

IN THE UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WISCONSIN

---

HY CITE CORPORATION,

Plaintiff,

Case No. 10-CV-168

v.

**JURY TRIAL DEMANDED**

REGAL WARE, INC. and  
SALADMASTER, INC.

Defendants

---

**COMPLAINT**

---

Plaintiff Hy Cite Corporation ("Plaintiff"), by its attorneys, Michael Best & Friedrich LLP, hereby complains against Defendants Regal Ware, Inc. ("Regal Ware") and SaladMaster, Inc. ("SaladMaster" and collectively, "Defendants") as follows:

**NATURE OF THE CASE**

1. Plaintiff alleges several claims against Defendants. First, this is a *qui tam* action on behalf of the public for false patent marking under 35 U.S.C. § 292. Upon information and belief, Defendant Regal Ware has sold tens of thousands of falsely marked salad cutters. Second, Plaintiff alleges it has not tortiously interfered with contracts between Defendants and their distributors. Third, Plaintiff alleges a claim for defamation against SaladMaster. Fourth, Plaintiff alleges a claim for product disparagement against SaladMaster. Fifth, Plaintiff alleges claims for unfair competition against both Defendants.

## **THE PARTIES**

2. Plaintiff is a corporation organized under the laws of the State of Wisconsin, with a principal place of business located at 333 Holtzman Road, Madison, Wisconsin 53713.

3. Upon information and belief, Defendant Regal Ware is a Delaware corporation with a principal place of business located at 1675 Reigle Drive, Kewaskum, Wisconsin 53040.

4. Upon information and belief, Defendant SaladMaster, Inc. is a Delaware corporation with a principal place of business located at 230 Westway Place 101, Arlington, Texas 76018.

5. Upon information and belief, SaladMaster is a wholly owned subsidiary of Regal Ware.

## **JURISDICTION AND VENUE**

6. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1367 and 1338(a).

7. Venue properly lies in the Western District of Wisconsin pursuant to 28 U.S.C. §§ 1391(b), (c), and 1395(a), because, among other things, Defendant Regal Ware's falsely marked products were and are offered for sale and sold in this District, and because a substantial part of the events giving rise to the claims as against both Defendants occurred in this District.

8. This Court has personal jurisdiction over Defendant because it has sold and continues to sell its falsely marked products, in Wisconsin and in this District, including to Plaintiff.

### **BACKGROUND FACTS**

9. Upon information and belief, Defendants are manufacturers, suppliers and sellers of cookware and other household products, including salad cutters.

10. Defendant Regal Ware has a salad cutter product made for Regal Ware which it then sells, either through its own subsidiaries and / or its or their distribution networks, or to third parties such as Plaintiff, all on a nationwide basis.

11. On January 14, 2005, Regal Ware filed an application that led to United States Design Patent Number D543,774s (the "'774 Tripod-Based Patent"), entitled Salad Cutter. The '774 Tripod-Based Patent issued on June 5, 2007 and covers a salad cutter with a specific tripod base. A true and correct copy of the '774 Tripod-Based Patent is attached hereto as Exhibit A.

12. Plaintiff has, since approximately 2007, purchased over 70,000 round-based salad cutters from Defendant Regal Ware.

13. On or about March 19, 2009, Plaintiff informed Regal Ware that it was intending to purchase some round-based salad cutters from a third party.

14. On March 19, 2009, Regal Ware filed patent application number U.S. Patent Application No. 29/314,290, now U.S. Patent No. D610,397 (the "'397 Round-Based Patent"), which is drawn solely to the round-based salad cutter.

15. Notwithstanding that only six days before, Regal Ware had applied for the '397 Round-Based Patent, on or about March 25, 2009, Regal Ware forwarded to Plaintiff a March 23, 2009 letter (the "March 23, 2009 Infringement Claim Letter") advising Plaintiff that Regal Ware's '774 Tripod-Based Patent and undisclosed pending patent applications "cover the design of Regal Ware's salad cutters independent of the shape of the base. Sales of hand operated choppers and cutters would be an infringement of Regal Ware's rights." A true and correct copy of the March 23, 2009 Infringement Claim Letter from Regal Ware is attached hereto as Exhibit B.

16. On or about March 26, 2009, Plaintiff emphatically informed Regal Ware that it did not infringe the '774 Tripod-Based Patent and that it could not infringe a pending patent application. A true and correct copy of the March 26, 2009 letter is attached hereto as Exhibit C.

17. After being so confronted by Plaintiff, Regal Ware then admitted that Regal Ware in fact did not yet have a patent covering the round-based salad cutter, in a March 31, 2009 letter to Plaintiff wherein Regal Ware notified Plaintiff that it was only then "seeking patent protection that would cover aspects of Regal Ware's salad cutter design that are embodied in salad cutters that Hy Cite is presently selling." A true and correct copy of Regal Ware's March 31, 2009 letter is attached hereto as Exhibit D.

18. Notably, the '397 Round-Based Patent contains a claim for priority back to the '774 Tripod-Based Patent, although Regal Ware knows that the '397 Round-Based Patent cannot claim priority to the '774 Tripod-Based Patent as the United States Patent and Trademark Office informed them that no applications filed after June 5<sup>th</sup>, 2007

could claim priority to the '774 Tripod-Based Patent in a communication dated November 17<sup>th</sup>, 2008.

19. Regal Ware acted to deceive Plaintiff as to Regal Ware's patent rights over the round-based salad cutter by claiming in its March 23 Infringement Claim Letter that "sales of hand operated choppers and cutters would be an infringement of Regal Ware's rights" even though Regal Ware had only applied for a patent covering a round-based salad cutter six days prior to March 23, 2009.

20. In responding to Plaintiff's March 26, 2009 letter emphatically stating that Plaintiff did not infringe on the '774 Tripod-Based Patent, Regal Ware admitted in its March 31, 2009 letter that it did not, in fact, yet have a patent covering the round-based salad cutter, thus implicitly admitting it had attempted to deceive Plaintiff previously.

## **COUNT I**

### **Hy Cite v. Regal Ware, Inc.**

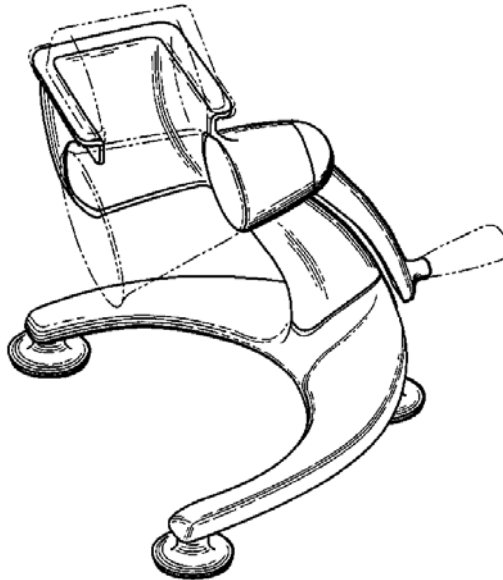
21. Plaintiff incorporates paragraphs 1-20 as if fully set forth herein.

22. Upon information and belief, Defendant Regal Ware marks its salad cutter with the '774 Tripod-Based Patent.

23. Regal Ware has caused third parties to manufacture its salad cutters which Regal Ware then in turn sells to third party purchasers like Plaintiff and to distributors of Regal Ware or its affiliates, ultimately for sale to the general consuming public.

24. Upon information and belief, Defendant Regal Ware has in the past marked, or caused to be marked, and presently marks, or causes to be marked, its

round-based salad cutter with the '774 Tripod-Based Patent, though the '774 Tripod-Based Patent only covers a salad cutter with a tripod base, as depicted in the '774 Tripod-Based Patent:



25. An example of the round-based salad cutter sold to Plaintiff by Regal Ware is shown below:



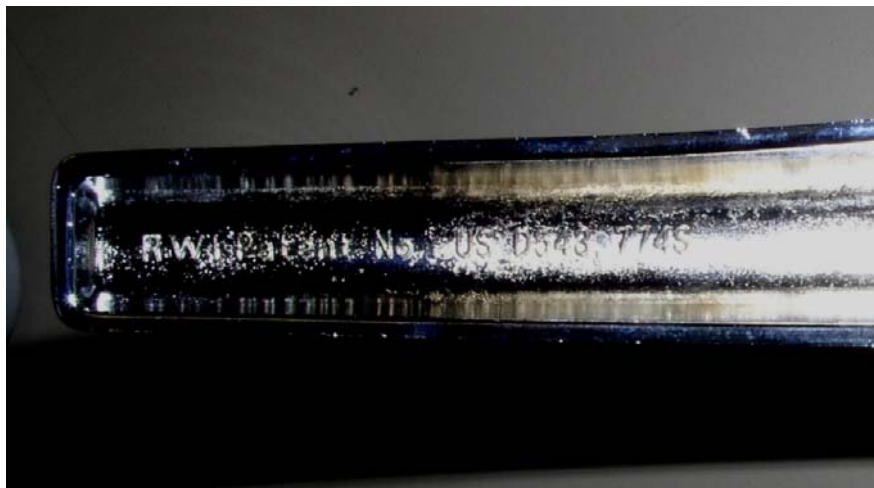
26. The inside of the round-based salad cutter depicted above is falsely marked with the '774 Tripod-Based Patent, as shown below:



27. Additionally, the inside of the round-based salad cutter is falsely marked with the '774 Tripod-Based Patent:



28. The handle of the round-based salad cutter is also falsely marked with the '774 Tripod-Based Patent:



29. Upon information and belief, Defendant Regal Ware is a sophisticated company and has experience applying for and obtaining patents.

30. Defendant Regal Ware by itself or by its representatives cannot genuinely believe that the '774 Tripod-Based Patent covers the round-based salad cutter it sold to Hy Cite.

31. Upon information and belief, Defendant Regal Ware knows, or should know (by itself or by its representatives), that the '774 Tripod-Based Patent marked on the Regal Ware round-based salad cutter does not cover that product.

32. As a sophisticated company with, upon information and belief, experience applying for, obtaining and enforcing patents, Defendant Regal Ware knows, or reasonably should know, of the requirements of 35 U.S.C. §292.

33. The false patent marking for the Regal Ware products are found on the round-based cutter product, as shown above.



34. Upon information and belief, Defendant Regal Ware intentionally included the '774 Tripod-Based Patent on the round-based salad cutter in an attempt to prevent competitors from using the same or similar products.

35. Upon information and belief, Defendant Regal Ware marks its round-based salad cutter product with the '774 Tripod-Based Patent for the purpose of deceiving the public into believing that something contained in or embodied in the round-based salad cutter is covered by or protected by the '774 Tripod-Based Patent.

36. Each false marking on the Regal Ware round-based salad cutter is likely to, or at least has the potential to, discourage or deter persons and companies from commercializing competing products.

37. Indeed, Regal Ware even advised Hy Cite in writing that the round-based salad cutter was covered by its intellectual property in order to prevent Hy Cite from buying the round-based salad cutter from someone other than Regal Ware.

38. Regal Ware has wrongfully and illegally advertised patent rights which it does not possess and, as a result, has benefited commercially and financially by maintaining false statements of patent rights.

39. Upon information and belief, Regal Ware knows, or reasonably should know, that marking Regal Ware products with false patent statements was and is illegal under Title 35 United States Code.

40. Upon information and belief, Regal Ware's marking of its round-based salad cutters with the '774 Tripod-Based Patent has wrongfully suppressed competition

with respect to the round-based salad cutter to an immeasurable extent thereby causing harm to the United States in an amount which cannot be readily determined.

41. Upon information and belief, for at least the reasons set forth herein, Regal Ware has wrongfully and illegally advertised patent rights which it does not possess, and, as a result, has likely benefited in at least maintaining its considerable market share with respect to the herein described Regal Ware products in the market place.

42. For at least the reasons provided herein, and/or for reasons which will be later evidenced, marking the '774 Tripod-Based Patent on the round-based salad cutter contributes to causing harm to the Plaintiff, the United States and the general public.

43. Thus, each marking on a round-based salad cutter, directly or on the packaging thereof, multiplied by the number of products and/or packaging materials on which it appears is a separate "offense" pursuant to 35 U.S.C. § 292(a), which would include the falsely marked salad cutters sold to Plaintiff as well as any other person or entity.

## **COUNT II**

### **Hy Cite v. Regal Ware, Inc. & SaladMaster, Inc.**

#### **Declaratory Relief for No Tortious Interference with Contract**

44. Plaintiff repeats and realleges the allegations contained in paragraphs 1-20 as it set forth fully herein.

45. In December of 2009, Hy Cite entered into a consulting agreement with William Francisco to assist, among other things, in developing a distribution network for a new line of cookware for Hy Cite, related to a detachable handle cookware

product. Prior to this engagement with Hy Cite, Mr. Francisco had been engaged by SaladMaster in various capacities including as an independent contractor.

46. On or about February 17, 2010, Defendants informed Hy Cite that it was gravely concerned with Mr. Francisco's "proselytizing certain members of the SaladMaster® cookware distribution network" and that Mr. Francisco and Hy Cite had to provide "written assurance" that they would "immediately and permanently discontinue proselytization of the SaladMaster® cookware distribution network." A true and correct copy of Defendants' February 17, 2010 letter is attached hereto as Exhibit E.

47. On or about March 5, 2010, Regal Ware informed Hy Cite that it was infringing U.S. Patent Number 6,260,733 ("the '733 Handle Patent"). A true and correct copy of Regal Ware's March 5, 2010 letter is attached hereto as Exhibit F.

48. On or about March 8, 2010, Hy Cite informed Regal Ware that the '733 Handle Patent was not infringed by Hy Cite's detachable handle products and also that the '733 Handle Patent was not valid.

49. Thereafter, the parties attempted to resolve their disputes regarding the '733 Handle Patent and Hy Cite's alleged tortious interference with Regal Ware's contracts, but such efforts have failed.

50. Defendants sell their products to consumers through independent businesses, referred to by Defendants as "Dealers."

51. Based upon representations of counsel for Defendants, the relationships between Defendants and the Dealers are at-will.

52. Based upon representations of counsel for Defendants, the agreements between Defendants and their Dealers contain certain restrictive covenants.

53. Hy Cite has engaged certain former Dealers of Defendants, in Wisconsin and other states, to distribute Hy Cite's products and advance Hy Cite's competitive interests.

54. Defendants have threatened to sue Hy Cite for allegedly tortiously interfering with Defendants' relationships with their Dealers, and Hy Cite has a reasonable apprehension of a lawsuit based upon those threats.

55. Hy Cite has not used wrongful means in engaging former Dealers of Defendants.

56. Upon information and belief, the former Dealers of Defendants engaged by Hy Cite have not violated their agreements with Defendants by having become engaged by Hy Cite.

57. Upon information and belief, the restrictive covenants contained in the agreements between Defendants and their Dealers are void and unenforceable as a matter of law.

58. This Court may enter a declaratory judgment under 28 U.S.C. § 2201 and Federal Rule of Civil Procedure 57 because an actual and justiciable controversy exists between the parties.

59. Hy Cite is entitled to declarations that: (a) by engaging Dealers, Hy Cite has not tortiously interfered with Defendants' relationships with such Dealers; (b) by engaging Dealers, Hy Cite has not tortiously interfered with the restrictive covenants in

the agreements between Defendants; and (c) Hy Cite has not tortiously interfered with the restrictive covenants because such covenants are void as a matter of law.

### **COUNT III**

#### **Hy Cite v. SaladMaster, Inc.**

#### **Defamation**

60. Plaintiff repeats and realleges the allegations contained in paragraphs 1-20 as it set forth fully herein.

61. Defendant SaladMaster made false statements regarding the materials and manufacture of plaintiff's products.

62. Upon information and belief, false statements were communicated in writing by SaladMaster's President, Keith Peterson, on or about February 23, 2010 to SaladMaster's Dealers. A true and correct copy of a SaladMaster February 23, 2010 memorandum is attached hereto as Exhibit G.

63. The February 23, 2010 memorandum, written by the President of SaladMaster, states that Hy Cite's product is "manufactured using Asian steel and manufacturing processes. The product is then shipped to Italy for finishing and to be stamped 'made in Italy'."

64. Additionally, on information and belief, false statements were communicated orally at the SaladMaster Convention, held in Las Vegas, Nevada during February 11-14, 2010, where the President of SaladMaster falsely stated that Hy Cite's products were made with "dirty steel" during a speech at the convention.

65. Hy Cite's products are both drawn and finished in Italy and do not use anything that may be reasonably termed "dirty steel."

66. No basis existed for Defendant SaladMaster's President to characterize Hy Cite's products as being made from "dirty steel."

67. Defendants' false statements were not privileged and tend to harm Hy Cite's reputation as to lower it in the estimation of customers, as well as potentially to deter third persons from associating with Hy Cite.

68. As a result of these communications, Hy Cite has been damaged in an amount to be determined at trial.

#### **COUNT IV**

##### **Hy Cite v. SaladMaster, Inc.**

##### **Product Disparagement**

69. Plaintiff repeats and realleges the allegations contained in paragraphs 1-20 and 62-70 as if set forth fully herein.

70. Defendant SaladMaster has made false and misleading statements regarding Hy Cite's products in the February 23, 2010 memorandum (Exhibit G, attached hereto) and orally at the SaladMaster convention.

71. Defendant SaladMaster's statements are literally and impliedly false or likely to deceive customers about the true nature, source, and qualities of Hy Cite's products.

72. On information and belief, Defendant SaladMaster was aware of the falsity of the statements or acted in reckless disregard for those statements' falsity.

73. On information and belief, Defendant SaladMaster knew or should have known that the false statements would harm Hy Cite's business interests.

74. Hy Cite has been harmed by Defendants' disparagement in an amount to be determined at trial.

## **COUNT V**

### **Hy Cite v. Regal Ware, Inc. & SaladMaster, Inc.**

#### **Unfair Competition under the Lanham Act (15 U.S.C. § 1125(a))**

75. Plaintiff repeats and realleges the allegations contained in paragraphs 1-75 as if set forth fully herein.

76. Defendants have made false and misleading statements regarding Hy Cite's products in the February 23, 2010 memorandum (see Exhibit G) and orally at the SaladMaster convention.

77. Defendants' statements are literally and impliedly false or likely to deceive customers about the true nature, source, and qualities of Hy Cite's products.

78. The false or misleading statements made by Defendants have influenced and will continue to influence purchasing and dealership decisions in that customers and dealers will fail to purchase or resell Hy Cite products based on their misperception that those goods are of inferior quality.

79. Defendants' statements were made in a nationwide letter to resellers and at a national convention held in Las Vegas, Nevada; therefore, their false and misleading statements affect interstate commerce.

80. Defendants' unauthorized and misleading statements, as alleged herein, constitutes misrepresentation of Hy Cite's goods in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)).

81. The intentional nature of the aforementioned acts makes this an exceptional case pursuant to 15 U.S.C. § 1117.

82. Hy Cite has been and will continue to be irreparably harmed by the aforementioned acts of unfair competition, and, unless enjoined by the Court pursuant to 15 U.S.C. § 1116, those wrongful acts will continue. There is no adequate remedy at law for the harm caused by the acts of infringement and unfair competition alleged herein.

83. As a direct and proximate result of Defendants' conduct, Hy Cite has and will continue to incur actual damages, entitling Hy Cite to treble damages, disgorgement of profits derived from the unlawful acts, and attorney's fees pursuant to the provisions of 15 U.S.C. § 1117.

## **COUNT VI**

**Hy Cite v. Regal Ware, Inc. & SaladMaster, Inc.**

### **Common Law Unfair Competition**

84. Plaintiff repeats and realleges the allegations contained in paragraphs 1-75 as if set forth fully herein.

85. The acts of Defendants complained of herein individually, as well as taken as a whole, constitute unfair competition under Wisconsin law.



86. As a result of these actions, Hy Cite has been damaged in an amount to be determined at trial.

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff respectfully requests that this Court enter judgment against Defendants as follows:

A. A decree that Regal Ware has falsely marked products in violation of 35 U.S.C. §292;

B. An award of monetary damages as against Regal Ware, pursuant to 35 U.S.C. §292, in the form of a civil monetary fine of \$500 per false marking "offense," (to include the number of round-based salad cutters illegally marked and sold to Plaintiff or any other person or entity) or an alternative amount as determined by the Court, one half of which should be paid to the United States of America;

C. An accounting by Regal Ware for any falsely marked products not presented at trial and an award by the Court of additional damages for any such falsely marked products;

D. An injunction prohibiting Defendant Regal Ware from falsely marking its round-based salad cutter;

E. A declaration that Hy Cite has not tortiously interfered with any of Defendants' contracts: (1) by engaging Dealers, Hy Cite has not tortiously interfered with Defendants' relationships with such Dealers; (2) by engaging Dealers, Hy Cite has not tortiously interfered with the restrictive covenants in the agreements between

Defendants; and (3) because Hy Cite has not tortiously interfered with the restrictive covenants because such covenants are void as a matter of law;

F. For damages and injunctive relief associated with Defendants' defamation, product disparagement and / or unfair competition;

G. Such other and further relief, at law or in equity, to which Plaintiff is justly entitled.

### **DEMAND FOR JURY TRIAL**

Pursuant to Federal Rules of Civil Procedure Rule 38, Plaintiff hereby demands a jury trial on all issues triable by jury.

Dated this 29th day of March, 2010.

**MICHAEL BEST & FRIEDRICH LLP**

By: s/ John C. Scheller  
John C. Scheller, SBN 1031247  
Amy O. Bruchs, SBN 1021530  
One South Pinckney Street  
Suite 700  
Madison, WI 53703  
Telephone: (608) 257-3501  
Fax: (608) 283-2275  
Email: jcscheller@michaelbest.com  
aobruchs@michaelbest.com

*Attorneys for Plaintiff Hy Cite  
Corporation*