tools at issue indicate that they are close copies of the corresponding Makita tools. Compare:^{6/}

- (a) CPX 236 - Jepson cordless driver drill (9.6V), Model No. 2416, with CPX 180 - Makita cordless driver drill (9.6V), Model No. 6012HD. They are virtually identical, except the Jepson drill manufactured (C) is gray instead of blue and does not have the vent holes in the rear of the motor housing.
- (b) CPX 240 - Jepson cordless drill (7.2V), Model No. 2410, with CPX 228, Makita cordless drill (7.2V) Model 6010D. They are also virtually identical, except for the color and vent holes. The Jepson model is gray and has no vent holes.
- (c) CPX 40 - Jepson palm sander, Model No. 6245, with CPX 38 - Makita palm sander, Model No. B04510. They are quite similar in design, with a minor variation in the number of vent holes, a slightly different switch, and the shade of blue on the Jepson drill is subtly different from that on the Makita tool.

^{6/} In the case of various Jepson brand tools listed below, (C) also manufactures the same product, in the same design and color combinations, for sale to (C) See, e.g.: CPX 41 and 258, palm sanders; CPX 192 and 196, 4" disc grinders; RXP 242 and 256, 7" disc grinders; CPX 10 and RXP 243, 9" disc grinders; CPX 34 and RXP 262, 7 1/4" circular saws; CPX 14 and RXP 247, routers; CPX 28 and RXP 248, 10" miter saws.

- (d) CPX 4 - Jepson 4" disc grinder, Model No. 4204N, with CPX 169 - Makita 4" disc grinder, Model No. 9501B. There is some similarity in the body of these two tools, including the similar shades of blue utilized by both companies. However, an examination of competitive exemplars put in evidence by complainants to show alternative designs, reveals that they too are quite similar in body design. (CPX 114, 146, 162). Moreover, the head on the Jepson disc grinder more closely resembles that of the Ryobi tool than that of the Makita. (CPX 162).
- (e) CPX 8 and 11, the Jepson 7" and 9" disc grinders, with CPX 12 and 13, Makita 7" and 9" disc grinders. These tools are very similar in appearance, except for slight differences in the head and the location of the brush holders.
- (f) RXP 299 and CPX 19 the Jepson routers, Model No. 7112, with CPX 20, the Makita router, Model No. 3601B. The Jepson routers are practically identical in design with the Makita router, except for color scheme and the venting. RXP 299 even has a blue portion which is very similar to the blue of the Makita tools.
- (g) CPX 33 - the Jepson 7 1/4" circular saw, Model No. 8218, with CPX 31 and 32, Makita circular saws, Model No. 5007NB and 5007NBA. The Jepson circular saw is almost identical to the Makita circular saws in appearance, except for the shape and size of the hand grip on the front of the saw.
- (h) CPX 29 - the Jepson miter saw, Model No. 9210S, with CPX 144, a Makita miter saw, Model No. 2401B. The Jepson miter saw has a number of features in common with the Makita miter saw, including the design of the stand and the shape of the handle. The blue color of the motor housing is also similar to the blue on the Makita tools.
- (i) CPX 6 and 7 Jepson 3/8" corded drills, and RXP 258 a Chicago Electric brand 3/8" drill sold by respondent Harbor Freight (C) are quite similar to CPX 1, 2 and 5, Makita drills, except for the lack of a belt clip indentation on top, (it has been moved to the side), and the fact that the front

of the Jepson and Chicago Electric drills is metallic rather than polycarbonate.

251. All corded tools shipped to the United States by (C) (C) are blue in color. (CPX 59, (C) at 91-92). As noted in connection & k10H with various tools above, the blue used (C) is quit similar to that employed by Makita. The cordless tools shipped to the United States, such as the cordless drill discussed above, are all gray in color. (CPX 59, (C) at 92, 95).

252. Ray Shon Wong, the Marketing Manager of respondent Tochiado, testified in deposition concerning (C) (C) (C) (CPX 65, Wong Dep., at 99).

253. An examination of the physical exhibits in evidence indicates that the products of numerous respondents' tools in issue are close copies of the corresponding Makita power tools. For example:

(a) CPX 3, a Pro-Tech 3/8" corded drill of respondents P&F Brothers and Nu-Way is an almost identical copy of CPX 1 and 2, Makita drills, except for the different color utilized in the Pro-Tech drill.

(b) CPX 276 and 279, Tochiado 9.6V cordless driver drills are quite similar in overall design to CPX 217, the Makita 9.6V cordless driver drill. CPX 276 is a distinctively different color (purple). CPX 279, however, is similar in color to the Makita drill.

(c) CPX 222, a Workshop 7.2V cordless drill manufactured by respondent (C), for (C) (C) is similar in design and color to CPX 228, the Makita 7.2V cordless drill, except for the inclusion of a belt clip on top of the Workshop drill. There is also a slight difference in the blue color.

(d) CPX 224 and 280, Tochiado 7.2V cordless driver drills are similar in design and color to CPX 228, the Makita 7.2V

cordless drill. The blue color of the Tochiado drill is slightly different than the blue of the Makita drills.

(e) CPX 174, 206, 223 and 225, the cordless rechargeable drills of Poromes, Puma, Johnswell (C) and Mark I (manufactured in Taiwan (C) (C) and sold in the U.S. by respondents Trade Associates and (C), respectively are almost exact copies of RXP 327(a), a Makita cordless rechargeable drill, except for a decided difference in the color used in the said drills of respondents.

(f) CPX 191 and 200, the cordless finishing sanders of the Mark I (Trade Associates and (C) and Workshop (C) brands respectively, are practically identical in design to CPX 37, the Makita finishing sander. Each are different shades of blue from that of the Makita tool, although the Workshop tool is very similar in color to the Makita tool.

(g) CPX 260, the Pro-Tech cordless finishing sander of respondents P&F Brothers/Nu-Way is almost identical to CPX 37, the Makita tool, except that the handle has been made slightly more angular, the screws do not go all the way through the tool, and the color is a distinctly darker blue.

(h) CPX 199, the Marc I 7.2V cordless grinder (Trade Associates) is almost identical to CPX 259, the Makita 7.2V cordless grinder, except for the difference in blue color and the location of the recess for the hexagonal tool for replacing the disc.

(i) CPX 188, Mark I 7.2V cordless jigsaw (Trade Associates and (C) is very similar to CPX 256, the Makita 7.2V cordless jigsaw, except for the much darker blue and the longer handle on the Mark I tool.

(j) CPX 273 and 275 the Tochiado 9.6V and 7.2V cordless jigsaws are also similar in appearance, and somewhat similar in color to the Makita cordless jigsaws, CPX 257 and 256. There is a slightly different shape to the Tochiado tools and the front guard on the 9.6V Tochiado tool is different from that of the Makita 9.6V tool.

(k) CPX 189, the Pro Tech 9.6V cordless jigsaw (P&F Brothers and Nu-Way) is almost identical in design to the Makita 9.6V jigsaw (CPX 257), but the color is quite different.

(l) CPX 260, a Pro-Tech brand cordless finishing sander of respondents P&F Brothers and Nu-Way is quite similar in

design to CPX 37, the Makita sander, but has a very distinctively different blue color.

(m) CPX 270 and 271, the Tochiado 9.6V and 7.2V battery chargers are almost identical in design to CPX 211 and 271, the Makita battery chargers. The color of the Tochiado battery chargers is a slightly darker blue than that of the Makita chargers.

(n) CPX 265, the Workshops 7.2V battery charger, manufactured by (C) for (C) is very close in design to the Makita battery charger (CPX 185, 211). The venting, however, is much different. It is also a darker shade of blue than the Makita charger.

(o) CPX 251, a Noma fast charger imported by respondent Trade Associates is also similar in design to the Makita chargers (CPX 211 and 271), except for the venting. It is also a much darker blue than the Makita chargers.

XI. SECONDARY MEANING

254. Complainants retained Dr. Robert C. Sorensen, President of Sorensen Marketing/Management Corporation, to determine whether or not the appearance, shape, and characteristics of MAKITA power tools or accessories, with all identifying name labels and logos masked, had any secondary meaning and, if so, to what extent. Dr. Sorensen has substantial experience in research into consumer perceptions and behavior, including the conduct and analysis of consumer surveys. (CXA 10, Sorensen W.S., at 5-6; Sorensen, Tr. 2020-2028; CXA 10, Sorensen W.S., Ex. A).

255. Respondents retained Dr. Jacob Jacoby to provide expert criticism of Dr. Sorensen's surveys. Dr. Jacoby is the Merchant's Council Professor of Consumer Behavior and Retail Management at New York University. He was received as an expert in the areas of consumer buying habits, surveys and methodology. (Jacoby, Tr. 2823-26).

256. Respondents also called John Bunge, President of Legal Marketing Research, Inc. to analyze and criticize the survey. Mr. Bunge has been

employed in the field of marketing research since 1966. (Bunge, Tr. 2598). All of the twenty surveys designed and conducted by Mr. Bunge that have been offered as evidence have been accepted as evidence in various court and administrative proceedings. (RXC-2026(c) p. 1). Dr. Sorensen testified that he has a high regard for the integrity of John Bunge as a survey expert. (Sorensen, Tr. 2151).

257. The generally accepted criteria for testing the adequacy of a consumer survey are:

- a) the proper universe sample must be selected and examined;
- b) a representative sample must be drawn from that universe;
- c) a fair and correct method of questioning must be used;
- d) the persons conducting the survey must be recognized experts;
- e) the data gathered must be accurately reported;
- f) the sampling plan and execution, the construction of the questionnaire and the interview must be conducted in accordance with generally accepted standards of procedure and statistics in the field of such surveys;
- g) the sampling and the interviews must be conducted independently of the attorneys in the case; and
- h) the interviewers must be adequately trained in the field and have no knowledge of the litigation or the purposes for which the survey is to be used.

(Jacoby, Tr. at 2833-34; RXC 2026(c), Bunge W.S., at 2-3).

258. Dr. Sorensen was not contacted for work in this investigation until the Spring of 1988. (Sorensen, Tr. 2029). When Sorensen met with

attorneys for complainants, he advised them that the products under investigation were too vast in number to all be surveyed. This was because of the time constraints, the cost, and the physical impracticability of such a task. (Sorensen, Tr. 2033). Accordingly, Dr. Sorensen designed surveys intended to measure secondary meaning and likelihood of confusion for only general categories of tools. (Sorensen, Tr. 2034, 2220).

259. Dr. Sorensen conducted experimental survey work in Columbus, Ohio and Long Island, New York. (CXA 10, Sorensen W.S., at 3-5). Seven of complainants' tools and seven of the respondents' tools were used for interviewing in the pilot surveys. One Jepson power tool (7 1/4" Circular Saw), one Marc power tool (Cordless Sander), two Alltrade power tools (Finishing Sander and 4" Sander Grinder Kit), and three Trade Associates tools (3/8" Cordless Drill Kit, 3/8" Cordless Drill Driver, 4" Cordless Grinder) were used in the pilot surveys. (CXA 10, p. 5).

260. There was a significantly lower rate of secondary meaning among women in the pilot survey. (Jacoby, Tr. at 2840; RXF-3558, Jacoby W.S., at 12). Indeed, in his report to complainants' after the completion of the pilot study, Dr. Sorensen stated that, "No female from Columbus makes a MAKITA identification." (RXP 2026(c), Ex. C, at 3). Sorensen admitted during the hearing that there is a considerable difference in Makita identification between men and women. (CXA-10 p. 35).

261. Dr. Jacoby testified persuasively that by virtue of the disparity between male and female recognition of Makita tools in the pilot study, it would have behooved Dr. Sorensen, or any researcher, to determine the true nature of the purchasing environment and more accurately represent the

gender breakout in the purchasing environment than Dr. Sorensen actually did. (Jacoby, Tr. 2840-2841).

262. Upon completion of his pilot studies, Dr. Sorensen selected fourteen tools or accessories representing each of the fourteen categories of MAKITA electric power tools and accessories that were cited in the Complaint. These tools were used in the secondary meaning study; hereafter referred to as "Study S" or "Consumer Perception of Source of Fourteen Masked 'Makita' Electric Power Tools". (CXA 10, Sorensen W.S., at 6). The tools selected for Study S were:

MAKITA Model No. 5007NB, a 7-1/4" circular saw;

MAKITA Model 9035D, a cordless sander;

MAKITA Model B04550, a finishing sander;

MAKITA Model 6012HD, a long handled cordless drill;

MAKITA Model 6010SDW, a short handled 3/8" cordless drill;

MAKITA Model 9500D, a cordless grinder;

MAKITA Model 9501BZ, a 4" sander grinder;

MAKITA Model 6510LVR, a 3/8" VSR drill;

MAKITA Model 3601B, a router;

MAKITA Model 2401B, a 10" miter saw;

MAKITA Model 2414, a 14" cutoff saw;

MAKITA Model 4307D, a cordless jigsaw;

MAKITA Model 7000/632002-4, a battery cartridge;

MAKITA Model DC7100/113086-6, a 7.2 volt charger.

263. Study S was conducted with approximately 40 interviews per tool or accessory item in malls or shopping areas in each of 5 metropolitan areas: Chicago, Illinois (4 malls); Orange County/Los Angeles, California (2 malls); Orlando, Florida (2 malls); New York (Western Long Island), New York (2 malls and 2 shopping areas); and Seattle/Tacoma, Washington (4 malls). (Sorensen, CXA 10, pp. 8-9).

264. In choosing the metropolitan areas, Dr. Sorensen testified that he sought a variety of socio-economic distributions and wide geographic dispersion (northeast, southeast, central, northwest and southwest regions of the United States, large populated metropolitan areas, and coastal areas). (CXA 10, Sorensen W.S., at 9).

265. Dr. Sorensen testified that it was important to select survey locations that could absorb a large number of interviews, particularly after experimental interviewing in the same location had been done on the same topic. (Sorensen, Tr. 2040). Dr. Sorensen questioned whether it would be feasible to go to Columbus, Ohio for the definitive or final survey. (Sorensen, Tr. 2042). Dr. Sorensen opted to reuse Levittown, New York (Sorensen, Tr. 2461), but to exclude Columbus, Ohio from his definitive survey. (Sorensen, Tr. 2041-42).

266. According to Dr. Jacoby, Dr. Sorensen utilized geographic areas which evidenced bias. Dr. Jacoby pointed to the Makita source brand identification in Long Island, New York (Levittown) as being almost three times higher than was found in Columbus, Ohio in the pilot study. In the final survey, Columbus, Ohio was omitted and replaced by Orange County/Los Angeles, California; Seattle, Washington; Chicago, Illinois and Orlando, Florida. Dr. Jacoby pointed out that Makita's advertising documents

indicate a correlation (with the exception of (C) between cities where Makita achieved its highest sales per capita and cities utilized in the survey. This resulted in bias favoring complainants. (RXF-3558, Jacoby W.S., pp. 15-16).

267. Dr. Jacoby also persuasively testified that the sampling chosen by Dr. Sorensen for his survey is improperly directed toward major cities in which Makita was conducting its advertising campaign. This would result in a skewed and biased result. (Jacoby, Tr. 2845).

268. According to Mr. Bunge, also omitted from Dr. Sorensen's sample are so called economically "depressed" areas of the country (particularly involving the construction industry) such as (C) (C) and others. A depressed construction industry means a depressed market for power tool purchase and use. (RXC-2026(c), Bunge W.S., p. 11). (C) (RXJ-189, 190).

269. The universe of consumers for Study S was delineated as follows:

- a. Individuals who had in the 12 months prior to their interview bought and used either any small hand held, or any small stationary electric power tools for wood or metal, or during the 3 months prior to their interview had been shopping one or more times for either type of electric power tool.
- b. Lived within 60 miles of the interview site.
- c. Were 18-60 years of age.

(CXA 10, Sorensen W.S., at 9; Sorensen, Tr. 2033, 2044).

270. Dr. Sorensen testified that the universe used in Study S is likely to include those consumers whose perceptions were most relevant in measuring secondary meaning. According to Dr. Sorensen, consumers who had used and purchased in the last 12 months, or who had shopped within the previous three months, had engaged in sufficient antecedent behavior to indicate an awareness of electric power tools. Dr. Sorensen specifically sought people "who could be expected to have been relatively recently aware of various power tool brand names, company sources, and brand attributes." (CXA 10, Sorensen W.S., at 11).

271. Mr. Bunge noted that the universe omits (at the very least) the following relevant consumers:

- A. people shopping within the past year or so, but earlier than three months ago, but who did not buy, and;
- B. people who bought within the past year but who did not use, and;
- C. people who are likely to be buying within the next 12 months or so whether they use or not, and;
- D. presumed numbers of women and others who buy for others, either for gift giving or upon being asked to buy by someone else.

(RXC-2026(c); Bunge, Tr. 2635-36).

272. Dr. Jacoby testified that the universe utilized by Dr. Sorensen fails in four essential respects: (1) the universe is unfairly weighted in favor of purchasers who are also users; (2) the universe improperly excludes individuals who possess future intent to purchase; (3) the imposition of a three month restriction improperly excludes individuals who purchased during two significant shopping periods; and (4) the universe is

unfairly weighted in favor of professional users. (RXF-3558, Jacoby W.S., p. 11).

273. Dr. Jacoby also noted that the key questions presented did not inquire into whether the individuals included in the survey had anything to do with the purchase decision. (RXF 3558, Jacoby W.S., pp. 7-8).

274. According to Dr. Jacoby, an umbrella universe in which individual survey respondents are: (a) both decision-makers and prospective purchasers, (b) individuals who are only prospective purchasers, and (c) individuals who are only decision-makers was not utilized by Dr. Sorensen. Dr. Jacoby testified that he would have used such a universe because the relevant universe for trademark litigation is prospective purchasers. He further testified that prospective purchasers are distinguishable from users. According to Dr. Jacoby, by requiring the survey respondent to have, in the twelve months prior to the interview, bought and used small electric power tools, or during the prior three months, shopped for small power tools, Dr. Sorensen's surveys have been unfairly weighted in favor of purchasers who are also users. (RXF 3558, Jacoby W.S., p. 7; Jacoby, Tr. 2943-44, 2895-96).

275. According to Dr. Jacoby, this limitation of the universe in Dr. Sorensen's survey is fatal, as the survey fails to provide for the fact that the consumer, although not a user, may be the buyer of a product. As one result, purchasers of gifts for holidays such as Father's Day and Christmas and birthdays were improperly excluded from the study. (RXF-3558, Jacoby W.S., pp. 7-8).

276. According to Dr. Jacoby, since a very substantial portion of the buying public of power tools at issue in this investigation consist of

individuals who do not intend to use the tools themselves, the universe would have been more fairly and appropriately defined if limitations on buyers and users had not been imposed. In this regard, according to Dr. Jacoby, the "three month catch-all" does not act to recapture that portion of purchasers excluded. The three month period excluded the substantial portion of the buying public who, although not users of the tools at issue, made purchases of such tools. This was especially troublesome in this case because this limitation excluded the two most significant showing periods, Christmas and Father's Day. (RXF-3558, Jacoby W.S., p. 8).

277. Also Dr. Sorensen's universe did not include someone who had made the decision to purchase a tool, but who had not yet made an effort to do so. (Sorensen, Tr. 2044-2045, 2316, Jacoby, Tr. 2835-2836).

278. Moreover, according to Dr. Jacoby, the computer tabular analysis surveys reports are aggregated to include total survey respondents as opposed to "shoppers" - the closest thing Dr. Sorensen uses to the relevant universe of potential purchasers or decision makers. Nowhere in any of the data are these relevant individuals broken out from the aggregate. (Jacoby, Tr. 2871-73).

279. Sorensen admitted that the survey universe did not include "those who may have been anticipating, for some reason, the replacement of a tool, but who had not yet done any shopping whatsoever, . . ." (Sorensen, Tr. 2316).

280. Dr. Sorensen testified in Hard-Sided Molded Luggage, 337-TA-282 (1987), that the universe in question should have included those persons who anticipate shopping for hard surface luggage during any future period of time, Id. at 327. (Sorensen, Tr. 2206-2207).

281. The universe utilized by Dr. Sorensen is unfairly weighted in favor of professional users. This is due in part to the fact that more professionals are likely to have purchased and used power tools in the past twelve months and/or shopped for power tools in the past three months. (SXR-5 at 97; Unopposed SPF G 15). In this regard, 40% of the total number of individuals surveyed utilized power tools in their occupation. (C)

(C)

(C)

(C)

(C) Of the Makita identifications reported in the survey, 58.9% are identifications from the inflated set of professional users. (RXF-3558, Jacoby W.S., p. 10; Bunge, Tr. 2785-86; RXJ-89(c); SXR-5 at 91-94; CXA 89(e) at 32).

282. One of complainants' own exhibits in this investigation reveals that (C) (C) (CXA 734, at M164263).

283. Dr. Jacoby testified persuasively that the professional/do-it-yourselfer breakdown and underrepresentation of do-it-yourselfers is particularly important because Makita's own advertising agency, DMB&B, stated that (C) (C) (C) (RXF-3558, Jacoby W.S., p. 10).

284. Quota sampling requirements of Study S were set by Dr. Sorensen as follows:

- a. Ninety percent of the sample was to be male, ten percent female.

b. Twenty-five percent of the sample was to be between 18-30 years of age, 25% between 31 and 40, 25% between 41 and 50, and 25% between 51 and 60.

(Sorensen, CXA 10, p. 10; Sorensen, Tr. 2047-48, 3601-02; CPF SM 59c).

285. The universe and relevant population of the Sorensen final surveys were chosen without sufficient access to relevant marketing data. Sorensen testified that the 90/10 gender quota was based upon what complainants' counsel told his organization. This information was allegedly based upon the opinion of complainants' marketing personnel. (CXA 10, Sorensen W.S., at 9). No credible evidence was adduced to support the 90/10 gender dichotomy.

286. In fact, Dr. Sorensen's witness statement states: "I asked for marketing information but received only minimal information from Makita's counsel about the electric power tool industry, the demographics of electric power tool purchasers and users, and sales penetration patterns of the parties in dispute." (CXA-10 p. 2-3; Sorensen, Tr. 2229). Dr. Sorensen stated at the hearing that "it [is] better when you do a survey to have marketing data which sets forth the parameters of the industry and how various individuals purchase." (Sorensen, Tr. 2160, 2229). This is consistent with Sorensen's own teachings. For instance, in one of his publications Sorensen has written:

Utilizing a researcher who is not familiar with the marketing and economic facts involved in the case also increases the probability of his survey failing in relevance, thus denying the applicability of his results to the issue and ignoring potentially biasing circumstances to the detriment of the survey's validity. Such bias of issue may be detrimental either for or against his client.

(Sorensen, Tr. 2175, 2041-42).

287. Relevant marketing data on gender, geographic sales distribution patterns, Makita advertising, age, and types of purchasers and users (e.g., professionals, do-it-yourselfers), were available in-house at Makita and in the public domain, but this data was not provided to Sorensen. (Sorensen Tr. 2161-2170, 3614, 3639-3644, 2231-2232; CXA 10, Sorensen W.S., at 9). This data shows significantly different quota figures for gender, age, demographics, et cetera than was chosen by Sorensen for his universe. Id.

288. In utilizing the 9 to 1 gender ratio, Dr. Sorensen failed to take into account (C)

(C)

(C) (RXF-3558, Jacoby W.S., pp. 12-13).

This was material that had been utilized by complainants' advertising agency in framing an advertising program for Makita. (RXP 463).

289. Complainants' own witness, Mr. McHale, a former institutional buyer of power tools, testified that in general, power tools are often sold to both women and men. (McHale, Tr. 1274).

290. According to Dr. Jacoby, Media Mark Research, Inc. ("MRI") is an organization which prepares, inter alia, demographics for power tools, and has no axe to grind. It sells reports to various industries. It is one of two magazine demographic research organizations which are the standards of the field. (Jacoby, Tr. 2904-2905). According to Dr. Jacoby, MRI conducts surveys to find out what products are used and bases its figures on large scale samples. MRI uses approximately seventy or eighty million American respondents for its surveys. (Jacoby, Tr. 2905).

291. In Dr. Sorenson's Study S, a total of 2,798 interviews were completed in all 5 metropolitan areas. This was an average of 560 in each metropolitan area. (CPX 89(e), p. 11; CPF SM 73). Mr. Bunge testified that Dr. Sorensen's sample size was adequate for the Study S, as well as for Study C discussed below. (Bunge, Tr. 2672).

292. Respondents also allege that the survey was improperly weighted in favor of a younger audience allegedly targeted by Makita. Although the age quotas may not have been truly representative of the relevant universe, Dr. Sorensen's age quota was engaged to eliminate interviewer selection-bias, rather than to reflect actual demographic statistics, and a slightly younger-aged sample, as a function of correct Makita identifications, does not clearly favor Makita. In the preliminary study, older people had the highest and second highest incidence of Makita identifications; in the final study the results were somewhat different in this respect. (Sorensen, Tr. at 2047-2048, 3595, 3600-02; Bunge, Tr. 2618).

293. Study S was a "random intercept survey." (CXA 10, Sorensen W.S., at 13). Survey respondents were intercepted in an area with no stimuli concerning electric power tools, and asked screener questions to see if they fit in the universe. Mr. Bunge found Dr. Sorensen's selection of the intercept technique to be acceptable. (CPX 89(e), pp. 13-14 and Ex. A, p. 3; Sorensen, Tr. 2078; Bunge, Tr. 2682).

294. Qualifying respondents were taken to a closed-off interviewing location. (CPX 89(e), p. 17; Sorensen, Tr. 2081). The interviews were conducted in cubicles or small rooms within each of the interviewing facilities, still with no stimuli. Each cubicle or room contained a numbered masked MAKITA tool covered with a plain unmarked box or opaque

cloth, and a supply of questionnaires. No other stimuli relating to electric power tools were present. (CPX 89(e), p. 17 and Ex. A, p.3; CPF SM 65).

295. The interviewer asked the respondent to look at the item as if seen in an advertisement or featured in a store. The interviewer then uncovered and handed the masked tool to the respondent and counted from one thousand and one through one thousand and four to give the respondent the opportunity to examine the tool. (Large, heavy items were not handed to the respondents but placed in front of them). The interviewer then took the tool back from the respondent, placed it on the table with the masked area facing the respondent and the questioning began. (CXA 10, Sorensen W.S., 17-18; CPX 89(e), pp. 16-17).

296. Respondents' experts testified that the interview instructions to view the tool as if the survey respondent had seen it "in an advertisement or featured in a store" places undue emphasis on those tools which are heavily advertised. They also testified that the survey respondent was not allowed a reasonable time to view the tools, thereby resulting in forced guessing. The alleged effect of these criticisms was not quantified and I have discounted such testimony as being of little substance. (Bunge, Tr. 2624, 2630-33, 2650, 2652; Jacoby, Tr. 2868).

297. Survey respondents were asked "What company or companies do you believe make this particular item?" (Question 1). They were then asked "What causes you to say that" and "Anything else?" (Questions 2a and 2b). (CPX 89(e), Ex. C).

298. If survey respondents identified a source in answer to question 1, they were then asked "What is the brand name or brand names of this

particular item?" (Question 4a). They were then asked again "What causes you to say that?" and "Anything else?" (Questions 4b and 4c). They were then asked, "Do you believe that anything about the appearance of this item influenced your identification?" (Question 5a) and "Please explain what it is about the appearance of this item that causes you to say that." (Question 5b) and "Anything else?" (Question 5c). (CPX 89(e), Ex. C).

299. According to Dr. Jacoby, question number 1 in the survey of studies C and S is ambiguous. The phrase "particular item" could refer to either the category of product or the particular make or brand of the product. (Jacoby, Tr. 2860).

300. Question 5A is a leading question in two respects. First, persons who respond to surveys tend to be cooperative people. They are more inclined to say yes than no. Thus, a question phrased as is question 5A is more likely to solicit an affirmative answer than a negative. A proper phraseology could have easily been included to include the affirmative, the negative and the neutral (I don't know). This question is also leading in that it asks only about appearance. It therefore directs respondents in a certain way. (Jacoby, Tr. 2861-62).

301. Dr. Sorenson at least implicitly admitted that Question 5 could be criticized as leading. He noted that he did not use the answers to this question in reaching his conclusions. (Sorensen, Tr. 2087, 2095).

302. One of the questions from the pilot survey, "do you believe that you have or have not seen this particular item before," was not included in the final survey. (Sorensen, Tr. 2293-94). Respondents' experts testified that this would have been useful information because it is extremely difficult if not impossible to establish secondary meaning if something has

not been seen before. (Bunge, Tr. 2659; Jacoby, Tr. 2860; Unopposed SPF G 25). Importantly, 63.8% of the survey respondents in the pilot study reported that they had not previously seen the item they were questioned about. (RXC-2026(c), Bunge W.S., pp. 8-9).

303. The completed questionnaires were independently validated to ensure that the interviews had actually been conducted. (Sorensen, CXA 10, p. 14; Sorensen, Tr. 2059-61; CPX 89(e), Ex. E). According to Dr. Jacoby, Dr. Sorensen's validation does not comport with generally accepted guidelines as provided by the major survey research organizations, the American Association of Public Research, the Advertising Research Foundation and the Council of Applied Survey Research Organizations ("CASRO"). According to CASRO standards, a 50% validation is required. Dr. Sorensen utilized, at most, a 30% validation. This is below the recommended minimum. (Jacoby, Tr. 2869-2870). However, no specific validation problems were found. (CPX 89(e), Ex. E).

304. The responses were coded and converted to tables of computer printouts. (CXA 10, p. 15; Sorensen, Tr. 2062-64). Dr. Sorensen did not code the responses himself, but he did provide lengthy instructions and discussed coding with the coder. He did not supply the coder with any instructions specifically related to the trademark significant responses. (Sorensen, Tr. 2461-63).

305. A number of errors in coding and in keypunching the codes raise a spectre of concern in the reported survey results. Questionnaire 1126, for example, was improperly coded as a tool #14 even though it was a tool #4. Questionnaire 1435 was properly designated as a tool #11 by the coder but keypunched onto the computer tape as a tool #1. The respondents and staff

have not raised this issue or explored its significance so I have not taken it into account. (Judge's Ex. 1, and Judge's Ex. 2).^{7/8/}

306. After coding, Dr. Sorensen segregated and analyzed reasons respondents gave which Dr. Sorensen considered to be "trademark-significant." These included: color, it's blue, cordless/rechargeable, design/style/the way it looks, handle/grip, casing/housing, specific tool feature, shape of battery pack/batteries, shape of handle/grip, shape of casing/body/bottom, shape of guard, shape of motor/motor housing, general overall shape, texture of handle, texture of body/housing, general overall texture, size of battery pack, size of handle/grip, size of motor/motor housing, size of switch/button, location of brush handles, location of housing or motor screws, location of switch/button/controls, location of cord/battery pack, location of handle, location of key/latch/chuck and general location. (Sorensen, CXA p. 19; CPX 89(f), table 16).

307. Respondents have argued that the tabulation of trademark-related reasons contains ambiguous categories. As an example, respondents state that "the survey data for the trademark-related categories 'color' and 'blue' must be viewed with the knowledge that complainants' tools are adorned with more than one color, and that the blue referred to may be many different shades of blue." (Respondents' brief at 47-48). Having seen the

^{7/} Judge's Ex. 1 is the computer tape containing the coded survey data used by Dr. Sorensen to generate the tables for Studies S, C, and R. Judge's Ex. 2 is a set of legible copies of the questionnaires for the surveys. (See, Oral Argument Tr., at 3840-41; CRB at 11).

^{8/} These examples are not to be considered an exhausted list of the coding errors that were found .

tools and reviewed the questionnaires, I find this particular contention to be meritless.

308. Each so-called trademark-significant response was given equal weight in Dr. Sorensen's calculations; so that a response that a survey respondent identified a product based on "location of the switch" was given the same weight as the response "Overall shape". (Sorensen, Dep. Tr., at 109; Unopposed SPF G 27).

309. In drawing conclusions from "trademark significant" reasons given, Dr. Sorensen gave preponderant weight to the responses to questions 1/2a/2b and 4a/4b/4c, not 5a/b/c. (Sorensen, Tr. 2087, 2095). Calculations involving trademark-significant reasons did not include 5a/b/c. Dr. Sorensen did not rely on 5a/b/c in his testimony regarding individual tools. (CPX 89(f), tables 5-16; Unopposed CPF SM 82).

310. Some responses of "good tool" or "good quality tool" for Makita identification were erroneously coded under "Design/Style/the way it looks" and counted under trademark-significant reasons. However, only ten survey questionnaires were affected by this specific error. (Sorensen, Tr. 2465).

311. All three experts appearing at the hearing testified that secondary meaning can only exist when individuals ascribe a particular mark to a single source. (Sorensen, Tr. 2084, 2309; Bunge, Tr. 2639; Jacoby, Tr. 2874).

312. Complainants report the following percentages of survey respondents that made a sole source identification of Makita for the following tools:

| | |
|--|-------|
| Tool S-1 Makita Model #5007NB - 7 1/4" | |
| Circular Saw | 30.8% |

| | |
|--|-------|
| Tool S-2 (Makita Model #9035D - Cordless Sander | 19.1% |
| Tool S-3 (Makita Model #B04550 - Finishing Sander) | 26.0% |
| Tool S-4 (MAKITA Model #6012HD - Long Handle Cordless Drill) | 36.6% |
| Tool S-5 (MAKITA Model #6010SDW - Short Handle 3/8" Cordless Drill) | 27.9% |
| Tool S-6 (MAKITA Model #9500D - Cordless Grinder) | 20.1% |
| Tool S-7 (MAKITA Model #9501BZ - 4" Sander Grinder) | 22.3% |
| Tool S-8 (MAKITA Model #6410LVR - 3/8" VSR Drill) | 22.5% |
| Tool S-9 (MAKITA Model #3601B - Router) | 20.4% |
| Tool S-10 (MAKITA Model #2401B - 10" Miter Saw) | 16.1% |
| Tool S-11 (MAKITA Model #2414 - 14" Cut-Off Saw) | 1.5% |
| Tool S-12 (MAKITA Model #4307D - Cordless jigsaw | 24.5% |
| Tool S-13 (MAKITA Model #7000/6320002-4 - Battery Cartridge) | 11.0% |
| Tool S-14 (MAKITA Model #DC7100/11306-6 - Battery Charger) | 21.1% |

(CXA 89(f), table 10 for each tool).

313. The results in FF 312 are applicable to survey respondents that identified only Makita in response to survey question 1, and either identified Makita or answered "Don't know" to a follow up question as to brand or brand names of the product. (CXA 10, Sorensen W.S.).

314. Dr. Sorensen's data reveals that Black & Decker was listed as the source of the Makita tools (in answer to survey question 1) by 30.8% of the survey respondents for all the tools. Sears/Craftsmen was listed by 15.9% of the survey respondents. By tool, the following table reveals the percentage of survey respondents that named Black & Decker in answer to survey question number 1 ("What company or companies do you believe make this particular item?):

| | |
|--|-------|
| Tool S-1 Makita Model #5007NB - 7 1/4" Circular Saw | 28.4% |
| Tool S-2 (Makita Model #9035D - Cordless Sander | 25.6% |
| Tool S-3 (Makita Model #B04550 - Finishing Sander) | 32.5% |
| Tool S-4 (MAKITA Model #6012HD - Long Handle Cordless Drill) | 24.8% |
| Tool S-5 (MAKITA Model #6010SDW - Short Handle 3/8" Cordless Drill) | 28.5% |
| Tool S-6 (MAKITA Model #9500D - Cordless Grinder) | 36.2% |
| Tool S-7 (MAKITA Model #9501BZ - 4" Sander Grinder) | 32.2% |
| Tool S-8 (MAKITA Model #6410LVR - 3/8" VSR Drill) | 28.0% |
| Tool S-9 (MAKITA Model #3601B - Router) | 34.3% |
| Tool S-10 (MAKITA Model #2401B - 10" Miter Saw) | 31.7% |
| Tool S-11 (MAKITA Model #2414 - 14" Cut-Off Saw) | 60.3% |
| Tool S-12 (MAKITA Model #4307D - Cordless jigsaw | 27.6% |
| Tool S-13 (MAKITA Model #7000/6320002-4 - Battery Cartridge) | 23.5% |

(CXA 89(f), Table 1 for each tool).^{9/}

315. Black & Decker has the leading share in the electric power tool market, and complainants have acknowledged that Black & Decker is a well known name in the home-improvement category. (CXA 429; Unopposed CPF SM 32; RXJ 129 at 1). ()

(C)
(Unopposed RPF 4758).

316. Dr. Sorensen did not provide a separate table comparing single source identifications to trademark-significant responses. (Sorensen, Tr. 2339).

317. As noted above in FF 281, professional users had a higher rate of Makita identification than do-it-yourselfers. I have also noted that professional users were overrepresented in the universe. (FF 281). Dr. Sorensen testified, however, that the results could be weighted to properly represent professionals in the universe. Based on the documents in evidence as discussed above, the survey results have been weighted to account for a universe of (C)

A weighted combined Table 10 of the complainants' survey materials reveals the following percentage of Makita sole source identifications:

^{9/} The percentages of Black & Decker identifications in FF 314 exceed the percentages of Makita identifications in most categories of tools as reported in FF 312. However, FF 312 represents sole source identifications of Makita as reported in combined table 10. FF 314 represents an identification of Black & Decker in answer to Question 1, regardless of whether the identification was the sole source or one of two or more in a list of sources identified.

The 7 1/4" Circular Saw (Makita Model 5007NB) (C)

The Cordless Sander (Makita Model 9035D) (C)

The Finishing Sander (Makita Model BO4550) (C)

The Long Handle Cordless Drill (Makita Model 6012HD)..... (C)

The Short Handle 3/8" Cordless Drill (Makita Model 6010SD)... (C)

The Cordless Grinder (Makita Model 9500D) (C)

The 4" Sander Grinder (Makita Model 9501BZ) (C)

The 3/8" VSR Drill (Makita Model 6410LVR) (C)

The Router (Makita Model 3601B) (C)

The 10" Miter Saw (Makita Model 2401B) (C)

The 14" Cut-Off Saw (Makita Model 2414) (C)

The Cordless Jigsaw (Makita Model 4307D) (C)

The Battery Cartridges (Makita Model 7000/6320002-4) (C)

The Battery Charger (Makita Model DC7100/11306-6) (C)

(Judge's Ex. 1).

318. As also noted above in FF 260, 288, the gender breakdown of Dr. Sorensen's survey was structured so as to underrepresent females in the sample. Thus, the sample does not adequately represent the relevant consumer group. (Jacoby, Tr. p. 2839). However, all three of the experts testified that if the relevant population of women was underrepresented in the survey universe, the results could be weighted to account for the underrepresentation. (Sorensen, Tr. 2455; Bunge, Tr. 2706, Jacoby, Tr. 2914). A weighting of the results (combined table 10) to account for a (C) ratio of men to women in the actual universe -- a conservative estimate based upon the documents in the possession of the complainants

prior to the conduct of the survey -- reveals the following results for sole source identification of Makita.

- The 7 1/4" Circular Saw (Makita Model 5007NB) (C)
- The Cordless Sander (Makita Model 9035D) (C)
- The Finishing Sander (Makita Model BO4550) (C)
- The Long Handle Cordless Drill (Makita Model 6012HD)..... (C)
- The Short Handle 3/8" Cordless Drill (Makita Model 6010SD)... (C)
- The Cordless Grinder (Makita Model 9500D) (C)
- The 4" Sander Grinder (Makita Model 9501BZ) (C)
- The 3/8" VSR Drill (Makita Model 6410LVR) (C)
- The Router (Makita Model 3601B) (C)
- The 10" Miter Saw (Makita Model 2401B) (C)
- The 14" Cut-Off Saw (Makita Model 2414) (C)
- The Cordless Jigsaw (Makita Model 4307D) (C)
- The Battery Cartridges (Makita Model 7000/6320002-4) (C)
- The Battery Charger (Makita Model DC7100/11306-6) (C)

(Judge's Ex. 1).

319. The evidence does not suggest a cross-tabulation of a weighted universe based upon the actual gender dichotomy and the professional/do-it-yourselfer dichotomy. I have therefore not endeavored to make this cross-tabulation.

320. Of the persons that made a Makita sole source identification, 36% of them volunteered that they were familiar with the tool by virtue of owning one, etc. (Judge's Ex. 1). Dr. Sorensen's coding of "familiarity", however, is not limited to ownership. (CXA 89(e), Ex. F at 2).

321. One can evaluate the alleged color trademark by examining the responses "color" and "it's blue". Dr. Sorensen concluded that color had a high degree of secondary meaning with respect to Makita. (Sorensen, CXA 10, Sorensen W.S., p. 35; Sorensen, Tr. 3662-63).

322. Of the persons that identified Makita as the sole source of the tools that have a blue housing, 24.1% of the 24.01% sole-source Makita identifiers answered only "color" or "it's blue" in response to an inquiry as to why they believed Makita was the company that makes the particular product. (Judge's Ex. 1). This percentage (5.8%) recognition is clearly not sufficient, in and of itself, to support a finding of secondary meaning in Makita blue.

323. Dr. Sorensen testified that the overall shape, appearance and design of each individual Makita electric power tool carry a significant degree of secondary meaning, except for the Makita 14" cutoff saw which had no Makita blue on its exterior housing. (CXA 10; Sorensen W.S., p. 37).

324. In Dr. Sorensen's opinion, any and all Makita electric power tools that are the subject of the instant proceeding and which bear identical or similar shape, appearance, design factors and/or color will generate secondary meaning results similar to those obtained in this survey. Dr. Sorensen concluded that all of the Makita products specified in the Complaint bear the identical or similar shape, appearance, design factors and/or color as do the tools that were shown in Survey S. (CXA 10, Sorensen W.S., p. 38).

325. The reported results of complainants' survey are inflated due to geographic distribution, overrepresentation of professional users,

underrepresentation of females, and underrepresentation of prospective purchasers. (FF 260-325).

326. Respondents' experts testified that even assuming the surveys are not fatally flawed, the numbers in Study S are not sufficient to establish secondary meaning. (Bunge, Tr. 2681; Jacoby, Tr. 2892-93).

XII. CONFUSION

A. Study C

327. In addition to Study S, Dr. Sorensen conducted a study entitled "Consumer Perception of Source of Fourteen Various Imported Electric Power Tools" ("Study C") to ascertain whether or not the appearance of fourteen fully-labelled electric power tools or accessories of the Respondents, each from the same product category represented by a MAKITA electric power tool or accessory used in Study S, caused consumers to confuse their source with one or more other sources and, if so, with what source, to what extent, and for what reasons. (CXA 10, Sorensen W.S., p. 7).

328. The imported tools and accessory items which Dr. Sorensen selected for Study C were:

- TOOL #C-1 - Jepson (Model #8218) 7-1/4" Circular saw
- TOOL #C-2 - Atlas (Model #RSN-18) Cordless sander
- TOOL #C-3 - Jepson (Model #6425) Finishing sander
- TOOL #C-4 - Jepson (Model #2416K) Long handle cordless drill kit
- TOOL #C-5 - Mark I (Model #JD327) Short handle 3/8" Cordless drill
- TOOL #C-6 - Trade Associates (Model #JC332) Cordless grinder
- TOOL #C-7 - Jepson (Model #4204N) 4" Sander grinder
- TOOL #C-8 - Jepson (Model #1210) 3/8" VSR drill

TOOL #C-9 - Jepson (Model #7112) Router

TOOL #C-10 - Jepson (Model #9210S) 10" Miter saw

TOOL #C-11 - Jepson (Model #9114) 14" Cut-off saw

TOOL #C-12 - Trade Associates (Model #JJ329) Cordless
jigsaw

TOOL #C-13 - Trade Associates (Model #JB-6) Battery
Cartridge

TOOL #C-14 - Mark I (Pay N' Pak) Charger (7.2V)

(Sorensen, CXA 10, pp. 7-8; CPX 89(g), pp. 15-16).

329. The locations for the interviews for Study C were identical to those for Study S. (CXA 10, Sorensen W.S., pp. 8-9). The universe of consumers for Study C was defined in a manner identical to that of Study S. (CXA 10, Sorensen W.S., p. 9). The quota sampling requirements for Study C were identical to Study S. (CXA 10, Sorensen W.S., pp. 9-10). Like Study S, Study C was a "random intercept survey." (CXA 10, Sorensen W.S., p. 13). The method in which interviews were conducted was identical to the methods used in Study S, except that all labels and identifying marks usually carried on the tool or accessory were present in the item displayed to survey respondents. (CXA 10, Sorensen W.S., pp. 13-18). As in Study S, responses to questionnaires were coded and converted to tables of computer printouts. (CXA 10, Sorensen W.S., p. 15).

330. A total of 2,795 interviews were completed in Study C in all five metropolitan areas. (CXA 10, Sorensen W.S., p. 7).

331. As in Study S, Dr. Sorensen segregated and analyzed reasons he considered to be "trademark-significant". (CXA 10, Sorensen W.S., p. 25).

332. As in Study S, respondents were handed the item and asked to look at it as though they were seeing it in an advertisement or a store, and

after the interviewer counted from one thousand and one to one thousand and four, were asked "What company or companies do you believe make this particular item?" (Question 1). They were then asked "What causes you to say that?" (Question 2a) and "Anything else?" (Question 2b). They were then asked, "Do you believe this particular item is put out by one company or more than one company?" (Question 3) and "Do you believe the company(ies) that put(s) out this item does (do) or does not (do not) put out any other brand name of power tools?" (Question 4a), and if so, "What other brand name or brand names of power tools do you believe this company (these companies) put(s) out?" (Question 4b). They were then asked "What causes you to say that?" (Question 4c) and "Anything else?" (Question 4d). (CPX 89, Ex. C).

333. Complainants report the following incidences of identification of Makita as the source for the following Respondent tools:

| | |
|---|-------|
| Tool C-1 (Jepson Model 8218 - 7 1/4" Saw | 13.1% |
| Tool C-2 (Atlas Model # RSN-18 Sander | 16.6% |
| Tool C-3 (Jepson Model #6245-Finishing Sander | 10.9% |
| Tool C-4 (Jepson Model #2416 - Long Handle Cordless Drill Kit) | 7.0% |
| Tool C-5 (Mark I Model #JD327 - Short Handle 3/8" Cordless Drill | 8.1% |
| Tool C-6 (Trade Associates Model #JG332 - Cordless Grinder) | 9.0% |
| Tool C-7 (Jepson Model #4204N - Sander Grinder | 10.3% |
| Tool C-8 (Jepson Model #1210 - 3/8" VSR Drill) | 9.5% |
| Tool C-9 (Jepson Model #7112 - Router | 6.0% |
| Tool C-10 (Jepson Model #9210S - 10" Miter Saw) | 9.5% |

| | |
|---|------|
| Tool C-11 (Jepson Model #9114 - 14" Cut-Off Saw)..... | 1.5% |
| Tool C-12 (Trade Associates (Model #JJ329 - Cordless Jigsaw) | 4.6% |
| Tool C-13 (Trade Associates - Battery Cartridge Model #JB6) | 5.6% |
| Tool C-14 (Mark I (Pay N' Pak) Charger (7.2V) | 3.5% |

(CXP 89a, Table 10 for each tool).

334. In response to question 1 in study C for all tools, 814 respondents (29.1%) gave a Black & Decker company source identification, compared to 493 respondents (17.6%) who gave a Makita company source identification. (CXP-89a at 1).

335. In response to question 4B in study C for all tools, 162 respondents (5.8%) gave a Black & Decker brand source identification while 80 respondents (2.9%) gave a Makita brand source identification. (CXP-89a at 23).

336. A higher identification rate for Black & Decker would indicate that respondents on the whole are guessing, and there is no clear-cut sole source identification. (Jacoby, Tr. 2880-81).

337. There are numerous instances in which another tool manufacturer was identified more often than Makita in the confusion survey. This suggests to Dr. Jacoby that survey respondents were simply guessing and allocating names that they are aware of. This does not necessarily represent a clear-cut sole-source identification. Survey respondents are not actually indicating confusion. (Jacoby, Tr. 2880-81).

338. According to Dr. Jacoby, one useful method of determining confusion level which was not utilized by Dr. Sorensen is to include controls in the survey and to the extent people mention other

manufacturers' names utilize that as a basic "noise level" with which to adjust the data. When utilizing this method with Dr. Sorensen's data, Makita fails with Dr. Sorensen's survey to illustrate any purported confusion. (Jacoby, Tr. 2881).

339. 8.2% of the total survey respondents in study C made exclusively a Makita brand source identification. (Sorensen, Tr. 2228; Jacoby, Tr. 2875-76; CPX-89 at 27).

340. According to Dr. Jacoby, the confusion levels utilized by Dr. Sorensen, even those used when using a sole source identifier, are inflated. Reference to reasons for confusion indicate numerous reasons which are not trademark significant. (Jacoby, Tr. 2877-78).

341. According to Dr. Jacoby, even assuming Dr. Sorensen's Study C was not flawed, the data does not indicate any actionable level of confusion with respect to Respondents' products and Makita products. (Jacoby, Tr. 2893).

342. The numbers in the results of Study C are not sufficient to establish likelihood of confusion between the accused products and the Makita products. (Bunge, Tr. 2682; Jacoby, Tr. 2893).

343. Dr. Sorensen did not examine at least fifteen of the tools at issue. Of the tools Dr. Sorensen did examine, less than half were physical exemplars. (Sorensen, Tr. 2484-85, 2493-94; SPX-8 at 19).

B. Study R

344. Dr. Sorensen also conducted a survey to measure likelihood of confusion among retail personnel (hereinafter referred to as "Study R"). (CPX-89c).

345. Study R was conducted using the following products:

Jepson Finishing Sander
Mark I Short Handle Cordless Drill
Mark I Charger

(CPX 89c).

346. Study R is based upon a total of 75 interviews conducted in retail establishments in 5 different cities across the United States. (CPX-89c at 9).

347. The questionnaires and methodology used for this surveys were similar to those used for the secondary meaning survey. (CPX-89, Ex. C; CPX-89e, Ex. C).

348. In Study R, Dr. Sorensen sought to avoid stores that did not sell Makita products. (Sorensen, Tr. 2301). Dr. Sorensen's underlying assumption was that people who sell Makita products are less likely to be confused. (Sorensen, Tr. 2438). However, Dr. Sorensen admitted that he does not know whether people employed by these stores are more or less likely to be confused than those people who do not sell Makita products. (Sorensen, Tr. 2443).

349. Complainants' report that Study R reveals an erroneous identification of a Respondent tool as a Makita tool at rates of 60.0% among sales clerks, 51.9% among retail establishment managers, 40.0% among retail establishment owners, and is non-existent among buyers. By tool, complainants report a net of 64.0% of total survey respondents in Study R identified the Jepson Mark I sander as a Makita, 40.0% identified the

Mark I charger as a Makita, and 60.0% identified the Mark I drill as a Makita. (CPF LC 251, 254, 257, 260).

350. One-half of the respondents in Study R coming from stores selling Trade Associates or Mark I identify the tool they view as coming from Makita. (Sorensen, Tr. 2298-99, CPX-89C at 32). That translates to 1 out of 2 people. (Sorensen, Tr. 2299). A sample of two is not a meaningful base for drawing conclusions on likelihood of confusion. (Bunge, Tr. 2685). In Study C, for tool C-13, 50% of the respondents making a "might be Makita" source identification indicated that appearance has affected their choice. (CXA-89 at 77-78). That percentage represents 2 out of four people. (Jacoby, Tr. 2883-2884). Dr. Jacoby estimated that at least 80% of the statistics used by Dr. Sorensen reflect such problems. (Jacoby, Tr. 2884).

351. No definitive conclusion can be made from Study R, with its small sampling of only 75 store personnel. (CPF LC266; CXA 10, Sorensen W.S., pp. 41-42).

C. Other Confusion Evidence

352. Complainants called three witnesses to testify as to actual confusion between respondents' tools and the Makita brand. All three incidences of "confusion" related to Jepson tools. (FF 353-57).

353. Carmen Fraser, one of the confusion witnesses, testified that she was shown a labelled Jepson power tool by a Jepson sales clerk. (Fraser, Tr. 1402). Fraser is familiar with Jepson power tools, and is familiar with Makita products because she sells Makita products. (Fraser, Tr. 1399, 1404; Unopposed RPF 4352; Unopposed RPF 4357). Fraser was told that the tool was as good as a Makita, but representations were never made to Fraser that the Jepson tool was manufactured by Makita, nor was the product ever referred to as a Makita product. (Fraser, Tr. 1402-03).

354. At all times prior to, during, and after meeting with Jepson personnel, Carmen Fraser knew that Jepson products were not manufactured by Makita. (Fraser, Tr. 1369-1411).

355. Fraser and her company, the Terry Company, never purchased any Jepson products as a result of representations made by Jepson representatives. (Fraser, Tr. 1406). Indeed, Ms. Fraser contacted Makita on more than one occasion to tell them that another company was making tools similar to Makita's. (Fraser, Tr. 1408).

356. Michael McHale, a former employee of the Anderson Lumber Company, was also called as a confusion witness by the complainants. Jepson sales representatives visited the Anderson Lumber Company, presented labelled Jepson tools to Mr. McHale, and indicated that the tools were as good as Makita's. (McHale, Tr. 1207; CXA 6 at 1). Jepson never made any representation to Mr. McHale that its tools were Makita, nor did they ever represent themselves as Makita sales representatives. (McHale, Tr. 1264). Anderson Lumber, the former employer of Michael McHale, never purchased Jepson tools during his tenure with the company. (McHale, Tr. 1270).

357. Max Daniels was also called as a confusion witness by complainants. Mr. Daniels knew the Makita representatives in his territory and knew that his representatives had the exclusive right to represent Makita. (Daniels, Tr. 1233; Unopposed RPF 4371). Mr. Daniels was never confused about the difference between a Makita power tool and a Jepson power tool. (Daniels, Tr. 1235; Unopposed RPF 4370). The company for which Mr. Daniels works has never bought Jepson tools. (Daniels, Tr. 1232).

358. Complainants allege that the return of ten respondents' tools to Makita factory service centers evidences incidences of actual confusion.

(See e.g. CXA 49, CXA 50). The evidence shows, though, that other U.S. manufacturers and distributors of power tools perform work on tools other than their own. These include Skil and Black & Decker. (Griffin, Tr. 320-21; Unopposed RPF 4060). (C)
(C) (SXT 38 at 2).

359. The respondents affix their own tradenames and marks on the accused products and identify their country of origin on their goods. (See, e.g., CPX 175, 279, 276; CPX 219, 206; RXP 281).

XIII. INFRINGEMENT

A. Alleged Common Law Trademarks

360. If complainants had a common law trademark in the design, color, design/color combination, and/or any of the individual design features set forth in Exhibit B to CXA 2, certain of the accused products imported and/or sold by some of the respondents would infringe such trademarks. (FF 361-476, below).

1. Cordless Drills with Removable Battery Pack

361. Respondents Jepson (C) -- 3/8" cordless driver drills, Model Nos. 2416 and 2410 (CPX 236 and 240) would infringe the design trademark of the Makita cordless drills and each individual design feature claimed. (Compare with CPX 180 and 228). They would not infringe the claimed color or design/color marks since they are gray in color. Respondent Jepson's drills are otherwise almost identical in shape and design to the Makita drills.

362. Respondent Tochiado -- 3/8" cordless driver drills, Model Nos. 9610, 9610V, 7210, and 7210S (CPX 279, 276, 224 and 280), would infringe the design trademark and the individual design features claimed by

complainants, except for the textured grip surface. Although respondent Tochiado has made some changes in overall design of its 9.6V drills (CPX 279 and 276), such as the grooves in the rear of the upper portion of the motors housing, and the triangular insert under the front of the motor housing, these drills are still quite similar in appearance to the Makita drills. (CPX 180 and 217). The 7.2V drills are even closer copies. The Tochiado drills, except for CPX 276, also would infringe Makita's color mark and design/color combination mark, as they are very close in color to Makita blue. (CPX 279, 224, 280). CPX 276 is a much darker blue, almost purple, and would not infringe any existing color mark, or design/color combination.

363. Respondent Ta Shin -- Respondent Ta Shin's cordless drills with battery pack (see, CPX 220) are of a distinctly different design and color from complainants' drills and would not infringe any marks of complainants. (Compare with CPX 224 and 228).

364. Respondent Atlas' Workshop Model No. 07300, manufactured by (C) would infringe the design trademark of complainants and each individual design feature claimed. Although this model has a built in belt clip on the top rear of the motor housing, it still copies all of the more prominent features of the Makita drill. (See, CPX 228). It would also infringe the color and design/color combination marks claimed by complainants, as its color is very close to that of the Makita drill. (Compare, CPX 222 and 228).^{10/}

^{10/} This model was also imported and sold by (C) (CPX 88, Complaint Ex. 30, p. 2).

365. Respondent Jenn Feng's Johnswell cordless drill, Model No. 6035 and 6235, appear to be identical in design and in each of the claimed individual design features to the Makita cordless drill. (Compare CPX 88, Ex. 27, p. 3 to the complaint and CPX 202, M137744, pp. 5 and 6 -- Jenn Feng catalogue pages -- with CPX 228). The Johnswell drill is a distinctively different color from the Makita drill, however, and would thus not infringe on the color mark, or design/color mark claimed by Makita. (See, CPX 202, M 137744, at 5 and 6).

366. Respondent Famous Overseas Corporation of Taiwan is alleged to have exported a 3/8" cordless drill to the United States which allegedly copied Makita's 3/8" cordless drills in design and/or color. (See CPX 88, Ex. 3 to Supplement to the Complaint, Affidavit of Patrick J. Griffin). Respondent Famous Overseas has been found in default. (See Order No. 70). However, the affidavit of Mr. Griffin is insufficient, even as secondary evidence, to find this company's products to be infringing.

367. Respondents (C) 3/8" cordless drill, Model No. RDD-10, is quite similar to the Makita cordless drills and appears to have been copied therefrom. (Compare photographs in CPX 88, Exs. 30 and 31 to the Complaint and CPX 202, p. 137341, with CPX 228). The only difference is the built-in belt clip on the top of respondents' drill. Otherwise it appears to be a close copy of the Makita drill in overall design, the individual design features claimed by Makita, and in color. Respondents Honworld and Union Tech are both in default. (Order No. 70).

2. Cordless Drills with Non-Removable Battery Packs

368. Respondent Trade Associates' Mark I 3/8" cordless drill Model No. JD 327 (also sold by Trade Associates' (C))

would infringe the claimed design trademark of Makita and each of the individual design features claimed, except for the overload protector button and recess. (Compare CPX 225 with CPX 227 and RXP 327(a)). The Mark I drill is an almost identical copy to the Makita cordless drills. (CPX 229, CPX 227, RXP 327(a) and 344). However, the color of the Mark I is a distinctively different shade of blue.

369. The Puma 3/8" cordless drill, Model No. PA 8010 is identical to the Mark I Model JD 327 above, and thus would infringe the alleged design trademark and individual design features claimed by Makita, in the same manner. (Compare CPX 206 with CPX 225 and RXP 327(a)).

370. Respondent Poromes' 3/8" cordless drill, Model No. FK 706 (CPX 174) is identical to the Makita drill in design and individual design features. It would, therefore, infringe these claimed marks. (See, RXP 327(a)). Since it is green, instead of blue, it could not be considered as infringing any mark Makita would have in its blue color, or in any design/color combination mark. CPX 174).

371. Respondent Jenn Feng's Johnswell 3/8" cordless drill (CPX 223) is a close copy of the Makita drill in overall design. It would infringe the claimed design mark. (Compare CPX 223 with CPX 227, 229 and RXP 327(a)). However, it does not contain a number of the specific design features claimed by Makita, as it has a different design for the textured grip, there is no lower protrusion in the gear case, there is no overload protector button (although the recess is provided) and the nameplate size is different. It is also a distinctively different color. (CPX 223).

372. Respondent Ta Shin's 3/8" cordless drill, Model. No. DR-1 (CPX 219) has an entirely different design than the Makita drills and would not

infringe any of Makita's claimed marks. (Compare CPX 219 with CPX 227, 229 and RXP 327(a)).

373. Respondent Tochiado's 3/8" cordless drill, Model No. 7210A (CPX 274) bears some similarity to the Makita cordless drill, although it has made several changes in design features, especially the addition of a built-in belt clip. The overall design is so similar, however, as well as the color, so that my comparison of the physical models leads me to find that the Tochiado model has been copied from the Makita model and thus infringes the claimed Makita design mark and design/color combination mark. (Compare CPX 274 with CPX 227 and RXP 327(a)).

374. Respondent Homegene's 3/8" cordless drill, Model No. 8702, appears to be the same in overall design to the Makita drills. (Compare catalogue photo in CPX 88, Pub. Ex. 29 to the Complaint with RXP 327(a) and CPX 227). Since this photo is in black and white and rather indistinct, it cannot be determined whether the Homegene drill would infringe Makita's claimed color mark, or the individual design features claimed for this product. I do find however that it would infringe the claimed design mark.

375. Respondent Kuen Master's 3/8" cordless drill, Model Nos. KD 301 and KD 360, bear little similarity to the Makita drills in overall appearance. (Compare photographs in CPX 88, Pub. Ex. 28 to the Complaint and in CPX 202 pp. 137355 and 137356 to RXP 327(a) and CPX 227). The position and angle of the handle, the texture of the handle and the shape of the motor housing are somewhat different in the Kuen Master Drill. The color of respondent's drill is black. I find that the Kuen Master drill would not infringe any of the claimed marks.

376. There is also evidence that the Mechanics Products' 3/8" cordless drill (no model number) infringes the claimed design and design features marks. A catalogue photograph (CPX 88, Pub. Ex. 41 to the Complaint and CPX 202, p. 137034) shows a drill with the Mechanics label which appears to be identical in all respects to the Makita drill, except for the color. The color of the Mechanics drill is purple and would not infringe the claimed color mark. (CPX 202, p. 137034). This drill is sold in the United States by (C) (Unopposed CPF 29(a)).

3. 3/8" Corded Drills

377. Respondents Jepson (C) 3/8" VSR drills, Model Nos. 1210 and 2200 are almost identical in overall design and color to the Makita drill, with the exception that the front portion of the motor housing is metal and metallic gray, instead of polycarbonate, and the belt clip has been moved to the side, instead of being built in on the top as on the Makita. (Compare CPX 6 and 7 with CPX 5). I find that the Jepson (C) drills would infringe the alleged design and design/color marks of Makita and, also, that they copy the individual design features claimed by Makita, except for the location and style of the belt hook.

378. Respondent Harbor Freight's 3/8" VSR drill, Model No. 1087 (RXP 258) is identical to the Jepson (C) Model No. 2200 (CPX 7) and would infringe in the same manner.

379. Respondent Alltrade's 3/8" VSR drill, Model Nos. 1902-D-38 and 1903-D-38, are identical to the Jepson (C) drills. (Compare CPX 202, p. 136903 with CPX 6 and 7). They would thus infringe the claimed Makita marks in the same manner.

380. Respondents P&F Brother/Nu-Way's 3/8" electric drill, Model No. 9005 is almost identical in design to Makita's Model No. DP 3720. (Compare CPX 3 with CPX 2). However, the color is a much darker blue. Complainant does not even claim infringement on the basis of color for this tool. (CXA 3, App. A). I therefore find that it infringes complainants' alleged design mark, as well as the individual features claimed (except that neither the P&F Brothers/Nu-Way nor Makita Model No. DP 3720 have the forward and reversing switch in the base of the handle). (CPX 3; CPX 2).

381. Respondents Ace Tool Co. and Nestor Sales Company's 3/8" VSR drill, Model No. NI6030, may bear some resemblance to Makita's drills. However, there seems to be at least one prominent distinguishing feature in that brush holder caps appear to be located at the lower front end of the motor housing. Moreover, the photographs of this drill in the Supplement to the Complaint (CPX 88, Supplemental Exs. 5 and 6) are so indistinct that I cannot make out whether there is a belt clip on top and whether there might be other prominent distinguishing features, nor can I determine the color of such tool. I must therefore find that it does not infringe any of the claimed marks.

4. Finishing (Palm) Sanders

382. Respondents Jepson (C) palm sander, Model No. 6245 (CPX 40) is practically identical to Makita's palm sander, Model No. B04510 (CPX 38) with the exception of a slightly different switch and the elimination of one vent hole on each side of the top. I find that the Jepson (C) palm sander would infringe all of the marks claimed by Makita.

383. (C) sells the Jepson (C) palm sander in its stores. (Unopposed CPF PR41(4)).

384. Respondent Alltrade's palm sander, Model No. 1931-S-44 (CPX 41) is identical to the (C) palm sander and would likewise infringe the claimed marks.

385. Respondent (C) sells the Alltrade palm sander. (Unopposed CPF PA93 and PR41(2)).

386. Respondent Central Purchasing d/b/a Harbor Freight sells a palm sander Model No. 345 (CPX 258) which is also identical to the (C) (C) model. It would thus also infringe complainants' marks, if such marks had been found to have been established.

387. Respondents P&F Brother/Nu-Way's palm sander, Model No. 8101 (CPX 253) has a distinctively different design from the Makita and Jepson/ (C) (C) in that it has a boxier bottom, a slightly more rounded top, different venting, and is a much darker blue in color. (Compare CPX 253, with CPX 38 and 40). The P&F Brother/Nu-Way model is a cross between the Makita sander and that of non-respondents Sears/craftsman and Ryobi. (See, CPX 145 and 161). The latter two exhibits were introduced by complainants as showing that alternative designs were available to respondents. (Tr. 1620). I find that the P&F Brother/Nu-Way palm sander would not infringe any of Makita's claimed marks.^{11/}

388. Respondents Ace Tool Co. and Nestor Sales Company's palm sander, Model No. NI6130, appear to be the same as the Jepson/ (C) model, except that I cannot determine the color. (See CPX 88, Supplemental Exs. 5 and 6 to the Complaint). I therefore find that such model would infringe the design marks claimed by Makita for the palm sander.

^{11/} The record indicates this product was never imported into or sold in the United States. (CXK 3, p. 3, Response to Complainants' Interr. 2; CXK 5, pp. 3 and 5, Response to Staff Interr. 3).

5. 4" Disc (Sander) Grinders

389. The 4" disc grinder of Respondents Jepson/ (C) , Model No. 4204N, is somewhat similar to the Makita 4" disc grinder, except for the shape of the head and the color of the rear portion of the housing. (Compare CPX 42 with CPX 169). However, the non-respondent competitor products in evidence also bear great resemblance in the shape of the body housing to the Makita disc grinder. (Compare CPX 114, 120, 146 and 162). Moreover the head of the Jepson/ (C) model more nearly resembles the head of the Ryobi disc grinder. (CPX 162). I find that the Jepson (C) model would infringe complainants' color mark, if such were established, but would not infringe any claimed design mark.

390. The Jepson/ (C) disc grinder is also sold in the United States by (C) (Unopposed CPF 43(1); CPX 88, Supplemental Exs. 5 and 6 to the Complaint).

391. The Jepson/ (C) disc grinder is also sold in the United States by (C) (Unopposed CPF 43(5); CPX 88, Supplemental Ex. 44 to the Complaint).

392. Respondent Alltrade's 4" sander grinder, Model No. 1921-S-4, is identical to the Jepson/ (C) model. (CPX 196). It would thus also infringe the claimed color mark.

393. The 4" grinder of respondent Central Purchasing d/b/a Harbor Freight, Model No. 1089, is also identical to the (C) model. (CPX 192). It would thus also infringe the claimed color mark.

394. The 4" disc grinder of respondent Jet Equipment, Model Nos. JEG400 and JEG 400HG are similar in design to the Jepson/ (C) model, except

they are red in color. (CPX 195). Therefore, they would infringe none of the claimed marks.

395. Respondent Jiang Charng's 4" disc grinder, Model No. JC-100, appears to be identical to the Makita model. (Compare CPX 88, Ex. 26, p. 3, of the Public Exs. to the Complaint, with CPX 169). It is impossible to tell from this catalogue page the color of the Jiang Charng model. I would find, therefore, that the 4" disc grinder of this respondent infringed Makita's design mark and the design features claimed by Makita, if Makita had such valid marks, but not the claimed color mark.

6. Cordless Grinder

396. The Tochiado cordless grinder, Model No. 277, is similar in the handle and the control button to the Makita cordless grinder. However, the motor housing is distinctly different. (Compare CPX 277 with CPX 259). The color is similar but somewhat darker on the Tochiado model. In view of the distinctively different shapes of the body housing, I find that the color difference is sufficient to distinguish it from the Makita blue. I find, therefore, that this model is sufficiently distinct from the Makita tool that it would not infringe any of the alleged marks.

397. The cordless grinder of respondents P&F Brothers/Nu-Way (CPX 261) also has design features distinguishing it from the Makita tool. It has a much more rounded motor housing, with a hex key recessed in the housing. It also has a different end and latching means on the end of the handle. It is a much darker blue. (Compare CPX 261 with CPX 259). I find that it would not infringe any of the claimed marks.

398. The Marc I cordless grinder of respondent Trade Associates, Model No. JG332, is almost identical to the Makita tool, except for the slot for

a hex key on the motor housing and the much darker shade of blue used on the tool. (Compare CPX 199 with CPX 259). I find that this tool would infringe the claimed design and design features of the Makita tool, but not the claimed color, or design/color marks.

7. Cordless Finishing Sanders

399. The Workshop Model No. 07301 of respondents (C) and (C), is (C) (C). (Unopposed CPF PR27(4)). It is practically identical to the Makita cordless finishing sander in overall design, specific design features and color. (Compare CPX 200 with CPX 37). There are slight differences in the front of the handle and in the base, but the overall similarity is striking. I find that CPX 200 would infringe Makita's design and design/color marks and the specific features of the design, if Makita had valid marks therein.

400. The Mark I cordless finishing sander of respondents Trade Associates and (C) is also practically identical in design to the Makita sander, although it has a distinctively darker blue color. Other than the color and a slightly different shape on the top of the base, it is identical. (Compare CPX 191 with CPX 37). I find that CPX 191 would infringe Makita's design and specific design feature marks, if complainants had valid common law trademarks therein. However, this tool would not infringe the claimed color and design/color marks.

401. The Pro Tech Model No. 8801 finishing sander of P&F Brothers/Nu-Way is also quite similar to the Makita sander, but of a distinctively darker blue color. Except for a slightly more angular handle and top of the base, and the fact that the screws do not go all the way through the

tool, its overall design is much like that of the Makita tool. (Compare CPX 260 with CPX 37). I find, therefore, that CPX 260 would infringe the claimed design and design features of the Makita tool. It would not infringe the claimed color, or design/color marks.

402. Respondent Tochiado's cordless sander, Model No. 7218, is distinctively different in design and color from the Makita tool. Although the pad mechanism seems to be the same and there are some similarities in overall design, the distinctiveness of the front handle, the different shape of the base, and the different location of the push-button switch, all tend to lend it a distinctive look. I find it would not infringe any of the alleged marks. (Compare CPX 269 with CPX 37).

8. Cordless Jigsaws

403. Respondent Tochiado's cordless jigsaws, Model Nos. 7223 (7.2V) and 07302 (9.6V) are similar in appearance and color to the Makita jigsaws. (Compare CPX 275 and 273 with CPX 256 and 257). The Tochiado tools are slightly more angular, but otherwise copy all of the features of the Makita tools except for the front guard on the 9.6V Tochiado tool. I find that if complainants had established common trademarks as claimed herein, these Tochiado jigsaws would infringe them.

404. The Mark I 7.2V cordless jigsaw of respondents Trade Associates and is almost identical to the Makita tool, except for a distinctively darker blue color and a longer handle. (Compare CPX 188 with CPX 256). I find that CPX 188 would infringe the claimed design and design feature marks, but not the color or design/color marks.

405. The Pro-Tech Model No. 3901 of respondents P&F Brothers/Nu-Way is practically identical to the Makita jigsaw in all respects except color.

It is a distinctively different color, even on the metallic shoe. (Compare CPX 189 with CPX 257). The principal difference other than color is that the screws do not go all the way through. I find that CPX 189 would infringe the claimed design and design feature marks, but not the alleged color and design/color marks.

406. CPX 268, the Houseworks cordless jigsaw of respondent Union Tech (Unopposed CPF 35(2)) is distinctively different in overall design and color from the Makita tool. (Compare CPX 268 with CPX 256). I find that it would not infringe any of the claimed marks.

9. 7" and 9" Angle Grinders

407. The Jepson (C) 7" and 9" angle grinders, Model Nos. 4207, 4215, 4207LB, and 4209L (CPX 8, 35, 11; CXI-1, p. 2; CXB 7; CXC-4), are very similar in overall design and color to the Makita angle grinders. (Compare CPX 8, 11 and 35 with CPX 12 and 13). There are slight modifications in the head and body, including the position of the brush holder caps, and the way the handle is attached to the body, but the overall similarity in color and design is striking when these angle grinders are placed side-by-side. I find that the Jepson (C) models would infringe the claimed marks in overall design, color and the design/color combination.

408. Respondent Alltrade's 7" and 9" angle grinders (RXP 242, 243; CPX 88, Pub. Ex. 35 to Complaint, pp. 3-4) are identical to the Jepson (C) angle grinders, with the exception that the 9" angle grinder has a blue handle, as well as the body. (See, RXP 243). I find that these angle grinders would infringe the claimed design, color and design/color marks.

409. The 7" and 9" angle grinders sold by respondent Central Purchasing d/b/a Harbor Freight under the label Chicago Electric Power Tools (RXP 256 and CPX 10) are manufactured by (C) (C) . (Unopposed CPF PR58(18) and PR59(5); compare with CPX 8, 11 and 35). Thus, I find that they too would infringe the claimed design, color and design/color marks.

410. The 7" angle grinder of respondent New Golden Star, Model No. GS-700, appears to be the same as the (C) , at least insofar as design is concerned. There is only a catalogue page in evidence and it is not in color. Therefore, I cannot determine the color. (CPX 88, Supplemental Ex. 2 to the Complaint). Thus, I find that this model would infringe the claimed design mark only.

411. The 7" angle grinders of respondents Ace Tool Co. and Nestor Sales Company, Model Nos. NI 6160 and NI 6180, are manufactured by (C) (C) (Unopposed CPF 58(2)-(7)). They appear to be of the same design as the Jepson (C) model. (CPX 88, Supplemental Exs. 5 and 6 to the Complaint). Since the catalogue pages showing these angle grinders are not in color, I cannot determine the color of such tools. Therefore, I find that these angle grinders would infringe the claimed design mark only.

10. Routers

412. Only the D-handle router of complainants, Model No. 3601B (CPX 20), is considered herein, as complainants did not identify in the Complaint and Supplements thereto any competing product which allegedly infringed their marks in their plunge router, Model No. 3612B. Also, I have found above that none of complainants' tools are inherently distinctive (FF 162-66), and complainants counsel has admitted that the

plunge router would not be covered by Dr. Sorensen's secondary meaning survey. (Oral Argument, Tr. 3766). It was not covered by the survey and bears no resemblance to the D-handle router which was so covered.

413. Respondent Jepson/ (C) D-handle router, Model No. 7112, is quite similar in design to the Makita router. (Compare CPX 19 with CPX 20). The color scheme is different and the cap is somewhat different, but there is a striking resemblance between these products when placed side by side. I find that the Jepson/ (C) model would infringe the claimed design mark of complainants.

414. Respondent Alltrade's router, Model No. 1990-B-12 is identical to the (C) model and, therefore, would infringe the claimed design mark. (See RXP 247).

415. The Chicago Electric Power Tool Model No. 344, imported and sold by respondent Central Purchasing d/b/a Harbor Freight is also identical to the (C) model in design. (Compare CPX 18 to CPX 19). Therefore, it also would infringe the claimed design mark.

416. The D-handle router of respondent New Golden Star, Model No. GS 360, also appears to be identical in design to the Jepson model. (See, CPX 88, Supplemental Ex. 2 to the Complaint). It too would infringe the claimed design mark.

11. 7 1/4" Circular Saws

417. The 7 1/4" circular saw of respondents Jepson/ (C), Model No. 8218, is nearly identical in design and color to the Makita saw. There is a slight difference in the size and shape of the front grip, or ribbon of the handle, and in the adjustment knobs. (Compare CPX 33 with CPX 32). I find the Jepson/ (C) saw would infringe the design, color, and

design/color marks alleged by complainants, as well as the specific design features claimed for this tool.

418. Respondent Alltrade's 7 1/4" circular saw, Model No. 1982-B-725, is identical to the (C) model (Compare CPX 34 with CPX 33) and would infringe the alleged marks in the same manner.

419. (C) purchased and offered for sale Alltrade Model No. 1982-B-725. (Unopposed CPF PR 45(5)).

420. The 7 1/4" circular saw of respondents Nestor Sales Company and Ace Tool Co., Model No. NI 6870, appear to be quite similar in design to the Jepson (C) and Makita tools. As the catalogue pages are in black and white, it is impossible to determine the color thereof, or to determine precisely the fine features thereon. (See, CPX 99, Supplemental Exs. 5 and 6 to the complaint). I find this saw would infringe the claimed design mark only.

421. The Chicago Electric Power Tool 7 1/4" circular saw, Model No. 343, imported and sold by respondent Central Purchasing d/b/a Harbor Freight is manufactured by (C) (Unopposed CPF PR 45(8)) and appears to be identical in design to the (C) model above. (See, CPX 88, Ex. 39 to the Complaint). Since the catalogue page showing this item is not in color, I can make no determination as to color or design/color combination. I find that this tool would infringe the claimed design mark.

12. 10" Miter Saws

422. The 10" Miter Saw of respondents Jepson (C) Model No. 9210S (CPX 29) is quite similar in overall design and color to the Makita 10" miter saws. There are some changes made in the shape of the motor housing,

and the attachment of the handle and the shield, but overall these tools are strikingly similar in design and color when placed side-by-side. (Compare CPX 29 with CPX 144). I find that this Jepson tool would infringe the claimed design, color, and design/color marks.

423. The 10" miter saw of respondent Alltrade, Model No. 1988-B-10 (RXP 248) is identical to the (C) model and would infringe the same claimed marks. (Compare with CPX 29).

424. The Chicago Electric Power Tools Model No. 342, imported and sold by respondent Central Purchasing d/b/a Harbor Freight is also identical to the (C) model and would infringe the same claimed marks. (See, CPX 28).

425. The Pro-Tech Model No. 7201, exported to the U.S. by respondents P&F Brother/Nu-Way (CPX 30) is very similar in design to the Makita saw, but is black in color. It also has made the same slight design changes as the (C) model. I find that it would infringe the claimed design mark.

426. Nesco Model No. NI 6810, sold by respondents Nestor Sales and Ace Tool Co. appear to have similar features to the above models. (CPX 88, Supplemental Exs. 5 and 6 to the Complaint). The exhibit showing this tool is not in color. I find that it would infringe complainants' claimed design mark.

427. Complainants' have alleged that respondent Famous Overseas has exported infringing 10" miter saws to the U.S. However, no sufficient proof of such infringement or sales have been made. (See, CPX 88, Supplemental Ex. 3; FF 366, above).

428. Complainants also allege sales of 10" miter saws which infringe their claimed marks by respondent Steve's Wholesale Distributors. However, the only evidence of record does not substantiate this charge. (See, SXF 1-3). CPX 88, Ex. 15 to the Complaint, which is the basis for complainants' charge in this regard may even depict a Makita tool. (SXF 1-3).

13. 14" Cut-Off Saws

429. The 14" cut-off saws of respondents Jepson (C), Model No. 9114 (CPX 42) and Alltrade, Model No. 1992-B-14 (CPX 21), and the Chicago Electric Power Tool Model No. 1014 (CPX 23) sold by respondent Central Purchasing d/b/a Harbor Freight, are all identical in design and color. (Compare: CPX 42, 25, 21 and 23). They each bear much resemblance to the Makita 14" cut-off saw (CPX 24), especially insofar as the design of the guard and the base are concerned. There are slight changes in the shape of the motor housing and the handle is somewhat different. The guard is also red, instead of orange, on the models of these respondents. (Compare with CPX 24). If complainants had a valid common law trademark in the design of their 14" cut-off saw, these models sold by said respondents would infringe such design mark, as they are very similar when viewed side-by-side.

430. The Pro-Tech and Nu-Way Model No. 7002 sold by respondents P&F Brother and Nu-Way, has a handle, motor housing and blade guard similar to that of (C), Alltrade and Central Purchasing. However, the base and the arm attaching the motor housing to the base are somewhat different. The guard in this case is orange, so that it is identical to the Makita guard. The base is green and shaped differently from that of complainants and the above-named respondents. (Compare CPX 26

with CPX 24, 42, 25, 21, and 23). Overall, I find that there are enough significant design changes that this tool would not infringe complainants' claimed design mark.

431. It is also alleged that the 14" cut-off saw of respondent New Golden Star infringes complainants' claimed marks. The only support for this allegation is CPX 88, Supplemental Ex. 2 to the Complaint. This catalogue page does not provide an adequate view of this product to make a determination of infringement.

432. Nesco Model NI 6800 sold by respondents Nestor sales and Ace Tool is also alleged to infringe the claimed marks. From the catalogue picture provided in CPX 88, Supplemental Exs. 5 and 6 to the Complaint, it appears that this model is the same as the 14" cut-off saw of (C) (C), discussed in FF 429, above. I, therefore, find that this saw would infringe complainants' alleged design mark.

433. The 14" cut-off saw of respondent Jiang Charng, Model No. JC 301, is quite similar in design appearance to the Makita model. (Compare CPX 88, Ex. 26(a) with CPX 24). Since the catalogue page is in black and white I cannot decide the color of this tool. I find that the Jiang Charng saw would infringe the claimed design mark.

434. Complainants also allege that respondent Steve's Wholesale has sold an imported copy of their cut-off saw. (See, CPF PR 48(15)). The evidence does not support such charge. (SXF 1-3).

14. 7.2V and 9.6 V Battery Cartridges

435. The battery cartridges of respondents Tochiado (Model Nos. BC-6 and BC-8 -- CPX 272 and 278) and Jepson (C) (Model Nos. 7200 and 9600- - RXP 305 and 440) are identical in design to the Makita cartridges. (CPX

213 and RXP 337). They are interchangeable therewith in Makita's tools and battery chargers. (Compare with CPX 185 and 210). If complainant had a common law trademark on this cartridge these products of said respondents would infringe it.

436. The evidence establishes that respondent Tochiado has sold its battery cartridges to (C). (CXH 1, p. 001769). (C) (C) (CXI 9, p. 2, answer to Interr. No. 25). I infer therefrom that these respondents have participated in the importation and sale of such products in the United States.

437. The Workshop 7.2V battery charger manufactured by respondent (C) for (C) is also very close in design to the Makita chargers. (Compare CPX 265 with CPX 185 and 211). The venting is different, in that it is only vented on the bottom, but otherwise it is almost identical to the Makita chargers in design. It is a much darker and distinctive shade of blue, however. I find that it would infringe the claimed design mark.

438. The evidence also shows that respondent Honworld has offered for sale the BC 6 and BC 8 battery cartridges in the United States. (CPX 88, Pub. Ex. 30).

439. The Jepson battery cartridges, Model Nos. 7200 and 9600 are sold in the United States by respondent Tool City. (Unopposed CPF PR 53 (9 and 16)).

440. The Mark I battery cartridge (JB 8 and JB 6) of respondent Trade Associates are interchangeable with Makita battery cartridges (CXF 21) and have a similar appearance to the Makita battery packs. (CXF 18). I find

that the Mark I battery packs would infringe the claimed design marks of Makita.

441. The Mark I battery cartridges of respondent Trade Associates are sold in the United States by (C) (CPX 88, Supplemental Ex. 7 to Complaint).

442. The Johnswell battery cartridges of respondent Jenn Feng are also alleged to be infringing products. (CPF PR 53 (11)). However, there are no physical exemplars of this product identified in evidence. Since it depends upon the size and placement of the rib thereon as to whether it would infringe the claimed mark (FF 189-91), I cannot make a determination from the documentary exhibits provided (CPX 202, p. 137744; CXL 8, p. 9), that these products would be copies of the Makita cartridges.

15. Battery Chargers

443. Tochiado models FC 6 and FC 8 (CPX 271 and 270) are practically identical to the Makita chargers in evidence -- CPX 185 and 211. The Tochiado chargers are colored a slightly darker blue. I find that the Tochiado chargers are strikingly similar to the Makita chargers in design, color, design/color combination and specific features to the Makita chargers. (Compare CPX 271 and 270 with CPX 185 and 211). Therefore, they would infringe Makita's marks, if Makita had valid common law trademarks as claimed.

444. The Noma fast charger of respondent Trade Associates (CPX 251) is practically identical in design to the Makita charger, except for the fact that the air vents in the rear of the top of the housing are filled in. (Compare CPX 251 with CPX 185). It is, however, a distinctly darker blue

in color. I find that this charger would infringe the claimed design and design features set forth by complainants.

445. The chargers of respondents Jepson (C) (CPX 197 and RXP 294) are not similar in color or design to the Makita chargers which are in evidence. (Compare with CPX 185 and 211). They do not, therefore, infringe the marks complainants claim in such products.

446. (C) purchases and exports to the United States Tochiado's FC-8 battery charger (Unopposed CPF PR 55(2)). It has also purchased the FC-6 battery charger from Tochiado. (CXH 1, p. 001773). (C) (C) (CXI 9, p. 2, answer to Interr. No. 25). I infer therefrom that these respondents have participated in the importation and sale of such products in the United States.

447. The Workshop 7.2V battery charger manufactured by respondent (C) for (C) is also very close in design to the Makita chargers. (Compare CPX 265 with CPX 185 and 211). The venting is different in that it is only vented on the bottom, but otherwise it is almost identical to the Makita chargers in design. It is a much darker and distinctive shade of blue, however. I find that it would infringe the claimed design mark.

448. The evidence also indicates that respondent Honworld has offered for sale in the United States the FC-6 and FC-8 battery chargers. (CPX 88, Pub. Ex. 30).

449. The battery chargers of respondent Trade Associates the Mark I Models JC 6 and JC 8 imported from Taiwan and sold in the United States

(Unopposed CPF PR 55 (14-17)), are almost identical in design and color to the Makita chargers. (See, CPX 202, p. 137028 -- compare with CPX 185 and 211). I find, therefore, that these chargers would infringe the alleged design, color, design/color and special feature marks of complainants, if such marks had been established.

16. Infringement by Respondents - Summarized

450. Respondent Jepson -- If complainants held valid common law trademarks as claimed, the following products of this respondent would infringe one or more of such marks: Cordless drills with removable battery packs, Model Nos. 2416 and 2410; 3/8" corded drills, Model Nos. 1210 and 2200; finishing (palm) sanders, Model No. 6245; 4" disc grinder, Model No. 4204N; 7" and 9" angle grinders, Model Nos. 4207, 4215, 4207LB and 4209L; Router, Model No. 7112; 7 1/4" circular saw, Model No. 8218; 10" miter saw, Model No. 9210S; 14" cut-off saw, Model No. 9114; 7.2V and 9.6V battery cartridges, Model Nos. 7200 and 9600. (FF 361, 377, 382, 389, 407, 413, 417, 422, 429, 435). Each of these products is manufactured in Taiwan by (C) (FF 249). (C) sold the Jepson line of power tools. (FF 480-81)

451. Respondent Tochiado -- The following products of this respondent would infringe one or more of the claimed marks: Cordless drills with removable battery pack, Model Nos. 9610, 9610V, 7210, 7210S; cordless drill with non-removable battery pack, Model No. 7210A; cordless sanders, Workshop 07301; cordless jigsaws, Model No. 7223 and 07302; 7.2V and 9.6V battery cartridges, Model Nos. BC-6 and BC-8; 7.2V and 9.6V battery chargers, Model Nos. FC-6 and FC-8. (FF 362, 373, 399, 402, 403, 435, 443).

452. Respondent Atlas Group -- The following products of this respondent would infringe one or more of the claimed marks: cordless drill with removable battery pack, Model Nos RDD-10, 07300; cordless finishing sander, Model No. 07301; 7.2V and 9.6V battery cartridges; 7.2. and 9.6V battery chargers. (FF 364, 399, 436, 446). These products were manufactured by (C)

. (FF 364, 399, 436, 446).

453. Respondent Union Tech -- The following products of this respondent would infringe one or more of the claimed marks: cordless drill with removable battery pack, Model Nos. RDD 10, 07300; cordless finishing sander, Model No. 07301; 7.2V and 9.6V battery cartridges; 7.2V and 9.6V battery chargers. (FF 364, 399, 436, 446). These products were manufactured by (C) (FF 364, 399, 436, 446).

454. Respondent Jenn Feng -- The following products of this respondent would infringe one or more of the claimed marks: cordless drill with removable battery pack, Model Nos. 6035 and 6235; cordless drill with non-removable battery pack. (FF 365, 371).

455. Respondent Honworld -- The following products of this respondent would infringe one or more of the claimed marks: cordless drill with removable battery pack, Model No. RDD-10 and Workshop 07300; 7.2V and 9.6V battery cartridges, Model Nos. BC-6 and BC-8; 7.2V and 9.6V battery chargers, Model Nos. FC-6 and FC-8. (FF 367, 438, 448).

456. Respondent Trade Associates -- The following products of this respondent would infringe one or more of the claimed marks: cordless drill with non-removable battery pack, Model No. JD 327 and cordless grinder, Mark I Model No. JG332; cordless finishing sander; 7.2V

cordless jigsaw; 7.2V and 9.6V battery cartridges, Mark I Model Nos. JB-6 and JB-8; battery chargers, Mark I Model Nos. JC-6 and JC-8 and the Noma fast charger. (ff 368, 376, 398, 400, 404, 440, 444, 449).

457. Respondent Central Purchasing d/b/a Harbor Freight -- The following tools of this respondent would infringe one or more of the claimed marks: 3/8" corded drill, Model No. 1087; finishing (palm) sander, Model No. 345; 4" disc grinder, Model No. 1089; 7" and 9" angle grinders; router, Model No. 344; 7 1/4" circular saw, Model No. 343; 10" miter saw, Model No. 342; 14" cut-off saw, Model No. 1014. (FF 378, 386, 393, 409, 415, 421, 424, 429).

458. Respondent Alltrade -- The following tools of this respondent would infringe one or more of the claimed marks: 3/8" corded drill, Model Nos. 1902-D-38 and 1903-D-38; finishing (palm) sander, Model No. 1931-S-44; 4" sander grinder, Model No. 1921-S-4; 7" and 9" angle grinders; router, Model No. 1990-B-12; 7 1/4" circular saw, Model No. 1982-B-725; 10" miter saw, Model No. 1988-B-10; 14" cut-off saw, Model No. 1992-B-14. (FF 379, 384, 392, 408, 414, 418, 423, 429).

459. Respondent P&F Brother and Nu-Way -- The following products of these respondents would infringe one or more of the claimed marks. 3/8" corded drill, Model No. 9005; cordless finishing sander, Model No. 8801; cordless jigsaw, Model No. 3901; 10" miter saw, Model No. 7201. (FF 380, 401, 405, 425).

460. Respondents Ace Tool and Nestor Sales -- The following products of these companies would infringe one or more of the claimed marks: palm sander, Model No. NI6130; the Jepson (C) 4" disc grinders; 7" angle grinder, Model Nos. NI6160 and NI6180; 7 1/4" circular saw, Model No.

NI6870; 10" miter saw, Model No. NI6810; 14" cut-off saw, Model No. NI6800.

(FF 388, 390, 411, 420, 426, 432).

461. Respondent Puma -- The following product imported by (C)
(C) would infringe one or more of the
claimed marks: cordless drill with non-removable battery pack, Model No.
PA8010. (FF 369).

462. Respondent Poromes -- The following product of this respondent
would infringe one or more of the claimed marks: cordless drill with non-
removable battery pack, Model No. FK706. (FF 370).

463. Respondent Homegene -- The following product of this respondent
would infringe one or more of the claimed marks: cordless drill with non-
removable battery pack, Model No. 8702. (FF 374).

464. Respondent Tool City sells at least the following products which
would infringe one or more of the claimed marks: the Jepson (C) 4"
disc grinder; Jepson battery cartridges, Model Nos. 7200 and 9600.
(FF 391, 439).

465. Respondent Pace Membership Warehouse sells at least the following
products which would infringe one or more of the claimed marks: The
(C) palm sander; (C) 7 1/4" circular saw. (FF 385, 419).

466. (C) sells at least the following products which
would infringe one or more of the claimed marks: The Mark I cordless drill
with non-removable battery pack, Model No. JD327; the Mark I cordless
finishing sander; the Mark I 7.2V cordless jigsaw; the Mark I battery
cartridges. (FF 368, 400, 404, 441).

467. Respondent Jiang Charng -- The following products of this
respondent would infringe one or more of the claimed marks: 4" disc

grinder, Model No. JC 100; 14" cut-off saw, Model No. JC-301. (FF 395, 433).

468. Respondent New Golden Star -- The following products of this respondent would infringe one or more of the claimed marks: 7" angle grinder, Model No. GS-700; router, Model No. GS-360; 14" cut-off saw. (FF 410, 416, 431).

17. Noninfringing Respondents

469. The following respondents have not been shown to have infringed any of complainants' alleged common law trademarks: Ta Shin (FF 363, 372); Famous Overseas Corporation (FF 366, 427); Steve's Wholesale Distributors (FF 428, 434); Kuen Master (FF 375); and Jet Equipment (FF 394).^{12/}

470. Steve's Wholesale Distributors is a retail store. It purchased a total of 30 cut-off saws from (C) in 1986 and had no inventory of such saws by the end of 1986. The Makita sales representative that serviced this store could not remember seeing a "knock-off" tool in this store in the three years he had called on it prior to November, 1988. (SXF 2-3). To the extent this respondent has sold any accused products it is de minimis. (SXF 1-3).

B. Registered Trademark

471. Makita Electric Works, Ltd. (Japan) is the owner of the registered trademark "Makita," Registration No. 1.204,296 ("the '296 mark"). (Hattori, Tr. 983; Pub. Ex. 14 to complaint). The mark was registered on August 10, 1983. (Pub. Ex. 14 to complaint).

^{12/} This proceeding has been terminated on the basis of settlement agreements insofar as respondents Robert Bosch-Power Tool Corporation, International Consumer Brands and Home Depot are concerned.

472. Makita U.S.A. is a wholly owned subsidiary of Makita Electric Works, Ltd. (Margolis, Tr. 3037-38).

473. There is a verbal agreement between Makita U.S.A. that Makita U.S.A. is the exclusive distributor of Makita brand products in the United States. (Margolis, Tr. 3111, 3131).

474. In view of the corporation relationship involved herein, Makita U.S.A. can be considered either the "owner" or "exclusive licensee" in the U.S. of the '296 trademark. (Margolis, Tr. 3110-16; FF 471-73, above).

475. Respondent Jet Equipment infringed the '296 mark on certain parts schematics for an imported wood planer, which showed the "Makita" mark in reverse. Jet ceased using this drawing and discontinued selling that product by 1985. There is no evidence of any further infringement. (SXC 5, at 2, 11-12).

476. There is insufficient evidence that respondent Steve's Wholesale has infringed the '296 mark. The phrase "Makita copy" appeared in a Steve's Wholesale advertisement. However, it is the contention of this respondent that it was actually a Makita product being advertised and that the phrase "Makita copy" was an error made by the publication preparing the advertisement. (SXF 3) Complainants have offered no contrary proof.

XIV. PASSING OFF, FALSE REPRESENTATION AND FALSE ADVERTISING

477. Mr. Griffin does not believe that he has heard of an instance where a Home Depot clerk attempted to pass off an Ohio Forge product as a Makita product. (Griffin, Tr. at 541).

478. Mr. Griffin had no personal knowledge of any comparisons made by Tochiado sales representative between a Makita tool and a Tochiado tool. (Griffin, Tr. at 559).

479. Mr. Griffin had no personal knowledge of comparisons made by a Ta Shin sales representative between Makita and Ta Shin products. (Griffin, Tr. at 563).

480. A Jepson sales representative, in attempting to sell the Jepson line to Mr. Daniels, a buyer for Addison Hardware, intimated that (C) (C) (C). (CXA 8). Mr. Ready also indicated to Mr. Daniels that some of (C) (C) (CXA 8).

481. In fact, the evidence indicates that respondent (C) may use the same motors and batteries in their cordless drills, as are used in Makita's. (CPX 60, J.C. Chen Dep., at 225-30). Moreover, Mr. Bartlett testified that the internal components of a given class of power tools are very similar throughout the industry. (Bartlett, Tr. 1819-20).

482. Mr. Daniels was not persuaded to purchase the Jepson line of tools, because the name Jepson was not a familiar one in the market. (Daniels, Tr. 1244-45). He didn't question Mr. Ready about his statements because he was not interest in selling Jepson tools. (Daniels, Tr. 1244-46).

483. Mr. McHale was another buyer representative who had been approached by a Jepson representative attempting to sell the Jepson line of power tools. The initial approach of the Jepson salesman was to hold up a tool and ask Mr. McHale "What does this remind you of?" (McHale, Tr. 1258). Mr. McHale testified that the shape of the tool was very similar to, if not identical, to the Makita. Mr. McHale admitted that this approach indicated that the tool was not a Makita. (McHale, Tr. 1259).

484. Mr. McHale testified that the Jepson salesman indicated that some of the parts of the Jepson drill, such as the housing, motor, trigger and chuck were made by the same manufacturer that made those parts for Makita. (CXA 6, McHale W.S.).

485. Mr. McHale was aware of internal differences between the Jepson and Makita drills. (CXA 6, McHale W.S.).

486. Mr. McHale was not persuaded to buy the Jepson tool. He admitted there was something sufficiently different about the Jepson product that dissuaded him from purchasing it. (McHale, Tr. 1267).

487. The Jepson representative, in talking to Mr. McHale, referred to his product by the name Jepson. He did not say it was a Makita brand product. (McHale, Tr. 1270).

488. Carmen Fraser, another purchaser of power tools for a retail group, testified that she was approached by a Jepson representative and shown a blue line of tools. The salesman told her they were replicas of the Makita tool and used the same motor. He pointed out, however, that they (C) than the Makita tools. She told him she was not interested. (CXA 7, Fraser W.S.).

489. The Jepson salesman never referred to the product as being a Makita product in his statements to Ms. Fraser. (Fraser, Tr. 1402).

490. Ms. Fraser and her company did not purchase any Jepson power tools because she felt it was a copy, and she wanted to carry the Makita product. (Fraser, Tr. 1402-03).

491. There is no evidence of specific instances in which a customer requesting a Makita product was supplied with an accused product. (SXT 4, at 2; Response to Staff Interr. 35).

492. The respondents affix their own tradenames and marks on the accused products and identify the country of origin on their goods. (See, e.g., CPX 175, 206, 219, 276, 279; RXP 281; SPF K30, Unopposed as to these facts).

493. There is no evidence of record of any respondent advertising their product as being a Makita product, or otherwise misrepresenting their product to be a Makita product.

XV. IMPORTATION AND SALE

494. Since at least January 1, 1985, Alltrade has been engaged in the importation, distribution, and sale in the United States of accused electric power tools and accessories under the Alltrade and Alltrade Professional names. (CXD 3, Response to Complainants' Interr. Nos. 2, 12; CXD 5; Response to Staff Interr. No. 2).

495. In 1986, Alltrade made the following sales of accused corded products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(C)

(CXD 1).

496. In 1986, Alltrade also sold (C) corded reversible drills. (CXD 1). Although these products are not at issue they do represent capacity to produce accused products.

497. In 1987, Alltrade made the following sales of accused corded products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXD 2).

498. In 1988, Alltrade made the following sales of accused corded products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(C)
 (C)
 (C)
 (C)
 (C)
 (C)

(CXD 3).

499. In 1988, Alltrade also sold (C) corded reversible drills, (C) cordless drills, and (C) 7.2V battery packs. (CXD 3). Although these tools are not at issue they do represent capacity to produce accused products.

500. Since at least 1987, respondent Atlas has purchased accused products imported from Taiwan (C) and sold those products to retail stores in the United States under the "Workshop" label. (CXI 1-5).

8. In 1987, Atlas purchased the following accused products from (C) (C)

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXI 2).

502. In 1988, Atlas purchased the following accused products (C)
(C)

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| | C |) |
| (| | C |) |

(CXI 3).

503. In 1988, Atlas also purchased (C) cordless jigsaws (C)
(C)(CXI 3).

504. In 1988, Atlas made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| | C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |

(CXI 1).

505. (C) has marketed and sold accused products in his capacity as a manufacturer's representative for Jepson, Inc. The total dollar value of sales of accused products by Floyd Ready is less than (C) (CXJ 1,

Response to Complainants' Interr. Nos. 2, 7, 9, 10, and 12; CXJ 2, Response to Staff Interr. Nos. 2, 3, and 10).

506. Respondent Harbor Freight has purchased accused products from (C) and sold them under the Chicago Electric Power Tools name since 1983 or 1984. Harbor Freight sells and distributes power tools and accessories through catalogs, flyers, tabloid advertising, and cable TV on a national basis, in addition to walk-in sales at Harbor Freight's retail stores.

(C) (CXE 7, Response to Complainants' Interr. Nos. 2, 5, 10, and 47; CXE 8, Response to Staff Interr. No. 2; CXE 10, Supplemental Response to Staff Interr. No. 2; CPX 81, Smidt Dep., at 120, 128).

507. In 1986, Harbor Freight made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |
| (| | C |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXE 4).

508. In 1987, Harbor Freight made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXE 5).

509. In 1987, Harbor Freight also sold (C) VSR screwdriver drills, (C) 3/8" cordless drills, and (C) 2 speed cordless drills. (CXE 5). The model 1634 cordless drills were purchased from (C) (CPX 80, Kirk Dep., at 13-15). Although these products are not at issue they do represent capacity to produce additional accused products.

510. In 1988, Harbor Freight made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(C)
(C)
(C)
(C)
(C)
(C)

(CXE 6).

511. (C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)

512. Since 1985, Home Depot has sold over (C)
(C) to retail customers under the (C)
(C) (CXN 61, Response to Complainants' Interr. Nos. 2, 10, 12; CXN
62, Response to Staff Interr. Nos. 2, 4, 10).

513. From 1985 through 1987, (C) sold to Home Depot for
sale in the United States, the following quantities of accused power tools:
(C)
(C) (CXB 7). (C)
(C) has discontinued the purchase of products from (C) . (Ex. B to

Joint Motion of Complainants and Home Depot for Termination of Investigation, Motion 284-129).

514. International Consumer Brands has imported accused products from a number of foreign manufacturers and sold those products to retailers in the United States since December 1987. Accused products have been manufactured for ICB in Taiwan and China by (C) (C) (CXN 1; CXM 3, Supplemental Response to Staff Interr. Nos. 4 and 5, CXM 3).

515. ICB made the following sales of accused products in the United States from December 1987 to December 1988:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXN 1).

516. Jenn Feng has manufactured power tools under the "Johnswell" name since June 1986, and first exported Johnswell power tools to the United States around March 1987. (CXL 3, Response to Staff Interr. No. 3).

517. From March 1987 to November 1988, Jenn Feng produced for export to and import into the United States approximately (C) power tool products. (CXL 5, Response to Staff Interr. No. 5).

518. In 1988, Jenn Feng sold the following accused cordless products under the (C)

| | <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|----------|--------------|-----------------|----------------------|----------------------|
| | (| C | |) |
| | (| C | |) |
| | (| C | |) |
| (CXL 1). | | | | |
| 519. | (| | C |) |
| | (| C | |) |
| | (| C | |) |
| | (| C | |) |
| | (| C | |) |
| | (| C | |) |
| | (| C | |) |
| | (| C | |) |

520. Since 1984, Jepson has imported accused products from (C) for sale in the United States. (CXC 1, Response to Complainants' Interr. No. 2; CXC 4).

521. In fiscal year 1985, ending 9/30, Jepson made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(C)
 (C)
 (C)

(CXC 4).

522. In fiscal year 1986, ending 9/30, Jepson made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
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| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXC 4).

523. In fiscal year 1987, ending 9/30, Jepson made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXC 4).

524. In fiscal year 1988, ending 9/30, Jepson made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXC 4).

525. Jet Equipment & Tool has imported into the U.S. and sold in the U.S. accused sander grinders since 1983. (SXC 5, 6, Response to Staff Interr. Nos. 2 and 3).

526. Jet distributed model JEG-400 sander grinders from 1983 to 1988, and model JEG-400HD sander grinders from 1984 to present. (SXC 5, Response to Staff Interr. No. 2).

527. Jet's distribution of model JWP-15 wood planers ceased in 1985. (SXC 5, Response to Staff Interr. No. 2).

528. Ko Shin has manufactured accused products for export to and sale in the United States since at least 1983. (CXB 7, CXB 9).

529. Ko Shin has sold accused products to (C)
 (C)
 (C) (CXB 7).

530. In 1985, Ko Shin made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXB 1).

531. In 1986, Ko Shin made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(C)

(CXB 2).

532. In 1987, Ko Shin made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
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| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXB 3).

533. In 1988, Ko Shin made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(C)
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 (C)
 (C)
 (C)
 (C)
 (C)
 (C)
 (C)
 (C)
 (C)
 (C)
 (C)
 (C)

(CXB 4).

534. (C)
 (C)
 (C)
 (C)

(C)

535. In 1988, P&F/Nu-Way manufactured accused products for export to and sale in the United States under the (C)
 (C) . (CXK-2).

536. In 1988, P&F/Nu-Way made the following sales of accused products for export to and sale in the United States:

| <u>MODEL</u> | <u>QUANTITY</u> |
|--------------|-----------------|
| (C) | () |
| (C) | () |

| | <u>MODEL</u> | <u>QUANTITY</u> |
|---|--------------|-----------------|
| (| C |) |
| (| C |) |
| (| C |) |

(CXK 1, 2).

537. Pace has purchased accused corded finishing sanders and circular saws from (C) and sold those products to end-users. (CXP 78, Middleton Dep., at 135-36; CXO 3).

538. In 1988, Pace sold (C)
 (C) (CXO 6).

539. Puma Company of Taipei, Taiwan ("Puma Taiwan"), a non-party to this investigation, imports certain power tools into the United States which would infringe the claimed design mark of complainants, if a valid mark in such design existed. (FF 461). Respondent Puma Industrial Co., Ltd. ("Puma"), the party respondent in this proceeding, disavors any connection with such sales. However, (C)
 (C)
 (C)
 (C) (Motion Docket Nos. 284-50, 284-41, 284-29, and response to 284-28).

540. Steve's Wholesale Distributors, Inc. purchased approximately (C)
 (C) in 1986. The inventory for these saws at the end of 1986 was(C.) There is no other evidence that Steve's Wholesale has ever imported or sold any accused products. (SXF 1; SXF 2, Response to Staff Interr. Nos. 2, 5, and 9; SXF 3).

541. Ta Shin designs and assembles accused cordless drill models DR-1 and DRP-1 for worldwide sale and began attempts to sell these products in the United States in 1988. Ta Shin designed these models in 1987 and assembly began in early 1988. (CXG 4, Supplemental Response to Staff Interr. No. 3).

542. Ta Shin has (C) any accused products in the United States. (CXG 3, Response to Staff Interr. Nos. 2-3, 5-6, 9-10, 14).

543. Representatives of Ta Shin appeared at the Chicago Hardware Show in August 1987, and displayed models DR-1 and DRP-1, with chargers and batteries, at the Chicago Hardware Show in August 1988. (CXG 4, Supplemental Response to Staff Interr. No. 12).

544. Tochiado has been involved in the design and assembly of accused products since 1987. (CXH 4, Supplemental Response to Staff Interr. No. 2).

545. Tochiado has sold its power tools in the United States (C)
(C)
(C) (CXH 4, Supplemental Response to Staff Interr. No. 9).

546. Tochiado has received inquiries or sales orders from the following companies in the United States: (C)
(C)
(C) (CXH 4, Supplemental Response to Staff Interr. No. 18).

547. Tochiado representatives attended the Chicago Hardware Shows in 1986 and 1988, and distributed a total of approximately (C)
(C) (CXH 4, Supplemental Response to Staff Interr. No. 19).

548. In 1987, Tochiado sold to (C)
(C)

(C)

(C)

(C)

(C)

(C)

549. In 1988, Tochiado sold (C)

(C)

(C)

(C)

(C)

(C)

(C)

(C)

550. In 1988, Tochiado sold (C)

(C)

(C)

(C)

(C)

(C)

(C)

(C)

551. In 1988, Tochiado sold (C)

(C)

(C)

(C)

(C)

(C)

552. In 1988, Tochiado sold (C)
(C)
(C)
(C) (CXH 2).

553. In 1988, Tochiado sold (C)
(C)
(C) (CXH 2).

554. Tool City is a retail store which has sold accused products purchased from Jepson. Tool City's sales of accused products since 1983 is around (C) (CXQ 1, Response to Complainants' Interr. No. 38; CXQ 2, Response to Staff Interr. Nos. 2, 10; CXQ 4-8).

555. Accused products which Tool City has purchased from (C) include
(C)
(C)
(C)
(C)
(C)
(C) (CXQ 6-7).

556. Since 1986, Trade Associates has imported, distributed, and sold in the United States battery powered electric tools and battery chargers manufactured (C) and batteries (C)
(C) These products are sold under the (C)
(C) to retail customers such as (C)
(C)
(C) (CXF 6,

Response to Complainants' Interr. Nos. 2, 4, 10, and 12; Supplementary Response to Complainants' Interr. No. 15, CXF 7; Response to Staff Interr. Nos. 2 and 18, CXF 8).

557. In 1986, Trade Associates made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |

(CXF 1).

558. In 1987, Trade Associates made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|----------------------|----------------------|
| (| C | |) |
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| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXF 1).

559. In 1988, Trade Associates made the following sales of accused products:

| <u>MODEL</u> | <u>QUANTITY</u> | <u>DOLLAR AMOUNT</u> | <u>AVERAGE PRICE</u> |
|--------------|-----------------|--------------------------|--------------------------|
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |
| (| C | |) |

(CXF 2).

XVI. DOMESTIC INDUSTRY

560. Makita Electric Works, Ltd. is a Japanese corporation. All of the tools in issue were designed in Japan, and Makita-Japan is the owner of the registered trademark in issue. (RXP 415, Donovan Dep., at 13; RXP 427, Suzuki Dep., at 95; CXA 524).

561. Complainant Makita U.S.A., Inc is wholly-owned by Makita Electric Works of Japan. (Margolis, Tr. at 3037). It is engaged in the business of marketing and selling the Makita tools in the United States. (CXA 3, Griffin W.S. at 1).

A. Production in the United States

562. (C)
 (C)
 (C)
 (C) Makita Corporation of America, a subsidiary of Makita U.S.A., was incorporated in September of 1984. Makita Corporation of America is engaged in the production of Makita tools in Buford, Georgia. Production of tools began in the Buford plant in 1985. (CXA 2, Hattori W.S., at 1; CPX 34, Takeuchi Dep., at 34; CXA 5).

563. (C)
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571. (C)
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(C)
(C)
(C)

572. MCA production for 1988 for all tools, including those not in issue, was:

(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
573. (C)
(C)

(C)
(C)
(C)
(C)
574. (C)
(C)
(C)

1. Domestic Content of Tools Produced in Georgia

(a). Materials - Sources

575. (C)
(C)
(C)
(C)
(C)
(C)
576. (C)
(C)
(C)
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(C)
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| (| | C |) |
| (| | |) |
| (| | C |) |
| (| | |) |
| | (c) Labor | |) |
| 579. | (| C |) |
| (| | |) |
| (| | C |) |
| (| | |) |
| (| C |) |) |
| | 580. (| C |) |
| (| | |) |
| (| | C |) |
| (| | |) |
| | (d) <u>Production Overhead</u> | |) |
| 581. | (| C |) |
| (| | |) |
| (| | C |) |
| (| | |) |
| (| | C |) |
| (| | |) |
| | 582. (| C |) |
| (| | |) |
| (| | C |) |

(C)

(C)

(e) Total Domestic Content of Tools Produced in Georgia

583. (C)

(C)

(C)

(C)

(C)

(C)

(C)

(C)

(C)

584. Complainants' witness testified that the aforementioned calculations represent only "direct manufacturing cost." According to the witness, the calculations do not "consider the overhead cost of (the Buford) facility other than costs that were directly allocated to production departments." Nor do these calculations include the cost of shipment or the marketing activities of Makita U.S.A. (Donovan, Tr. 714-15).

B. Other Tools in Issue - Japanese Production

585. (C)

(C)

(C)

(C)

(C)

(C)

(C)

| | | |
|--------|---|---|
| 586. (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| 587. (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| 588. (| C |) |
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| (| | C |) |
| (| <u>c</u> |) | |
| 589. | (| C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |

(C)
(C)
(C)

590. On February 3, 1989, Respondents filed a motion for summary determination in this investigation. The motion alleged that complainants had made no overt preparation to commence production in the United States for the models manufactured in Japan. (Motion Docket No. 284-89; see also Order No. 89, issued 3/30/89).

591 (C)
(C)
(C)
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592. (C)
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(C)

593. Gerald Margolis is Makita U.S.A.'s General Counsel. (C)
(C)

(C) Once drafted by Mr. Margolis, Mr. Hattori made no changes to the memorandum. (Margolis, Tr. 3070-80, 3083, 3084; Hattori, Tr. 1045).

594. Around April 10, 1987, complainants attorney submitted documents to the Office of the United States Trade Representative as a result of Makita's concern about retaliatory tariffs being imposed on power tools imported from Japan. (Hattori, Tr. 1066-67; Unopposed RPF 86).

595. (C)
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(C)

596. (C)
(C)
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597. (C)
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(C)

598. (C)
(C)
(C)
(C)

(C)
(C)
602. (C)
(C)
603. (C)
(C)
(C)
(C)
(C)
604. (C)
(C)
(C)
605. (C) the LS1000 miter saw
in the United States, and that model is not listed in the 1989 Makita
catalog. (Griffin, Tr. 480; Unopposed SPF O 44).
606. (C)
(C)
(C)
(C) Model 2401B is not listed in the 1989 Makita catalog. (Griffin, Tr.
480; Unopposed SPF 45).
607. (C)
(C)
(C)
(C)
608. (C)
(C) is not in issue in this investigation and is different

in appearance from the imported 4" grinders at issue. (Compare models 9514B and 9501B at pages 70 and 71 of the Makita 1988 catalog. RXP 459).

609. There is commonality in the production process for the respective categories of tools produced in Georgia. (CXA 5).

610. (C)
(C)
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(C)
611. (C)
(C)
612. (C)
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613. (C)
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XVII. INJURY

A. Competition Between Complainants and Respondents

618. Respondents' accused products are generally priced substantially lower than the comparable Makita products. (CXA 68, 222, 223, 276, 584, 161-64, 197, 198, 216, 217, 272-74, 289, 290-98, 300-01, 303, 326; Compare with CXA 353, 465, 471, 473, 476, 487, 503, 628, 636; CXB 348; CXC 22, 41, 70-77; CXD 1-3, 20, 43, 44; CXE 1-6, 19-26; CXF 1-6, 16, 45; CXI 2, 3, 14; CXK 23, 26, 32-34, 43; CXL 32, 33).

619. A Jepson sales representative offered to sell the Jepson line of tools to Carmen Fraser, then a buyer for Builder's Discount, at (C) the price of the Makita product. (Fraser, Tr. 1402, 1406; CXA 7, Fraser W.S.).

620. A sales representative for Makita offered Mr. McHale, then a buyer for Anderson Lumber Company, a (C) tools than was available on Makita products. (McHale, Tr. 1261, 1266).

621. Respondent Atlas has advertised its products as being Makita

quality tools at approximately (C) the price of Makita's products.
(CXI 11; Unopposed CPF IN 103).

622. Harbor Freight's palm sanders have been advertised for sale at \$29.95, and its 3/8" variable speed reversible drills were advertised for sale at \$45.00. (CXA 637).

623. Two Johnswell (Jenn Feng) drills, the K301 and the K251, have been advertised for sale in the U.S. The K301 was advertised at the price of \$30 and the K251 was advertised at the price of \$28.00. (CXA 487; Unopposed CPF IN 108).

624. (C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C) (CXA 503; Unopposed CPF IN 111).

625. Mr. Bing Lin of P&F Brother/Nu-Way considers the competitors of P&F/Nu-Way to be (C)
(C)
(C) (CPX 57, Bing Lin Dep., at 67-73; Unopposed CPF IN 114).

626. Mr. Tesser, owner of Tool City in Garden Grove, California, does not believe that there are any Jepson products on the wholesale level which are more expensive than Makita's. Jepson's tools are consistently (C) expensive than Makita's on the retail side by approximately (C)
(C) (CPX 48, Samuel Tesser, Dep. at 67-68; Unopposed CPF IN 115).

627. Respondent Pace displays tools outside of their boxes for sale in its stores. (CPX 78, Middleton Dep., at 56-57; Unopposed CPF IN 1).

628. Respondent Pace has advertised Makita 7 1/4" circular saws, Makita palm sanders, Makita 3/8" VSR drills, and the Makita 3/8" cordless drill driver kit with a 9.6V battery, fast charger and storage case for sale. (CXO 7; CXO 8; Unopposed CPF IN 2).

629. The Alltrade six piece set, the Wen 38 special and various Makita tools have all been featured in the Pace catalog. (CPX 78, Middleton, Dep. at 70-78; Unopposed CPF IN 3).

630. Pace offered a special Christmas promotion on an Alltrade six piece rechargeable set. The Alltrade kit included three tools, a rechargeable drill, a rechargeable sander and a rechargeable scroll saber saw. The other three pieces were the case, the rechargeable battery and the charger. This six piece set appeared in Pace's November catalog. (CPX 78, Middleton, Dep. at 68-69; Unopposed CPF IN 4).

631. Respondent Pace generally displays power tools on shelving approximately 30 to 35 feet long. Like items are displayed next to like items. In some cases tools may be displayed in groups by manufacturer. Any promotional material supplied by manufacturers or distributors is displayed directly over the tools. Respondent Pace does (C) (C) (CPX 78, Middleton, Dep. at 55-60; Unopposed CPF IN 5).

632. Respondent Pace operates (C) (C) (CPX 78, Middleton Dep., at 12-16; Unopposed CPF IN 18).

633. During a visit of Patrick J. Griffin to Respondent Pace's store, he saw side-by-side displays of Makita and Taiwanese 4" finishing sanders and 7 1/4" circular saws. These tools appeared to be identical to the Makita products. (CXA 3, Griffin W.S.; Unopposed CPF IN 6).

634. Respondent Tool City placed an ad dated 12/10/87 in the Orange County Register for Jepson 4" disc grinders, palm sanders, routers and 9.6V cordless batteries. The batteries were advertised as fitting Makita and Jepson. (CXQ 12; Unopposed CPF IN 7).

635. In an advertisement dated November 24, 1988, Respondent The Home Depot has advertised Makita's model 6012HD, the Makita BO4550 finishing sander, 7 1/4" circular saw, 3/8" VSR hammer drill, 3620 plunge router, as well as the Makita 9.6V battery and 9.6V battery charger, for sale in the U.S. Also shown in this advertisement were the (C) 7.2V cordless drill, cordless sander and cordless jigsaw, as well as the (C) 7.2V battery cartridge and battery charger. (CX M 38, CX M 39; Unopposed CPF IN 8).

636. The Home Depot operates (C)
(C)
(C) Located across the southern half of the United States from Florida to California, the Home Depot warehouses range in size from (C) (CXA 3, Griffin W.S., at 13. See also, CXA 23 - CXA 33, CXM 4; Unopposed CPF IN 19).

637. Respondent Ta Shin has distributed its sales catalogs in the United States and offered its cordless drill models DR1 and DRP for sale in

the United States. (CXG 1, Ta Shin's response to complainants' Interr. 12; CPF IN 9).

638. Respondent Ta Shin has engaged in promotional activities in the United States by distributing its catalogs in the United States. (CXG 1, Ta Shin's response to Complainants' Interr. 19; Unopposed CPF IN 10).

639. The Jiang Charng 14" cut-off saw, model JC301 has been advertised in the United States. (M 133347, CXA 98; Unopposed CPF IN 10(d)).

640. Catalogs are very important to (C) will send out as many catalogs as it can afford because that is how sales are made. (CPX 81, Eric Smidt Dep., at 133-137; Unopposed CPF IN 16).

641. During 1988 Harbor Freight spent (C) on catalog printing and postage cost. (CPX 81, Eric Smidt Dep., at 144-146; Unopposed CPF IN 17).

642. Respondent ICB has distribution across the country in cordless tools. It is currently merchandising tools to accounts such as (C)
(C)
(C)
(C)
(C)
(C)
(C)
(C) (CMX 8;
Unopposed CPF IN 20).

643. Jenn Feng's U. S. customers include (C)
(C) (CXL 1).

644. Respondent Atlas imports its products from (C)
warehouses them in the United States, and then resells them through its
representatives to retail stores. (CXI 4, Atlas response to complainants'
Interr. 12; Unopposed CPF IN 23).

645. Respondent Atlas has (C)
(C)
(C) (CXI 7; Unopposed CPF IN 24).

646. Respondent Atlas has sold products imported from (C)
(C)
(C) (CXI 14; Unopposed CPF IN 25).

647. Tochiado has sold power tools directly to (C)
(C) Tochiado made all sales to (C)
(C) (CXH 4, Tochiado's
supplemental response to complainants' Interr. 10; Unopposed CPF IN 26).

648. Respondents Trade Associates' customers include (C)
(C)
(C) (CXF 1, CXF 2 and CXF 3; Unopposed
CPF IN 27).

649. Other distributors of Trade Associates' products are (C)
(C) (CXF 1, Supplemental
response of Trade Associates to Complainants' Interr. 15; Unopposed CPF IN
28).

650. Alltrade has approximately (C) customers in the U.S. (CXD 37;
Unopposed CPF IN 29).

651. Respondent Jepson has (C) sales representatives spread across the
United States. (CXC 5; Unopposed CPF IN 30).

652. Jepson has (C) throughout the United States. (CXC 8; Unopposed CPF IN 31).

653. There are approximately (C) customers in the U.S. (CXC 19; CXC 54; Unopposed CPF IN 32).

654. Alltrade's eastern division involves (C) independent sales representatives organized by territory that operate within the eastern region as well as an additional independent representative in charge of nationwide direct mail sales. Sales representatives are expected to continue an ongoing relationship with accounts, mostly chain accounts, once these accounts are opened. (CPX 79, Murphy Dep., at 13-18; Unopposed CPF IN 33).

655. (C) is P&F/Nu-Way's (C)
(C)
(CPX 57, Bing Lin Dep., at 22-23; Unopposed CPF IN 37).

656. (C) customers in the United States include (C)
(C) (CPX 57, Bing Lin Dep., at 27-28; Unopposed CPF IN 38).

657. Another U.S. customer of P & F Brother is (C)
(CPX 58, Bing Lin Dep., at 135-137; Unopposed CPF IN 40).

658. P & F has also manufactured under the following brand names:
(C) (CPX 58, Bing Lin Dep., at 230; Unopposed CPF IN 41).

659. Floyd Ready's customers include (C)
(C) (CPX 47, Floyd Ready Dep., at 47 and 49; Unopposed CPF IN 42).

660. Floyd Ready's customers are primarily (C)
(C) (CPX 47,
Floyd Ready Dep., at 79 and 142; Unopposed CPF IN 43).

661. Jepson supplied (C) with (C)
(C)
(CPX 47, (C) Dep. at 67; Unopposed CPF IN 44).

662. Harbor Freight has stores in Lancaster, Santa Maria, CA, Camarillo, CA and Lexington, KY. Buy Now and Save Stores are affiliated companies located in Bakersfield, Visalia, Fresno and Hesperia, California. The Camarillo and Lexington stores have warehousing facilities. (CPX 81, Eric Smidt Dep., at 21 and 22; Unopposed CPF IN 45).

663. Central Purchasing Company, also known as Harbor Freight and Salvage Company, is a mail order company that sells tools, hardware, and machinery. It is located in Mission Oaks, CA and Lexington, KY. Both locations have retail stores within them. (CPX 81, Eric Smidt Dep., at 15-19; Unopposed CPF IN 46).

664. Complainants serve a number of customers in common with various respondents. (C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)

(C)

(C)

(C)

665. (C) has advertised the Puma 3/8" cordless rechargeable drill for \$25.00. In the same advertisement it offered a Makita palm sander and a Makita 10" miter saw for sale. (CXA 482).

666. (C) has provided order forms for purchases of Atlas Group cordless jigsaws, drills, finishing sanders, chargers and batteries. (CXA 45; Unopposed CPF IN 201).

667. Taiwanese 7.2V cordless products were noticed by Makita as showing up (C) (CXA 601; Unopposed CPF IN 200).

668. Accused power tool imports were first noticed by Makita as a problem in 1986. (CXA 3, Griffin W.S., at 7, Unopposed CPF IN 188).

668. Respondent Alltrade's sales to (C) represented the first intrusion of accused products into the warehouse club market. (CXA 3, Griffin W.S., at 7-8).

669. Respondents have also started selling to specialty tool stores, (C) (C) (CXA 3, Griffin W.S., at 8; Unopposed CPF IN 192).

670. Respondents have also succeeded in penetrating the automotive and specialty stores market (C) (C) (CXA 3, Griffin W.S., at 8; Unopposed CPF IN 191).

671. (C) told respondent Jepson that to obtain their sales figures they would have to get their product lines into customers that are doing big business with lines like Makita, Ryobi, Black & Decker, Skil, Delta and so forth. (C) also said "we may also end up selling customers of the Makita customers today if we have to and I'm not adverse to doing that if we cannot crack the door of the larger customer in the market place." (SXX 10; Unopposed CPF IN 203b).

B. Other Evidence of Market Penetration

672. ICB indicates that its rechargeable interchangeable power tools have captured a significant share of the market throughout the country. ICB also indicates that it has displaced, in whole or in part, many of the nation's long established brand names. ICB indicates that it has provided the first rechargeable power pack system for power tools that are price designed for the broad do-it-yourself middle America market. (CXM 9, at 7; Unopposed CPF IN 131).

673. Respondent Tochiado alleges that it has sold (C)
(C)
(C) (CXH 3, Tochiado response to complainants' Interr. 9; Unopposed CPF IN 132).

674. P & F Brother has attempted to directly contact U.S. customers. (CPX 58, Bing Lin Dep., at 144-148; Unopposed CPF IN 134).

675. P & F Brother has been in contact with the following U.S. companies: (C)
(C)
(C)

(C)

(CPX 58, Bing Lin Dep., at 180-183; Unopposed CPF IN 135).

676. Ko Shin hopes and plans to sell a reasonable amount of power tools in the United States from year to year. (CX B 10, p. 6, Supplemental Response to Complainants' Interr. 32; Unopposed CPF IN 135a).

677. Alltrade is not satisfied with its market share relative to its competitors. (CPX 76, David Blackman Dep.; Unopposed CPF IN 135b).

678. (C)

(C)

(C)

(C)

679. (C)

(C)

(C)

C. Manufacturing Capacity

680. Respondent Tochiado's annual production capacity for 1985 for all models was (C) (C) Actual annual quantities produced were (C) (C) (CPH 4, Tochiado supplemental response to complainants Interr. 6).

681. Trade Associates' supplier is (C) Trade Associates has an agreement with (C) whereby the latter supplies it with all of the tools in issue. (CX F 3; CX F 4; and CX F 14; Unopposed CPF IN 141).

682. Jenn Feng's annual production capacity for power tool products is about (C) It employees (C) persons to manufacture its power

tools. Its manufacturing facilities for the production of power tools cover an area of approximately (C) (CXL 2, Jenn Feng's Response to Interr. 6; Unopposed CPF IN 142).

683. P & F has approximately (C) employees of which (C) are factory workers. Nu-Way has about (C) employees of which (C) are factory workers. (CPX 57, Bing Lin Dep. at 26; Unopposed CPF IN 148).

684. The annual production capacity for P & F Brother (C)
(C)
(C) (CPX 57, Bing Lin Dep., at 46-49).

685. The entire line of P & F's cordless products could be geared to the U.S. market since the actual tools are the same the world around. (CPX 58, Bing Lin Dep., at 185-186; Unopposed CPF IN 151).

686. P&F operates mostly on a single shift but has the capacity (C)
(C)
(C) (CPX 58, Bing Lin Dep., at 187; Unopposed CPF IN 152).

687. (C)
(C)
(C) (CPX 58,
Bing Lin Dep., at 187-192).

688. (C)
(C)
(C)
(C)
(C)
(C)

D. Attendance of Trade Shows

689. Tochiado attended the Chicago hardware show in 1988, distributed its catalogs and met with potential customers. (CXH 3, Response to complainants Interr. 22; Unopposed CPF IN 162).

690. Respondent Trade Associates attended a national hardware show in August 1987 and a national home center show in March 1988. It displayed its products at both shows. (CXH 6, Trade Associates' response to Interr. 22; Unopposed CPF IN 163).

691. Jenn Feng has appeared at the National Hardware show in the United States. (CXL 2, Jenn Feng's Response to Interr.; Unopposed CPF IN 164).

692. Harbor Freight has sent representatives to the Chicago Hardware Show, the Asia Automotive Show and to American surplus dealer shows. (CPX 80, Kirk Dep., at 58; Unopposed CPF IN 165).

693. P&F Brother and Nu-Way participate in U.S. trade shows. (CPX 57, Bing Lin Dep., at 10-15; Unopposed CPF IN 166).

694. P&F/Nu-Way participated in the March 1988 National Home Center Show in Chicago and sent out catalogs for their products at that time. Only one cordless drill sample existed at that time, the model 9806. (CPX 57, Bing Lin Dep., at 37; Unopposed CPF IN 167).

695. P&F representatives attended the March 1988 National Home Center show in Chicago and the August 1988 National Hardware show in Chicago. P&F had a separate booth at each show. P&F handed out catalogs at both of these shows and spoke with an estimated (C)
(C)
(C)

(C) (CPX 58, Bing Lin Dep., at 81-90; Unopposed CPF IN 168).

696. Tochiado products were shown at trade shows in the United States in 1986 and 1988 by (C) (CPX 65, Ray Wong Dep., at 38-40).

697. Jepson attends trade shows in order to advertise and promote its name and solicit customers. (CPX 49, Q. Chen Dep., at 298; Unopposed CPF IN 169a).

E. Makita's Sales

698. (C)
(C)
(C)

699. The overall power tool market increased from 1987 to 1988 and from 1986 to 1987. (Griffin, Tr. at 619; Unopposed SPF P3).

700. The power tool market is a highly competitive one. (Smidt, Tr. 114, CPX 81; Unopposed SPF P4).

701. Competition in the power tool market has increased in the last few years. (Griffin, Tr. at 387-89; Unopposed SPF 5).

702. The production of battery cartridges has increased rapidly over the past few years as consumer acceptance of rechargeable tools has increased. (Cahill, Tr. 1671; Unopposed SPF 6).

703. (C)
(C)

| <u>FISCAL YEAR</u> | <u>QUANTITY SOLD</u> | <u>TOTAL SALES AMOUNT</u> |
|--------------------|----------------------|---------------------------|
|--------------------|----------------------|---------------------------|

(C)

(C)

(C)
 (C)
 704. (C)
 (C)

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C)
 (C)
 (C)
 (C)

705. (C)
 (C)

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C)
 (C)
 (C)
 (C)

706. (C)
 (C)

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C)
 (C)
 (C)
 (C)

707. (C)
 (C)

| | <u>FISCAL YEAR</u> | <u>QUANTITY SOLD</u> | <u>TOTAL SALES AMOUNT</u> |
|------|--------------------|----------------------|---------------------------|
| | (| C |) |
| | (| C |) |
| | (| C |) |
| (| C |) | |
| 708. | (| C |) |
| (| C |) | |

| | <u>FISCAL YEAR</u> | <u>QUANTITY SOLD</u> | <u>TOTAL SALES AMOUNT</u> |
|------|--------------------|----------------------|---------------------------|
| | (| C |) |
| | (| C |) |
| | (| C |) |
| (| C |) | |
| 709. | (| C |) |
| (| | C |) |
| (| C | C |) |
| (| C |) | |
| 710. | (| C |) |
| (| C |) | |

| | <u>FISCAL YEAR</u> | <u>QUANTITY SOLD</u> | <u>TOTAL SALES AMOUNT</u> |
|------|--------------------|----------------------|---------------------------|
| | (| C |) |
| | (| C |) |
| | (| C |) |
| (| C |) | |
| 711. | (| C |) |
| (| C |) | |

| | <u>FISCAL YEAR</u> | <u>QUANTITY SOLD</u> | <u>TOTAL SALES AMOUNT</u> |
|-------|--------------------|----------------------|---------------------------|
| | (| C |) |
| | (| C |) |
| | (| C |) |
| (| | C |) |
| 712. | (| C |) |
| (C) | | | |

| | <u>FISCAL YEAR</u> | <u>QUANTITY SOLD</u> | <u>TOTAL SALES AMOUNT</u> |
|------|--------------------|----------------------|---------------------------|
| | (| C |) |
| | (| C |) |
| | (| C |) |
| (| C |) | |
| 713. | (| C |) |
| (| | C |) |
| (| | C |) |
| 714. | (| C |) |
| (| C |) | |

| | <u>FISCAL YEAR</u> | <u>QUANTITY SOLD</u> | <u>TOTAL SALES AMOUNT</u> |
|------|--------------------|----------------------|---------------------------|
| | (| C |) |
| | (| C |) |
| | (| C |) |
| (| C |) | |
| 715. | (| C |) |
| (| | C |) |
| (| | C |) |

716. (C))
 (C)

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C))
 (C))
 (C))
 (C))

(C)

717. (C))

(C))
 (C))

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C))
 (C))
 (C))

(C)

718. (C))

(C))

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C))
 (C))
 (C))

(C)

719. (C))

(C))

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C))

(C)
 (C)
 (C)
 720. (C)
 (C)

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C)
 (C)
 (C)
 (C)
 721. (C)
 (C)
 (C)

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C)
 (C)
 (C)
 (C)
 722. (C)
 (C)
 (C)

FISCAL YEAR QUANTITY SOLD TOTAL SALES AMOUNT

(C)
 (C)
 (C)

(CXA 36-38; Unopposed SPF P 26).

723. The only evidence of specific lost sales by complainants as a result of the alleged unfair acts of respondents is the testimony of Mr. Griffin that Makita Tool lost the sales of certain products to (C)

(C)
(C)
(C)
(C)
(C)

724. Mr. Griffin testified concerning penetration by respondents into a number of Makita's accounts, including (C)

(C)
(C)

725. Mr. Griffin's testimony indicates that Makita is still selling to each of these accounts. (Griffin, Tr. 297-305; CXA 3, Griffin W.S., at 7).

726. Sales by Makita to (C)
(C)
(C)

727. The overall tool market increased from 1987 to 1988 and from 1986 to 1987. (Griffin, Tr. 619; Unopposed SPF P 3).

728. Makita offered promotional discounts in 1987 and 1988. (Hattori, Tr. 976-77). However, the connection between such discounts and the

(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)

activities of respondents is tenuous at the very best. (Griffin, Tr. 595; Hattori, Tr. 1033-34; RXJ 65, 67, 68; CXA 73-79, 88). (C)
(C)
(C)

F. Sales Comparison

729. The following table compares combined sales in 1988 of accused products by ICB, Jenn Feng, Ko Shin, P&F/Nu-Way, Tochiado, and Trade Associates to sales in 1988 of the comparable Makita products:

| <u>PRODUCT</u> | <u>RESPONDENTS</u> | <u>MAKITA'S SALES</u> |
|----------------|--------------------|-----------------------|
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |
| (| C |) |

(Unopposed SPF P 41).

G. Makita's Profitability

730. (C)
(C)
(C)
731. (C)
(C)
732. (C)
(C)
733. (C)
(C)
(C)

734. The exchange rate of the yen fell from 180 yen/U.S. dollar in March 1986 to 123 yen/U.S. dollar in March 1988. (CXA 57; Unopposed SPF P 31).

735. (C)
(C)
(C)
(C)

H. Makita's Employment

736. Makita's employment has increased since 1986. (Hattori, Tr. 923-29).

737. Employment at Makita U.S.A. in 1988 has increased only slightly over 1987. (C)
(C)
738. (C)
(C)

739. Employment at MCA increased in 1988 over 1987, but the increase was not as much as was expected. (CXA 2, Hattori W.S., at 19).

I. Threat of Injury

740. There exists among the respondents foreign capacity to produce substantial numbers of infringing power tools, battery cartridges, and battery chargers. (CXH-6 at 4, CXK-5 at 5, CXB-9, CXL-4 at 6; Unopposed SPF Q 1).

741. Third party suppliers of the respondents represent additional potential sources of infringing imports and include (C) (C) (CXM-4 at 4, CXF-11, CXM-3 at 3; Unopposed SPF Q 2).

742. (C)
(C)
(C)
(C)
(C)

743. Respondents (C) and (C) have a substantial amount of common ownership. (C) (C)

744. (C) and (C) have a substantial amount of common ownership. (C)

745. The respondents' intent to penetrate the U.S. market is evidenced by their appearance at U.S. trade shows. (See, e.g., CXH-6 at 2; CXG-4 at 4-5; CPX, J.C. Chen Dep., at 107; CPX J. C. Chou Dep., at 62; FF , above; Unopposed SPF Q 6).

746. The respondents' intent to penetrate the U.S. market is also evidenced by correspondence between respondents and potential customers in

the United States. (See, e.g., CXH-43, CXH-44, CXH-45, CXG-23, CXG-24, CXK-22, CXK-23; Unopposed SPF Q 7).

747. Mr. Daniels, a tool buyer for Addison Hardware of Jackson, Mississippi, testified that:

It takes sometimes years, several years to build a line for a tool that has not been nationally advertised and not in any of the national magazines. The public has to be sold on a tool to start with. If not, it can take you several years to build your trade up on a particular line.

(Daniels, Tr. 1245).

748. For this reason, Mr. Daniels was not interested in purchasing the Jepson line from Floyd Ready. (Daniels, Tr. 1239-45).

J. Prevention of Establishment

749. (C)
(C)
(C)
750. (C)
(C)
(C)
751. (C)
(C)
(C)
(C)
(C)
(C)
(C)
(C)

| | | | |
|------|---|---|---|
| (| | C |) |
| (| C | |) |
| 752. | (| C |) |
| (| | C |) |
| (| C | |) |
| 753. | (| C |) |
| (| | C |) |
| (| | C |) |
| (| C | |) |
| 754. | (| C |) |
| (| | C |) |
| (| | C |) |
| 755. | (| C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |
| 756. | (| C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |
| (| | C |) |
| (| C | |) |

OPINION

I. INTRODUCTION

This investigation is concerned with the importation and sale in the United States of certain electric power tools, battery cartridges and battery chargers. The principal charges involved are those of infringement of common law trademark, false representation, false advertising and passing off of power tools of respondents which are allegedly copies of, or confusingly similar to complainants' tools. The common law trademarks claimed consist of overall design, color (except for 2 products -- 14" cut-off saw and battery cartridge), design/color combination and "overall design including one or more" of certain stated features of the various tools at issue. (See, CXA 3, App. B).

There is also a charge of infringement of U.S. Registered Trademark No. 1,204,296 ("the '296 mark"), but this charge involves only 2 of the 31 named respondents. The tools of complainants at issue number over 50, including certain models as sold both alone and in kit form. The number of respondents' accused tools at issue come to more than 100 individual tools, battery cartridges and battery chargers.

II. JURISDICTION

The Commission has in personam jurisdiction over all parties to this investigation, except Mechanics Products which was never served. Service of the complaint and notice of investigation have been made on all other respondents. (FF 1). The majority of the respondents filed responses to the complaint and notice and appeared through counsel at the preliminary conference held herein on September 29, 1988. (Prelim. Conf., Tr. 5-8). Further, the Commission has jurisdiction over the subject matter of this

investigation under 19 U.S.C. §1337 because the alleged unfair acts and unfair methods of competition involve importation of certain electric power tools, battery cartridges and battery chargers into the United States which allegedly infringe complainants' common law and registered trademarks. Certain Steel Rod Treating Apparatus and Components Thereof, Inv. No. 337-TA-97, 215 U.S.P.Q. 229, 231 (1981); Certain Single Handle Faucets, Inv. No. 337-TA-167, Unreviewed I.D. at 31-32. The participating parties have not contested the Commission's jurisdiction. (FF 1).

III. COMMON LAW TRADEMARKS

A trademark is defined at common law, as it is under the Lanham Act, as "any word, name, symbol, or device, or any combination thereof, adopted and used by a manufacturer or merchant to identify his goods and to distinguish them from those manufactured or sold by others." 15 U.S.C. §1127, 1 McCarthy, Trademark and Unfair Competition, §3:1 at 103 (1984) ("McCarthy"); Certain Woodworking Machines, Inv. No. 337-TA-174 at 6 (1985) ("Woodworking Machines").

The common law trademarks claimed by complainants in this investigation include: the overall design of each of the tools at issue; the "Makita blue" color of all, or parts of all but two of the tools at issue; and the design/color combination of the tools at issue. (FF 138). In the case of all Makita's tools at issue, with the exception of 7" and 9" grinders, there is further a list of features for each category of tools, one or more of which, when considered along with the overall design, are also apparently claimed as common law trademarks. (FF 140). The exact significance of such lists of features is unclear. The testimony of

complainants' personnel and their expert witness are somewhat contradictory in connection with the listed design features. (FF 142-59).

It is necessary for complainants to established that their claimed marks have attained common law significance. To do so, they must show that: (1) they have a right to use the alleged marks; (2) the marks are primarily non-functional; (3) the marks are either inherently distinctive or have acquired secondary meaning; and (4) the marks have not become generic. Certain Sickle Guards, Inv. No. 337-TA-247, at 7, 2 U.S.P.Q. F.2d 1889 (1987) ("Sickle Guards"); Certain Vertical Milling Machines, Inv. No. 337-TA-133 at 8-9 (1984) ("Milling Machines"); Certain Vacuum Bottles, Inv. No. 337-TA-108, at 5 (1982) ("Vacuum Bottles").

A. Right to Use

A person claiming a mark must establish that he has a right to identify his product by the mark. Prior use by another without abandonment may bar this right. Certain Cube Puzzles, Inv. No. 337-TA-112, at 7 (1983), ("Cube Puzzles"). However, in order for the prior use to constitute a bar, such prior use must confer trademark rights on the senior user. Id. at 7-8.

In this investigation the parties do not contend that complainants do not have the right to use the designs and color which they claim as their marks. Nor has any evidence been introduced to prove otherwise. There is evidence that Bosch, a competitor of complainants, has been selling blue tools in the United States since the early 1960's, prior to Makita's sales of blue tools in this country. (FF 165, 166). However, neither Bosch nor any other company has alleged that it has established secondary meaning in the color blue in connection with power tools. As such, the record

indicates that complainants are entitled to use the designs, color and design/color combinations which they claim as their marks.

B. Distinctiveness

An inherently distinctive design is one which is so distinctive that its distinctiveness is obvious at the time of adoption and first use. Certain Vertical Milling Machines, 223 U.S.P.Q. 332, at 337 (1984); Federal Glass Co. v. Corning Glass Works, 162 U.S.P.Q. 279, 283 (T.T.A.B. 1969). Makita has asserted that the product designs, the color "Makita blue," and the design/color combinations of its tools are distinctive. (SXT 1, p. 14). However, a configuration is rarely inherently distinctive. 1 McCarthy, Trademark and Unfair Competition, § 7.31 (1984). Color of a product has also rarely been found to be inherently distinctive. In re Owens-Corning Fiberglas Corp., 174 F.2d 1116 (Fed. Cir. 1985).

The Commission has consistently held that product configurations are descriptive and weak. It has thus required that there be evidence of secondary meaning for the configurations to receive trademark protection. See, e.g., Certain Luggage Products, Inv. No. 337-TA-243 (1986); Certain Heavy Duty Staple Gun Tackers, Inv. No. 337-TA-137 (1984); Certain Sneakers With Fabric Upper and Rubber Soles, Inv. No. 337-TA-118 (1983); Certain Braiding Machines, Inv. No. 337-TA-130 (1983).

In view of my findings that the principal design features of the Makita tools in question can be found in numerous non-respondent competitive products (FF 162, 163) and that the color blue has been used by Makita's competitors, including at least one whose usage predates that of Makita in the U.S. market (FF 164-66), there can be no finding that the tools in

issue are inherently distinctive.^{15/}

C. Functionality

In Morton-Norwich Products, Inc., 671 F.2d 1332, 213 U.S.P.Q. 9 (C.C.P.A. 1982) the Court of Customs and Patent Appeals defined the meaning of "functionality." As noted therein

the label "functional" has dual significance. It has been used on the one hand, in lay fashion to indicate "the normal or characteristic action of anything," and, on the other hand, it has been used to denote a legal conclusion.

213 U.S.P.Q. at 12.

Thus, the material question becomes whether the subject matter at issue is functional factually or legally. If the designation "functional" is to denote legal consequence then we are concerned with "de jure" functionality. If it is used in the lay sense, we are concerned with "de facto" functionality. If something is de facto functional, it still may be legally recognized as an indication of source. If it is de jure functional, such a design may not be protected as a trademark. Id. at 13.

The Morton-Norwich decision speaks of functionality in the legal sense as being "determined in light of 'utility,' which is determined in light of 'superiority of design,' and rests upon the foundation 'essential to effective competition.'" Id., at 15. In determining whether a design is utilitarian in this sense, the court considered several criteria. They

^{15/} In comparing the various models for distinctiveness, functionality and infringement, I relied primarily upon my own personal observation, rather than the testimony of the experts for each side. I found the testimony of the experts to be somewhat biased in favor of their client in such comparisons. Thus I find that their testimony in these regards did not "assist [me] to understand the evidence or to determine a fact in issue." F.R.C.P. 702.

are: (1) whether the design asserted as a mark was the subject of a utility patent; (2) whether the originator of the design touts its utilitarian advantages through advertising; (3) whether there are other commercial alternatives available; and (4) whether the design results from a comparatively simple or cheap method of manufacturing the article. Id., at 15-16.

In applying these factors to the claimed marks in this case, I must find, with several exceptions, that the claimed marks are not de jure functional.

1. Utility Patents. The Courts have found that configurations that are the subject of a utility patent are functional, whether or not such patent has expired. See, e.g., Application of Honeywell, 497 F.2d 1345 (C.C.P.A. 1974); Best Lock Corp. v. Schlage Lock Co., 413 F.2d 1195 (C.C.P.A. 1969).

Complainants themselves hold two utility patents which cover certain design features of two of the products at issue. These are the clamping mechanism for cordless finishing sanders (FF 237), and the safety cover for their circular saws (FF 238). To the extent these features are claimed as protectable design features in CXA 3, App. B, at A.3.g and I.3.j, they are functional by virtue of these utility patents and are not protectable.

There is also a utility patent, dated May 1976, on a battery cartridge having the individual cells positioned in parallel rows therein, in a 2x2x2x2 configuration, and having the same basic rectangular longitudinal shape and oval cross section as the Makita cartridges. (FF 239). The patent device does not have the same type of contacts, nor the ribs for proper insertion that are on the Makita cartridges and does not, therefore, fully depict the Makita design. It alone does not render the design

unprotectable. However, when considered with other factors discussed below, this utility patent plays some part in my finding that the design of the battery cartridge is de jure functional.

2. The Claimed Design Features and Complainants' Advertising. Complainants in their advertising have focused primarily on the functionality of their tools, rather than on any aesthetic, non-functional design features. (FF 221-25, 238). They have also not focused on, nor called attention to, the blue color of their tools in their advertising, except to the extent the tools were shown therein in color. (FF 230-38). However, the general nature of the emphasis on utility in complainants' advertising is insufficient, in and of itself, to establish the marks claimed herein as being de jure functional. (FF 221-38).

3. Other Commercial Alternatives. As noted by the Federal Circuit in In re Bose Corp., 772 F.2d 866, 872 (Fed. Cir. 1985), "If the feature asserted to give a product distinctiveness is the best, or at least one of a few superior designs for its de facto purpose, it follows that competition is hindered" if use of such feature is restricted. The evidence herein reveals that for almost every tool at issue herein alternative designs are available. (FF 204-20). In reaching this conclusion, I have weighed the testimony of complainants' expert Mr. Bartlett against that of respondents' expert Dr. Jones and found Mr. Bartlett's testimony to be generally more persuasive, because of his more intimate knowledge with the power tool industry, and specifically with the design process and costs within that industry. (FF 204-10). However, I have also considered the fact that the more prominent features of the tools in issue are dictated, in large part, by the need to conform to the

internal components and the need to provide convenient use by the handler of such tools. (FF 167-70).

In keeping with this latter proposition, I find that the designs of the cordless 4" disc grinder, the corded 4" sander grinder, and the 7" and 9" angle grinders and the 9.2V and 9.6V battery cartridges are such that there are a very limited number of designs available for these categories of power tools. Mr. Bartlett knew of no cordless 4" disc grinder on the market with an alternative design. His testimony concerning alternative design possibilities was quite limited and unpersuasive. (FF 220). In connection with the corded 4" sander grinder, Mr. Bartlett admitted that the motor housings on such tools tended to have similar housing diameters, because the motor housing acts as a handle. (FF 220). The record also shows that there are U.L. regulations governing the on/off switch and wheel guard design for this tool. (FF 171). Moreover, a visual examination of all of the exemplars in evidence for the 4" sander grinder and the 7" and 9" angle grinders shows that all, including the non-respondent exemplars cited by Mr. Bartlett as offering alternative designs, are quite similar. In the case of the 7" and 9" angle grinders, two of the four exemplars of alternative designs are not even applicable, as they are single-insulated tools with metallic housing, as compared to the double insulated models of complainants and respondents. It is clear from the evidence that the functional aspects of these tools dictates a great deal of similarity in design. (FF 220).

The battery cartridges also offer very limited design alternatives. Mr. Bartlett identified the parallel arrangement of cells used by Makita as one of the very few possible arrangements for such battery packs. (FF 176,

218). Moreover, the alternative designs proposed by Mr. Bartlett were all purely functional and dealt with the rib used on one side of the Makita battery pack to insure proper insertion of the battery pack into the battery charger. (FF 185-93, 219). Other non-respondent, non-accused battery packs use similar ribbing for this purpose. (FF 177). To the extent the Makita battery packs may not be purely non-functional, they certainly represent one of the very limited design choices. (FF 174-94, 218-19).

4. In General Complainants' Products Designs Are Not the Result of a Comparatively Simple or Cheap Method of Manufacture. With the exception of the battery cartridge here at issue, complainants' designs are not the result of comparatively simple or cheap methods of manufacture. Again, I credit Mr. Bartlett's testimony in this regard over that of Dr. Jones, because of his more intimate experience with product costs in this industry. (FF 204-10). It is clear that certain design features could be changed, at least minimally, on all of the categories of tools at issue, at comparative or lesser cost than the cost of making the Makita tool. (FF 211-20). The one exception is the battery cartridge. The record shows that the parallel arrangement of the Makita battery pack is a comparatively simple design. (FF 183). Dr. Jones' testimony that this design is cheaper to manufacture than the bulbar types found on some competitive tools is credible and is uncontradicted by the testimony of Mr. Bartlett. (FF 184).

5. Summary of Morton-Norwich factors. In view of the above, I find that the designs of complainants' tools at issue are not de jure functional, with the exception of the designs of the 4" sander grinder, the 7" and 9" angle grinders and the Makita battery cartridges. Each of the said grinders is revealed by the evidence to represent one of a very

limited number of alternatives insofar as design is concerned. The battery cartridges are de jure functional on this same ground. Moreover, they are further shown to be utilitarian by the purely functional nature of the design alternative that Mr. Bartlett, complainants' design expert, was able to propose.

D. Color and Functionality

Complainants claim a common law trademark in color alone, as well as in combination with design.

Color is usually perceived as mere ornamentation, but color may nonetheless function as a trademark. In re Owens-Corning Fiberglas Corp., 774 F.2d at 1116, 227 U.S.P.Q. 417, 421 (Fed. Cir. 1985). However, "when the color applied to goods serves primarily utilitarian purpose it is not subject to protection as a trademark." Owens-Corning, 227 U.S.P.Q. at 419. Industry practices and competitive needs, of course, factor into this determination. Id. at 419.

In this investigation, the evidence reveals that the Bosch Corporation, power tool manufacturer and intervenor herein, (C)
(C)
(C)
(C) Bosch entered the market with blue tools. (FF 198-99). Others followed suit, and by the time Makita entered the market it also chose a blue color to establish its tools as being industrial-grade. (FF 166). Indeed, the record reveals straightforward admissions by Makita that it adorned some of its products in a blue color to distinguish them as being industrial-grade tools. (FF 202).

The color depletion theory discussed in Owens-Corning has been urged by respondents as being applicable to this investigation. (RB, at 27, 28). A large number of manufacturers in the lucrative industrial-grade power tool market have used a number of different shades of blue on their tools. The blue spectrum is broadly covered by non-accused products. For example tools of Ryobi (CPX 158), Bosch (CPX 138), Kress (RXP 109 and 306), Freud (RXP 249), AEG (RXP 9), Toshiba (RXP 208), and Black and Decker (RXP 430) utilize varying shades of blue, ranging from a very dark blue, to light blues similar to that of Makita. (See also, respondent P&F/Nu-Way tools-- RXP 306, for example -- which are not accused as to color). These tools cover a broad range of the blue spectrum in the Pantone Color Specifier (RXP 168). Thus the case for color depletion is at least as strong here as in much of the legal precedent. Compare, Campbell Soup Co. v. Armour & Co., 175 F.2d 795, 798, 81 U.S.P.Q. 430, 432-33 (3rd Cir. 1949); International Braid Co. v. Thomas French & Sons, Ltd., 150 F.2d 142, 66 U.S.P.Q. 109 (C.C.P.A. 1945).

The established meaning of blue in this industry as representing industrial grade tools, along with the broad range of blues being utilized in this market for that purpose, supports the application of the color depletion theory. Moreover, the broad claims of complainants charging numerous respondents' products with infringement of the claimed color mark, despite their obvious differences from the exact Makita shade of blue, indicates some danger of "color depletion," if Makita should be found to have established a valid common law trademark in this regard. (See, e.g., CPX 206, 220, 223, 225, 276; all are accused products insofar as color is concerned, CXA 2, App. A). In short, the evidence reveals that the color

blue has considerable utility and that manufacturers have depleted various shades in pursuit of that utilitarian consideration. Under these circumstances the color depletion theory has some merit. See, Owens-Corning, 227 U.S.P.Q. at 419.

Assuming, though, that "Makita blue" is a distinguishable shade without any utility, complainants would have to prove that their color serves as a source of origin. Where a color is employed by others in the industry, complainants' must prove that the color acts as an indicator of source rather than mere ornamentation. Id. at 424, n.11 citing Van Brode Milling Co. Inc. v. Cox Air Gauge System, Inc., 279 F.2d 313, 319, 125 U.S.P.Q. 510, 514 (9th Cir. 1960) (red for automotive accessories); Black & Decker Mfg. Co. v. Ever-Ready Appliance Mfg. Co. 518 F. Supp. 607, 617, 213 U.S.P.Q. 842, 850 (E.D. Mo. 1981), aff'd, 684 F.2d 546, 215 U.S.P.Q. 97 (8th Cir. 1982) (almond for kitchen accessories); Delaware Co., Inc. v. Taylor-Bell Co., Inc., 249 F. Supp. 471, 479, 148 U.S.P.Q. 368, 374 (S.D.N.Y. 1966) (pink for cosmetic products).

"By their nature color marks carry a difficult burden in demonstrating distinctiveness and trademark character." Owens-Corning, 227 U.S.P.Q., at 424. In Owens-Corning, the Federal Circuit found that the color pink functioned as a trademark for fiberglass insulation based on the trademark owner's twenty-nine year advertising effort to associate the color pink with its fiberglass insulation, and the evidence of the effectiveness of such use of the color. Id. Each case of an alleged color mark must, of course, be considered on its own merits, but the evidence in this case of use of the color, and effectiveness in causing the purchasing public to

associate the color with a source, comes nowhere near to that in Owens-Corning.

Complainants admit that none of their advertising stresses their alleged unique color, (FF 230-34) and indeed Makita's catalogues were not even printed to show their tools in color until after 1988.^{16/} (FF 231). The fact that Makita has advertised in other mediums that show their tools in color is unpersuasive because Makita also advertises the same tools in such media in a different color (red), (C)

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(C) In short, I cannot find that Makita's advertising efforts evidence a method of using color so as to cause the purchasing public to identify the color with the source of the product.

Clearly then, Makita's use of the color "Makita blue" does not meet the very difficult evidentiary burden set forth in Owens-Corning for establishment of a common law trademark in the blue color used on its tools. In the first place, there is a very definite utilitarian aspect to the use of the blue color on power tools of industrial grade. Secondly, they have not shown the consistency and strength of use, nor the well-established and pervasive advertising program which marked Owens-Corning's

^{16/} The catalogue covers sometimes showed certain of the tools in color, but the depictions within the catalogues were in black and white.

use of the color pink on its insulation. Moreover, as will be noted below in connection with the review of the market survey offered in evidence by complainants, that study falls woefully short of establishing secondary meaning in complainants' use of the color "Makita blue."

E. Circumstantial Evidence - Copying

The evidence of record reveals that some of the respondents have intentionally copied the designs, color, and/or design/color combination of complainants' tools. (FF 240-53). However, a legal right to copy exists, unless a trademark, copyright, or patent is present. Furthermore, under Commission precedent, intentional copying is only treated as evidence of secondary meaning in the presence of both a strong mark and other substantial evidence of secondary meaning. Certain Single Handle Faucets, 337-TA-167, (1984), Unreviewed ID at 40-47; Trolley Wheel Assemblies, 337-TA-161 (1984); Certain Sneakers With Fabric Uppers and Rubber Soles, 337-TA-118 (1983). Thus, without more, intentional copying can not establish secondary meaning in the claimed marks.

Furthermore, complainants' products never appear in advertising or elsewhere without the registered mark "Makita" appearing therewith. (FF 235). Each tool is conspicuously labeled with the Makita mark (See, physical exemplars in evidence), and all advertising refers to the Makita name. (FF 235). When a mark is claimed in addition to a mark that is registered or has acquired common law trademark status in the product, one must prove that the second mark has trademark significance separate and apart from the established mark. Broadcasting Publications, Inc. v. Burnup & Sims, 582 F. Supp. 309, 315 (S.D. Fla. 1983); Proctor & Gamble Co. v.

Keystone Automotive Warehouse, Inc., 191 U.S.P.Q. 474 (T.T.A.B. 1971);
Application of Hillerich & Bradsby, 204 F.2d 288, 290 (C.C.P.A. 1960).

As stated by the Trademark Trial and Appeal Board:

It is settled that a product can bear more than one trademark without diminishing the identifying functions of each portion. The salient question is whether the designation in question, as used, will be recognized in and of itself as an indication of origin for this particular product. That is, does this component or designation create a commercial impression separate and apart from the other material appearing on the label.

Procter & Gamble Co. v. Keystone Automotive Warehouse, Inc., 191 U.S.P.Q.
474 (T.T.A.B. 1976).

Where, as here, the alleged designs and color marks are not inherently distinctive and are always used in connection with strong existing marks, the name "Makita", the alleged common law trademarks must be shown to have secondary meaning that creates a commercial impression separate and apart from the existing marks in order for the asserted design to be protectable. Petersen Mfg. Co., v. Central Purchasing, Inc. 740 F.2d 1541, 1550, 222 U.S.P.Q. 562, 569 (Fed. Cir. 1984) ("Visegrip" and the configuration of pliers); Application of McIlhenny Company, 287 F.2d 953 (C.C.P.A. 1960) (word mark and the configuration of a bottle); In re Mogen David Wine Corp., 372 F.2d 539 (C.C.P.A. 1967).

F. Secondary Meaning

Because complainants have not established inherent distinctiveness, they therefore bear the burden of proving distinctiveness of their claimed marks by the design's acquisition of secondary meaning.

"Secondary meaning is a mental association in the buyers' mind between the alleged mark and a single source of the product bearing the mark."

Certain Luggage Products, Majority Op. at 8, citing McCarthy, §15:2. Proof of secondary meaning is a question of fact which must be established by a preponderance of the evidence. Id. citing McCarthy, §15:11. Such proof can be in the form of direct or circumstantial evidence. In this context, direct evidence is that which proves the relevant state of mind of consumers through testimony, and "quasi direct evidence" of such state of mind that is garnered by means of a professionally conducted consumer survey. Circumstantial evidence in this context is that which invites an inference of the consumers' state of mind as a result of advertising the alleged mark, length of use, exclusivity of use, and sales volume. Id. at 9; Certain Vertical Milling Machines, Inv. No. 337-TA-133, Commission Op. at 13-14, USITC Pub. 1512 (1984), aff'd, Textron, Inc. v. U.S.I.T.C.; see also, Levi Strauss & Co. v. Blue Bell, Inc., 216 U.S.P.Q. 606, 612 (N.D. Cal. 1982); Deere & Co. v. Farmhand, Inc., 217 U.S.P.Q. 252, 263 (S.D. Iowa 1982). Generally, the less distinctive the alleged mark, the greater the evidentiary burden to establish secondary meaning. Luggage, supra, Commission Op. at 9; McCarthy, section 15:10 at 683.

1. Survey Evidence

Complainants commissioned Dr. Robert Sorensen, an expert in consumer surveys and the President of Sorensen Marketing/Management Corporation, to conduct a consumer survey for purposes of determining whether or not the appearance, shape, and characteristics of the Makita power tools or accessories in issue had acquired secondary meaning. (FF 254). Dr. Sorensen surveyed consumer perceptions of fourteen different tools or accessories -- a job that Sorensen candidly admitted to be an extremely

ambitious project.^{17/} (FF 258).

Dr. Sorensen conducted a pilot study of secondary meaning by surveying consumers in Columbus, Ohio and Levittown, New York, and the results of the pilot study were used to design the final survey that was introduced by complainants. Significantly, the pilot study revealed very little sole source identification for Makita in Columbus, Ohio, and an extremely poor sole source identification of Makita among women consumers. (FF 260, 266).

In designing the final study, Dr. Sorensen chose a geographic distribution so as to survey consumers living in five different metropolitan areas: Chicago, Illinois; Los Angeles, California; Orlando, Florida; New York, New York; and Seattle, Washington. (C)

(C)

(C)

(FF 263). Columbus, Ohio, the situs of the pilot study that yielded poor results for the complainants, was not chosen for the final study, and the reasons for the rejection of Columbus for the final study were rather dubious. (FF 260, 265-68).

The universe of prospective interviewees consisted of persons between 18 and 60 years of age who had either (1) bought and used any small hand-held or small stationary electric power tools for wood or metal within the last twelve months, or (2) had shopped for either type of power tool within the last three months. (FF 269). Dr. Sorensen also established interview

^{17/} Dr. Sorensen has conducted large consumer surveys on many occasions, including several surveys offered into evidence in U.S.I.T.C. proceedings. (FF 254).

quotas to ensure an even distribution of age, and a gender quota to ensure a 90/10 ratio of male/female interviewees. (FF 284).

Interviewees that were screened and deemed eligible were shown one of the complainants' tools with the tradename masked, and asked, among other things:^{18/}

What company or companies do you believe make this product? (Question 1).

What causes you to say that? (Question 2a)

Anything else? (Question 2b).

What is the brand name or brand names of this particular item? (Question 4a).

What causes you to say that? (Question 4b).

Anything else? (Question 4c).

(FF 297-98).

The consumer survey offered into evidence (Study S) reports that a total of 2,798 interviews were completed in the five metropolitan areas listed above. (FF 291). Study S is in fact fourteen separate studies, each dealing with a separate category of tool. There are very significant differences in the design characteristics between each of the categories. However, as to the claimed color mark and design/color combination marks, twelve of the studies may be considered as one -- all but the studies on 14" cut-off saws and battery cartridges -- as the color "Makita blue" is utilized, on all of the tools in these 12 categories. (Oral Argument, Tr. 3765). The individual studies consist of approximately two hundred

^{18/} Survey respondents were also asked "Do you believe that anything about the appearance of this item influenced your identification." (Question 5) This has been deemed a leading question. (FF 298, 300-01). However, Dr. Sorensen did not rely on the answers to this question in his analysis. (FF 301).

interviews for each of the fourteen selected tools -- a number that the experts agree to be an adequate sample for statistical purposes in a random intercept survey such as the one here at issue. (FF 291).

The first inquiry directed to the survey respondents -- "What company or companies do you believe make this particular item?" -- is, of course, of primary importance in analyzing the mental association in the buyers' mind between the alleged marks and a single source of the product bearing the marks. Dr. Sorensen testified that, notwithstanding the fact that secondary meaning is concerned with sole source identification, the question was designed to elicit multiple source identifications if the survey respondent offered multiple sources. (Sorensen, Tr. at 2084, 3659). Complainants place significance in the various percentages of survey respondents that made multiple source identifications of the tools and named Makita first. The significance of a survey response that identifies Makita first in a list of companies believed to make a particular item is, however, of marginal relevance. Secondary meaning can only be established if consumers associate the alleged mark or marks with a single source of the product bearing the mark. Luggage, Majority Op. at 8; See also FF 311. When considering identifications of Makita as the sole source of the products, complainants posit that the survey indicates the following results^{19/}:

| | |
|---|-------|
| The 7 1/4" Circular Saw (Makita Model 5007NB) | 30.8% |
| The Cordless Sander (Makita Model 9035D) | 19.1% |
| The Finishing Sander (Makita Model BO4550) | 26.0% |

^{19/} These results are applicable to survey respondents that identified only Makita in response to survey question 1, and either identified Makita or answered "Don't know" to a follow-up question as to the brand or brand names of the product. (Question 4). (FF 313)

| | |
|---|-------|
| The Long Handle Cordless Drill (Makita Model 6012HD)..... | 36.6% |
| The Short Handle 3/8" Cordless Drill (Makita Model 6010SD)... | 27.9% |
| The Cordless Grinder (Makita Model 9500D) | 20.1% |
| The 4" Sander Grinder (Makita Model 9501BZ) | 22.3% |
| The 3/8" VSR Drill (Makita Model 6410LVR) | 22.5% |
| The Router (Makita Model 3601B) | 20.4% |
| The 10" Miter Saw (Makita Model 2401B) | 16.1% |
| The 14" Cut-Off Saw (Makita Model 2414) | 1.5% |
| The Cordless Jigsaw (Makita Model 4307D) | 24.5% |
| The Battery Cartridges (Makita Model 7000/6320002-4) | 11.0% |
| The Battery Charger (Makita Model DC7100/11306-6) | 21.1% |

In assessing the admissibility and weight to be accorded a consumer survey such as the one outlined above, the Commission has followed the guidelines established by the Judicial Conference of the United States. Luggage, Initial Determination at 29; Certain Compound Action Metal Cutting Snips and Components Thereof, Inv. No. 337-TA-197, U.S.I.T.C. Pub. 1831, Initial Determination at 80 (1986), Certain Single Handle Faucets, Inv. No. 337-TA-167, Commission Op. at 41 (1984). The eight guidelines of the Judicial Conference read as follows:

1. examination of the proper universe;
2. a representative sample drawn from that universe;
3. a correct mode of questioning interviewees;
4. a recognized expert conducting the survey;
5. accurate reporting of the data;

6. sample design, questionnaire, and interviewing in accordance with generally accepted standards of objective procedure and statistics in the field of surveys;
7. sample design and interviews conducted independently of the attorneys; and
8. interviewers trained in the field, having no knowledge of the litigation or the purpose for which the survey is to be used. (FF 257).

Respondents attacked the survey on each of the criteria set forth in the guidelines, and contend that the survey is fatally flawed. Keeping in mind that survey practice is an imperfect art, I have discounted many of the respondents' criticisms as hypercritical.^{20/} However, the respondents and the staff have demonstrated that the ambitious survey does contain a number of weaknesses that indicate that the reported results are artificially inflated for purposes of this investigation.

2. Survey Universe

a. Potential Purchasers

One of the principal criticisms of the survey is the contention that the survey universe did not include potential purchasers. Respondents' and

^{20/} These other criticisms are discussed in the findings of fact. They include, inter alia, allegations that (a) the survey was improperly weighted in favor of a younger target audience, (b) used highly suggestive questions, (c) inaccurately reported data, (d) used irregular and incomplete interviewing techniques, (e) used improper validation techniques, and (f) placed undue emphasis on tools which are heavily advertised. With respect to these criticisms, respondents and staff have ventured somewhat beyond the guidelines of the Judicial Conference and into the realm of the infinite academic distinctions one might make in approaching the description of an unattainable "perfect" survey.

staff's position is well taken because a survey universe that is limited to owners and extensive users does little more than confirm the high incidence of product recognition by persons who are intimately acquainted with the product. Certain Woodworking Machines, Inv. No. 337-TA-174, U.S.I.T.C. Pub. 1979, Majority Op. at 18 (1985).

In Woodworking Machines, for example, the Commission criticized a survey that consisted of males over 25 years of age who had used their own band saw or table saw within the preceding six months. Id. at 17-18. The Commission discounted the value of the survey because the universe did not adequately represent potential purchasers, and was therefore skewed in favor of the complainant therein. Specifically, the Commission inferred a low coincidence of owners and potential purchasers due to the expense and long lifespan of the woodworking machines in issue. Id. at 19-21.

In regard to potential purchasers, this investigation is different from Woodworking Machines in two material respects. The tools in Woodworking Machines retailed for \$600 to \$800 and enjoyed a relatively long life; complainants' tools in this investigation are expensive, but relatively less expensive.^{21/} Complainants offered no evidence in the record to support a conclusive finding as to the average lifespan or rate of repurchase of the tools in issue herein,^{22/} yet I can infer that a universe of owners of electric power tools is likely to include a higher coincidence of potential purchasers -- either repurchasers or purchasers of a different

21/ Complainants' wholesale prices range from approximately (C)
(C) See CXA 584.

22/ See, Oral Argument, Tr. 3763-64.

power tool -- than the universe in Woodworking Machines contained.^{23/} Indeed, in terms of the likelihood that the sample of owners and users includes persons that are potential purchasers, the survey in this investigation is more likely to include potential purchasers than was found in Woodworking Machines and less likely to include such purchasers as the survey of owners in the Tupperware investigation. Certain Plastic Food Storage Containers, ("Tupperware") Inv. No. 337-TA-152, U.S.I.T.C. Pub 1563 at 80 (1984) (broad universe supported by facts, and high coincidence of owners and potential purchasers).

Beyond the aforementioned set of potential purchasers, the case differs from Woodworking Machines insofar as Dr. Sorensen attempted to expressly include within his universe persons that had shopped for power tools in the last three months, even if such shoppers had not purchased and used power tools in the last twelve months. (FF 274-79). No restriction on the definition of shopping was made in the screening interviews. Persons qualified for the survey by answering the following question affirmatively:

"Are you now or during the past three months have you been shopping for any small hand held (or small stationary) electric power tool for wood or metal?"

(CXA 89(e), Ex. B).

As in many cases involving surveys and secondary meaning, complainants have attempted to maintain the appearance of objectivity while excluding

^{23/} This inference is supported somewhat by the record. For example, one professional user identified Makita as the source of the Makita long-handled cordless drill and offered as a reason for his identifications: "because I have been looking for power tools to replace the ones I had stolen." (Questionnaire 2135). A home-user of eight electric power tools identified Makita as the source of a tool in issue and responded to an inquiry as to the cause of her identification: "because its the one I want." (Questionnaire 8149).

from their sample as many people as possible who are likely to be unfamiliar with their product. Respondents, of course, allege that the survey excludes too many such persons in the relevant consumer group.

Respondents and staff contend that Sorensen's universe is too narrow in respect to potential purchasers, because it excludes persons who anticipated purchasing a power tool but had not yet shopped. Respondents contend the exclusion of these persons is exacerbated by the fact that the survey was conducted during a time period that excluded the Father's Day and Christmas purchasing seasons and that the results of the survey would have shown lesser Makita source identifications if the period for shoppers to qualify for the survey was not artificially limited. (FF 274-79). Respondents propose that Dr. Sorensen should have simply asked whether a prospective interviewee anticipated a purchase of a power tool notwithstanding the fact that such a person had not shopped within the past three months. (FF 277; Oral Argument Tr., 3795-66).

In response, Dr. Sorensen testified that he was looking for some antecedent behavior, viz. shopping, to indicate that an interviewee was in the relevant consumer group. He specifically sought people "who could be expected to have been relatively recently aware of various power tool brand names, company sources, and brand attributes." (FF 270).

One can conclude from the evidence introduced on this point that the universe does exclude some persons that are consumers of power tools and likely to be less familiar with the designs, colors, and design/color combinations at issue in this investigation. (e.g. persons that anticipate a purchase but have not recently bought and used, or shopped). Further, by requiring many of the interviewees to have both purchased and used power

tools within the past 12 months, the study is certainly biased in favor of users and has eliminated potential interviewees who have shopped but were not also users. (FF 269-80). The degree to which the survey results are inflated by excluding relevant consumers is not precisely ascertainable.^{24/} Nonetheless, it is readily apparent that the reported results reflect a somewhat inflated percentage of consumers that are familiar with complainants' design, color, and design color combination, as more fully explained below.

b. Percentage of Professionals

Respondents allege that the survey is also faulty because the universe captured a percentage of professional users that was larger than the percentage of professional users among all tool purchasers as indicated in certain marketing data. (FF 281-83). This is especially significant because Dr. Sorensen testified that his survey revealed a strong correlation between professional users and correct Makita source identification. Respondents' criticism goes to the heart of Dr. Sorensen's definition of the relevant universe. If the relevant consumer group is composed of a certain percentage of professionals and the screener questions do not generate a sample of approximately the same percentage, either the sample is unrepresentative of the universe (sampling error), or the universe is not coextensive with the relevant consumer group (non-sample error).

^{24/} This is significant because Dr. Sorensen did not tabulate the percentage of persons that qualified for the survey as either buyers and users, or shoppers. (FF 278).

Respondents' experts testified persuasively that the latter situation is evident from the screening questionnaires. In their opinion, the questions were designed to generate a sample that disproportionately included professionals, and did in fact produce such a disproportionate sample. (FF 281). Other evidence of record indicates that Dr. Sorensen was either unaware of the percentage of consumers that were professionals when he designed his screener questions, or that he was acutely aware of the fact that professionals gave more favorable answers to Makita and he thus sought to screen a disproportionate percentage of professionals into his sample. (FF 281, 282, 285-87). In any event, the survey results include a disproportionately high number of source identifications by persons that are more inclined to correctly identify Makita as the source. (FF 281).

If the results of the survey were weighted to eliminate the disproportionately high number of professionals, Table 10 of the survey would read as follows:

- The 7 1/4" Circular Saw (Makita Model 5007NB) (C)
- The Cordless Sander (Makita Model 9035D) (RC)
- The Finishing Sander (Makita Model BO4550) (C)
- The Long Handle Cordless Drill (Makita Model 6012HD)..... (C)
- The Short Handle 3/8" Cordless Drill (Makita Model 6010SD)... (RC)
- The Cordless Grinder (Makita Model 9500D) (C)
- The 4" Sander Grinder (Makita Model 9501BZ) (C)
- The 3/8" VSR Drill (Makita Model 6410LVR) (C)
- The Router (Makita Model 3601B)(C)
- The 10" Miter Saw (Makita Model 2401B) (C)
- The 14" Cut-Off Saw (Makita Model 2414) (C)

- The Cordless Jigsaw (Makita Model 4307D) (C)
- The Battery Cartridge (Makita Model 7000/6320002-4) (C)
- The Battery Charger (Makita Model DC 7100/11306-6) (C)

(FF 317).

c. Gender

Respondents and staff also denigrate Dr. Sorensen's resolution to establish a gender quota of 90/10, male/female for his survey universe. This criticism also has significant merit. The pilot study conducted by Dr. Sorensen evidenced a far lesser level of recognition of complainants' products by females, yet Dr. Sorensen established a 90/10 gender ratio without any well-founded consideration of the relevant consumer group as it relates to gender. (FF 260-61, 285-87). (C)

- (C)
- (C)
- (C)

Accordingly, Dr. Sorensen's survey is skewed to exclude a representative number of persons in the relevant consumer group that evidence a lower rate of identifying the tools as Makita's.

All of the experts agreed that the survey results could be weighted by gender to eliminate the artificial 90/10 quota Dr. Sorensen used in defining his survey universe. (FF 318). If the results were weighted to account for a (C) ratio, which complainants' own documents reveal to be a more accurate estimate of the actual consumer universe, Table 10 of the survey would read as follows:

- The 7 1/4" Circular Saw (Makita Model 5007NB) (C)
- The Cordless Sander (Makita Model 9035D) (C)

- The Finishing Sander (Makita Model BO4550) (C)
- The Long Handle Cordless Drill (Makita Model 6012HD)..... (C)
- The Short Handle 3/8" Cordless Drill (Makita Model 6010SD)... (C)
- The Cordless Grinder (Makita Model 9500D) (C)
- The 4" Sander Grinder (Makita Model 9501BZ) (C)
- The 3/8" VSR Drill (Makita Model 6410LVR) (C)
- The Router (Makita Model 3601B) (C)
- The 10" Miter Saw (Makita Model 2401B) (C)
- The 14" Cut-Off Saw (Makita Model 2414) (C)
- The Cordless Jigsaw (Makita Model 4307D) (C)
- The Battery Cartridges (Makita Model 7000/6320002-4) (C)
- The Battery Charger (Makita Model DC7100/11306-6) (C)

(FF 318).

I have not cross-tabulated the results of a weighted universe based on gender and professional use of the tools because the evidence did not clearly indicate the appropriateness of such a cross-tabulation. However, if the results were cross-tabulated, the percentage of sole source identifications may be further reduced.

d. Geographic Distribution

Respondents and staff also contend the survey results are inflated by virtue of the locations used for the survey. As noted above, Dr. Sorensen conducted a pilot study in Columbus, Ohio and Levittown, New York. The results were not favorable to complainants in Columbus, Ohio, and indeed the results of correct Makita source-identifications in New York were almost three times higher than in Ohio. (FF 266). In the final survey Dr. Sorensen returned to Levittown, New York but did not return to Columbus,

Ohio, and Dr. Sorensen did not give good reasons for abandoning Columbus.
(FF 265).

(C)
(C)
(C)
(C)
(C)

In short, the survey results are somewhat inflated by the fact that they were conducted in locations where Makita recognition could be expected to be relatively high.

e. The Study and the Claimed Marks

As noted above in FF 138, complainants are claiming common law trademark rights for their tools in at least 3 separate marks -- design alone, color alone, and design/color combination.^{25/} Dr. Sorensen's study clearly overextends itself in attempting to find secondary meaning for each of these claimed marks. Table 10 of the Study S tabulations reveals the percentage of sole source identifications for any of forty-two reasons deemed trademark-significant by Dr. Sorensen. A perusal of the questionnaires reveals that some of the identifications were made on the basis of both design features and color, some were made on color alone, some on design alone, and some on the basis of factors not directly attributable to any of the claimed marks, such as "I own one." (Judge's Ex. 2).

Under these circumstances, if there is to be any overall significance to the percentage of sole source Makita identification, it would perforce be

^{25/} Such tri-partite claims apply, of course, to only those 12 categories of tools that utilize the color "Makita blue."

attributable only to the claimed mark in design/color combination. Even here, as is noted below, the percentages are non-persuasive of secondary meaning, especially when the various inflating factors are considered.

However, when we try to break out identification by color alone, or design alone, we can clearly see that the study was not adequately designed to determine the significance of the three separate claimed marks. If we consider the twelve studies combined for those categories which utilize the color "Makita blue," only 24.01% of the total respondents made a Makita sole source identification for any reason. (FF 322). Of these, 24.13% answered only "color," or "its blue" in response to the question as to what caused them to identify Makita. This is only a 5.8% identification rate based solely on color. (FF 322). To the extent complainants have attempted to prove secondary meaning of the color alone, identifications based on non-color factors, or color combined with design features, are spurious to the results reported in Table 10.

My examination of the questionnaires leads me to conclude that a similar result would be obtained, if we tabulated those who identified one of these 12 Makita tools on the basis of design alone. (Judges Ex. 2).^{26/}

f. Conclusions

The reported results of complainants' surveys are inflated due to the fact that the survey universe is narrower than the relevant consumer group, excluding a variety of relevant consumers who are less familiar with Makita, as described above. The results are also skewed due to the bias built into the selection of the geographic coverage. The study also fails

^{26/} The two tools which did not bear the color "Makita blue" were the two lowest tools in sole source recognition in Table 10 for all tools. (FF 312). They were the 14" cut-off saw (1.5%) and the battery cartridge (11%).

in that the results are stretched across three separate claimed marks. The results as to any one individual claimed mark are very difficult to ascertain, but they are certainly less than the sum total.

Assuming, arguendo, that complainants' Study S results are not artificially inflated, and are meaningful as to the claimed marks, they still do not indicate that any of complainants' fifty three tool designs, the color "Makita blue," and the design/color combination of such tools have attained secondary meaning. To support a finding of secondary meaning, Study S would have to indicate that a substantial or significant portion of the relevant buying class associate the marks with a single source. Certain Single Handle Faucets, Inv. No. 337-TA-167, (Commission Order 1984); McCarthy, supra at § 32.54.

There is no prescribed recognition rate for determining what weight a survey is entitled to as evidence of secondary meaning, but figures exceeding 50% are generally considered sufficient. Woodworking Machines, supra at 22; Faucets, supra at 41-44 (63% recognition rate considered sufficient); Certain Sneakers with Fabric Uppers and Rubber Soles, Inv. No. 337-TA-118, Commission Op. at 8-12 (1983) (67% recognition rate considered sufficient). Lower figures have been persuasive in cases involving low-priced, high volume products that are typically purchased with relatively little consideration. Certain Heavy-Duty Staple Gun Tackers, Inv. No. 337-TA-137, ID at 29-43 (1984) (recognition rates of 14^{27/}, 30, and 40 percent accepted as evidence); Certain Cube Puzzles, Inv. No. 337-TA-112, Views of Eckes and Haggart at 13-14 (1983) (recognition rates of 33, 40, and 72

^{27/} The 14% figure was given little consideration due to extenuating circumstances.

percent accepted). Moreover, such cases with low recognition rates have also found strong corroborative evidence of secondary meaning, such as, sales in the United States for over thirty years and advertising which stressed the mark, Staple Gun Tackers, at 44-50, and heavy advertising and the existence of a strong mark, Cube Puzzles, at 14-15.^{28/}

In view of (1) the fact that the universe was purposely designed to ensnare people "who could be expected to have been recently aware of various electric power tool brand names, company sources, and brand attributes" (FF 270), (2) the large number of survey respondents that identified the Makita tool as that of another leading manufacturer of power tools other than Makita (together with the fact of Makita's large market share) (FF 314-15)^{29/}, and the lack of other corroborative evidence, such as heavy advertising stressing the claimed marks (FF 221-36)^{30/} and (3) the relative indistinctiveness of the alleged marks (FF 162-66), I am not persuaded that recognition of Makita as the source of the product by 36.6% of such people -- the highest single source identification claimed for any of the tools -- evidences secondary meaning for the alleged marks for Makita's long handled cordless drill. When the survey results are

^{28/} Complainants' reliance on Certain Compound Action Cutting Snips is misplaced. Snips, Inv. No. 337-TA-197 (1986). In Snips there was a finding of secondary meaning based on forty year old arbitrary symbols. The survey plus corroborative evidence gave adequate support for a finding of secondary meaning under the facts of that case.

^{29/} Overall, 30.8% of the survey respondents named Black & Decker in response to question 1 in the survey ("What company or companies do you believe make this particular item?"). 15.9% named Sears/Craftsmen. (FF 314).

^{30/} As Dr. Sorensen noted in his testimony, "secondary meaning ... is generated by effective and successful marketing. Secondary meaning, in most instances, has to be earned. It is not something that just occurs." (Sorensen, Tr. 2411-12).

discounted to account for the inflating factors I've discussed above, I cannot find that the percentage of recognition evidences secondary meaning. Likewise, I am not persuaded by the results for the other tools that were studied in the survey with lower percentages of consumer recognition -- as low as 1.5%. Moreover, the evidence certainly will not support an extrapolation of the survey results to find consumer recognition in the design and design/color combination of tools that were not studied in the survey, and the case for secondary meaning in these tools must also fail.

CONFUSION

Infringement of a trademark means that a significant portion of the consuming public is likely to confuse the source or sponsorship of the accused product with that of the trademarked product. Woodworking Machines, supra; Milling Machines, supra, at 8-9; Cube Puzzles, supra; Vacuum Bottles, supra, at 5. In Coin Operated Audio Visual Games, Inv. No. 337-TA-87 at 8-9 (1981) ("Games I"), the Commission adopted the following considerations, set forth in the Restatement of Torts § 729, for determining likelihood of confusion: (1) the degree of similarity between the designation and the alleged trademark (2) the intent of the actor in adopting the accused design; (3) the relation in use and manner between the goods and services marketed by the actor and those marketed by others; and (4) the degree of care likely to be exercised by purchasers. These criteria have been consistently applied by the Commission. See Milling Machines, supra; Braiding Machines, supra; Staple Guns, supra; Sneakers, supra; Fuses, supra.

Many courts have found that a 15% - 20% rate of confusion corroborates a finding of likelihood of confusion, being neither small nor de minimis,

especially where the survey was conducted properly. See, e.g. Exxon Corp. v. Texas Motor Exchange, Inc., 628 F.2d 500 (5th Cir. 1980); RJR Foods, Inc. v. White Creek Corp., 603 F.2d 1058 (2d Cir. 1979).

a. Study C and Study R

In an attempt to demonstrate consumer confusion between Makita products and the accused products, complainants introduced survey evidence of consumers (Study C) and retailers (Study R). The C surveys were conducted in the same manner as the secondary meaning survey discussed above, but the interviewees were shown one of fourteen of the respondents' tools without the logo or label masked. The logo or label of each tool was that of one of the respondents. (FF 329, 331-32).

The C survey suffers from the same flaws as the S survey as described above. Assuming, though, that the survey was perfect in all respects, the reported survey results do not prove that a substantial number of buyers are likely to be confused. Again, ignoring all the flaws in the survey, the reported results indicate that only 8.2% of all survey respondents identified a respondent tool as a Makita. (FF 333, 339). Only one tool broke the 15% threshold. (16.6% for the cordless sander, which ran a poor 4th in the S Study).

Rather than indicating confusion between Makita and the surveyed tools, the results of the C study indicate that survey respondents on the whole engaged in guessing. Black & Decker, whose tools are not in issue, holds the leading share of the overall power tool market, and (C)

(C) In response to question 1 in the C survey (company source), 29.1% gave a Black & Decker company source-identification and 17.6% listed Makita. (FF 334). In response to question

4B in study C (brand identification) for all tools, 5.8% gave a Black & Decker brand source identification while 2.9% listed Makita. (FF 335). Among professionals, Makita was mentioned more frequently than Black & Decker.

Respondents' experts testified persuasively that the aforementioned results strongly indicate guessing rather than confusion. (FF 337-38). I agree. This finding is supported by the fact that Dr. Sorensen, in the pilot study, asked whether the survey respondents had previously seen the tool they were asked to identify. He discovered that almost two-thirds of the survey respondents had not previously seen the subject-tools. (FF 302). In the final survey, Dr. Sorensen did not ask the survey respondents whether they had previously seen the subject tools, and his reasons for doing so were insufficient. One can infer that a significant number of persons that were shown a power tool with a respondents' label had never seen such a tool. The fact that a small percentage of the interviewees identified the leading manufacturers as "the company or companies (they) believe make this product" is evidence of erroneous guessing rather than consumer confusion. (FF 334-37).

Dr. Sorensen also undertook to survey persons employed in retail establishments which were likely to sell Makita products. (Study R) Sorensen postulated that sales clerks in stores most likely to sell Makita are presumptively knowledgeable about the source of origin of Makita products and are relied upon by consumers. Purported evidence of confusion among these persons was intended to demonstrate or corroborate evidence purportedly showing likelihood of confusion among consumers. (FF 334-48).

The results of the R survey have not been given great weight for a number of reasons. In the first place, there were only 75 persons interviewed. Moreover, many of the reported results represent a statistically insignificant sample. For example, Study R reports that 50% of the survey respondents coming from stores selling tools by respondent Trade Associates identify the tool they view as a Makita. The underlying data reveals that the 50% figure represents 1 out of 2 people. This reporting of percentages from statistically insignificant samples appears elsewhere in Dr. Sorensen's work. (FF 350).

In view of the fact that (a) confusion was "non-existent among buyers" of retail establishments (Sorensen, Tr. at 2114), and (b) that the results of Study R purport to demonstrate that non-buyer employees of retail establishments have a higher rate of mistaking respondents' tools for Makita tools than reported among consumers in Study C, the alleged level of confusion by store clerks is of marginal relevance. If it proves anything, Study R proves that power tool consumers know more about power tool brands than retail store clerks. See, In re Semel, 189 U.S.P.Q. 285 (T.T.A.B. 1975); Gimix, Inc. v. JS&A Group, Inc. 699 F. 2d 901, 907 (7th Cir. 1983)(evidence of retailer source identification of little value in determining consumer source identification).

Dr. Sorensen testified that he could extrapolate the survey results in Study C and Study R to all respondents' tools in issue. (CXA 10, Sorensen W.S., at 40). This conclusion, however, bears little weight for a number of reasons. It is quite apparent that a number of the surveyed respondent tools are closer copies of Makita tools than others. Even if every interviewee that mistook a respondent product did so because of confusion

caused by similarity of appearance between the Makita and surveyed tool, and the results were not based on market ubiquity (familiarity with the major brand names), one could not expect the same results from other accused products that are significantly different from the models used in the survey. For example, when presented with a Ta Shin drill -- a non-survey product bearing very little resemblance to the drill used in the survey -- Dr. Sorensen candidly questioned the percentage of erroneous Makita identifications that would be generated by a survey of that particular drill. (Sorensen, Tr. 2380-81). Dr. Sorensen's extrapolation is also dubious due to the fact that he did not examine fifteen of the accused products at all. Of the accused tools he did examine, less than half were physical exemplars. (FF 343).

b. Other Actual Confusion Evidence

Complainants alleged that a number of owners of respondents' tools have returned their tools to Makita for repairs, thereby indicating actual confusion as to the source of the tools. The evidence adduced at the hearing, however, was far from persuasive.

The parties quibble over the question of whether two or ten of the respondents' tools have been returned to Makita. The handful of returns cited by complainants is, for all practical purposes, insignificant in the

context of (C)

(C) Most importantly, the return forms offered by complainants provide no identification, by themselves, that users thought they were returning a Makita tool, nor did

(C)

(C)

any of these persons appear as witnesses. (FF 358). In view of the widespread industry practice wherein certain manufacturers, including Skil and Black & Decker, provide repair services for products other than their own, I find the two or ten returns of respondents' products to Makita for repairs to be unpersuasive as to confusion.

The complainants did produce three witnesses to support their allegation of actual confusion, but these witnesses did not adequately serve that purpose. The three confusion witnesses were generally credible, but a careful review of their testimony reveals that their respective uses of the term "confusion" are not in accord with the meaning of that term as employed in complainants' allegation.

Complainants argue that I should place great significance in the fact that they were able to elicit testimony to the effect of "I was confused" from each of these witnesses. However, not one of the witnesses purchased a respondent tool thinking it to be a Makita. (FF 355-57). Each was clearly aware that the salesman was not trying to sell them a "Makita" product. (FF 354, 356-57). Ms. Fraser, for example, contacted Makita and informed them that another company was copying their product. (FF 355). It should also be noted in this regard that respondents' products are conspicuously and clearly marked, as are complainants'. (FF 359). In short, the evidence of actual confusion is unpersuasive.

IV. INFRINGEMENT

If complainants had proven that they held valid common law trademarks in their design, color, and design/color combination of their tools, and confusion among consumers, one or more of the products produced or sold by respondents Jepson, Ko Shin, Tochiado, Atlas Group, Union Tech, Jenn Feng,

Honworld, Trade Associates, Harbor Freight (C)
 (C) , Alltrade, P&F Brother, Nu-Way, Ace Tool, Nestor Sales, Puma,
 Poromes, Homegene, Tool City, Pace Membership Warehouse, Pay N' Pak, Floyd
 Ready, Jiang Charng and New Golden Star, would infringe one or more of such
 claimed marks. (FF 450-68). In the case of respondent Puma there is no
 evidence of a sale by this respondent. However, the evidence shows that a
 (C)
 (C)
 (C)
 (C)
 (C)

V. PASSING OFF, FALSE REPRESENTATION AND FALSE ADVERTISING^{32/}

The only proof of "passing off", or false representation, by any of the respondents were representations made by one or more Jepson representatives to three experienced buyers for retail concerns. These buyers were apparently told, or it was implied to them, that the Jepson tools, or certain components thereof, were made by the same manufacturer that made the Makita tools or components. The tools they were shown were marked with the Jepson label and the buyers knew they were not being offered Makita tools. The Jepson products were being offered at prices lower than those charged for Makita. (FF 618-20). None of these buyers, nor their companies, purchased the Jepson product. (FF 482, 486, 490). Moreover, there is no evidence of anyone ever being sold a respondents' product,

^{32/} Although false advertising was included in the notice of investigation, complainants did not include this issue in their prehearing statement. Further, no proof has been introduced in evidence as to this issue. Thus, complainants have abandoned this contention.

after requesting a Makita product. (FF 491).^{33/}

To establish "passing off," there must be proof that respondents knowingly intended to confuse purchasers. There must be an act of deception, which induces someone to purchase respondents' product. K-S-H Plastics, Inc. v. Carolite, 408 F.2d 54, 57 (9th Cir. 1986); Singer Mfg. Co. v. Golden, 171 F.2d 266, 268 (7th Cir. 1948); Certain Cube Puzzles, 219 U.S.P.Q. 322, 333, 334 (1982); Certain Vacuum Bottles and Components Thereof, 219 U.S.P.Q. 637, 650 (1982). The evidence in this case reveals that each of the respondents identify themselves as the source of their power tools by using their trade names and trademarks on the tools and identifying the country of origin on their goods. (FF 492). This record simply lacks any evidence of passing off by respondents. Certain Sickle Cells, 2 U.S.P.Q. 2d 1889, 1906 (1987).

Similarly the clear labeling of respondents' products with the trade names and trademarks of respondents and the country of origin precludes any finding of false representation. Id. at 1906.

VI. INFRINGEMENT OF REGISTERED TRADEMARK

The Mark "Makita" in stylized form was registered to Makita Electric Works of Japan on August 10, 1982. (FF 471). The '296 mark is still in force. Makita U.S.A. is a wholly owned subsidiary of Makita Electric and is the exclusive distributor of Makita brand products in the United States. (FF 472-74). In view of such relationship Makita U.S.A. can be considered the "owner," or "exclusive licensee" of the '296 trademark, with the right

^{33/} Complainants contend that every sale of a respondents' product is an instance where someone thought they were purchasing a Makita and were sold a respondents' tool instead. This contention is wholly unsubstantiated on the record.

of enforcement. (FF 474). Respondent Jet Equipment has admittedly infringed the '296 mark by showing the "Makita" mark in reverse on certain parts schematics for a wood planer. Such infringement ceased by 1985 and there is no evidence of any further infringement. (FF 475).

VII. IMPORTATION AND SALE

The evidence of record shows that respondents Ko Shin, Tochiado, P&F Brother, Nu-Way, Jenn Feng, Jiang Charng, Kuen Master, Poromes, New Golden Star and Famous Overseas have manufactured accused products outside the United States, which products were imported into the United States, and that respondents Union Tech, Homegene, and Honworld are Taiwanese companies which export accused tools to the United States, and that respondents Jepson, Tool City, Floyd Ready, Alltrade, Harbor Freight, Pace Membership Warehouse, Trade Associates, Jet, Pay N' Pak and Atlas have imported into and/or sold accused products in the United States. (FF 19-99; 494-559).

Respondent Puma (C)
(c) accused products in the United States. (FF 47, 542).

VIII. DOMESTIC INDUSTRY

With respect to the complainants' claims that are not based on registered trademark infringement, a violation of section 337 requires a determination that the alleged unfair acts have the threat or effect of destroying or substantially injuring a domestic industry or preventing the establishment of a domestic industry. 19 U.S.C. 1337(a)(1)(A). The scope of the domestic industry or industries is defined in terms of the production-related activities that exploit the intellectual property rights in issue. Certain Vacuum Bottles, Inv. No. 337-TA-108 (1982); Certain Products with Gremlin Character Depictions, Inv. No. 337-TA-201 (1986). Miniature, All-Terrain, Battery Operated Wheel Vehicles, Inv. No. 337-TA-

122 (1982), aff'd, Schaper Mfg. Co. v. U.S.I.T.C., 717 F.2d 1368 (Fed. Cir. 1983) ("Toy Trucks").

The Commission has held that where, as here, more than one intellectual property right is at issue, there may be a single domestic industry or several domestic industries devoted to the exploitation of the alleged intellectual property rights. Certain Dynamic Random Access Memories, Components Thereof and Products Containing Same, Inv. No. 337-TA-242, Commission Op. at 64 (1987). Similar to Woodworking Machines, this investigation involves the assertion of multiple intellectual property rights (tool designs), of which some are individually applicable to a single product and some apply to more than one product. Certain Woodworking Machines, Inv. No. 337-TA-174, U.S.I.T.C. Pub. 1979 (1987). In Woodworking Machines the Commission determined that the most appropriate definition of the domestic industry was a single industry noting "that when several industries can be defined on the basis of the exploitation of various intellectual property rights and there is considerable overlap with respect to the products associated with the industries defined in terms of these intellectual property rights, it may be appropriate to define the industry in terms of the commonly shared right, that extends to a grouping of products." Id., Views of Liebler, Eckes, Lodwick, and Rohr at 40.

The complainants urge several definitions of the domestic industry, each of which encompasses the tools that complainants merely import and sell in the United States. The respondents urge that the domestic industry standard must be separately met for each model of Makita tools at issue in this investigation. The staff takes the position that regardless of whether a single or multiple industry determination is appropriate in this

investigation, the complainants have engaged in sufficient production-related activity in the United States to satisfy the domestic industry element of section 337, but the scope of the industry or industries is limited to the products manufactured in the United States.

An analysis of the scope of the single domestic industry found in Woodworking Machines is significant to the analysis of the definition and scope of the domestic industry element in this investigation. Commissioners Eckes and Rohr determined in Woodworking Machines that if the domestic industry is to be defined as a single industry comprising several component parts, each component must satisfy the "nature and significance of the business activities test" as described in Certain Miniature, Battery-Operated, All Terrain, Wheeled Vehicles, Inv. No. 337-TA-122, Op. of Eckes et al. at 8-11, USITC Pub. 1300 (1982). Id. at 38, n. 162. Because the major portion of the production costs for one of the products was incurred off-shore, the product was found not to be a component of the single domestic industry. Id.

Commissioners Lodwick and Stern found that the one product produced off-shore met the Toy Trucks test and was thus a component of the single domestic industry in view of the level of complainants' production in the United States for the product.^{34/} Id., View of Commissioner Lodwick at 38, n. 163; View of Commissioner Stern at 43, n. 177.^{35/}

The Commission in Woodworking Machines also discussed the application of the "commercial realities" test as urged by the complainant herein. The

^{34/}The motor, component parts, molds, dyes, and castings were all produced in the United States. Id. at 38 n. 162.

^{35/}Vice Chairman Liebeler found separate domestic industries for each alleged intellectual property right, Id., Views of Vice Chairman at 1.

commercial realities test in the Cooper Rod investigation referred to the intrinsic relationship between certain separate design and production patents and, ergo the potentially separate industries involved in the Cooper Rods investigation. Certain Apparatus for the Continuous Production of Cooper Rod, Inv. No. 337-TA-52, USITC Pub. 1017 (1979). The Commission noted that it was "possible that the 'commercial reality' factors might militate in favor of defining separate industries by products despite the fact that they have a trademark in common," but the record in Woodworking Machines provided no basis for application of the commercial realities test. Woodworking Machines, Commission Op. at 41, n. 172. However, the Commission also noted that "it is entirely possible that in another investigation strong 'commercial reality' factors might well argue in favor of segmenting a broad group of fairly diverse products into groups of industries narrower than arrived at by basing the definition on a commonly shared trademark alone." Id.

A. Existing Domestic Industry

One plausible domestic industry definition is a single domestic industry consisting of complainants' facilities devoted to the exploitation of the intellectual property rights at issue. Per the "nature and significance of business activities test" as described in Toy Trucks, this definition would include the facilities devoted to exploiting the products manufactured in Buford, Georgia.

As distinct from the facts in Woodworking Machines, most of the products in issue would not be components of the domestic industry. The

tools that are imported (C)
(C)

(C) Complainants' sales and after-sales repair activities are of the type normally conducted by an importer and do not qualify it as a domestic industry for those tools it imports and sells. (FF 586); See Schaper, 717 F.2d at 1373 ("Schaper's very large expenditures for advertising and promotion cannot be considered part of the production process. Were we to hold otherwise, few importers would fail the test of constituting a domestic industry."); Gremlins Character Depictions at 9-11. To the extent there is any U.S. content in these imported tools, (C) and the U.S. content is de minimus. (FF 587). In short, complainants activities related to these imported products would not be a part of the definition of a single domestic industry. The production related activities and U.S. content of the tools assembled in Buford, though, do meet the threshold for a domestic industry, and the scope of the domestic industry defined as a single industry would be limited accordingly. (FF 578-84).

To the extent the domestic industry can be defined according to each of the fifty-three tool designs in issue, bright lines can again be drawn. Production-related activities apply to certain of the tools, but not at all to the imported tools.

However, rather than defining a separate domestic industry for each of the six tools actually produced in the United States, and rather than defining a single domestic industry composed of the production-related activities for those same six tools, the evidence suggests the definition of three domestic industries corresponding to the three categories of tools

produced in the United States.^{36/}

All of the tool designs at issue were categorized in the Complaint and in all aspects of proof into fourteen categories, e.g. corded drill, miter saw, router. The evidence reveals that the complainants conduct production-related activities for three of these categories: Cordless drills, corded drills, and finishing sanders. (FF 571). (C) (C) The evidence also reveals that the models under these three categories are somewhat similar in design per category, and that production for one model within a category is similar to production for another model within a category. (i.e. production of a red cordless 3/8" drill is similar to production of a blue cordless 3/8" cordless drill of similar design). (FF 609). To the extent that "commercial realities" dictate anything in this analysis, the commercial realities indicate that three domestic industries exist for purposes of this investigation respectively comprised of complainants' production activities devoted to the exploitation of the three categories of tools produced in Buford, Georgia. (FF 571).

B. Products Soon To Be Domestically Produced

"Production-related activities distinguish a domestic industry from an importer or inventor. It is clear from section 337, its legislative history, past Commission decisions, and Schaper that section 337 protects domestic industries, not importers or inventors." Certain Products with Gremlins Character Depictions, Inv. No. 337-TA-201, Commission Op. at 6,

^{36/} This is somewhat of an academic exercise because the scope of all three definitions is limited to tools actually produced in the United States, and the proof of injury extends to all six of the tools produced in Georgia regardless of whether that injury is measured against single or multiple domestic industries.

USITC Pub. No. 1815 (1986). In this investigation, the evidence reveals that complainants have taken certain steps to switch their status from that of an importer to that of a domestic manufacturer for certain additional tools in issue. (FF 588).

As noted by the Commission in Certain Ultra-Microfused Freezing Attachment the prevention clause of Section 337 protects two categories of parties:

- (1) parties which have just begun manufacturing operations and for which Section 337 violation would have the effect or tendency of frustrating efforts to stabilize such operations, and
- (2) parties which are about to commence production and for which Section 337 violations would have the effect or tendency of frustrating efforts to found a business. For convenience, the class of industries described in the latter category can be referred to as embryo industries, industries about to be born.

Ultra Microfused, Inv. No. 337-TA-10, Commission Op. at 10, USITC Pub. No. 881 (1976).

The standard for establishment of an embryonic industry^{37/} is whether the complainant has established a "readiness to commence production." Ultra-Microfused at 10; accord, Certain Caulking Guns, Inv. No. 337-TA-139, USITC Pub. No. 1507 (1984). The Commission has noted in another "prevention of establishment" case that events occurring subsequent to the hearing and filing of an Initial Determination may be probative concerning complainants' commitment to establish a domestic industry. Certain Meat Deboning Machines, Inv. No. 337-TA-181, Commission Order Remanding Investigation at 2 (1985).

^{37/} In view of the facts, the term embryonic industry is employed herein to refer to both categories of industries protected by the prevention of establishment clause.

The evidence reveals that complainants have, to date, established a readiness to commence production of cordless jigsaws (models 4300D and 4307D), cordless sanders (model 9305D), and cordless grinders (model 9500D) and I find an embryonic industry exists for each of these categories of tools per the analysis described above. (FF 600). Likewise, an embryonic industry exists for the battery cartridges that will be U.S.-sourced as of September of this year. (FF 612-15). Certain Bag Closure Clips, Inv. No. 337-TA-170, Unreviewed ID at 39 (1984) (complainants' domestic subcontractors as a domestic industry). The evidence of readiness to commence production of other products, however, is far too vague and tentative to qualify as an embryonic industry. Pursuant to the Meat Deboning investigation, and in view of evidence of record showing a tendency of favoring maintenance of production in Japan despite the cost advantages of U.S. production (FF 597), I have ordered complainants, in my order below, to provide the Commission with a report of their progress in commencing production for Models 4300D, 4307D and 9500D and the sourcing of battery cartridges from a U.S. source.

In regard to the registered trademark allegations, complainants have established that there exists in the United States significant investment in plant and equipment, and significant employment of labor and capital with respect to the exploitation of the '296 mark. (FF 563-570).

IX. INJURY

In the case of the alleged infringements of complainants' claimed common law trademarks complainants must prove that the threat or effect of the alleged unfair methods of competition or unfair acts is to substantially injure an industry in the United States or to prevent the

establishment of such an industry. 19 U.S.C. 1337(a)(1)(A). Therefore, complainants must prove that respondents' sales of infringing products have caused substantial injury to the domestic industry, or threaten to cause such injure, or have prevented the establishment of such industry.^{38/}

A. Actual Injury

To prove that respondents' practices have caused substantial injury to the domestic industry, complainants must prove that the respondents hold a significant share of the domestic market, or that respondents have made significant sales of the accused products. Textron, Inc. v. U.S. International Trade Commission, 753 F.2d 1019, 1029 (Fed. Cir. 1985). The complainants must also prove a nexus between the unfair acts and the injury to the domestic industry. Certain Dynamic Random Access Memories, Components Thereof and Products Containing Same, ("DRAMs"), Inv. No. 337-TA-242 (1987), at 75.

In assessing whether unfair acts have the effect of substantially injuring the domestic industry, the Commission has considered a broad range of indicia, including the volume of imports and their degree of penetration, lost sales, underselling by respondents, reductions in complainants' profits or employment levels, and declining production, profitability and sales. See, e.g., Certain Heavy Duty Staple Gun Tackers, Inv. No. 337-TA-137, Unreviewed I.D. at 73 (1984); Certain Drill Point Screws for Drywall Construction, Inv. No. 337-TA-116, at 18 (1982); Certain Spring Assemblies, Inv. No. 337-TA-88, at 42-49 (1981).

^{38/} The Omnibus Trade and Competitiveness Act of 1988 substituted the word "threat" for "tendency." The legislative history makes it clear, however, that this change was merely meant to codify current Commission practice, and not to introduce a new standard for proving injury.

If complainants had proven that they held common law trademark rights in the claimed marks, and that respondents' sales of copies thereof had caused confusion among the purchasers of said products, and to the extent complainants have proven a domestic industry exists in certain of its products at issue, then complainants would have also proven that respondents' accused practices caused it substantial injury.

There is only one instance evidenced in the record where complainants have lost specific sales to a respondent. Makita lost sales of certain products to (C)
(C)
(C)
(C) Thus, the evidence of injury through specific lost sales is rather weak. However, the evidence does reveal other strong evidence of actual injury.

Complainants and respondents sell in the same channels of commerce, at least to some substantial extent. In fact complainants share shelf space with respondents in a number of retail outlets. (FF 664-67). Further, respondents' accused power tools are generally priced substantially lower than complainants' comparable products. (FF 618-24). It is clearly injurious to have look-alike products in the same display at a substantially lower price. (FF 633).

Respondents and staff point to continued increases in sales by complainants as evidence that there has been no injury resulting from respondents' sales activities. (RB, at 64-65; SP, at 65-66). However, industry wide sales have increased during the last two calendar years. (FF 699). There is no evidence of record to show how Makita's sales increases

have compared to industry-wide increases, but there is evidence that Makita's sales increases have levelled off somewhat in 1988. (FF 698, 703-22). Also, complainants' profitability (C)
(C)
(C)

Therefore, although specific lost sales have not been identified, except for the loss of "certain products" in complainants' sales to (C)
(C) and aside from the fact that complainants' sales have increased during all periods at issue herein (FF 698), I find that complainants have been competitively injured by respondents' sales of look-alike products. Further evidence of injury lies in the very substantial, and increasing, volumes of sales of the accused products by respondents. (FF 494-559, 619-79).

B. Threat of Injury

When an assessment of the market in the presence of the accused imported products demonstrates relevant conditions or circumstances from which probable future injury can be inferred, a tendency to substantially injure the domestic industry has been shown. Certain Combination Locks, Inv. No. 337-TA-45, RD at 24. (1979). Relevant conditions or circumstances may include foreign cost advantage and production capacity, ability of the imported product to undersell complainant's product, or substantial manufacturing capacity combined with the intention to penetrate the United States market. Certain Methods for Extruding Plastic Tubing, Inv. No. 337-TA-110, 218 U.S.P.Q. 348 (1982); Reclosable Plastic Tubing, *supra*; Panty Hose, Tariff Commission Pub. No. 471 (1972). The legislative history of Section 337 indicates that "[w]here unfair methods and acts have resulted

in conceivable loss of sales, a tendency to substantially injure such industry has been established." Trade Reform Act of 1973, Report of the House Comm. on Ways and Means, H. Rep. No. 93-571, 93d Cong., 1st Sess. at 78 (1973), citing In re Von Clemm, 108 U.S.P.Q. 371 (C.C.P.A. 1955). See also Bally/Midway Mfg. Co. v. U.S. International Trade Commission, 219 U.S.P.Q. 97, 102 (Fed. Cir. 1983).

All of the elements cited above in Plastic Tubing and Plastic Bags are present in this investigation. Respondents' products enjoy a substantial price advantage (FF 618); respondents are already importing substantial quantities of the accused products into the United States in ever increasing volumes (FF 494-559, 619-79); they have the capacity to import even more (FF 680-88); and their sales and promotional activities show that they intend to continue to penetrate the U.S. market. (FF 619-79, 689-97). In this latter regard, it is evident from the record that the threat in future years is much greater, since respondents' imports were first noticed by Makita as a problem in 1986 (FF 668) and an experienced buyer in the market testified that it takes several years to build a line for a tool that has not been nationally advertised. (FF 747). It is also significant that a least one of the respondent competitors (C) was (C) (C) (FF 678). At least one other respondent (C) is not satisfied with its market share. (FF 677).

All of these facts leave little doubt that there is a definite threat of injury to complainants' from respondents' sales of the accused products.

C. Prevention of Establishment

(1976), the Commission stated that

the prevention clause of section 337 protects two categories of parties: (1) parties which have just begun manufacturing operations and for which section 337 violations would have the effect or tendency of frustrating efforts to stabilize such operations; and (2) parties which are about to commence production and for which section 337 violations would have the effect or tendency of frustrating efforts to found a business.

The present case is quite simple, in comparison with Ultra-Microtome and other "prevention of establishment" cases. Although it is clear that complainants have the capacity to assemble a greater number and volume of tools at the Buford, Georgia plant of complainant MCA (FF 560-70, 589-603), it is also equally clear that it is not respondents' activities which have prevented them from doing so. In fact, respondents' activities have recently forced complainants into moving additional production from Japan to the United States, in order to become more competitive in price. (FF 749-55). (C)

(C)

(C)

(C)

(C)

(C) Under the circumstances I can find no connection between respondents' activities and any delay in transferring further production to complainants' domestic plant.

OUTSTANDING MOTIONS

Motion Docket Nos. 284-133 and 284-134, motions of staff counsel and respondents' counsel to strike certain "errata" is granted. Numerous of the so-called "errata" go beyond the mere correction of typographical errors, or ther minor errors of a ministerial nature, such as correcting numbers which have been wrongly transcribed, and make substantive changes. For example, complainants' seek to add new objections to the proposed findings of respondents. Such changes are substantive rather than ministerial, in view of the fact my order at the hearing required timely objection and stated that all findings not objected to would be deemed as being admitted. (Tr. 3715).

Motion Docket No. 284-132 - motion of respondents to strike complainants' reply brief will be denied. Although complainants' reply brief was served late and exceeded the authorized number of pages, the motion is moot in view of my determination herein.

Motion Docket No. 284-131 - motion of complainants to clarify the record is granted in order to provide a full record.

Motion Docket No. 284-127 -- complainants' motion to accept written offer of proof is granted, in keeping with my earlier rulings at the hearing on other offers of proof.

Motion Docket No. 284-128 -- motion of complainants to admit and clarify the status of certain exhibits is granted. No objection had been raised as to the depositions and deposition exhibits referenced therein and CPX 88, the Complainant and Supplements and exhibits thereto are all part of the official record of the proceeding in any event.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of this investigation, personal jurisdiction over all respondents, except Mechanic Products, and in rem jurisdiction over the accused electric power tools, battery cartridges, and battery chargers. 19 U.S.C. section 1337(b).

2. Complainants have no common law trademark in any of the design configurations alleged in the complaint.

3. Complainants have no common law trademark in any shade of blue.

4. Complainants have no common law trademark in any of the design/color combination marks alleged in the Complaint.

5. If complainants had a common law trademark in the design, color and design/color combination of their tools, and had proven confusion, the following respondents would infringe such trademarks through the importation and or sale in the United States of certain accused products: Jepson, Ko Shin, Tochiado, Atlas, Union Tech, Jenn Feng, Honworld, Trade Associates, Harbor Freight (Central Purchasing d/b/a/ Harbor Freight), Alltrade, P&F Brothers, Nu-Way, Ace Tool, Nestor Sales, Puma, Poromes, Homegene, Tool City, Pace Membership Warehouse, Pay N' Pak, Floyd Ready, Jiang Charng, and New Golden Star.

6. If complainants had a common law trademark in the design, color and design/color combination of their tools, a domestic industry would exist in three categories of the tools at issue, cordless drills, corded 4" finishing sanders and corded 3/8" drills.

7. If complainants had a common law trademark in the design, color and design/color combination of their tools, the threat and effect of said

respondents' unfair acts and unfair methods of competition would be to substantially injure or destroy the relevant domestic industry.

8. If complainants had a common law trademark in the design, color and design/color combination of their tools, the following respondents would not infringe the alleged trademarks: Ta Shin, Famous Overseas Corporation, Steve's Wholesale Distributors, Kuen Master, and Jet Equipment.

9. No respondent has engaged in passing-off.

10. No respondent has engaged in false advertising.

11. No respondent has engaged in false representation.

12. U.S. Registered Trademark No. 1,204,296 was infringed by respondent Jet Equipment in connection with the importation and sale of certain accused wood planers through the depiction of the '296 mark in reverse on certain parts schematics.

13. A domestic industry exists in the United States for the exploitation of the '296 registered trademark.

14. Registered trademark infringement is an unfair act or unfair method of competition under 19 U.S.C. section 1337(a)(1)(C).

15. Respondent Jet Equipment has violated section 337. 19 U.S.C. section 1337.

16. Complainants have established a readiness to commence domestic production of cordless jigsaws, cordless sanders and cordless grinders.

17. Complainants have failed to prove that they have been prevented from establishing a domestic industry through the unfair methods of competition and unfair acts of respondents.

INITIAL DETERMINATION AND ORDER

Based on the foregoing findings of fact, conclusions of law, the opinion and the record as a whole, and having considered all of the pleadings and arguments presented orally and in briefs, as well as proposed findings of fact and conclusions of law, it is the Administrative Law Judge's DETERMINATION that there is no violation of section 337(a)(1)(A) in connection with the importation and sale in the United States of the accused electric power tools, battery cartridges, and battery chargers through false representation, false advertising, passing off, or infringement of common law trademarks of complainants in the design, color and design/color combination of such tools, but that there has been a violation Section of 337(a)(1)(C) by respondent Jet Equipment & Tools, Inc., through the depiction of complainants' Registered Trademark No. 1,204,296, in connection with the importation and sale of certain accused wood planers.

The Administrative Law Judge hereby CERTIFIES to the Commission this Initial Determination, together with the record of the hearing in this investigation consisting of the following:

1. The transcript of the hearing, with appropriate corrections as may hereafter be ordered by the Administrative Law Judge; and further
2. The exhibits accepted into evidence in the course of the hearing, as listed in the Appendix attached hereto.

Further, it is ORDERED that

1. Complainants shall provide the Commission on or before September 1, 1989 with a verified report of their activities occurring subsequent to the filing of this initial determination concerning the commencement of

production of power tools in their Buford, Georgia facility as scheduled for June 1, 1989 and August 1, 1989, and their sourcing of original equipment battery cartridges from Gates Energy Products in replacement of the present foreign supplier.

2. The computer tape containing the data for the surveys in this investigation is hereby received into evidence as Judge's Exhibit #1. This tape is a character-coded summary of the evidence already in the record. (See, Oral Argument Tr. at 3840-41; CRB at 11). Pending the resolution of the confidential status of the survey materials, Judge's Ex. #1 is received on the in camera record. (See, Order No. 92). Legible copies of the questionnaires are hereby accepted into evidence as Judge's Ex. # 2. Pursuant to Order No. 48, these questionnaires are received on the in camera record.

3. In accordance with Rule 210.44(b), all material heretofore marked in camera for reasons of business, financial and marketing data found by the Administrative Law Judge to be cognizable as confidential business information are to be given in camera treatment.

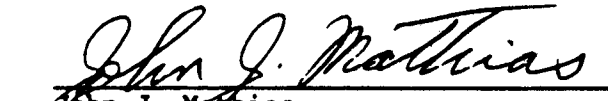
4. Respondents Kuen Master, Poromes Enterprise Company, Ace Tool, Pay N' Pak, Nestor Sales Corporation, and Union-Tech are found in default. These respondents have been deemed to have waived their right to participate further in this investigation and may not object to the introduction and use of secondary evidence to show what any withheld discovery would have shown.

5. The Secretary shall serve a public version of this Initial Determination upon all parties of record, and the confidential version upon the Commission Investigative Attorney and all counsel of record who are

signatories to the Protective Order issued by the Administrative Law Judge in this investigation.

6. Counsel for all parties shall indicate to the Administrative Law Judge those portions of this Initial Determination which contain confidential business information to be deleted from the Public Version of this Initial Determination not later than June 16, 1989.

Pursuant to Rule 210.53(h), this Initial Determination shall become the determination of the Commission forty-five (45) days after the service hereof on the parties, unless the Commission, within forty-five (45) days after the date of such service shall have ordered review of the Initial Determination or certain issues herein, pursuant to Commission Rule 210.54(b), 210.55, or other appropriate order.


John J. Mathias
Administrative Law Judge

Issued: June 2, 1989

