Ricci Tyrrell Johnson & Grey

ATTORNEYS AT LAW

QUARTERLY NEWSLETTER

March 2021
Volume 21

In This Issue:

News and Events:

Founding Member **Francis J. Grey, Jr.** has become a member of **PLAC** (formerly known as Product Liability Advisory Council). PLAC is a not-for-profit association of product manufacturers, suppliers, retailers and select regulatory, litigation and appellate professionals who work to shape the common law of product liability and complex regulation. Mr. Grey joins Ricci Tyrrell Johnson & Grey Members **William J. Ricci**, **John E. Tyrrell**, and **Brian L. Wolensky** as PLAC members.

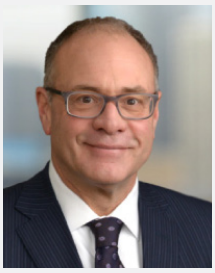
Bill Ricci was a moderator at the January 27, 2021 **Pennsylvania Defense Institute's** webinar, "Effectively Engaging and Using an Expert Witness". Mr. Ricci also was a panelist on the **Philadelphia Association of Defense Counsel's** March 11, 2021 webinar, "How Women Judges and Lawyers Succeed in Challenging Times".

Managing Member **John E. Tyrrell** and Associate **Adam Mogill** authored an article addressing the enforceability of pregame releases in **Sports Facilities and the Law**. You can access the article here: **https://www.rtjglaw.com/2021/03/02/article-published-in-sports-facilities-and-the-law/.**

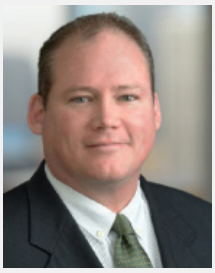
Fran Grey presented on March 25th for the **Pennsylvania Bar Association** on the topic "Persuasion Skills for Trial Success: Cross-Examination of Technical Experts".

RICCI TYRRELL RECOGNIZED AS ONE OF "100 LAW FIRMS WITH SPORTS LAW PRACTICES YOU NEED TO KNOW ABOUT".

*The **Ricci Tyrrell Johnson & Grey** Sports & Event Liability and Risk Management practice group is headed by Members **John E. Tyrrell** and **Patrick J. McStravick**.*



John E. Tyrrell

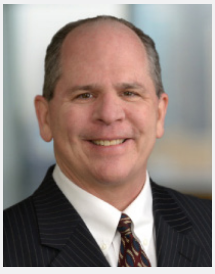


Patrick J. McStravick

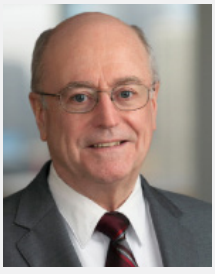
Ricci Tyrrell Johnson & Grey is honored to have been selected by **Hackney Publications** as one of 100 noteworthy Sports Law Practices in the country. Hackney Publications has established a website that serves as a resource for those in need of experienced and capable legal counsel in the sports law area. You can access the Press Release here: **https://www.rtjglaw.com/2021/03/08/ricci-tyrrell-recognized-as-one-of-100-law-firms-with-sports-law-practices-you-need-to-know-about/**.

SUMMARY JUDGMENT AWARDED IN CUMBERLAND COUNTY, PA

*The Summary Judgment Motion was prosecuted by Members **Michael T. Droogan, Jr.** and **Francis P. Burns, III**.*



Michael Droogan, Jr.



Francis P. Burns, III

Ricci Tyrrell secured a summary judgment in Cumberland County PA for its client **Speedway, LLC** in a premises liability matter, involving an alleged slip and fall on ice that was never reported by the Plaintiff. The Court granted summary judgment on the basis Plaintiff could not establish the store owner had actual or constructive notice of ice on its property.

TRADEMARK "GENERICIZATION"

***Stuart M. Goldstein** heads **Ricci Tyrrell Johnson & Grey's** Intellectual Property practice.*

On February 16, 2021, Peloton filed a proceeding in the United States Patent and Trademark Office (USPTO) to cancel, i.e. invalidate, trademark registrations, Reg. No. 2,173,202 for spin® and U.S. Reg. No. 2,424,295 for spinning®. These trademark registrations, designating stationary exercise bicycles and the providing of exercise facilities for such bikes, are and have been owned by Mad Dogg Athletics, the company which has had exclusive rights to these marks since as far back as 1998. Based on these ownership rights, Mad Dogg put Peloton on notice that its use of the words spin and spinning in its advertisements violated Mad Dogg's exclusive rights, subjecting Peloton to trademark infringement litigation. In response to this threat, Peloton filed the trademark cancellation proceeding, alleging that the words "spin and spinning are generic terms which describe a type of exercise bike and associated in-studio class." In other words, Peloton contends that since these words are commonly recognized and used in the "fitness lexicon," they are prime trademarks for "genericization." According to Peloton, the words should now be in the public domain and no longer protected under the US trademark registration statutes.

Examples of product names which were once protected as United States registered trademarks, but ultimately became "genericized" are legion. Commonly recognizable words such as linoleum and escalator became generic through the very actions or inactions of their originators. The first word to likely become generic was linoleum. Its English inventor, Frederick

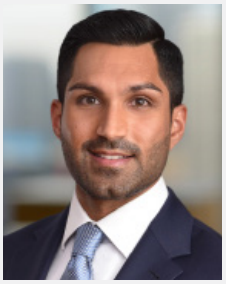
Walter, never registered the term, which eventually became the generic description for a type of flooring. The USPTO found that even Otis Elevator used the word "escalator" as a generic description in its patents. The right to trademark registration was stripped as a result.

Bayer's rights to the trademark registrations for "aspirin" and "heroine" were lost in 1917 when Bayer's US assets were confiscated as a result of World War I. Westinghouse let its "laundromat" trademark expire in 1952 and Swanson stopped using its "TV dinner" mark in 1962. Other marks which have become generic are "trampoline" (merely derived from a Spanish word, "trampolin," meaning diving board), "dry ice" (lost by Dry Ice Corp in 1932), "zipper" (originally owned by BF Goodrich), and "yo-yo" (first registered by Donald Duncan).

On the other hand, concerted efforts have been made by owners of registered trademarks to maintain their registration status when the public misidentifies the names of their products as generic product types. For instance, Jeep® is often followed by the notice that "Jeep® is a registered trademark of the Chrysler Corporation." Many companies, such as Johnson & Johnson (Band-Aid®), Kimberly Clark (Kleenex®), and Unilever (Q-tips®) use similar trademark awareness advertisements to continually advise the public of their registered trademarks in order to prevent them from becoming genericized. Xerox reminds us that "You can't make a Xerox." Formica Corporation and VELCRO Corporation have obvious incentives to protect their Formica® and VELCRO® marks.

The US trademark statutes do provide trademark protection to a company or individual for an indefinite period of time if that mark is properly and timely renewed (see e.g. Coca-Cola®, a mark which has been continually renewed and in effect since 1893). However, when the trademark becomes one which the public clearly identifies, not with the individual product of the specific company, but with the product class, the trademark registration is at risk. Given this as recognized historical precedent, while the Peloton USPTO cancellation proceeding against Mad Dogg is only in its beginning stages, the words spin and spinning, as they relate to biking exercise, appear to be heading towards "genericization."

INTERPLAY BETWEEN THE NEW JERSEY CONSUMER FRAUD ACT AND THE NEW JERSEY PRODUCT LIABILITY ACT



Vikas Bowry *is a* ***Ricci Tyrrell Johnson & Grey*** *associate.*

On November 27, 2020, the United States Court of Appeals for the Third Circuit addressed the interplay between the New Jersey Consumer Fraud Act (hereinafter "CFA") and the New Jersey Product Liability Act (hereinafter "PLA") in *Sun Chem. Corp. v. Fike Corp.*, 981 F.3d 231 (3d Cir. N.J. November 27, 2020). By way of a brief background, Sun Chemical Corporation (hereinafter "Sun Chem") was involved in the production of black news ink at a manufacturing facility in East Rutherford, New Jersey. *Id*. at 234. In 2012, Sun Corp purchased a dust-collection system that was responsible for filtering the facility's air for flammable particles produced in the ink-production process. *Id.* This collection system consisted of a Fike Corporation (hereinafter "Fike Corp") suppression system. *Id*. The suppression system was designed to contain any explosions that arose due to a fire in the collection system. *Id.* On the first day that the system was put into use, a fire erupted in the dust collection system, which triggered an alarm by the suppression system. *Id.* While workers were able to extinguish the fire, a subsequent explosion sent flames out of the dust-collector system's ducts. *Id.* As a result, multiple Sun Corp employees were severely injured, and the facility sustained significant property damage. *Id.* The incident also brought about a government investigation, which resulted in Sun Corp ceasing its ink production in East Rutherford.

Sun Corp filed suit against Fike Corp in the United States District Court for the District of New Jersey pursuant to the CFA. *Id* at 235. The gravamen of Sun Corp's argument was that Fike Corp misrepresented certain aspects of the suppression system during pre-purchase negotiations. *Id.* Sun Corp alleged the following with respect to the misrepresentations:

1) the suppression-system alarm would be

audible; 2) the suppression system would comply with a specific industry standard, "FM 5700," which required, among other things, two pressure detectors; 3) Fike Corp would provide training to Sun Corp employees; 4) the suppression system had never experienced any failures in the field; and 5) the system was capable of preventing an explosion from entering the facility.

Id. As a result of these misrepresentations, Sun Corp contended that Fike Corp was liable for the injuries and property damage caused by the explosion, an increase in distribution and labor costs due to the facility's closure, the expenses related to the government investigation, litigation costs and fees, and treble damages. *Id.*

Upon closure of discovery, both parties filed cross-motions for summary judgment. The District Court ultimately denied Sun Corp's motion and granted the motion filed by Fike Corp. *Id.* The Court reasoned that Sun Corp had not established how Fike Corp's alleged misrepresentations had brought about the harm that was being alleged. *Id.* With respect to the remaining claims set forth by Sun Corp, the Court held that the PLA absorbed Sun Corp's CFA claim. The District Court reasoned that Sun Corps alleged damages were based on the failure of the suppression system and the resulting personal injury to Sun Corp's employees. *Id.* As a result, Sun Corp could not avoid the PLA by setting forth claims under the cloak of the CFA. *Id.* The Court therefore held that Sun Corp's CFA claims were absorbed and precluded by the PLA. *Id.* Sun Corp then proceeded to appeal to the United States Court of Appeals for the Third Circuit. *Id.*

Upon hearing both parties' positions on the matter as well as reviewing applicable law, the United States Appeals Court for the Third Circuit certified four questions to the New Jersey Supreme Court regarding the interplay between the CFA and the PLA. The four certified questions were:

1. When a court decides a CFA claim based on an affirmative and material misrepresentation about the features of a product, but the plaintiff is seeking damages for harm caused by the product's failure to conform to those features, what criteria should the court consider to determine whether the claim may proceed as a CFA claim or is subsumed under the PLA?
2. In determining whether a claim may proceed under the CFA or is subsumed under the PLA, what significance should a court place on a plaintiff's assertion that its harm resulted primarily from physical injury to third parties (like employees) rather than property damage or personal physical injury.
3. Where a complaint pleads a single CFA clam that asserts multiple harms, some of which fall within the ambit of the PLA, and others which do not, is the entire claim subsumed by the PLA or should the distinct categories of harm be deemed severable claims, some of which would not be subsumed and could instead by pursued by the CFA?
4. Under the CFA, when can a commercial purchaser of a product recover consequential economic losses – such as workers' compensation payments, attorneys' fees incurred in litigation, fees incurred in government investigations, and increased labor or production costs – based on alleged misrepresentations the seller made about the features and capabilities of the product?

Sun Chem. Corp. v. Fike Corp., 2019 U.S. App. LEXIS 39390. The New Jersey Supreme Court tapered the District Court's lengthy inquiries and set forth one issue, which was "whether a Consumer Fraud claim [can] be based, in part or exclusively, on a claim that might be actionable under the Products Liability Act." *Fike Corp.*, 981 F.3d at 235-36. The New Jersey Supreme Court "concluded that a plaintiff can bring a CFA claim based on a course of conduct that might also be actionable under the PLA." *Id.* at 236. In reaching this decision, the Court reasoned that there are instances in which allegations of fraudulent or unconscionable business practices could bring about a claim pursuant to the CFA. *Id.* However, claims relating only to a product's manufacturing, warning, or design defect had to be brought under the PLA. *Id.* The matter then returned to the United States Court of Appeals for the Third Circuit for application of the New Jersey Supreme Court's decision.

With respect to Sun Corp's claims regarding the suppression system's compliance with the FM 5700's pressure-sensor requirement, the training Fike Corp would provide to Sun Corp's employees, and the

system's lack of failures in the field, the District Court concluded that these were claims that came under the ambit of the CFA. The Court reasoned that the claims rested "only on allegations of express or affirmative misrepresentations rather than on any manufacturing, warning, or design defects with the system itself." *Id.* at 237. In analyzing Sun Corp's claim that Fike Corp misrepresented that the system's alarm would be audible, the Court also concluded that the CFA was applicable. *Id.* The basis for this finding was that Sun Corp's claim was not rooted in the suppression system being defective. Instead, Sun Corp was alleging that Fike Corp made a misrepresentation regarding the alarm of the system. *Id.* Under such circumstances, the Court did not find that the CFA conflicted with the PLA, as Sun Corp's claim was based on Fike Corp misrepresentation as opposed to the product not fulfilling its intended purpose. *Id.* at 238.

Finally, the Court turned to Sun Corp's claim that Fike Corp represented that the suppression system was capable of preventing an explosion from entering the facility. Here, the Court concluded that Sun Corp could not maintain a claim pursuant to the CFA. *Id.* The underlying theory of liability was that the product did not work. *Id.* Additionally, the Court reasoned that "unlike the alarm function, there is no scenario in which the suppression system would simultaneously perform its intended purpose and still fail to fulfill Fike's representations on this point." *Id.*

Based on the findings of the Court, four of Sun Corp's five CFA misrepresentation claims survived summary judgment. *Id.* at 240. The PLA did not subsume the claims as they dealt with Fike Corp's misrepresentations as opposed to the suppression system itself. *Id.* The Court also held that Sun Corp had established that a fact issue existed regarding the determination of whether the misrepresentations caused the harm alleged. *Id.* As a result, the Court concluded that the District Court should not have granted summary judgment on those claims. *Id.* The judgment of the District Court was therefore affirmed in part and reversed in part with the matter being remanded for further proceedings. *Id.*

BENJAMIN V. JBS S.A. ET AL: REINFORCING THE STATE-FEDERAL JUDICIAL BALANCE

Samuel Mukiibi is a **Ricci Tyrrell Johnson & Grey** associate.

Last summer brought a new pattern in personal and workplace injury Covid-19 litigation, raising the issue of whether such matters could be removed using federal question jurisdiction given the federal government's response and involvement in addressing the pandemic through OSHA and CDC guidance, as well as Executive Order. Businesses and employers alike now have guidance. Writing for the Eastern District of Pennsylvania, the Hon. John R. Padova, has remanded a matter to state court holding that to allow federal question jurisdiction over tort claims that arise in the workplace simply because they may involve an employer's response to COVID-19 would upset the federal-state balance.

Estate of Enock Benjamin v. JBS S.A et. al., Philadelphia Court of Common Pleas, May Term 2020, Docket No. 200500370, was the first lawsuit of its kind filed in Pennsylvania. Mr. Benjamin, a union steward at the JBS meat processing plant in Souderton, Pennsylvania, died on April 3, 2020, of respiratory failure caused by the pandemic virus, Covid-19. The wrongful death and survival action was brought against Brazilian-based meat processing company, JBS S.A. and several subsidiaries, over claims that the employers failed to properly protect workers from the coronavirus.

Defendants removed the matter to the Eastern District, asserting federal question jurisdiction pursuant to

Grable & Sons Metal Products, Inc. v. Darue Engineering & Manufacturing, 545 U.S. 308 (2005), and diversity jurisdiction claiming the fraudulent joinder of one of the defendants. Defendants' removal highlighted that the alleged claims arose while federal, state and local governments were forming a response to the Covid-19 pandemic. Specifically, "throughout March of 2020, federal organizations and officials advised against the use of face masks for anyone other than healthcare providers in direct contact with sick individuals" and that "the Centers for Disease Control and Prevention (CDC) did not recommend the general public use cloth face coverings until April 3, 2020." The defendants emphasized how the public at large received conflicting messages. For example, after the CDC changed its position on face coverings, the World Health Organization (WHO) continued to state that there was no evidence that "wearing a mask (whether medical or other types) by healthy persons in the wider community setting" could prevent the transfer of Covid-19.

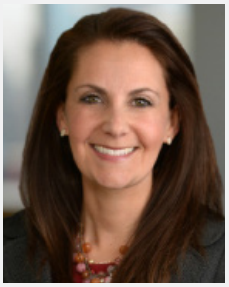
The case put *Grable* literally to the test, which provides that a court will have federal question jurisdiction over a state law claim "if a federal issue is: (1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance approved by Congress." *Grable* involved a plaintiff's claim that the IRS improperly seized his property because it did not provide him with the required statutory notice. The IRS had seized property and given plaintiff notice by certified mail before selling the property to Darue. Grable sued in state court, claiming Darue's title was invalid because federal law required the IRS to give Grable notice of the sale by personal service, not certified mail. Darue removed the case to federal court, arguing that the case presented a federal question because Grable's claim depended on an interpretation of federal tax law. The district court agreed and ruled for Darue. The Sixth Circuit affirmed the decision. A unanimous Supreme Court held that removal was proper because there was a substantial federal interest in having uniform interpretations of federal tax law and that asserting federal jurisdiction over the claim would not affect the balance authorized by Congress between state and federal courts.

Here, Judge Padova, found that defendants had failed to satisfy Grable's first factor, and thus unable to meet their heavy burden of proving federal question jurisdiction. Judge Padova differentiated between mere reference to and the construction of federal law. Specifically, a federal issue is raised when "an element of the state law claim requires construction of federal law." *MHA LLC v. HealthFirst*, Inc., 629 F. App'x 409, 412-13 (3d Cir. 2015). In contrast, "[m]ere reference to federal statutes and regulations is insufficient to support federal question jurisdiction." *McGuire v. Palmerton Hosp*., Civ. A. No. 12-1718, 2012 WL 2362488, at *3 (E.D. Pa. June 20, 2012) (citing *Kalick v. Nw. Airlines Corp*., 372 F. App'x 317, 320 (3d Cir. 2010)). Citing *McGuire,* Judge Padova concluded that defendants had not met their burden, because a complaint that asserts a state law claim based on the alleged violation of federal regulations is insufficient to necessarily raise a federal issue. *Id.*at *4.

Addressing the other *Grable* factors, Judge Padova found no actual federal question dispute because no statutory or regulatory language was at issue in the case as plaintiff's Complaint cited only OSHA and CDC guidelines. Furthermore, because resolution of the matter involved fact specific assessment of defendants' conduct, the Court could not agree that was as a substantial issue regarding the validity of a federal statute or conduct of a federal actor. The Court further realized the risk of upsetting the federal-state balance could result in the removability of every state tort Covid litigation. Judge Padova also dismissed the fraudulent joinder claims because he was unable to determine which defendant employed plaintiff, weakening the argument that the Pennsylvania subsidiary was fraudulently joined.

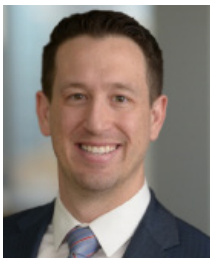
While Judge Padova acknowledged that the Covid-19 pandemic made the matter a "novel case" amid the unprecedented difficulties the pandemic has caused, the *Grable* test precluded federal question jurisdiction, and the pandemic was insufficient reason to diverge from Grable's reasoning.

In The Community:

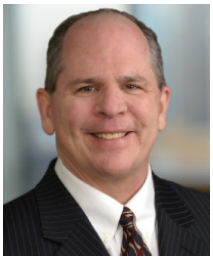


*"In the Community" is edited by **Ricci Tyrrell** Member **Tracie Bock Medeiros**.*

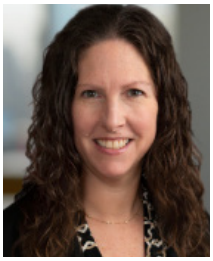
Ricci Tyrrell has been honored to work as a *pro bono* partner providing legal services to **Project N95**. Project N95 is the leading rapid-response nonprofit addressing the Covid-19 pandemic and PPE shortage crisis. Member **Fran Grey** leads the Firm's effort.



RTJG Member **Jason M. Avellino** donated his time to aspiring law school students at his *alma mater*, **Bloomsburg University.** On March 8, 2021, Jason was a panel speaker at the **Zeigler Institute for Professional Development** Speaker Series, "Is a Law Career in Your Future?"



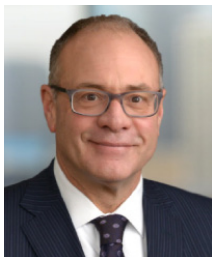
During a winter of historic snowfall, RTJG Member **Michael T. Droogan, Jr.** hit the streets with his snowblower. He cleared the driveway for a doctor, nurse and a PhD cancer researcher, the entire property for an 86-year-old neighbor, and the sidewalk for an entire block so that it would create a clear path for his 13.7 year old dog's paws, and those of other furry neighbors.



RTJG Member **Nancy D. Green** continues to make weekly homemade meals for **Caring for Friends.** Caring for Friends provides food and friendship to homebound and medically compromised seniors, kids, and families in Philadelphia and its surrounding suburbs who do not have the means to cook for themselves. She and her family have also continued to make monthly deliveries of food to low-income families in the greater Philadelphia area through **JRA (Jewish Relief Agency).**

During the month of February, the **Ronald McDonald House Charities of the Philadelphia Region** hosted its annual **Read for the House** fundraiser. RTJG Member **Tracie Bock Medeiros** worked with her second grade son Zach to set up his fundraising page, set his monthly reading and fundraising goals, and prepare a list of friends and family to contact for pledges. Zach dialed for dollars on his own, secured pledges ranging from 5 to 25 cents per minute, and independently read a total of 1,006 minutes. He exceeded his goal of raising $1,500 and raised a total of $1,579 for the Ronald McDonald House Charities of the Philadelphia Region.

The Ronald McDonald House Charities of the Philadelphia Region is hosting its annual **Hit 'Em for the House** and **50/50 Golf Ball Drop** fundraisers in July. Fifteen RTJG employees took a chance at winning the 50/50 prize while raising money for a worthwhile cause by contributing a total of $500 to the **50/50 Golf Ball Drop** fundraiser.



Managing Member **John Tyrrell**, together with **Sylvester McClearn** and **Barry Weisblatt**, have again sponsored college scholarships for seniors at Valley Central High School in Montgomery, NY. The **Billy Cathell McClearn Scholarship** is in honor of their beloved friend and brother and awards $2,500 each to a graduating male and female athlete annually.