

Stanley Defends Its Colors, Trade Turf

*Repels assault of DeWalt's
trademark yellow*

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The DeWalt name made history in the 1990s with the surging popularity of its rugged yellow power tools. A subsidiary of Black & Decker, the DeWalt brand appealed to pros in a way the B&D orange-and-black homeowner line never could.

As its yellow turned to gold, DeWalt began to jealously guard it, sending warning letters to perceived competitors. It sued Los Angeles-based Pro-Tech, Inc. in the U.S. District Court in Alexandria, Virginia, winning \$1.7 million, along with a ruling that DeWalt's marketing had created public recognition for its color of yellow.

Flush with its Pro-Tech victory in 1998, Black & Decker's outside IP counsel began sending ominous letters to lawyers for New Britain's Stanley Tool Works.

In a Dec. 21, 1998 letter to a Stanley lawyer in Washington, D.C., B&D's Raymond P. Niro, of Chicago's Niro, Scavone, Haller & Niro, quoted highlights from the Pro-Tech ruling: Black & Decker's marketing efforts of DeWalt tools have achieved public recognition that parallels McDonald's golden arches, it said.

Niro noted that Stanley officials deposed in the Pro-Tech litigation maintained that Stanley only used harvest gold on pneumatic tools. Niro wrote that he'd just found out about Stanley's plans to market a nailer in yellow, and advised against it.

On June 8, 1999, a Black & Decker executive wrote to Matthew B. Jore of Ronan, Montana with a similar warning.

Jore made his fortune with one arm. He patented a bit-changing system for power drills. His Jore Corporation sells the accessories to Black & Decker and licenses to Stanley.

A separate letter from Niro advised Jore that "Stanley sells hand tools in a wide range of color schemes and, unlike Black & Decker, has no rights in any yellow and black trade dress or trademarks.



India Blue

James D. Veltrop, right, and Steven B. Malech, left, of Axinn, Veltrop & Harkrider successfully defended Stanley Tool's yellow and black colors.

For New Britain-based Stanley, this was enough saber-rattling, and it struck first. The company turned to the Hartford offices of Axinn, Veltrop & Harkrider, a potent boutique focused on antitrust and intellectual property, whose senior partner Steven Axinn was picked by Attorney General Richard Blumenthal in 1994 to successfully fight off a raid on Stanley by the Newell Corporation. All three name partners are veterans of New York's powerhouse Skadden, Arps, Slate, Meagher & Flom.

James D. Veltrop headed a Stanley team that included William M. Rubenstein and Steven B. Malech.

Right after the B&D threats, Veltrop filed a request for a declaratory judgment before U.S. District Judge Janet C. Hall, in Bridgeport. The Stanley complaint said it has been using yellow and black since 1899, and since 1956 has spent over a billion dollars advertising and marketing.

While DeWalt had been making tools since 1918, before 1992 it used other colors, like speckled green, the complaint stated.

Stanley asked for a declaration that its use of yellow and black was non-infringing, and that its licensing of that color scheme to Jore

was legal and proper. The ensuing discovery sent Malech on a protracted tool buying spree, at the West Hartford Home Depot and elsewhere. For its part, Black & Decker was recalcitrant in providing the names of other yellow and black toolmakers it had contacted. Judge Hall punished B&D with sanctions in a June 27 discovery ruling. She wrote that Black & Decker lawyers told the court that documents "had been produced" on Jan. 3, 2000, and that they were "being made available" on Jan. 31, when in fact they were supplied March 1, 2000 after Veltrop sought sanctions, and was awarded about \$20,000 under Hall's June 27 order. But by this time the resistance was collapsing, and settlement took the place of sanctions.

At no time did Black & Decker produce evidence of consumer confusion between Stanley and DeWalt—the heart of a trademark dilution case. "I think by a certain point, they wanted to get out as gracefully as possible," says Veltrop.

On July 7, the parties settled, with Jore and Stanley getting the rights they sought all along—freedom to produce bright yellow carded accessories, bits and pneumatic staplers "forever." ■