

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

MATESON CHEMICAL CORP. : CIVIL ACTION
v. :
ROBERT VERNON, et al. : NO. 96-7914
O’Neill, J. : May , 2000

MEMORANDUM

Plaintiff Mateson Chemical Corporation brings this civil action against defendants Robert Vernon, Power Line Packaging (Power Line), Delta Marketing International, L.L.C. (Delta Marketing), Seapro International, Inc. (Seapro International), and Seapro Manufacturing Canada, Inc. (Seapro Canada). In the complaint plaintiff asserts claims for trademark infringement, misappropriation of trade secrets, unfair competition, breach of contract, and tortious interference with contractual relations. Now before me are defendants’ motion for summary judgment, plaintiff’s motion for partial summary judgment, and the parties’ respective responses. For the following reasons I will grant defendants’ motion and enter judgment for defendants on all claims.

I.

The following facts are uncontested. Mateson Chemical Corporation (MCC), founded by Jean Mateson, is engaged in the business of developing “solutions and techniques for fire and disaster restoration remediation, pollution control, and indoor environmental air quality.” Def.’s Ex. 6. As part of this business it markets a product called the “Bad Air Sponge,” a sodium stearate-based

suspension with activated charcoal and aromatic fragrance used to reduce or eliminate odors from a room, building, or other enclosed area. In essence, the “Bad Air Sponge” is a gel-like substance packaged in a closed plastic container. When the lid is removed from the container, the product attracts, absorbs and neutralizes a wide variety of air pollutants while simultaneously releasing its fragrance into the surrounding air.

MCC introduced the Bad Air Sponge in 1974, originally selling five-pound containers intended for use in air handling units and ducting. Later, MCC began producing a variety of sizes ranging from half-pound to thirty-five-pound containers. It registered the trademark “Bad Air Sponge” in the United States in 1983 but later abandoned it. Consequently, the trademark was cancelled on October 24, 1989. Def.’s Ex. 28. MCC re-registered the mark on November 11, 1997. Id.

In 1989 MCC entered into an agreement with Power Line and M.A. Bruder & Sons, Inc. (MAB) to produce, package, and market a retail consumer version of the Bad Air Sponge. Def.’s Ex. 11. Under the agreement MCC provided the product formula and sold the raw materials to Power Line. Power Line manufactured the product and sold it to MAB, which marketed and sold the product to its retail customers. Although MCC disclosed the platform ingredients and formulation for the air sponge product to Power Line, it never identified the fragrance ingredient known as “no. 7.” By the fall of 1991, Power Line was supplying MAB with a consumer version of MCC’s product on a regular basis under the trademark “MAB Odor Sponge.” All profits from sales to MAB were split evenly by MCC and Power Line.

In June of 1992, Power Line and Jean Mateson entered into a letter agreement under which Power Line received a number of Mr. Mateson’s formulae “for packaging into consumer type, mass

marketed, commercial, industrial, or consumer sales outlets.” Def.’s Ex. 17. The formulae included a range of cleaning and disinfecting products that Mr. Mateson had created. The agreement specified that Power Line was pay a royalty of ten percent (10%) to Mr. Mateson but specifically excluded the Bad Air Sponge. Def.’s Ex. 17 at 4.

At or around this time inquiries about the Bad Air Sponge were being made by companies other than MAB. In response, MCC and Power Line agreed that with respect to any orders from new buyers secured by MCC Power Line would purchase the necessary raw materials from MCC, manufacture the product, and then sell it to MCC. MCC would in turn resell the product to the buyer. An arrangement for orders from new buyers secured by Power Line’s own marketing efforts was the subject of a meeting on December 17, 1992 between Jean Mateson, his wife Pat Mateson, and Robert Vernon. Def.’s Ex. 2 at 16; Ex. 5 at 47-49. At that meeting it was agreed that Power Line would purchase the raw materials to fill such orders from MCC and would pay Mr. Mateson a royalty of \$0.24 for every gallon of Bad Air Sponge sold. Id. Two days later, on December 19, 1992, Mr. Mateson died of a heart attack. His son Mark Mateson was subsequently named president of MCC.

In January 1993, MCC and Power Line entered into a Non-Disclosure and Confidentiality Agreement. Def.’s Ex. 22. The Agreement stated that MCC “wishes to disclose certain Confidential Information to [Power Line] ... for the purpose of manufacturing certain of [MCC’s] products” and for that purpose “shall disclose certain of its trade secrets.” Def.’s Ex. 22 at 1. All written materials disclosed by MCC were to be marked “confidential and proprietary”; any disclosures made prior to the agreement were exempted from its provisions. Def.’s Ex. 22, ¶¶ 1, 3(b). No confidential information regarding the Bad Air Sponge product was ever disclosed by MCC under this

Agreement. Def.'s Ex. 1 at 71-72.

By letter dated March 11, 1994, Mark Mateson notified Power Line that MCC had cancelled Power Line's "authorization to manufacture MCC products / secret formulas...." Def.'s Ex. 24. MCC subsequently refused to sell further quantities of the no. 7 fragrance to Power Line. At or around this time Power Line had located a buyer --Seapro Canada-- for a quantity of air sponge product originally produced for Pan-American Wholesalers under the name "Environmental Air Sponge."¹ In response to MCC's actions, Power Line sent out samples of no. 7 for analysis in an attempt to develop a new, substitute fragrance.

However, in November 1994, MCC renewed its prior business relationship with Power Line and resumed sales of no. 7. Power Line began making regular shipments of air sponge products to Environmental Specialties Group who in turn sold the products to Seapro Canada and to Seapro International for resale in both Canada and the United States.² At the end of 1995, MCC again terminated its relationship with Power Line and halted sales of no. 7.

Power Line subsequently developed a substitute for no. 7 and renewed production of the Environmental Air Sponge. The substitute fragrance developed by Power Line shares none of the ingredients of MCC's no. 7. See Def.'s Ex. 55; 56; 60. Between 1996 and 1998, Power Line shipped 90,981 cases of one-half pound Environmental Air Sponges to Canada and another 28,590 cases elsewhere. Def.'s Ex. 48. It also sold 7,942 cases of the one-pound size and only about 1,200

¹ Seapro Canada has been the registered owner of the "Environmental Air Sponge" trademark in Canada since 1996. Def.'s Ex. 27. According to defendants, Environmental Specialties Group has been the registered owner of the mark in the United States since 1997.

² Seapro International distributed the Environmental Air Sponge for resale in the United States through defendant Delta Marketing International, L.L.C.

four-pound containers. Id.

From 1993 through April 1999, MCC sold almost 29,000 cases of its five-pound size Bad Air Sponge product. Def.'s Ex. 49. It also sold 7,442 cases and 823 cases of the one-pound and one-half-pound versions respectively. Id. MCC has had a total of 407 customers for its Bad Air Sponge since 1993. Def.'s Ex. 51. Almost all sales have occurred within the United States.

II.

Summary judgment is appropriate if the record shows that no genuine issue of material fact exists and that the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). A court's responsibility is not to resolve disputed issues of fact but to determine if there is a genuine issue for trial. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247-49 (1986). The moving party bears the initial burden of identifying those portions of the record which it believes demonstrate the absence of any genuine issue of material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). The non-moving party must then point to specific facts demonstrating that there is a genuine issue for trial. Fed. R. Civ. P. 56(e). It must raise "more than a mere scintilla of evidence in its favor" to defeat the summary judgment motion; it must produce evidence from which a jury could reasonably find for the non-moving party. Liberty Lobby, 477 U.S. at 251. Though the non-moving party may not rely upon unsupported allegations or mere suspicions, id. at 248, it is entitled to have all reasonable inferences drawn in its favor. Id. at 255.

III.

Defendants first contend that use of the trademark "Environmental Air Sponge" does not

infringe upon plaintiff's "Bad Air Sponge" mark because plaintiff's mark is not legally protectable.³

To prove trademark infringement under the Lanham Act, plaintiff must show that:

(1) the marks are valid and legally protectable; (2) the marks are owned by plaintiff; and (3) defendants' use of the marks to identify goods or services is likely to create confusion concerning the origin of the goods or services.

Opticians Assoc. of Am. v. Independent Opticians of Am., 920 F.2d 187, 192 (3d Cir. 1990). A trademark may become "valid and legally protectable" in any one of three ways. First, "[i]f the mark at issue was federally registered and had become 'incontestable' pursuant to 15 U.S.C. §§ 1058 and 1065, then validity, legal protectability, and ownership are proved."⁴ Ford Motor Co. v. Summit Motor Products, 930 F.2d 277, 291 (3d Cir. 1991). Second, a mark will be held to be legally protectable if it is "inherently distinctive." Id. at 291-92. Third, even if not incontestable or inherently distinctive, a mark is protectable if it has acquired "secondary meaning." Secondary meaning exists "where in the minds of the public, the primary significance of a product, feature, or term is to identify the source of the product itself." Id. at 292.

³ Paragraph 29 of the complaint refers to defendants' alleged infringement upon plaintiff's registered "Clean Air Sponge" trademark. Since it does not appear that MCC has either produced or marketed a product under the name "Clean Air Sponge" since 1993, I will assume, as have defendants, that plaintiff intended to refer to the "Bad Air Sponge." In addition, both parties referred solely to the "Bad Air Sponge" trademark and product in their briefs and at oral argument.

⁴ "The term "incontestable" is obviously somewhat misleading, since there are as many as 21 possible exceptions/defenses to the general rule of incontestability. Section 33(b) of the Lanham Act, 15 U.S.C. 1115(b), lists eight exceptions to incontestability, and incorporates the exceptions of section 15, 15 U.S.C. 1065. Section 15, in turn, incorporates sections 14(3) and (5) by reference while section 14(3) incorporates the protections in sections 2(a), (b), and (c), and section 4." Opticians Assoc. of Am., 920 F.2d at 193 n. 7, citing 2 J. McCarthy, Trademarks and Unfair Competition, § 32:44 (2d ed. 1984).

A certificate of registration with the Patent and Trademark Office is prima facie evidence that a mark is valid and legally protectable, that the registrant owns the mark, and that the registrant has the exclusive right to use the mark in commerce. See 15 U.S.C. § 1115(a). This presumption is rebuttable, however, and may be overcome by establishing the generic or descriptive nature of the mark. Id.; see also Liquid Controls Corp. v. Liquid Control Corp., 802 F.2d 934, 936 (7th Cir. 1986). Thus, the burden is on defendants not only to overcome whatever presumption of validity exists, but also to show that there is no genuine issue of material fact as to the marks' validity.

Defendants argue that plaintiff's Bad Air Sponge trademark is neither incontestable nor inherently distinctive and has not acquired secondary meaning. Plaintiff does not contest defendants' assertion that the trademark fails to meet the statutory requirements for incontestability. Under 15 U.S.C. § 1065, a mark cannot become incontestable until "such registered mark has been in continuous use for five consecutive years subsequent to the date of registration" 15 U.S.C. § 1065. Plaintiff did not re-register the Bad Air Sponge trademark until 1997. As to the distinctiveness of the mark and the secondary meaning, if any, the public has attached to it, plaintiff argues that these issues are questions of fact for the jury. Plaintiff, however, fails to present any evidence with respect to these issues. Thus, in the absence of any genuine issue of material fact, I must determine if defendants are entitled to judgment as a matter of law.

Trademark law recognizes four separate categories of marks, based on their levels of inherent distinctiveness. From most distinctive to least distinctive, these categories are: (1) arbitrary terms; (2) suggestive terms; (3) descriptive terms; and (4) generic terms. "Although these categories are often separated by only the finest of lines, the distinctions are crucial." Dranoff-Perlstein Assoc. v. Sklar, 967 F.2d 852, 855 (3d Cir. 1992). If the court holds a term is arbitrary or suggestive, it is

deemed inherently distinctive and thus automatically valid and legally protectable. Id. On the other hand, if the court holds that a term is merely descriptive, and thus not inherently distinctive, then its validity depends upon proof of secondary meaning. Id. Finally, if a term is held to be generic, it can never qualify for trademark protection. Id.

Arbitrary terms bear “no logical or suggestive relation to the actual characteristics of the goods;” generic terms serve as “the common descriptive name of a product class.” Id. at 857 (citation omitted). Suggestive terms “suggest rather than describe” the characteristics of goods or services, while descriptive terms “describe a characteristic or ingredient of the article [or service] to which it refers.” Id. As the Court of Appeals has noted, however, the distinction between suggestive and descriptive is hardly clear. Id. at 857-58. Most courts rely upon the “imagination” test to determine if a term is suggestive or merely descriptive. Under that test:

A term is suggestive if it requires imagination, thought, or perception to reach a conclusion as to the nature of goods. A term is descriptive if it forthwith conveys an immediate idea of the ingredients, qualities, or characteristics of the goods.

Id. at 858, quoting A.J. Canfield Co. v. Honickman, 808 F.2d 291, 297 (3d Cir. 1986).

Plaintiff’s mark is clearly not arbitrary; the term “Bad Air Sponge” does bear a logical relation to the actual characteristics of the goods. As Bonnie Mateson, vice president for MCC, stated at her deposition, the name “is an extremely literal name ... [the product] does exactly what the name says, in that it acts like a sponge for bad air.” Def.’s Ex. 3 at 53. Moreover, little imagination is required to reach a conclusion about the nature of the product because the name itself describes the product. “Bad Air Sponge” conveys an immediate idea of the product’s primary characteristic and function –its ability to absorb various pollutants and unpleasant odors from the

surrounding air. Thus, the mark is descriptive, rather than suggestive.⁵ This conclusion is supported by case law. See, e.g., Talk To Me Products, Inc. v. Larami Corp., 992 F.2d 469 (2d Cir. 1993) (term “Soaker” was descriptive mark for toy water gun); ConAgra, Inc. v. George A. Hormel, & Co., 990 F.2d 368, 370 (8th Cir. 1993) (“Healthy Choice” trademark was descriptive of nutritious food products); Dranoff-Perlstein, 967 F.2d 852, 858 (term “INJURY-1” is descriptive since little imagination is necessary in order to get from “INJURY-1” to personal injury lawyers); Bernard v. Commerce Drug Co., 964 F.2d 1338, 1341 (2d Cir. 1992) (“Arthriticare” a descriptive trademark for analgesic gel designed to relieve arthritis pain); Thompson Medical Co. v. Pfizer, Inc., 753 F.2d 208, 216 (2d Cir. 1984) (the name “Sportscreme” is descriptive since no exercise of imagination is necessary for consumers to understand that the product is a cream useful in connection with sports).⁶

This conclusion also comports with the rationale for distinguishing between suggestive and descriptive terms and with the underlying purpose of trademark law. “[A]utomatic exclusion of a descriptive term from commercial use ‘would be commercially disruptive and unfair to competitors.’” Dranoff-Perlstein, 967 F.2d at 858, quoting Security Ctr., Ltd. v. First Nat’l Security Ctrs., 750 F.2d 1295, 1300 (5th Cir. 1985). If trademark law were to grant, in effect, a monopoly to the first mark that effectively and concisely describes a product’s use or function, competitors would be forced to adopt a less-descriptive term with correspondingly less consumer appeal. Such a result

⁵ Defendants do not contend that the “Bad Air Sponge” mark is generic.

⁶ Compare with Hasbro, Inc., v. Lanard Toys, Ltd., 858 F.2d 70, 74-75 (2d Cir. 1988) (the term “Gung-Ho” held to be suggestive as applied to a toy Marine action figure because the term merely described elements of the personality attributed to the toy, not that the product was a Marine soldier action figure, or for that matter that the product was even a toy); Physicians Formula Cosmetics Inc. v. West Cabot Cosmetics, Inc., 857 F.2d 80, 82 (2d Cir. 1988) (the mark “Physicians Formula,” for skin care products, held to be suggestive “because the mark does little to identify the product other than to locate it in the realm of medicine.”)

would discourage competition by creating barriers to entry. See Thompson Medical Co., 753 F.2d at 217.

Though a descriptive mark may possess secondary meaning and thus be eligible for trademark protection, plaintiff offers no evidence that its mark has acquired such meaning in the mind of consumers. Factors relevant to the secondary meaning analysis include “the extent of sales and advertising leading to buyer association, length of use, exclusivity of use, the fact of copying, customer surveys, customer testimony, the use of the mark in trade journals, the number of sales, the number of customers, and actual confusion.” Ford Motor Co., 930 F.2d at 292. Plaintiff has had only 407 customers for its Bad Air Sponge, Def.’s Ex. 51, and has engaged in virtually no consumer marketing. Def.’s Ex. 4 at 115-17; Ex. 3 at 78. It does not appear that plaintiff has advertised its product since 1995. Def.’s Ex. 3 at 79. Since no reasonable jury could find, based on the evidence before me, that plaintiff’s mark possesses secondary meaning in the minds of consumers, I will grant judgment for defendants as to Counts I, II, and IV.⁷

Even if plaintiff’s mark were legally protectable, defendants are entitled to judgment as a matter of law because no reasonable jury could conclude, based on the evidence before me, that there is a likelihood of confusion between the two marks. Again, plaintiff argues that this issue is a question of fact for the jury, yet it offers no evidence to demonstrate that a genuine issue of material

⁷ In Count II plaintiff avers that defendants have “willfully and recklessly misappropriated plaintiff’s marks and have effectively claimed those marks as their own for defendants’ goods.” Compl. ¶37. Since I do not understand how this allegation differs from the Lanham Act claims raised in Count I, I have analyzed both claims under the Act.

Count IV is a claim for common law trademark infringement. Under Pennsylvania law a common law trademark infringement action is governed by the same standards as an action brought under the Lanham Act. Nugget Distributors Co-Op v. Mr. Nugget, Inc., 776 F. Supp. 1012, 1024 (E.D. Pa. 1991).

fact exists.

A likelihood of confusion exists “when consumers viewing the mark would probably assume that the product or service it represents is associated with the source of a different product or service identified by a similar mark.” Scott Paper Co. v. Scott’s Liquid Gold, Inc., 589 F.2d 1225, 1229 (3d Cir. 1978). There are a number of factors to consider in determining if a likelihood of confusion exists:

(1) the degree of similarity between the owner’s mark and the alleged infringing mark; (2) the strength of the owner’s mark; (3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase; (4) the length of time the defendant has used the mark without evidence of actual confusion arising; (5) the intent of the defendant in adopting the mark; (6) the evidence of actual confusion; (7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media; (8) the extent to which the targets of the parties’ sales efforts are the same; (9) the relationship of the goods in the minds of the public because of the similarity of function; (10) other facts suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant’s market.

Id.

Any similarity between the two marks is slight. Though the two marks share the words “Air Sponge,” the contrasting adjectives “bad” and “environmental” minimize any likelihood of confusion. See Duluth News-Tribune v. Mesabi Publishing Co., 84 F.3d 1093, 1097 (8th Cir. 1996) (Though the marks “Saturday Daily News & Tribune” and “Duluth News-Tribune” “are aurally similar, when pronounced in their entirety the word “Saturday” and the ampersand ... make the two distinguishable.”); Meja and Assoc. v. IBM Corp., 920 F. Supp. 540, 547 (S.D.N.Y. 1996) (The mark “Eduquest 3000” for adult education system is not confusingly similar to the mark “IBM Eduquest” because of the use of the IBM brand name.) More importantly, the two marks, viewed in their entirety, create very different impressions in the minds of potential consumers. A number

of significant visual distinctions in presentation and packaging distinguish the two marks:

1. The product name “Bad Air Sponge” runs vertically from the bottom of the product label to the top while the name “Environmental Air Sponge” name runs horizontally on the top portion of its label.
2. Bad Air Sponge appears in all capital letters in a single font, while Environmental Air Sponge is rendered as “environmental AIR SPONGE” in two different fonts (one for the word “environmental” and the other for “air sponge”).
3. The Environmental Air Sponge label includes a slogan “FOR PURER • FRESHER • CLEANER AIR.” The Bad Air Sponge label states “NEUTRALIZES ODORS” and underneath lists as bulletpoints odors such as “Solvents”, “Decay,” “Fuel,” and “Sewage Gas.”
4. The Bad Air Sponge label contains black type surrounded by a blue circle with the product name on a green background. The Environmental Air Sponge label includes a yellow circle, upon which its slogan is printed, encircling black, red and green type.
5. The Environmental Air Sponge label contains representational artwork –a blue house with trees under a red sun and the silhouette of a bird. The Bad Air Sponge label does not.
6. The Environmental Air Sponge bears the name “SEAPRO MFG.” in green type on its label while the Bad Air Sponge bears the name “MATESON CHEMICAL CORPORATION” on its own label.

In addition, defendants have produced evidence that the Bad Air Sponge and the Environmental Air Sponge are targeted at different markets. Defendant Power Line has shipped nearly 120,000 cases of the half-pound version of the Environmental Air Sponge for the retail market in the last three years. It has produced virtually no five-pound containers, which have no consumer application. The ultimate customers for defendants’ Environmental Air Sponge are hardware stores, garden centers, pet shops, and other consumer retail outlets. Def.’s Ex. 52. By contrast, MCC has produced only 823 cases of the half-pound version of its Bad Air Sponge versus 28,000 cases of the five-pound version. According to Bonnie Mateson, “[MCC’s] historic marketplace has been the industrial arena and not the retail marketplace.” Def.’s Ex. 34. Since plaintiff fails to put forth evidence sufficient to support a jury verdict in its favor on this issue, defendants are entitled

to judgment as a matter of law on this ground as well.⁸

IV.

Defendants next argue that plaintiff has failed to put forth sufficient evidence to support its claim for unfair competition. Unfair competition is a common law cause of action which has been defined as “the passing off by a defendant of goods or services as those of plaintiff by virtue of substantial similarity between the two leading to confusion on the part of potential customers.” Cottman Transmission Systems v. Melody, 851 F. Supp. 660, 672 (E.D. Pa. 1994). Trademark infringement is but one aspect of the broader field of unfair competition. As such, any finding that trademark infringement has occurred will, by necessity, support an additional finding that the defendant is also guilty of unfair competition. Id., citing Smithkline Beckman Corp. v. Pennex Products Co., 605 F. Supp. 746, 749 (E.D. Pa. 1985). The reverse, however, is not true. “Evidence may be adduced to show that the defendant has simulated an aspect of plaintiff’s product sufficient to deceive the consumer without a finding that such action has infringed a trademark.” Id.

Plaintiff has introduced evidence of four instances on which defendants have allegedly tried

⁸ In a separate motion Seapro Canada argues, in the alternative, that as a Canadian company it is not subject to the Lanham Act. Brian Malcolm, president of Seapro Canada, states in an affidavit that the company distributes the Environmental Air Sponge in Canada and has never distributed that product or any other product in the United States. Malcolm Aff., ¶¶ 6, 7. In addition, it has been the registered owner of the “Environmental Air Sponge” trademark in Canada since 1996. Plaintiff offers no evidence to the contrary and does not appear to dispute these facts.

The Court of Appeals for the Second Circuit has stated that Congress did not intend that the Lanham Act reach “acts committed by a foreign national in his home country under a presumably valid trademark registration in that country.” Vanity Fair Mills v. T. Eaton Co., 234 F.2d 633, 642 (2d Cir. 1956). I agree and hold that defendant Seapro Canada is entitled to summary judgment on Count I for this reason as well.

to pass off the Environmental Air Sponge as the Bad Air Sponge or as connected in some way to MCC: (1) a brochure packaged with the Environmental Air Sponge in 1996; (2) an advertisement from the Toronto Sun dated September 24, 1996; (3) an interview with Richard Desautels, the president of Delta Marketing, from the San Francisco Chronicle dated September 29, 1998; (4) a web site established by Cole Hardware, a customer of Delta Marketing. The brochure, the advertisement, the interview, and the web site all contained statements which, though untrue when applied to the Environmental Air Sponge after MCC stopped supplying the ingredients for that product, were in fact accurate descriptions of the Bad Air Sponge. The 1996 brochure stated that the Environmental Air Sponge had been used “successfully in large scale commercial applications for over 20 years,” including “the Amtrak railroad system.” Def.’s Ex. 36. The Toronto Sun advertisement for defendants’ product stated that “[i]t was created 17 years ago by a chemist from Philadelphia” and was used to eliminate odors at the World Trade Center after the 1993 bombing.⁹ Def.’s Ex. 37. In the San Francisco Chronicle interview, Mr. Desautels stated that the Environmental Air Sponge was developed 17 years ago and contained “secret ingredient no. 7.” Def.’s Ex. 38. The web site contains a picture of the product and also states that it had been used in the World Trade Center after the bombing.¹⁰ Def.’s Ex. 39.

⁹ Brian Malcolm, president of defendant Seapro Manufacturing Canada, states in an affidavit that though the advertising copy for the Environmental Air Sponge as well as the literature included with the product for a time continued to refer to certain uses of the product, specifically that the product had been used in the cleanup of the World Trade Center following the bombing and in the Amtrak railway system, after Power Line’s relationship with MCC had been terminated and the Environmental Air Sponge formula had been changed, all such references have now been removed. Def.’s Ex. 40, ¶¶ 12, 13

¹⁰ Richard Desautels states in an affidavit that he has asked Cole Hardware to remove the inaccurate information pertaining to the Environmental Air Sponge from its web site. Def.’s Ex. 42, ¶ 4.

In none of these four instances, however, was any direct reference made to the Bad Air Sponge or to MCC. There is no evidence to suggest that consumers knew of the Bad Air Sponge, its creation by Jean Mateson over 20 years ago, or its use in the World Trade Center cleanup and in the Amtrak Railway system. In short, there is no evidence suggesting that consumers might reasonably have confused the Environmental Air Sponge with the Bad Air Sponge or even connected the Environmental Air Sponge in some way to MCC as a result of those statements. For this reason, I will enter judgement for defendants with respect to Counts III and V.¹¹

V.

Defendants also contend that they are entitled to summary judgment on plaintiff's claim for misappropriation of trade secrets. To succeed on this claim under Pennsylvania law, plaintiff must establish: (1) the existence of a trade secret (2) which was communicated in confidence to defendants and (3) used by defendants in breach of that confidence (4) to the detriment of plaintiff. Prudential Ins. Co. v. Stella, 994 F. Supp. 318, 323 (E.D. Pa. 1998). A trade secret can be a formula, pattern, device, or compilation of information which offers an opportunity to obtain an advantage over competitors who do not know or use it. See Van Prods. Co. v. General Welding & Fabricating Co., 213 A.2d 769, 775 (Pa. 1965). Matters of either public knowledge or general knowledge in an industry cannot be deemed a trade secret. The Hyman Companies, Inc. v. Brozost, 964 F. Supp. 168, 174 (E.D. Pa. 1997).

The only element of the Bad Air Sponge formula which could be considered a trade secret

¹¹ Count III presents a claim for 'unfair competition' while Count V is a claim for 'passing off.' The two claims are, in effect, one and the same.

is the fragrance ingredient –no. 7.¹² MCC, however, never disclosed the components of no. 7 to Power Line. Former president of MCC, Mark Mateson testified at his deposition:

Q: Do you have an understanding as to whether Mateson ever disclosed the component of No. 7 to Power Line Packaging?

A: Not to my knowledge.

Q: And that was because that was a portion of the formula that was considered to be secret by Mateson, is that right?

A: Yes.

Def.’s Ex. 1 at 48. Vice president Bonnie Mateson confirmed this statement at her own deposition, stating that “I know that [Power Line] didn’t learn” what was in No. 7. Def.’s Ex. 3 at 7-8. Though Power Line did send out samples of no. 7 to four or five different manufacturers in an attempt to discover its ingredients, Def.’s Ex. 2 at 131-32, there is no evidence that these attempts were successful.¹³ The Environmental Air Sponge fragrance does not contain the same ingredients as those used by MCC in the no. 7 fragrance. Def.’s Ex. 55, 56, 60. Moreover, even if Power Line had ascertained the components of no. 7, information “which has been ‘reverse engineered,’--i.e.,

¹² The platform ingredients and formulation cannot constitute trade secrets since they have been publicly disclosed on the product label and in several patent applications. Def.’ Ex. 9, 30. “The very act of publishing a trade secret in a patent destroys the secretive nature of that which is disclosed therein.” Midland-Ross v. Sunbeam Equipment Corp., 316 F. Supp. 171, 177 (W.D. Pa. 1970), citing Van Products Co., 213 A.2d at 778. It also appears that sodium stearate-based gels are commonly used in a variety of applications such as deodorant sticks, Def.’s Ex. 33, and thus their ingredients and formulation are general knowledge within the industry. See also Def.’s Ex. 63. Mark Mateson testified that “[i]n this particular fragrance industry the carrying vehicle formula is very well known.” Def.’s Ex. 1 at 47. Plaintiff’s own expert witness, Dr. Melvin Kantz, stated that “if I were asked to create a product to mimic the Bad Air sponge, having no other information other than what it looked like and its texture and odor, I might choose sodium stearate and propylene glycol...” Def.’s Ex. 59 at 96.

¹³ Defendant Robert Vernon, founder of Power Line Packaging, testified at deposition that Power Line obtained hundreds of odor samples, combined those samples into test batches and, after extensive experimentation, came upon the combination it now uses.

garnered by beginning with the finished product and determining the process used to manufacture it-- cannot be protected as trade secrets.” Smith v. Bic Corp., 869 F.2d 194, 199-200 (3d Cir. 1989).

Thus, I will enter judgment for defendants on Count VIII.¹⁴

VI.

Finally, both plaintiff and defendants, in their respective motions, seek summary judgment on plaintiff’s claims for breach of contract and for tortious interference with contractual relations. In the complaint, plaintiff alleges that defendant Power Line violated the 1993 Confidentiality Agreement and that defendants Seapro Canada, Delta Marketing, and Seapro International tortiously interfered with plaintiff’s rights under that agreement by encouraging Power Line to breach it. The Agreement provides that MCC “wishes to disclose certain Confidential Information” listed in Attachment B, including the product formula for “Odor Sponge.” Def.’s Ex. 22. “Confidential Information” is defined as follows:

any disclosure by Disclosor to the Disclosee or information as supplied to the Disclosee by any person in discussions with Disclosor personnel relating or connected with the business affairs of Disclosor, including without limiting the generality of the foregoing, equipment, products, systems or processes being developed from time to time by Disclosor, the subcomponents thereof or materials used in conjunction therewith whether provided orally or in written form.

Def.’s Ex. 22, ¶ 1. In consideration for gaining access to such information, Power Line agreed to

¹⁴ Even if plaintiff could establish the existence of a trade secret, plaintiff cannot establish that that secret was ever communicated in confidence to defendants Seapro Canada, Delta Marketing, or Seapro International. As defendants point out, there is no evidence that any of these defendants have ever had contact with MCC or its employees or have knowledge of the ingredients and formulation of either the Bad Air Sponge or the Environmental Air Sponge. Accordingly, I find that defendants Seapro Canada, Delta Marketing, and Seapro International are entitled to summary judgment on Count VIII for this reason as well.

“retain such Confidential Information and hold it in the same confidence and take all reasonable steps necessary at its own expense to protect and prevent disclosure.” Def.’s Ex. 22, ¶ 2(a). It also promised “not to use at any time the Confidential Information without Disclosor’s prior written consent [nor] disclose the Confidential Information ... in whole or in part nor otherwise make the same available to any unauthorized person.” Def.’s Ex. 22, ¶ 2(b). The Agreement specifically exempted information provided “to the Disclosee prior to disclosure by Disclosor hereunder.” Def.’s Ex. 22, ¶ 3(b).

As discussed previously, plaintiff never disclosed any Confidential Information regarding the Bad Air Sponge. The platform ingredients and formulation were matters both of public knowledge and of general knowledge within the industry. In addition, this information was disclosed long before 1993 and is therefore specifically exempted under the Agreement. Plaintiff’s secret fragrance –no. 7-- was never disclosed. The only remaining issue, therefore, is whether Power Line violated the Agreement by sending out quantities of no. 7, which it had purchased from plaintiff prior to plaintiff’s termination of their business relationship, to third-party manufacturers for analysis. Despite plaintiff’s arguments to the contrary, I do not believe that such actions can be construed as a breach of the Agreement. The no. 7 fragrance ingredient itself –as opposed to its formulation-- clearly does not fall within the definition of “Confidential Information” nor within any reasonable interpretation of that term. Nor was it “disclosed” to Power Line in any way; it was simply sold by plaintiff in the form in which it was produced.¹⁵ Accordingly, I will enter judgment for defendants

¹⁵ Even if plaintiff were correct that Power Line violated the Agreement by sending out samples of no. 7 for analysis, it is difficult to see how such actions caused plaintiff any damage since there is no evidence that Power Line ever discovered the fragrance’s formulation. Moreover, the sealed record shows that the fragrance contained in the Environmental Air Sponge does not share a single ingredient with plaintiff’s no. 7 fragrance.

Power Line and Vernon with respect to the breach of contract claim, Count VI, and for defendants Seapro Canada, Delta Marketing, and Seapro International with respect to the claim for tortious interference, Count VII.

An appropriate Order follows.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

CHARLES E. SIERS	:	CIVIL ACTION
	:	
v.	:	
	:	
EDWARD KLEM, et al.	:	NO. 99-6198

ORDER

AND NOW this day of May, 2000, upon consideration of defendants' motion for summary judgment, plaintiff's motion for partial summary judgment, and the responses thereto, it is hereby ORDERED that defendants' motion is GRANTED. Summary judgment is entered in favor of defendants Robert Vernon, Power Line Packaging, Delta Marketing International, L.L.C., Seapro International, Inc., and Seapro Manufacturing Canada, Inc. and against plaintiff Mateson Chemical Corporation on all claims.

It is further ORDERED that plaintiff's motion for partial summary judgment is DENIED.

THOMAS N. O'NEILL, JR., J.