

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
PENNSYLVANIA

Permagrain Products, Inc. v. U. S. Mat & Rubber Co.

489 F. Supp. 108 (E.D. Pa. 1980) · No. Civ. A. No. 78-1967 · Decided April 24, 1980

SUMMARY

The United States District Court for the Eastern District of Pennsylvania considered Permagrain Products, Inc.'s claims that U.S. Mat & Rubber Co. misappropriated trade secrets and violated Pennsylvania consumer-protection law and the Lanham Act by manufacturing Naturwood, a floor-covering product. The court concluded that the relevant manufacturing technology was publicly disclosed through advertising, reverse engineering, and a patent, and that U.S. Mat had not obtained an unfair advantage or caused actionable consumer confusion. The court denied injunctive relief and entered judgment for U.S. Mat.

CASE DETAILS

COURT	United States District Court for the Eastern District of Pennsylvania
WRITING FOR THE COURT	Luongo, District Judge
JURISDICTION	Pennsylvania
DECIDED	April 24, 1980
DOCKET	Civ. A. No. 78-1967
DISPOSITION	other
PROCEDURAL POSTURE	Bench trial on pleadings and proof in which the plaintiff sought injunctive relief for alleged violations of Pennsylvania's Unfair Trade Practices and Consumer Protection Law, the Lanham Act, and trade-secret law.
STANDARD OF REVIEW	Bench-trial determination on pleadings and proof; the court evaluated the evidence and made findings of fact and conclusions of law.
PRECEDENTIAL VALUE	Published federal district court opinion
PARTIES	Permagrain Products, Inc. v. U. S. Mat & Rubber Co., Inc.

TOPICS

misappropriation of trade secrets

trade secrets

trademark infringement

deceptive trade practices

equitable relief

PRACTICE AREAS

intellectual property

trade secrets

trademark

commercial litigation

equitable relief

QUESTIONS PRESENTED

1. Whether U.S. Mat violated Pennsylvania's Unfair Trade Practices and Consumer Protection Law by passing off Naturwood as Genuwood.
2. Whether U.S. Mat violated the Lanham Act by using a false description or designation of origin for Naturwood.
3. Whether U.S. Mat misappropriated Permagrain's trade secrets under Massachusetts law.
4. Whether Permagrain established entitlement to injunctive relief prohibiting U.S. Mat from manufacturing or marketing Naturwood.

HOLDINGS

1. U.S. Mat did not violate Pennsylvania's Unfair Trade Practices and Consumer Protection Law because there was no evidence that it attempted to pass off Naturwood as Genuwood or as connected with Permagrain; additionally, Permagrain lacked a private cause of action because the statute limits private suits to goods purchased by consumers for personal use.
2. U.S. Mat did not violate the Lanham Act because there was no evidence that it used a false description or designation of origin in marketing Naturwood.
3. U.S. Mat was not liable for theft of trade secrets because Permagrain failed to establish that the Genuwood technology was undisclosed or otherwise constituted a protectible trade secret.
4. Massachusetts law governs the trade-secret claim.

KEY QUOTATIONS

"By definition, a trade secret must involve a product or technology that is not 'public knowledge or of a general knowledge in the trade or business.'" (at 112)

"After a patent is granted, a claim that the use of unpatented methods described in the patent constitutes theft of trade secrets is anomalous, since 'the grant of the patent is a public disclosure not only of the process defined in the [patent] claims but also of any trade secrets described in the specifications.'" (at 112)

FACTUAL BACKGROUND

Permagrain manufactured Genuwood, a vinyl-laminated wood floor covering, using technology acquired from ARCO Chemical Company and ultimately General Electric. U.S. Mat later manufactured Naturwood after hiring Victor Dossi, a former General Electric employee involved with the Genuwood process. The court found that lamination of wood and vinyl through heat and pressure was known in the plastics-lamination field, that

Genuwood's composition and manufacturing process were publicly disclosed through advertising, reverse engineering, and a patent, and that Naturwood differed materially from Genuwood. Naturwood was produced only in a small quantity, was discontinued, and was never marketed as Genuwood or otherwise used to confuse consumers.

PROCEDURAL HISTORY

Permagrain sued U.S. Mat in federal district court and sought to enjoin the manufacture or marketing of Naturwood for three years. The matter was tried on December 3, 1979, after which the parties submitted proposed findings, conclusions of law, and briefs. The court entered findings of fact and conclusions of law denying relief.

DISPOSITION

other

CASES CITED

- Commonwealth by Packel v. Ziomek, 352 A.2d 235 (Pa. Commw. Ct. 1976)
- Atlantic Wool Combing Co. v. Norfolk Mills, Inc., 357 F.2d 866, 869 (1st Cir. 1966)
- Jet Spray Cooler, Inc. v. Crampton, 377 Mass. 159, 385 N.E.2d 1349 (1979)
- Eastern Marble Products Corp. v. Roman Marble, Inc., 372 Mass. 835, 364 N.E.2d 799 (1977)
- Analogic Corp. v. Data Translation, Inc., 371 Mass. 643, 358 N.E.2d 804 (1976)
- Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 475-76, 94 S. Ct. 1879, 40 L. Ed. 2d 315 (1974)
- Midland-Ross Corp. v. Sunbeam Equipment Corp., 316 F. Supp. 171, 177 (W.D. Pa. 1970), aff'd, 435 F.2d 159 (3d Cir. 1970)
- Cornell-Dublier Electric Corp. v. Aerovox Corp., 71 U.S.P.Q. 153, 154 (Mass. Super. Ct. 1946)
- Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S. Ct. 784, 11 L. Ed. 2d 661 (1964)
- Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 84 S. Ct. 779, 11 L. Ed. 2d 669 (1964)
- O'Brien v. Westinghouse Electric Corp., 293 F.2d 1, 13 (3d Cir. 1961)
- Griffith v. United Airlines, Inc., 416 Pa. 1, 203 A.2d 796 (1964)

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