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**TRADE DRESS PROTECTION--
HAS THE LAW GONE TOO FAR?**

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AUTHOR'S NOTE

The reader is advised that different fact patterns may warrant different conclusions from those reached here. The reader should conduct an independent investigation of any trade dress matter and seek the advice of competent counsel.

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TRADE DRESS PROTECTION -- HAS THE LAW GONE TOO FAR?

Charles H. De La Garza*

I. INTRODUCTION

The creator of a new product takes an enormous risk in developing and marketing that product. The desires of the fickle consumer not being accurately predictable, the new product sometimes fails in the marketplace. Other times the product generates a demand that is difficult to satisfy, and the high risk venture results in a commercial success.

It is that commercial success which spawns the copiers. What consumers demand dictates how the second comer's product is positioned in the market. The product's configuration and packaging all play an important role in the ultimate success of the second comer's product.

Some have suggested that the law has permitted the grant of "patent-like" protection for product configurations which were never the subject of design patent or copyright protection and, in essence, granted those rights in perpetuity.¹
HAS THE LAW GONE TOO FAR?

Maybe the answer is now no. The two most recent Supreme Court trade dress cases appear to make it more difficult to protect trade dress, particularly, product configuration.²

This paper will consider trade dress protection by reviewing a selection of trade dress decisions including those involving product configuration, drug capsules, building appearance, restaurant decor, color, fragrance, and golf hole designs.³ Central to the discussion are the important issues of federal preemption⁴ and functionality, both utilitarian and aesthetic. Other relevant issues will be addressed including the effect of proof of copying, the effect of marking with the copier's name, the effect of opinions of counsel and the remedies available to the aggrieved party.

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II. SEARS AND COMPCO--DOES THE FEDERAL PREEMPTION DOCTRINE BESTOW AN ABSOLUTE PRIVILEGE OF COPYING?

In 1964, two United States Supreme Court decisions created a stir--at least in patent law circles⁵ -- by holding that state unfair competition laws could not prohibit copying of articles unprotected by patent or copyright.⁶ In the *Compc* decision, Justice Black, in characterizing the decision in the companion case, wrote:

Today we have held in *Sears* . . . that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.⁷

In *Compc*, Day-Brite had manufactured and sold a fluorescent lighting fixture which was the subject of a design patent on the cross-ribbing of a reflector.⁸ The company had sought but was refused a utility patent on its lighting fixture.⁹

Compc began selling a virtually indistinguishable lighting fixture and was sued for patent infringement and unfair competition under Illinois state law. In the lower court decision the design patent was held invalid, but Compc was found to have violated Illinois' unfair competition law.¹⁰

Notwithstanding the lower court's finding that the appearance of the fixture identified Day-Brite to the trade and that there existed a likelihood of confusion, the Supreme Court ruled that Compc could not be enjoined from selling a product of the same design. The only relief available under state law, which was not preempted, was to require proper labeling to prevent palming off.¹¹ The sweeping language of the opinion no doubt brought joy to those who prey on the innovative talents of their competitors.

That an article copied from an unpatented article could be made in some other way, that the design is "nonfunctional" and not essential to the use of either article, that the configuration of the article copied may have a "secondary meaning" which identifies the maker to the trade, or that there may be "confusion" among purchasers as to which article is which or as to who is the maker, may be relevant evidence in applying a state's law requiring such

precautions as labeling; however and **regardless of the copier's motives, neither these facts nor any others** can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling.¹²

The facts in *Sears* were somewhat similar to those in *Compco*. Stiffel had acquired design and utility patents on a pole lamp which consisted of a vertical tube having several light fixtures.¹³ Sears, in an apparent attempt to share in the commercial success of the pole lamps, began marketing lamps which were "substantially identical."¹⁴ In the lower courts, the patents were held invalid, but Sears was found guilty of unfair competition.¹⁵ The Supreme Court in exonerating Sears stated:

What Sears did was to copy Stiffel's design and to sell lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws.¹⁶

The broad pronouncements in the companion cases led many accused copiers to defend against charges of unfair competition on the basis of federal preemption.¹⁷ The broad federal preemption doctrine derived from *Sears* and *Compco*, however, has been eroded by subsequent Supreme Court decisions.

In 1973, in dealing with a case prompted by the proliferation of record and tape piracy, the Supreme Court in *Goldstein v. California* held that a California statute which made it a crime to duplicate certain musical performances was not preempted by federal law.¹⁸ The Court, in distinguishing *Sears* and *Compco*, stated that those decisions

have no application in the present case, since Congress has indicated neither that it wishes to protect, nor to free from protection, recordings of musical performances . . .¹⁹

The *Goldstein* Court reasoned that preemption existed with respect to certain "mechanical configurations" where Congress had already acted but not with respect to musical performances where Congress had not acted.

That same distinction did not apply in the Supreme Court's 1974 *Kewanee* decision.²⁰ There the Court held that state trade secret law was not preempted by federal patent law, irrespective of whether the trade secret constituted a clearly patentable invention.²¹ The majority rationalized that trade secret protection was not inconsistent with federal patent policy, yet made no attempt to distinguish

Sears and Compco. In the dissent, Justice Douglas noted that the Court's decision was "at war" with the principles of *Sears and Compco*.²²

Another inroad was made by the Supreme Court in its 1977 decision in *Zacchini*.²³ There the Court held that the United States Constitution did preempt a state right of publicity law which was used to compensate a human cannonball artist for damages incurred as a result of a television station's broadcast of the entirety of his fifteen second act.²⁴

The retreat of the Supreme Court from its broad *Sears and Compco* pronouncements continued with its 1979 *Quick Point* decision.²⁵ There the Court decided that state contract law enforcing an agreement to pay royalties for the sale of an unpatented keyholder for so long as the keyholder was sold by the contracting party was not preempted by federal patent law.²⁶ The Court distinguished its decisions in *Sears and Compco* by noting that the enforcement of the agreement did not withdraw an idea from the public domain nor did it prevent others from freely copying the keyholder.²⁷

The Supreme Court's retreat ended with its 1989 decision in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*²⁸ The Court affirmed that a Florida statute prohibiting the copying of boat hulls by a direct molding process was preempted by the Constitution's Supremacy Clause.²⁹ By prohibiting boat hull copying by the most efficient manner available, the Court reasoned that the Florida statute had improperly endowed the original manufacturer with rights "similar in scope and operation to the rights accorded a federal patentee."³⁰

The Court in *Bonito Boats*, however, was careful to explain that

while *Sears* speaks in absolutist terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all state regulation of potentially patentable but unpatented subject matter is not *ipso facto* preempted by the federal patent laws.³¹

The Court also indicated that state trade secret laws and those concerning unfair competition were not inconsistent with the careful balance Congress achieved with the patent laws.³² The Court specifically recognized the federal remedy available for unfair competition under § 43(a) of the Lanham Act and how Congress had considered the competing federal policies.³³

The statute at issue in *Bonito Boats* was more akin to a patent statute than a trademark statute in that it did not require any showing of likelihood of

confusion.³⁴ “The Court’s holding in *Bonito Boats* is also inapplicable to federal trademark law because the Florida statute granted boat manufacturers patent-like rights far exceeding any right granted by the Lanham Act.”³⁵ The presence of a likelihood of confusion requirement has been used as a litmus test in other cases as well.³⁶ The closer a statute comes to granting a patent-like monopoly, the more likely it will be preempted.

Long before *Bonito Boats*, the early lower court decisions following *Sears* and *Compco* took the words of Justice Black to heart and refused to protect product shapes or configurations under state law.³⁷ In 1976, however, courts began taking a closer look at the *Sears* and *Compco* doctrine and its effect. In that year the Eighth Circuit rejected the preemption defense characterizing the broad language of *Compco* as “dictum.”³⁸ While that Eighth Circuit case involved a claim of unfair competition under § 43(a) of the Lanham Act, the Court’s interpretation of *Sears* and *Compco* set a trend for increasing protection under § 43(a) together with a significantly diminished impact of *Sears* and *Compco*.³⁹

The position taken by the Court of Customs and Patent Appeals (CCPA) in passing on the registerability of product and container configurations has also undermined the broad implications of *Sears* and *Compco*. In the same year that the Supreme Court decided *Sears* and *Compco*, the CCPA held that the existence of a design patent on the configuration of a wine bottle did not preclude the design from functioning as a trademark.⁴⁰ In a subsequent decision involving the registerability of the wine bottle configuration, the majority opinion never addressed the applicability of *Sears* and *Compco*.⁴¹ In Judge Smith’s concurring opinion, however, *Sears* and *Compco* were distinguished on the basis that they did not consider any boundary between federal patent law and federal trademark law.⁴²

While the broad doctrine usually ascribed as having its genesis with *Sears* and *Compco* has been significantly narrowed, the decisions still have some vitality. For example, in the Ninth Circuit, a state law claim for unfair competition involving the sale of an allegedly identical ticket-dispensing machine was dismissed on the basis of *Sears* and *Compco*.⁴³

In *Keene Corp. v. Paraflex Indus., Inc.*, the Third Circuit affirmed the denial of an injunction to prevent the sale of a similar outdoor wall-mounted luminaire.⁴⁴ Citing *Sears*, the Court justified an affirmance of a limited injunction which required the copier to properly label its products to prevent confusion and palming off.⁴⁵

The Third Circuit in the same case observed that *Sears* and *Compco* addressed preclusion of state unfair competition laws.⁴⁶ The *SK&F* case cited by the Court in *Keene* noted that

there is no suggestion in the *Sears* and *Compco* cases that federal patent policy somehow limited the scope of Section 43(a), for the Court had no need in those cases to address the reach of a federal tort over which Congress has complete control.⁴⁷

It has been argued that *Sears* prohibits injunctions in those circumstances where **only** functional features have been copied.⁴⁸ In *Compco*, Justice Black remarked:

To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.⁴⁹

That language suggests the existence of a broad constitutional right to copy unpatented, uncopyrighted product features. However, the Supreme Court's more recent *Bonito Boats* decision recognizes that the constitutional right is not as broad as suggested by Justice Black.⁵⁰

The Fifth Circuit in *Pebble Beach* set forth three reasons why it disagreed with an admitted copier of golf hole designs that argued that it had the “unfettered right to copy.”⁵¹

First, *Sears* and *Compco*, both decided the same day, concerned the preemption of state trade-dress protection by federal patent law and barred the use of state unfair-competition laws to prohibit the copying of products that are not protected by federal patents.

Second, the federal trademark laws are "other federal statutory protection," [referenced by the Supreme Court in *Bonito Boats*] and their protection of product designs and configurations does not conflict with the federal patent laws or the Intellectual Property Clause. The patent laws and the trademark laws have two entirely different and consistent purposes, addressing entirely different concerns.

Third, in the more than thirty years since *Sears-Compco*, Congress and the courts have recognized that federal unfair-competition law

provides protection to product designs and configurations consistent with the patent laws.⁵²

III. FUNCTIONALITY--A FUNDAMENTAL CONSIDERATION

Well-rooted in our system of free enterprise is the concept that a businessman should be entitled to reap the benefit of the goodwill he has created. The law of unfair competition is intended to prevent competitors from confusing the public as to the source of goods, thereby undercutting the efforts of the innovator. Balanced against protection of goodwill and the prevention of confusion is an equally important interest in free but fair competition. A competitor should be free to copy the functional components of a product's package or configuration. Otherwise a monopoly would be attainable without having to meet the exacting standards of the patent laws.⁵³

Courts face a difficult decision in determining whether the competition should be permitted or an injunction should issue to prevent confusion. Central to that determination is the functionality issue.

The law has have recognized two distinct types of functionality. One concerns the purely mechanical or utilitarian aspect of the design or configuration.⁵⁴ The other type of functionality is called "aesthetic" functionality.⁵⁵ In either instance, if what is sought to be protected is found to be functional, then protection is unavailable. The distinction between the two types of functionality is important and requires separate discussion.⁵⁶

A. The Utilitarian Aspect of Functionality

1. Background

Is it fair to compete by selling a detailed imitation of another's product? That basic question was answered in the negative by the Sixth Circuit in *West Point Mfg. Co. v. Detroit Stamping Co.*⁵⁷

The identical imitation of the goods of another does not in itself constitute unfair competition. The privilege to engage in business and to compete with others implies a privilege to copy or imitate the physical appearance of another's goods. The public interest in competition ordinarily outweighs the interest in securing to a person the rewards of his ingenuity in making his product attractive to purchasers.⁵⁸

The Supreme Court in *Kellogg Co. v. National Biscuit Co.* denied protection to the name SHREDDED WHEAT and its pillow-shaped biscuit configuration stating:

Kellogg Company is undoubtedly sharing in the goodwill of the article known as "Shredded Wheat;" and thus, is sharing a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possess by all and in the free exercise of which the consuming public is deeply interested.⁵⁹

Well before the *Kellogg* decision, Judge Learned Hand in a terse opinion involving the copying of the now famous "Crescent" wrench observed:

the plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy the plaintiff's goods slavishly down to the minutest detail; but he may not represent himself as the plaintiff in their sale. When the appearance of the goods has in fact come to represent a given person as their source, and that person is in fact the plaintiff, it is impossible to make these rights absolute; compromise is essential, exactly as it is with the right to use the common language in cases of "secondary" meaning.⁶⁰

Judge Hand recognized that any injunctive relief is confined to "nonessential elements."⁶¹ He, however, also recognized that a case might arise where no distinction between the competing products could be made without a change in the functional elements and such a case would "demand consideration."⁶²

An exception to the right to copy exists where the originator owns a copyright or patent.⁶³ Another exception exists

where the product or package design under consideration is "nonfunctional" and serves to identify its manufacturer or seller . . . Thus, when a design is "nonfunctional," the right to compete through imitation gives way, presumably upon balance of that right

with the originator's right to prevent others from infringing upon an established symbol of trade identification.⁶⁴

The definition of functionality is very important since it is the line of demarcation between protectable and unprotectable interests.

Section 17 of the *Third Restatement on Unfair Competition* expresses the principle that a design is functional

if [it] affords benefits in the manufacturing, marketing, or use of the goods or services with which the design is used, apart from any benefits attributable to the design's significance as an indication of source, that are **important to effective competition** by others and **that are not practically available through the use of alternative designs**.⁶⁵

Comment (a) to §17 states that:

A packaging or product feature is not functional merely because the feature serves a utilitarian purpose. The recognition of trademark rights is precluded only when the particular design affords benefits that are not practically available through alternative designs.⁶⁶

Section 17 and the quoted portion from Comment (a) clearly suggest that evidence of utility alone is **not** determinative of a product's protectability under trademark law.

This is a marked departure from the position adopted by the *First Restatement of the Law of Torts* which essentially stated that a design feature could not be protected if the design had any function whatsoever or had any effect on the purpose, action or performance of the product.⁶⁷ This dramatic change in philosophy from the *First Restatement* to the *Third Restatement* was likely spurred by the landmark decision of the Court of Customs and Patent Appeals in *In re Deister Concentrator Co.*⁶⁸ and by its progeny.

In *Deister*, the CCPA indicated that a modicum of utility would not necessarily preclude registration where the mark's primary significance was to indicate origin.⁶⁹ The *Deister* decision, in dicta, made clear that even though the design of the table deck which was sought to be registered was not registerable, protection "would not be lost merely because the shape or feature also serves a useful purpose".⁷⁰ The *Deister* decision set forth an important "truism":

A feature dictated solely by "functional" (utilitarian) considerations may not be protected as a trademark; but mere possession of a function (utility) is not sufficient reason to deny protection.⁷¹

That truism, however, gave little guidance as to how to determine the issue.

In 1982, the CCPA, through Judge Rich, articulated a standard to distinguish between those designs which had utility and were nonetheless protectable from those which were not.⁷² The *Morton-Norwich* case considered the registerability of the configuration of a container used to store and spray liquid cleaners and other types of fluids.⁷³ The configuration included the outline of a spray trigger mounted on the top of a reservoir in which the fluid was stored. The record considered by the Court included a design patent showing the same configuration and a utility patent which covered a spray trigger mechanism of the type which formed the outline of the upper portion of the mark.

An important aspect of Judge Rich's decision was his discussion of the definition of functionality. "*De facto*" functionality, Judge Rich wrote, refers to the utility of the configuration in the lay sense of the word.⁷⁴ As distinguished, "*de jure*" functionality has reference to the legal conclusion that the design or configuration is not protectable.⁷⁵

If the design sought to be registered has any utility, the ultimate issue of functionality involves considerations of whether the design is "superior" and whether the design is "essential to effective competition."⁷⁶

Two important inquiries come from *Morton-Norwich*:

- (1) *Is the design "dictated" as opposed to "accommodated" by the functions to be performed so that it results in a functionally or economically superior design?*
- (2) *Will the exclusion of others from using the design "hinder competition or impinge upon the rights of others to compete effectively" in the marketing of "functionally identical" goods?*⁷⁷

Although only the Fifth and Second circuits have expressly adopted both *Morton-Norwich* tests,⁷⁸ most circuits have at least adopted the second prong.⁷⁹ Many of these circuits have indicated that the availability of alternative designs is a key factor in determining functionality.⁸⁰

Judge Rich, the dominant force in shaping the Federal Circuit's functionality theory, indicated that "*de jure*" functionality "means that the product is in its particular shape because it works better in that shape."⁸¹ To be protectable, the Federal Circuit has said that the "entire design" must be "*non de jure*" functional or arbitrary.⁸² The Federal Circuit has also said that

where most of the product's overall design is functional, the nonfunctional components alone, rather than the overall design, are capable of being considered a trademark.⁸³

Many product configuration cases turn on the functionality issue. In considering the registerability of the design of a container for petroleum jelly, the Trademark Trial and Appeals Board (TTAB) held that even though the features of the container had utility, the overall design was nonetheless nonfunctional and registerable.⁸⁴ One court in granting a preliminary injunction prohibiting the sale of a type of rain jacket was not persuaded that functionality had been established where the defendant sought to break down the trade dress into separate functional elements instead of considering whether the design as a whole served as a trademark.⁸⁵

One problem with the functionality issue is the definition of a functional feature as constituting any element that is "an important ingredient in the commercial success of the product."⁸⁶ The Fifth Circuit in *Sicilia* rejected the commercial success definition noting that it "would permit a second comer to copy the distinctive dress of a product whenever it became successful and consumers became accustomed to its dress."⁸⁷ The Second Circuit in *LeSportsac* recognized that if the "important ingredient" test were literally applied then it would provide a disincentive for the use of imagination since a more appealing design would be given less protection.⁸⁸

2. The Supreme Court's *TrafFix* Decision

The Supreme Court in *TrafFix* granted certiorari to resolve the conflict among the circuits as to whether an expired utility patent covering the disputed product configuration barred trade dress protection.⁸⁹

The *TrafFix* Court opted not to formulate a hard and fast rule and instead held that a patent is "strong evidence" that the claimed features are functional:

A prior patent, we conclude, has vital significance in resolving the trade dress claim. A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is

sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.⁹⁰

In *Traffix* the plaintiff, MDI, held an expired utility patent for a dual-spring mechanism used to keep outdoor signs upright in various adverse conditions.⁹¹ When the patents expired, the defendant, Traffix, began copying the mechanism and MDI filed suit claiming Traffix had infringed its trade dress rights by copying the dual-spring mechanism.⁹² The district court granted Traffix's request for summary judgment on grounds that the spring design was functional and had not acquired secondary meaning.⁹³

The Sixth Circuit reversed the district court's grant of summary judgment by relying in essence on the "competitive needs" test.⁹⁴ Quoting *Qualitex*,⁹⁵ the Sixth Circuit stated that "exclusive use of a feature must put competitors at a significant non-reputation related disadvantage before trade dress protection is denied on functionality grounds."⁹⁶

As the *Traffix* Court recognized, the principal question in the case concerned an expired patent's effect on trade dress claims. The Court in reversing the Sixth Circuit, however, went beyond that issue and resurrected a functionality test which it had formulated in *Inwood*⁹⁷ years earlier:

Discussing trademarks, we have said "[i]n general terms, a product feature is functional,' and cannot serve as a trademark, **if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.**" *Qualitex*, 514 U.S., at 165 (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850, n.10 (1982)). Expanding upon the meaning of this phrase, we have observed that a functional feature is one the "exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage." 514 U.S., at 165. The Sixth Circuit Court of Appeals in the instant case seemed to interpret this language to mean that a necessary test for functionality is "whether the particular product configuration is a competitive necessity." 200 F.3d, at 940. See also *Vornado*, 58 F.3d, at 1507 ("Functionality,

by contrast, has been defined both by our circuit, and more recently by the Supreme Court, in terms of competitive need”). This was incorrect as a comprehensive definition.

The Supreme Court stated that where a product design is functional under the *Inwood* test, there is no need to determine whether there is a competitive need for the product feature.⁹⁸ This *TraFFix* functionality test should make it more difficult to protect product configurations under a trade dress theory. Yet, in applying *TraFFix*, some courts have read it narrowly so that unless the product feature at issue was the precise subject of the expired patent *TraFFix* is not considered applicable⁹⁹ or so that the product at issue falls within the exception in *TraFFix* for “arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims.”¹⁰⁰

The Federal Circuit in *Valu Engineering* held that the *TraFFix* decision did not alter the *Morton-Norwich* factors.¹⁰¹ So at least in the Federal Circuit, the effect on competition is part of the functionality analysis.

B. Aesthetic Functionality--What Does It Mean?

Many of the cases which deal with "aesthetic" functionality try to assess the protectability of an ornamental design based on the same considerations involved in determining the protectability of a utilitarian design. That type of analysis does little more than confuse the issue. In terms which might be more familiar or understandable to many, a ruling that an ornamental design is "aesthetically" functional is akin to a conclusion that the design is generic or does not function as a trademark.

While the doctrine had its genesis in the early 1900's in cases from the Second Circuit,¹⁰² the cases of more recent vintage attribute the doctrine to the Ninth Circuit's decision in *Pagliero v. Wallace China Co.*¹⁰³ In *Pagliero*, the Court considered the propriety of granting a preliminary injunction restraining the defendant from selling china bearing certain of plaintiff's created designs. In reversing the grant of the injunction, the Court reasoned that

[i]f the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright. On the other hand, where the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence,

unrelated to basic consumer demands in connection with the product, imitation may be forbidden where the requisite showing of secondary meaning is made. Under such circumstances, since effective competition may be undertaken without imitation, the law grants protection.¹⁰⁴

The Court concluded that the designs could not be protected -- even though secondary meaning could be established -- since the features sought to be protected were functional in that they "connote[d] other than a trade-mark purpose."¹⁰⁵ In other words, all that had to be shown to establish functionality was that the feature had some effect on the commercial success of the product. That kind of analysis left very little room for courts to find unfair competition since many features of copied products are responsible for the product's commercial success, otherwise they probably would not have been copied.

In *Int'l. Order of Job's Daughters v. Lindeburg & Co.*, the plaintiff sought to enjoin the marketing of jewelry which bore its name and insignia.¹⁰⁶ In concluding that an injunction prohibiting the activity would be inappropriate, the Court reasoned that "the name and emblem are functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship."¹⁰⁷ The Court found that the plaintiff had failed to establish that defendant's customers would believe that the goods were somehow associated with the plaintiff.¹⁰⁸

In a case involving similar facts, the Fifth Circuit declined to grant relief to prevent the unauthorized use of an organization's federally registered collective mark which was being used on jewelry by the unauthorized defendant.¹⁰⁹ The Fifth Circuit affirmed a finding that there was no evidence from which an inference of likelihood of confusion could be drawn principally because the plaintiff had not exercised strict control over those organizations manufacturing jewelry bearing its mark.¹¹⁰

In *Boston Professional Hockey Ass'n., Inc. v. Dallas Cap & Emblem Mfg., Inc.*, the Fifth Circuit held that the emblems of the National Hockey League which bore the teams' registered trademarks were nonfunctional under § 43(a) since they had no value other than as trademarks.¹¹¹ The Court distinguished *Pagliero* and its progeny on the ground that those cases involved instances where the design or symbol did not have exclusive significance as a trademark.¹¹²

It appears that the Ninth Circuit has adhered to the same view as the Fifth Circuit in *Dallas Cap*, at least in those cases where the design in issue included another's registered trademark.¹¹³ In the *Vuitton* case, the Ninth Circuit held that a

registered trademark which was imprinted over the surface of luggage was nonfunctional under §43(a) even though it incidentally performed the function of being appealing to customers.¹¹⁴

Since *Vuitton*, several circuits have likewise held that functionality cannot be established based on aesthetic appeal alone.¹¹⁵ Rather, most of these circuits held that aesthetic functionality may only be established in situations where free competition would be unduly hindered.¹¹⁶ On the other hand, the Third Circuit has held that an aesthetic feature must have "a significant relation to the utilitarian function of the product . . . [to] be declared functional."¹¹⁷

At least one court has had particular difficulty where the mark sought to be protected served a dual role both as a source identifier and as a functional element. In a case involving the unauthorized use of Ford's trademarks on floor mats, Judge Kozinski of the Ninth Circuit, sitting by designation, chose a "middle ground" between granting full protection against the unauthorized trademark use and holding that the functional feature was free to be copied.¹¹⁸

The Court reasoned that the appropriate remedy would require the use of a disclaimer which would protect the source identifying function of the mark but not hinder its functional use.¹¹⁹ Holding that an issue of fact existed, the Court declined to summarily decide whether the defendant's disclaimer was the most effective method for eliminating confusion while permitting functional enjoyment.¹²⁰ That question, Judge Kozinski held, would need to be determined on a case-by-case-basis.¹²¹

While Judge Kozinski's opinion resurrected the controversy over the doctrine of aesthetic functionality, pursuant to a settlement agreement his "middle ground" opinion refusing to summarily decide the appropriateness of the disclaimer was vacated and the unauthorized user was permanently enjoined from using Ford's marks.¹²²

In a relatively recent case involving the alleged infringement of trade dress rights consisting of the overall features of pool halls, the Ninth Circuit observed that "this circuit [has not] adopted the 'aesthetic functionality' theory, that is, the notion that a purely aesthetic feature can be functional."¹²³

Of the remaining circuits, the Fifth Circuit and Federal Circuit and its predecessor, the CCPA, have flatly rejected the doctrine of aesthetic functionality.¹²⁴ In *DC Comics*, the CCPA indicated that the "important ingredient" test of *Pagliero* was "at odds with this court's precedent."¹²⁵

The Supreme Court in *TrafFix* indicated that the inquiry into “significant non-reputation-related disadvantage” was proper only in aesthetic functionality cases.¹²⁶ *Qualitex*, which had set that test, involved aesthetic functionality as its central question.¹²⁷ The Court, hence, seemingly has given new life to a doctrine which some had thought was dying a slow death.¹²⁸

The difficulty with aesthetic functionality is that it is a doctrine which is not needed and one on which the circuits are in disagreement. If the design in question is indeed ornamental, then the only issue to be addressed is whether the ornamentation serves to identify a source. If it does, then it should be eligible for trademark protection. Otherwise, protection should not be available.¹²⁹

IV. PROTECTABLE INTERESTS

A. Product/Container Configurations

A review of some of the cases dealing with product or container configurations reveals that the outcome of any given case, as might be expected, is not predictable.

1. Wal-Mart And Subsequent Decisions

The Supreme Court in *Wal-Mart* held that product configurations can never be inherently distinctive.¹³⁰ In those cases where it is not clear whether the trade dress is design or packaging, the Supreme Court stated that courts should err on the side of caution and require proof of secondary meaning before granting protection.¹³¹

In *TrafFix*, the Supreme Court, citing its earlier *Inwood* decision, held that a product feature is functional if it “is essential to the case or purpose of the article or if it affects the cost or quality of the article.”¹³² Competitive need for use of a particular product feature, the *TrafFix* held, is not a relevant inquiry where the feature is functional under the *Inwood* test.

While the *TrafFix* decision would appear to offer little comfort to the aggrieved owner of the original configuration, the Federal Circuit’s interpretation of *TrafFix* offers some hope for those seeking trade dress protection. In *Valu Engineering, Inc. v. Rexnord Corp.*,¹³³ the Federal Circuit affirmed the TTAB’s holding that several cross-sectional designs of conveyor guide rails sought to be registered were *de jure* functional.

The Federal Circuit observed:

To determine whether a particular product design is de jure functional, we have applied the "Morton-Norwich factors": (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.¹³⁴

The Court then set out to determine whether the Supreme Court's *TrafFix* decision had altered the *Morton-Norwich* factors. The Court concluded as follows:

We do not understand the Supreme Court's decision in *TrafFix* to have altered the *Morton-Norwich* analysis. As noted above, the *Morton-Norwich* factors aid in the determination of whether a particular feature is functional, and the third factor focuses on the availability of "other alternatives." We did not in the past under the third factor require that the opposing party establish that there was a "competitive necessity" for the product feature. Nothing in *TrafFix* suggests that consideration of alternative designs is not properly part of the overall mix, and we do not read the Court's observations in *TrafFix* as rendering the availability of alternative designs irrelevant. Rather, we conclude that the Court merely noted that once a product feature is found functional based on other considerations there is no need to consider the availability of alternative designs, because the feature cannot be given trade dress protection merely because there are alternative designs available. But that does not mean that the availability of alternative designs cannot be a legitimate source of evidence to determine whether a feature is functional in the first place.¹³⁵

The Court also observed that:

The existence of actual or potential alternative designs that work equally well strongly suggests that the particular design used by plaintiff is not needed by competitors to effectively compete on the merits.¹³⁶

2. Decisions Before *Wal-Mart*

The frequently cited Eighth Circuit's 1976 decision in *TESCO* is an example of a case which gave hope to a trade dress owner.¹³⁷

In that case, the Court enjoined a competitor from manufacturing and selling a trailer design which was identical in appearance to one created and sold by the plaintiff. From the plaintiff's perspective the evidence could not have been much better. It showed that the appearance of the trailer had been adopted by the plaintiff with the intent of making it its most important selling feature.¹³⁸ Testimony from the defendant revealed that its decision to manufacture an identical trailer was based on marketing as opposed to functional or engineering considerations.¹³⁹ The Court, hence, concluded that an injunction against copying would not affect the defendant's ability to compete.¹⁴⁰

Mere copying of a competitor's design, however, does not ensure success for the originator. One court declined to enjoin a competitor from selling a wood burning stove which had been copied and which the court characterized as being "remarkably similar to plaintiff's."¹⁴¹ The stoves were very similar in that they had identical features and the same overall configuration.¹⁴²

This strange opinion by the First Circuit started with an analysis of the likelihood of confusion issue rather than the issues of functionality and secondary meaning. Eventually the Court found the stove design to be functional and concluded with a statement that likely was of little solace to the defeated plaintiff: "While we sympathize with plaintiff's disappointment at losing sales to an imitator, **this is a fact of business life.**"¹⁴³

In a case involving an attempt to enjoin the sale of a waist-reducing belt by a former joint venturer, the Second Circuit reversed the entry of a permanent injunction holding that the allegedly copied features of the belt had not been shown to be nonfunctional.¹⁴⁴ The Court concluded that the plaintiff had not established that the product's appearance had acquired a secondary meaning and that the plaintiff's § 43(a) claim should therefore have been dismissed.¹⁴⁵

In another container case, the First Circuit ruled that the maker of soda crackers which were sold in a cylindrical can having a certain size and shape was not entitled to an injunction prohibiting a competitor's sale of crackers in a similarly sized and shaped cylindrical can.¹⁴⁶ The Court noted that the plaintiff failed to establish secondary meaning in the container's configuration, and the Court held that it was functional.¹⁴⁷ The Court concluded:

Keebler cannot prevail in asserting that its prosaic cylindrical shape had acquired a secondary meaning. Were this not our holding, the first user of a container such as the now-standard soup can, potato chip bag, or cracker box would be able to preclude competitors from using these highly functional containers.¹⁴⁸

Others have been more fortunate in obtaining protection for their package designs. For example, the packaging for Rubik's Cube puzzle which included a clear plastic cylinder sealed to a black base with black and gold tape was found to be "almost incidental" and consequently nonfunctional.¹⁴⁹ More importantly for the plaintiff, the Court enjoined further copying of the cube's trade dress including the use of monochromatic colors placed on the black faces of each smaller cube from which the larger cube was made such that the black background could be seen.¹⁵⁰ The Court distinguished its decision in *Keene* by noting that it was a case of "aesthetic functionality" where there were a limited number of competitive designs as opposed to the Cube case "in which the possible trade dress variations are limited only by the designers' imaginations."¹⁵¹

In another game case involving virtual duplication of the design, size and trade dress of Trivial Pursuit's card package and cards, the Court enjoined further sales of the copies.¹⁵² The Court observed that Trivial Pursuit's cards and trade dress were copied even down to the elliptically-shaped label which was placed in a particular location on the shrink-wrap of the container and, as a result, rejected testimony by the defendant that at least the placement of the label had occurred "purely by chance."¹⁵³

Obviously, in a case such as that involving the Trivial Pursuit game, the plaintiff is more likely to prevail where the intent of the defendant in attempting to deceive the public is apparent.

Another especially interesting case, *Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts*,¹⁵⁴ is worthy of mention. In *Ferrari*, the plaintiff was granted trade dress protection for the exterior shapes and features of two of its automobiles after the defendant attempted to market fiberglass replicas of those production cars.¹⁵⁵

The Sixth Circuit affirmed the district court's finding that the exterior features of the Ferrari automobiles were nonfunctional.¹⁵⁶ In making this assessment, the Court implicitly rejected the principle of aesthetic functionality first developed by the Ninth Circuit in *Pagliero*.¹⁵⁷ The Sixth Circuit also held that despite defendant's efforts to apprise his customers that his products were not genuine Ferrari cars, protection of plaintiff's design features was necessary to avoid

"cheapening and dilution of the genuine product and to protect [plaintiff's] reputation."¹⁵⁸

The Court rejected defendant's contention that the relevant inquiry for purposes of establishing likelihood of confusion is whether consumers at the point of sale are susceptible to product confusion rather than whether the public in general might be confused by the similarity of certain products.¹⁵⁹ The Court stated:

[b]ecause Ferrari's reputation in the field could be damaged by the marketing of [defendant's] replicas, the district court did not err in permitting recovery despite the absence of point of sale confusion.¹⁶⁰

Based on this language, it appears as though the Sixth Circuit has abandoned the traditional test for likelihood of confusion and replaced it with a dilution or tarnishment test. If that is indeed the case, then *Ferrari* essentially stands for the principle that proof of secondary meaning (reputation) and proof of copying are the **only** prerequisites for establishing trade dress infringement of famous or reputable products.¹⁶¹ This was followed by at least one court within the Sixth Circuit.¹⁶²

Ten years later though, the Sixth Circuit in *Herman Miller* stated:

To prove a claim of trade dress infringement under § 43(a) of the Lanham Act, Herman Miller must establish, by a preponderance of the evidence: (1) that its trade dress in the Eames lounge chair and ottoman is protectable; (2) that there is a likelihood of confusion between Herman Miller's lounge chair and ottoman and that of Palazzetti; and (3) that the appropriated features of the lounge chair and ottoman are primarily nonfunctional.¹⁶³

Hence, the *Ferrari* test would no longer appear to be viable in the Sixth Circuit.

Other circuits have interesting tests. The Tenth Circuit in *Vornado*, for example, held that:

We hold that although a product configuration must be nonfunctional in order to be protected as trade dress under section 43(a), not every nonfunctional configuration is eligible for that protection. Where a product configuration is a significant inventive component of an invention covered by a utility patent, so that without it the invention cannot fairly be said to be the same

invention, patent policy dictates that it enter into the public domain when the utility patents on the fans expire. To ensure that result, it cannot receive trade dress protection under section 43(a).¹⁶⁴

In *Vornado* the district court found that the spiral configuration of a household fan grill was nonfunctional “largely” because there were enough alternative designs such that others could compete. The Tenth Circuit reversed¹⁶⁵ because of the concern that patent principles would be significantly undermined if the fan grill were given trade dress protection.¹⁶⁶

In *Sunbeam*, the Fifth Circuit held that individual utility patents on certain features did not preclude protection for a combination of features.¹⁶⁷ Sunbeam was granted a preliminary injunction preventing West Bend from using six “key design features” in Sunbeam’s American Classic Mixmaster®:

- (1) a distinctive "torpedo-shaped" housing configuration with a rounded rear-mounted speed control dial that conforms to the shape of the housing;
- (2) a distinctive handle attached to the front of the housing that arches over the housing and terminates in the space above the housing;
- (3) a distinctive beater-eject button located on the left side of the housing beneath the handle;
- (4) a distinctive "tear-drop shaped" face plate on the front of the housing;
- (5) a distinctive horizontal stripe or groove along the side of the housing; and
- (6) a distinctive combination of black and white features.¹⁶⁸

B. Clothing

In *Wal-Mart*, Samara, a designer and manufacturer of children’s clothing, had created and sold through a number of chain stores one-piece seersucker outfits decorated with appliques of hearts, flowers, fruits and the like. Wal-Mart contracted with a supplier to make a line of children’s outfits based on pictures of Samara’s line of clothing. With minor modifications, Wal-Mart’s “knockoffs” of Samara’s garments were virtual copies.

A jury found in favor of Samara on all claims including violation of § 43(a). The trial court denied Wal-Mart's motion for judgment as a matter of law that there was insufficient evidence to establish the legal protectability of Samara's clothing designs as distinctive trade dress. The Second Circuit affirmed. The Supreme Court reversed and remanded holding that secondary meaning for a product's design must be shown in order to be entitled to protection under § 43(a).

The Court reasoned that product configurations were akin to color in that consumers were not predisposed to "equate the feature with the source."¹⁶⁹ The Court, hence, drew a distinction between § 43(a) protection for product configuration as opposed to product packaging. In the former case, secondary meaning must be shown. Secondary meaning need not be shown for protection of product packaging if it is inherently distinctive.

The Court distinguished its *Two Pesos* decision on grounds that "the trade dress at issue, the décor of a restaurant, seemed to us not to constitute product design." The Court recognized that there would be hard cases where it would be difficult to draw the line between product-design and product-packaging trade dress. In those cases, the Court requested "that courts should err on caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning."¹⁷⁰

Not all clothing trade dress protection cases end with a denial of protection. Levi Strauss was granted relief in several cases involving the trade dress used on its well-known Levi® jeans.

In one case, the Ninth Circuit affirmed the grant of an injunction preventing Wrangler from "distributing, selling, offering for sale, or advertising pants bearing a folded cloth ribbon protruding from the seam of the right rear or hip pocket pants."¹⁷¹ The evidence established that the right rear pocket tab had been used continuously since 1936 and had acquired a secondary meaning.¹⁷²

In another case, involving a "world famous clothing manufacturer," the Second Circuit affirmed the grant of a summary judgment enjoining the use of a back pocket stitching pattern which was substantially similar to Levi's well-known intersecting arcs.¹⁷³ The Court rejected the appellant's argument that labeling with their name was conclusive proof of no likely confusion, observing that post-sale confusion is actionable under the Lanham Act.¹⁷⁴

C. Pharmaceutical--Trade Dress of Drug Capsules

There are conflicting decisions concerning whether a manufacturer may exclusively appropriate the color and shape of its drug capsules. Although the Supreme Court had an opportunity to address that substantive issue in *Inwood Lab., Inc. v. Ives Lab., Inc.*, it chose to duck it by ruling that the District Court's finding that colors of certain capsules were functional was not clearly erroneous.¹⁷⁵

The District Court had found that the capsules' colors were functional in that patients had come to associate particular colors with an expected therapeutic result.¹⁷⁶ The evidence showed that some patients utilized color to distinguish one type of drug from another.¹⁷⁷ The Court also recognized that colors were or could be important in emergencies in attempting to identify drugs.¹⁷⁸

Other courts have held that the size, shape and color of certain prescription drugs were nonfunctional and therefore protectable under § 43(a) of the Lanham Act. The Third Circuit in *SK&F, Co. v. Premo Pharmaceutical Lab., Inc.* granted summary judgment holding that the defendant had unfairly competed by marketing a generic version of the plaintiff's prescription diuretic in the same capsule shape, color and trade dress.¹⁷⁹ The Court was apparently persuaded that the color, size, and form of the capsule were not functional since an identical diuretic drug had been marketed in Europe in a different color and tablet form, and since the evidence showed that a capsule shape or color was not used by the industry for identification purposes.¹⁸⁰

Other courts have enjoined the use of look-alike drugs.¹⁸¹ Some courts have not been persuaded by the generic drug manufacturer's claims that patients receiving generic drugs would be fearful and anxious if the drugs did not appear identical in shape, color, and size to the prescription drugs whose therapeutic properties are sought to be duplicated.¹⁸²

D. Building Appearance

Fotomat drive-through outlets consist of kiosks which are conspicuously located in shopping center parking lots. At the kiosk, inexpensive film processing services and photo supplies are sold. Like 7-11[®] or Stop & Go[®] stores, the concept of drive-through film processing services appears to have become popular by virtue of its convenience. Fotomat apparently conceived of the idea, created a standard building from which its services were offered, and promoted the building's design.

Fotomat is the owner of two very similar federal registrations on its kiosk designs. Each registration consists of a two-dimensional drawing which illustrates the Fotomat kiosk in its constructed state, including the cement island on which it is placed. The kiosk itself has a four-sided, three-tiered roof, and at either end of the kiosk there are decorative planters which contain vegetation. The only difference in the registrations -- both for "retail drive-in photographic supply store services" -- is that one is lined for colors, including a yellow roof, and contains a Fotomat sign mounted on the roof.

The earliest *Fotomat* case involved claims for both common law trademark infringement and infringement of several Florida service mark registrations.¹⁸³ The Florida Court enjoined the defendants from utilizing a building design that was confusingly similar to Fotomat's building, which the Court characterized as "distinctive because of its shape, configuration, utilization of colors, design of the roof, and design of the trim."¹⁸⁴ The Court found the appearance of the kiosk to have been inherently distinctive, and therefore ruled that secondary meaning was not an issue.¹⁸⁵

Apparently, the Florida service mark registrations covered the design and configuration of the kiosk.¹⁸⁶ The Court ruled that the registered mark was "distinctive, arbitrary and fanciful," but the Court made no mention of functionality.¹⁸⁷

In the next reported *Fotomat* case against Photo Drive-Thru, a very interesting result was obtained.¹⁸⁸ The Court granted a preliminary injunction prohibiting the defendant from using a logo similar to that which was the subject of the Fotomat service mark registration; however, the Court declined to enjoin the use of a similar retail outlet design since the Fotomat kiosk as a whole was found to be primarily functional.¹⁸⁹ While the Court considered the Florida court's decision, it declined to adopt that court's ruling, noting that the decision cited no legal support for the grant of common law protection and the Florida case involved "a nearly identical copy."¹⁹⁰

The *Photo Drive-Thru* Court had difficulty in extending protection from the two-dimensional trademark registration to the three dimensional object from which it was patterned. The Court apparently recognized that a mark could be "*de facto*" functional and yet still be protectable.¹⁹¹ To determine the functionality issue the Court stated that there were several relevant inquiries, including:

whether the Fotomat kiosk, as a whole, is designed and constructed in a manner which primarily suits its purpose as a retail sales store; whether the Fotomat kiosk design contributes to the effectiveness

with which Fotomat serves its customers; and whether such functional purposes are merely incidental to the kiosk's purpose as a source-indicating device.¹⁹²

While the Court recognized that in determining infringement it must consider the service mark as a whole, it also recognized that such a consideration would preclude any similar drive-in designs in certain functional respects. The Photo Drive-Thru kiosk was characterized as having "significant embellishments of a nonfunctional character which distinguish its design from that of Fotomat."¹⁹³ While Fotomat argued that the most distinctive feature of its design was the roof area, the Court observed that the defendant's roof was completely different in that it was flat, contained a widow's walk and flags.¹⁹⁴

The Court recognized that the accused defendant, as the second comer, had a duty to distinguish itself from the originator of the concept and that it had insofar as the retail outlets were concerned, but had failed to do so insofar as its advertising format which utilized a logo confusingly similar to Fotomat's.¹⁹⁵ The only difference between the defendant's logo and its retail outlet is that the logo did not include flags on the roof.¹⁹⁶

The Court found significant differences in the nonfunctional aspects of the kiosk, finding that the fanciful ones for Fotomat were its three-tiered roof, its shrubbery, and its pointed roof as distinguished from defendant's widow's walk, flat-topped roof, and use of glass on all sides of defendant's booth.¹⁹⁷ The Court noted that color was also a distinguishing feature in that Fotomat used a yellow roof with a blue base while the defendant had an orange roof with a brown base.¹⁹⁸

The Court did find that certain common features were functional.¹⁹⁹ Both were free-standing structures located in parking lots and designed for a single employee and easy automobile access.²⁰⁰ Both had an overhanging roof designed to protect the booth, the employee, and the customer.²⁰¹ The overhang was not so exaggerated as to constitute a nonfunctional feature.²⁰² Also, the rectangular shape of the base was functional in that it permitted easy construction and it maximized the area in which a customer could do business.²⁰³

The Court recognized the overarching problem which arises when anyone creates a novel business format: customers not familiar with any other similar outlets will likely believe every kiosk providing photo processing services is a Fotomat outlet.²⁰⁴

In *Fotomat Corp. v. Cochran*²⁰⁵ a different result was obtained. In *Cochran*, the Court specifically noted the contrary decision in the *Photo Drive-Thru* case and

distinguished its decision on the basis of different evidence concerning the similarity of the roof designs which were distinctive and only incidentally functional.²⁰⁶ The Court observed:

[H]ad Judge Gerry [in the *Photo Drive-Thru* case] been given the benefit of the evidence which we were presented, he might well have reached a contrary conclusion.²⁰⁷

The *Cochran* Court ruled that the defendant had knowingly selected a design that was similar to the plaintiff's and that as a result "an inference was raised that defendant intended to copy plaintiff's service mark."²⁰⁸ The Court also ruled that where there is intentional copying, there is a presumption of likelihood of confusion. Evidence of intent was established by the continued infringement after notice of infringement had been given.²⁰⁹

The Court did face a difficult issue in determining whether confusion was established by similarity of the designs of the structures. The evidence of actual confusion caused by the similarity in shapes of the roofs and buildings together with convincing testimony from the plaintiff's expert persuaded the Court to enjoin the use of a building design which would be likely to be confused with the distinctive features of Fotomat's building or its service mark.²¹⁰ Unfortunately, the Court's only discussion of functionality was with respect to the difference in evidence in the two cases but there was no discussion of the legal reasoning used.

In yet another *Fotomat* case, this one decided in 1980, Fotomat was successful in enjoining a competitor's use of a similarly configured roof.²¹¹ The Court did not discuss the legal analysis which was employed in concluding that Fotomat's building design was arbitrary and nonfunctional.²¹² The Court, however, did observe that:

[while] Fotomat's building configuration serves certain utilitarian purposes, these are merely incidental and do not dictate the shape of the roof of Fotomat's building design. Fotomat's building design is essentially arbitrary and distinctive, serving to identify and advertise Fotomat goods and services. Furthermore, construction and maintenance costs do not dictate the shape of the roof of Fotomat's, or Ace's, building design, nor do the effects of weather.²¹³

Recently the New York Stock Exchange brought suit against the New York, New York casino in Las Vegas alleging trademark infringement and dilution under the Federal Trademark Dilution Act ("FTDA").²¹⁴ The casino contains a replica of

the stock exchange's façade with the words "New York, New York Stock Exchange." The casino also offered a frequent players club called the "New York Slot Exchange," and made frequent use of the abbreviation "NYSE." The Second Circuit viewed all of the casino's use as an obvious pun and determined that the modification to the NYSE abbreviation could not cause any consumer confusion. The court, however, remanded the claim for dilution of the trademark building façade bearing the words New York Stock Exchange.

The district court affirmed summary judgment on the remainder of the federal dilution claims on grounds that all of the Exchange's other marks are incapable of inherent distinctiveness and hence not capable of protection under the FTDA. The Lanham Act specifically allows for inherent *or acquired* distinctiveness to be a factor when evaluating whether or not a mark is "distinctive and famous" under the FTDA.²¹⁵

At least one court has cited the *New York Stock Exchange* case as requiring inherent distinctiveness in order for the FTDA to apply.²¹⁶ Other courts have also held that use of a buildings appearance alone does not indicate that the defendant has used it as a trademark and, hence, have concluded that there is no likelihood of confusion.²¹⁷

E. Restaurant Decor

There are very few reported cases dealing with infringement of trade dress of a restaurant.²¹⁸ There are, however, a series of reported cases dealing with the Fuddrucker's hamburger restaurants, as well as the landmark Supreme Court case involving Two Pesos and Taco Cabana, and several other cases, which are worthy of mention.

In *Two Pesos, Inc. v. Taco Cabana, Inc.*,²¹⁹ Taco Cabana successfully established that Two Pesos had infringed the trade dress of its restaurants based on a jury's finding of inherent distinctiveness, even though secondary meaning was determined to have been lacking. Two Pesos appealed arguing that a finding of no secondary meaning contradicted a finding of inherent distinctiveness.²²⁰ In support of its contention, Two Pesos cited several decisions by the Court of Appeals for the Second Circuit which held "protection for trade dress unavailable absent proof of secondary meaning."²²¹ Thus, the particular issue before the Supreme Court in *Two Pesos* was "whether trade dress which is inherently distinctive is protectable under § 43(a) without a showing that it has acquired secondary meaning."²²²

In a unanimous decision,²²³ the Supreme Court held that **proof of inherent distinctiveness alone** was sufficient to afford federal trade dress protection under § 43(a) of the Lanham Act. The Court noted that since a finding of inherent distinctiveness generally implies that particular products or services are capable of identification with a specific source or sponsor, proof of secondary meaning is unnecessary.²²⁴ This rule, the Court observed, is

generally applicable to trademark, and the protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition. There is no persuasive reason to apply different analysis to the two.²²⁵

The Court reasoned that engrafting a secondary meaning requirement onto § 43(a) would make it more difficult to identify producers with their products, thereby undermining the Lanham Act's dual purposes of securing to trademark owners the goodwill of their businesses and protecting "the ability of consumers to distinguish among competing producers."²²⁶ The Court also concluded that adding a secondary meaning requirement could result in "anticompetitive effects," by creating burdens on the start-up of small businesses, since smaller companies generally lack the requisite degree of public recognition necessary to establish secondary meaning.²²⁷ Such an effect, the Court noted, would run counter to the purpose of the Lanham Act, which is to foster competition.²²⁸

In the first reported *Fuddruckers* case, Fuddruckers was successful in obtaining a preliminary injunction prohibiting the defendant from continued use of its trade dress.²²⁹ The Court, in discussing the features of the trade dress sought to be protected, remarked that even though some of the individual features had

the utilitarian function of presenting the freshness and quality of the food being served and cleanliness in its preparation . . . [t]he overall design or trade dress of the restaurant, as opposed to the individual features, . . . [was] arbitrary.²³⁰

Although the language of the Court's injunction was not included in the reported case, the Court in one finding of fact indicated that certain of the interior features of the defendant which were similar to the plaintiff's could be changed without much difficulty or cost.²³¹ The features which presumably were ordered to be changed included those which were characterized as the same "key" features in both restaurants:

the use of white/light color tiles as opposed to plain walls; the location and use of an open bakery showcase and exposed baker

area; an exposed butcher shop with hanging beef and visible preparation area; condiment islands which resemble grocery store vegetable departments; checkerboard floors; displays of groceries and beverages in their original packaging, and neon signage.²³²

In *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*,²³³ the Court denied the defendant's motion for summary judgment on the trade dress infringement counts ruling that secondary meaning and likelihood of confusion were issues of fact on which there were genuine issues of material fact.²³⁴ The Court, however, concluded that there was no genuine issue of material fact as to the functionality of certain features which added to the "efficiency, quality and sanitation of a restaurant."²³⁵ Those functional features included:

- glass enclosed butcher shop
- open and visible in-store bakery
- bakery showcase
- use of white tile
- use of neon signs for identification of stations
- use of beer trays for serving food
- use of plastic trash can for iced tea
- use of an exposed grill
- inclusion/location of bar
- ice cream manufacturing area and display case
- meat display case
- crocks for dispensing melted cheese (exclusive of shape or color)
- large self-serve condiment bar
- institutional size salt and pepper
- warehouse lighting fixtures
- ceiling fans
- menu currently provided by plaintiff
- displayed hanging sides of beef²³⁶

The Court also ruled that there were genuine issues of material fact as to the functionality of other features of Fuddruckers' trade dress in that it might not be necessary for the defendant to change each and every one of those other features in order to avoid a likelihood of confusion.²³⁷

Fuddruckers' woes, however, did not end with the unfavorable decision rendered by the Arizona District Court on the defendant's summary judgment motion. In a subsequent opinion by the same judge who had decided the summary judgment motion, defendants were awarded their attorneys' fees since it appeared as though

the litigation had been initiated for competitive reasons.²³⁸ The Court's ruling, which came after a lengthy jury trial, was based on three factors:

- (1) *The case would not have gone to the jury but for the existence of circumstantial evidence of deliberate copying;*
- (2) *Evidence of numerous lawsuits initiated by Fuddruckers against those who used trade dress similar to Fuddruckers; and*
- (3) *"[A]nd most damning, there is evidence that Phillip Romano, the President of Fuddruckers, said 'we are going after any and everybody who is anywhere like us until we are the dominant one in the marketplace and then we won't care anymore.'"*²³⁹

Although the Fuddruckers attorneys' fees case was reversed and remanded on other grounds, it should certainly be a lesson for all who are aggressive in seeking redress for alleged trade dress infringement. While a legitimate effort to obtain relief for infringement is appropriate, a lawsuit should not be employed primarily to achieve a superior competitive position.

One final case which is worthy of mention is *Prufrock, Ltd. v. Lasater*.²⁴⁰ In *Prufrock*, the lower court had permanently enjoined the defendant from operating any restaurant which used the trade dress of the plaintiff or any confusingly similar trade dress.²⁴¹ The definition of trade dress included the "core concept" of the plaintiff's restaurant as "a full-service restaurant, serving down home country cooking, in a relaxed and informal atmosphere, with a full service bar."²⁴² On appeal the Eighth Circuit ruled that the lower court's finding of nonfunctionality was clearly erroneous based on the Eighth Circuit's holding that "if the trade dress is an important ingredient in the commercial success of the product, it is clearly functional."²⁴³

Of little comfort to restaurant owners having what they consider to be distinctive decors is the Eighth Circuit's view that only those elements of the trade dress which "do not relate to the concept or theme of the restaurant or which do not enhance consumer appeal for the food" are protectable.²⁴⁴ Similarly, trade dress in common and ordinary interior designs can run the risk of being found "generic."²⁴⁵

F. Color Per Se

The issue of whether color alone may be protected as a trademark is one which had been hotly debated. While some circuits had refused to grant protection for color alone,²⁴⁶ other circuits had declined to establish a *per se* prohibition against protecting color as a trademark.²⁴⁷

This split among circuits was resolved, however, by the Supreme Court's decision in *Qualitex Co. v. Jacobson Prods. Co.*²⁴⁸ In *Qualitex*, the Court reversed the Ninth Circuit and held that color alone may sometimes meet the ordinary legal trademark requirements.²⁴⁹ When it does, the Supreme Court held that nothing in the law prevents it from serving as a valid trademark.²⁵⁰ In so deciding, the Supreme Court weighed in alongside the Federal Circuit which had anticipated the *Qualitex* decision with *In re Owens-Corning Fiberglass Corp.*²⁵¹ ten years earlier.

1. The *Owens-Corning* Decision

In *Owens-Corning*, the Federal Circuit held that the maker of pink-colored insulation could register the color pink as a trademark for its product.²⁵² In reviewing the purpose of the Lanham Act, its legislative history and the definition of "trademark" in § 45, the Court concluded that trademark registration under the Lanham Act became available for many different types of indications that had previously been denied it. Everything from containers to sounds, the Court noted, had been registered under the Lanham Act.²⁵³ The Court consequently found that color was not precluded from registration.

To be registerable, the color must be arbitrarily applied in a distinctive way and the color may not serve a utilitarian purpose.²⁵⁴ Not surprisingly, the Federal Circuit looked to the *Morton-Norwich* test as the standard for determining utility:

- (1) *whether a particular design yields a utilitarian advantage;*
- (2) *whether alternative designs are available in order to avoid hindering competition; and*
- (3) *whether the design achieves economies in manufacture or use.*²⁵⁵

Under this test, the Court concluded that the color pink had no utilitarian purpose, did not hinder competition, and was otherwise nonfunctional.²⁵⁶

Having determined that color was properly registerable and that the color pink was not functional, the Court next addressed the issue of whether the color pink

had acquired secondary meaning sufficient to confer trademark status under § 2(f) of the Lanham Act.²⁵⁷ The Court noted Owens-Corning's extensive and costly advertising, much of which emphasized the insulation's pink color, the company's long history of manufacturing pink insulation, and consumer survey evidence which indicated that most consumers associated pink insulation with Owens-Corning.²⁵⁸ Based on this evidence, the Court concluded that the color pink had acquired secondary meaning and thus could be registered, like any other mark, symbol or indicia with such status.²⁵⁹

2. *Qualitex* - The Ninth Circuit's Decision That Color Alone May Not Be Registered As A Trademark

Despite the Federal Circuit's decision in *Owens-Corning*, the Ninth Circuit in 1994 in *Qualitex Co. v. Jacobson Prods., Co.* held that color alone could not be registered as a trademark.²⁶⁰ In *Qualitex*, the plaintiff had attempted to prevent the defendant from using the same shade of green-gold color on the press pads it sold to dry cleaning companies by registering that color as a trademark.²⁶¹ While most press pad manufacturers color their pads to avoid visible stains, until Jacobson, none had used Qualitex's particular green-gold hue.

Qualitex filed suit challenging Jacobson's use of the green-gold color, alleging unfair competition, trade dress infringement, and ancillary state law claims. After receiving a registration for its green-gold color from the Patent and Trademark Office, Qualitex amended its complaint to add a claim of trademark infringement. Soon thereafter, Jacobson filed a counterclaim for cancellation of Qualitex's registered trademark.

Although the Ninth Circuit affirmed the district court's conclusions relating to trade dress infringement,²⁶² it reviewed *de novo* the issue of protectability of color *per se*.²⁶³ The Court acknowledged that the Lanham Act did not explicitly preclude trademark registration of color alone; however, it noted that the majority of appellate courts had refused to recognize such trademark protection.²⁶⁴ The Court held that this was the "better rule."²⁶⁵

The Ninth Circuit distinguished *Owens-Corning* as "an unusual set of facts . . . establish[ing] a very limited rule that in certain situations a particular color could itself be registered as a trademark."²⁶⁶ The immediate issue was whether to follow the majority of circuits and hold that color alone cannot constitute a trademark, or to follow the "exception" of *Owens-Corning*.²⁶⁷ The Ninth Circuit concluded that "the better rule is that a trademark should not be registered for color alone."²⁶⁸

The Court offered several reasons for its decision. Prohibiting registration of a color would prevent a single entity from gaining a monopoly on a primary color. Allowing such registration would also create "shade confusion" and courts would then be required to differentiate between countless shades of colors.²⁶⁹

The Ninth Circuit noted that registration for color alone was unnecessary as adequate protection was already available. For example, when color is combined with distinctive patterns or designs or combined in distinctive logos, the overall mark is protectable.²⁷⁰ The Lanham Act's unfair competition prohibitions, the Court observed, afford further protection.²⁷¹

3. The Supreme Court's Reversal in *Qualitex*: Color *Per Se* May Qualify as a Trademark

After the Ninth Circuit's decision in *Qualitex*, the case was appealed to the Supreme Court, and the Court granted certiorari to determine whether the Lanham Act permitted the registration of a trademark that consisted "purely and simply" of a color.²⁷² Justice Breyer, writing for a unanimous court, concluded that when a color meets the ordinary legal trademark requirements, it can function as a trademark.²⁷³

In arriving at its decision, the Court noted that the Lanham Act describes the universe of registerable marks in the broadest of terms. Specifically, the Act allows: "any work, name, symbol, or device, or any combination thereof" to function as a trademark.²⁷⁴ In light of this broad language and given that shapes, sounds, and even scents have historically been upheld as valid trademarks,²⁷⁵ the Court questioned why color alone could not receive the same protection.²⁷⁶ Color, the Court reasoned, could satisfy the more important part of the statutory definition of a trademark, which requires that the mark be used to distinguish goods from those manufactured by others and to indicate the source of goods.²⁷⁷

The Supreme Court cited amendments to the Lanham Act, which, read in light of the post-Lanham Act case law, left little doubt that Congress had intended to allow registration for color. For example, in 1988 Congress amended the Lanham Act but left unchanged the language: "**any** word, name, symbol, or device."²⁷⁸ The Court noted that by the time of the amendments in 1988, the Federal Circuit had decided *Owens-Corning*, and the Patent and Trademark Office had adopted a clear policy, which it still maintains in permitting registration of color as a trademark.²⁷⁹ The Trademark Commission had written a report which recommended "that the terms 'symbol, or device'....not be depleted or narrowed to preclude registration of such things as a color, shape, smell, sound, or configuration, which functions as a mark."²⁸⁰ The Court determined that this

background strongly suggested that the language "any word, name, symbol, or device" had come to include color, and that Congress, in amending the Lanham Act but leaving untouched this language, had intended to endorse this interpretation.²⁸¹

The Supreme Court rejected defendant's "shade confusion" argument. The defendant claimed that registration of color alone would produce uncertainty over what shades a competitor could lawfully use.²⁸² Jacobson had argued that color, unlike words or symbols, presents a different and far more difficult problem for distinguishing similar marks.²⁸³ Jacobson contended that it is more difficult to distinguish between hues of color as opposed to sounds or appearances of words or logos.²⁸⁴ Jacobson pointed out that other factors, such as light, might also influence a person's perception of a particular color.²⁸⁵

The Supreme Court disagreed, finding that color in this respect was not special.²⁸⁶ The Court noted that courts are typically called upon to decide difficult questions concerning the similarity of words, phrases, and symbols which are "sufficiently similar, in context, to confuse buyers."²⁸⁷ To decide these issues, courts have developed legal standards to assist in making such comparisons.²⁸⁸ Thus, there was no reason why those same standards could not be applied to color.²⁸⁹

Finally, the Court rejected the "color depletion" theory articulated in *Campbell Soup*,²⁹⁰ and advanced by defendant, "because it relies on an occasional problem to justify a blanket prohibition."²⁹¹ The Court noted that when a color serves as a trademark, alternative colors will normally be available for others' use.²⁹² To the extent that a color depletion or color scarcity problem does arise, the "functionality" doctrine would be available to prevent the "anticompetitive consequences."²⁹³ Jacobson argued that in this instance, color **was** functional, since most manufacturers used color on their press pads to obscure the scorch and other marks inflicted on the pad during its use.²⁹⁴ Jacobson reasoned that since "there is a competitive need for the use of color in the press pad industry [and Qualitex's] green-gold has apparently been accepted as an appropriate color for press pads," the green-gold color was functional.²⁹⁵

In so arguing, though, Jacobson confused the functionality of color with the functionality of a particular color, and thus begged the question of whether the two were indeed legally distinguishable. Initially, the District Court had found that one did not necessarily lead to the other.

There is a competitive need in the press pad industry for color, but... [t]here is no competitive need in the press pad industry for the green-gold color, since other colors are equally usable.²⁹⁶

The District Court cited "hundreds, if not thousands" of available, distinctive, suitable colors.²⁹⁷ The Supreme Court agreed. The issue was whether Qualitex's green-gold color **itself** was functional; the Court concluded that it was not.²⁹⁸

Having thus established that color could function as a trademark, the Court explained how a color might achieve the level of distinctiveness necessary to qualify as a trademark. The Court noted that color was unlike a fanciful, arbitrary, or suggestive mark which "almost **automatically** tell[s] a customer that [it] refer[s] to a brand."²⁹⁹ The Court suggested that color could only be registered after acquiring secondary meaning.³⁰⁰ However, the Court pointed out that color can achieve secondary meaning where it "identifies and distinguishes a particular brand (and thus indicates its 'source')."³⁰¹

4. Observations on the Registrability of Color Marks Post-*Qualitex*

Qualitex answers affirmatively the question of whether a color alone may be registered as a trademark. If the color meets all the ordinary requirements of a mark, it may be registered. However, new issues will certainly arise as litigants attempt to establish or expand the judicial boundaries for the registration of color.

a. May a Color be Registered Without a Showing of Secondary Meaning?

In both *Qualitex* and *Owens-Corning*, the Courts found that the color at issue had acquired secondary meaning and thus possessed the distinctiveness necessary to act as a trademark. However, neither court was confronted with the question of whether a color may be "inherently distinctive" as applied to a product and thus be registered without secondary meaning. *Two Pesos* answers this affirmatively for trade dress, holding that a trade dress may be protected as inherently distinctive without establishing secondary meaning.³⁰²

Both the green-gold press pad at issue in *Qualitex* and the pink insulation in *Owens-Corning* would seem to be applications of arbitrarily selected colors to products and thus arguably "inherently distinctive." However, in each case, the Court conducted a lengthy review of the facts to conclude that the colors had acquired secondary meaning. The Supreme Court suggested that the use of "color that in context seems unusual" --for example, pink insulation material -- is not inherently distinctive but over time may develop secondary meaning.³⁰³

The question as to whether secondary meaning must be established in order to protect color *per se* has now been answered. The Supreme Court in *Wal-Mart*

held that neither color of a product nor its design inherently communicate source to consumers.³⁰⁴ In describing its decision in *Qualitex*, the Court stated, “with respect to ... colors we have held no mark can ever be inherently distinctive. . . . We held that a color could be protected as a trademark, but only upon a showing of secondary meaning.”³⁰⁵ This view towards color has been followed by the T.T.A.B. as well.³⁰⁶ Secondary meaning, hence, must be shown to be entitled to protection.

b. Can a Color Achieve "Market Functionality"?

A second issue which remains unresolved after *Qualitex* is functionality. Traditionally, determinations of functionality have hinged on (1) whether a particular design yields a utilitarian advantage; (2) whether alternative designs are available in order to avoid hindering competition; and (3) whether the design achieves economies in manufacture or use.³⁰⁷

In *Qualitex*, Jacobson's functionality arguments, though ultimately unavailing, tested the limits of this traditional functionality analysis by questioning whether a color can attain "market functionality." Stated, differently, can color become "functional" if one manufacturer has acquired a market share such that the public equates the color of its product with a certain level of quality and therefore, will refuse to buy a product made in any other color?³⁰⁸ This issue was also raised by the dissent in *Owens-Corning* in which Judge Bissell argued that

by reason of the dominance of Owens-Corning in the field (its advertising claims a 75 percent market share), pink insulation has become virtually synonymous with home insulation. Thus, new entrants may be unable to effectively compete if barred from making pink insulation.³⁰⁹

Judge Bissell pointed out that, "Owens-Corning dominates the field to such an extent that 'some shoppers will no longer buy fiberglass insulation unless it is pink.'"³¹⁰ Jacobson attempted to raise a similar issue by arguing that *Qualitex*'s strength in the marketplace raised substantial questions as to whether the green-gold color used for its press pads had become generic for press pads.

Although Jacobson mischaracterized the issue as one of genericness, the real question remains unanswered: might a color become so popular that it becomes essentially functional? The Supreme Court did not answer this question -- nor did it need to -- as most press pad manufacturers used color on their press pads, and there was no indication that *Qualitex* had achieved such control over the market that consumers refused to buy other colored press pads.

Thus, no case has ever found that a color might become functional by virtue of the product's popularity in the market. Indeed, two cases have suggested the contrary. In *Deere & Co.*, the Court denied protection to plaintiff's "John Deere Green" used on its tractors, citing "aesthetic functionality."³¹¹ The Court found that since most customers preferred to match their equipment, the green color was functional and could not be protected.³¹²

Similarly, the Federal Circuit in *British Seagull* denied trademark protection for the color black used on outboard marine engines, citing a "competitive need" among manufacturers to use that color.³¹³ The Federal Circuit concluded that the color black was "*de jure*" functional because it decreased apparent motor size and was generally compatible with other colors.³¹⁴

While "*de jure*" functionality, in theory, seems inapposite to aesthetic functionality, it is difficult to distinguish the realities. In *British Seagull*, registration was denied because customers preferred black, a color that was compatible with most boats and minimized the apparent size of the engine.³¹⁵ Registration in *Deere & Co.* was also denied because customers preferred green in order to match their equipment.³¹⁶ Also, the Seventh Circuit has denied protection to the gilded pages of a cookbook because they served the function of covering the unattractive differences in color at the ends of the book's pages.³¹⁷ Similarly, arranging candles on a store shelf by color has also been held functional.³¹⁸

In all these cases, the finding of functionality essentially turned on the color's aesthetic appeal to the consumer. A color's aesthetic appeal, whether found aesthetically functional or "*de jure*" functional, has some bearing on the color's registerability. Whether this role is eventually expanded to include "market functionality" is a question that *Qualitex* leaves for another day.

G. Fragrance

Can fragrance of a product be protected from use by a competitor? If the registerability of fragrance as a trademark qualifies as authority, the answer is "yes." In the case of *In re Clarke*,³¹⁹ the TTAB held that fragrance could be registered as a trademark.

In that case, Clarke, doing business as Osewez (pronounced Oh-So-Easy), sought to register "a high impact, fresh, floral fragrance reminiscent of Plumeria blossoms" as a mark for sewing thread and embroidery yarn.³²⁰ The evidence before the TTAB established that the product on which the mark was used did not

have any natural or inherent scent and that the fragrance was added to the product by the applicant.³²¹

The examining attorney refused to register the mark on the grounds that it did not function as a trademark to identify or distinguish applicant's goods from those of others. The Board concluded otherwise and reversed the refusal to register.

The Board was careful to distinguish the mark sought to be registered from those "scents or fragrances of products which are noted for those features, such as perfumes, colognes or scented household products."³²² The Board noted that Apple Pie was refused registration on grounds that it merely described the scent released by the potpourri product when that product was simmered in water.³²³

The Board's differentiation of cases dealing with products having inherent fragrance should be considered by the owner of a fragrance identifier seeking to enjoin an odorous and likely odious competitor. Consideration should also be given to the possibility that another tribunal might reject the protectability of fragrance.

H. Golf Hole Design

The Fifth Circuit, in pertinent part, affirmed a judgment that Tour 18 had infringed and diluted Harbour Town's famous lighthouse hole design.³²⁴ Tour 18 had constructed and operated two golf courses in Texas which had golf holes copied from famous golf courses in the United States. The owners of the Pebble Beach, Pinehurst and Harbour Town golf courses sued Tour 18 under a variety of theories including trade dress infringement and dilution of their rights in their respective golf holes. Tour 18 had replicated the fourteenth hole from Pebble Beach, the third hole from the Pinehurst No. 2 course and the eighteenth hole from Harbour Town, including a small, nonfunctioning replica lighthouse.³²⁵

Pebble Beach's fourteenth hole was described as a

dog-leg right that is ranked as Pebble Beach's number one handicap hole, identifying it as the most difficult hole on the course. The 14th Hole is not adjacent to the Pacific Ocean, but it provides golfers with a view of the ocean from the tee box and while walking from the tee box to the green. Its fairway is lined with tall cypress and oak trees. One of the most notable features of Hole 14 is the large sand bunker guarding the left side of the green. In one of its brochures, Tour 18 touts this bunker as "one of the most critical bunkers in golf."³²⁶

Judge Hittner found that the fourteenth hole was not famous among golfers, not the course's signature hole and not the focus of any marketing materials.³²⁷ The design of Pebble Beach's fourteenth hole was not the subject of a trademark registration, copyright registration or a design or utility patent.³²⁸

The hole copied from Pinehurst was from the No. 2 course which was designed by Donald Ross, one of the greatest golf course architects, and considered his masterpiece.³²⁹ The third hole of Pinehurst No. 2 is a

par four with "a natural area of sand interspersed with clumps of wire grass, which is indigenous to the local area, that extends between 200 and 300 yards along the right side of the fairway. Adjacent to the natural area is a sand cart path."³³⁰

While Pinehurst No. 2 is a famous course, the third hole was not famous among golfers.³³¹ As with the copied Pebble Beach hole, the Pinehurst hole was not the signature hole and was not emphasized in any marketing materials.³³² The design of the Pinehurst hole was not the subject of a trademark registration, copyright registration or a design or utility patent.³³³

The copied eighteenth hole ("Lighthouse Hole") from the Harbour Town golf course was designed by Pat Dye, a "preeminent" golf course designer, and by Jack Nicklaus, considered one of the greatest golfers of all time and an "accomplished" golf course designer.³³⁴ The lighthouse, which could be seen from the par three eighteen hole

is octagonal in shape with red and white striping. While the lighthouse is visible from the tee box and fairway of the 18th Hole, it is not physically on the golf course. The lighthouse is actually situated 100 feet from the 18th green across a small inlet of water leading to the Harbour Town marina. ... There was testimony at trial that because of the location of the lighthouse, many golfers use it as a target to line up their tee shots. However, according to [the developer of the course], his placement of the lighthouse in relation to the 18th hole was not to create a target for golfers, but to guarantee exposure for the lighthouse on television during professional tournaments.³³⁵

As distinguished from the copied Pebble Beach and Pinehurst holes, the copied Harbour Town hole is famous, the course's signature hole and it is emphasized in marketing materials.³³⁶ The design of the lighthouse is not the subject of a

copyright or a design or utility patent.³³⁷ Nor is the lighthouse the subject of a federal trademark registration for golfing services.³³⁸

The Fifth Circuit affirmed Judge Hittner's finding that the Pebble Beach and Pinehurst golf hole designs were not inherently distinctive because they consisted of commonplace features of a golf hole.³³⁹ The Court rejected the argument that the golf holes were unique and, therefore, inherently distinctive. Something inherently distinctive is unique, the Court observed, but the obverse is not necessarily true.³⁴⁰

The Court affirmed Judge Hittner's finding that the golf holes were nonfunctional.³⁴¹ Citing, *Qualitex*, the Court pointed out that to be functional, the effect of the exclusive use of a product design must "be great enough to **significantly disadvantage** competitors in ways other than consumer preference for a particular source."³⁴²

The Fifth Circuit affirmed Judge Hittner's conclusion that the Pebble Beach and Pinehurst golfholes were not entitled to protection since they were not inherently distinctive and there was no evidence of secondary meaning.

Harbour Town's lighthouse was treated differently and accorded protection under § 43(a) and the Texas anti-dilution statute. The Court noted that the lighthouse had acquired a secondary meaning and that Tour 18's use of a replica lighthouse violated § 43(a) and resulted in impermissible blurring under the Texas anti-dilution statute.³⁴³

V. LEGAL HAZARDS AND OBSTACLES

There are many legal hazards and obstacles for both the originator and the second comer. Burdens of proof and the legal effect of evidence of intent to copy are but two important issues, the court's position on which could significantly impact the outcome of a particular case. There are other important issues which should be considered.

This section addresses these issues and highlights some of the claims on which relief can be granted. Not all possible grounds for nor modes of relief are addressed. For example, product simulation could involve claims of common law trademark infringement, infringement of a state trademark registration, and violation of a state's deceptive trade practice act. Also not discussed is that, in appropriate circumstances, the United States Customs Service may be called upon to prevent the entry of certain infringing products into the United States; and in

some circumstances, action before the United States International Trade Commission may be initiated under § 337(a) of the Tariff Act of 1930.³⁴⁴

A. Burden of Proof on Functionality

1. Before 1999

It was not clear what the plaintiff had to prove in order to establish the right to relief in a trade dress infringement action under § 43(a). In the *Clarke Checks* case, the Eleventh Circuit, quoting from a Missouri district court decision, stated that

plaintiff must prove three basic things: "[T]hat the trade dress of the two products is confusingly similar, that the features of the trade dress are primarily nonfunctional, and that the trade dress has acquired secondary meaning."³⁴⁵

In that same opinion, the Court, in a footnote, recognized the confusion in the law as to who had the burden of proof on the functionality issue. The Court noted that the jury had been charged that the plaintiff had the burden of proving nonfunctionality, and since the plaintiff had not objected to that burden on appeal the Court was not required to decide the issue.³⁴⁶

In *LeSportsac* the Court recognized that in the Second Circuit, as in other circuits, it was not clear who had the burden on the functionality issue.³⁴⁷ The Court concluded that its decision in the *Warner Bros.* case correctly characterized the question of functionality as a defense, and that the burden, therefore, falls on the defendant to prove functionality.³⁴⁸ The Court also noted that Justice White in a concurring opinion in the *Ives* case indicated that functionality was a defense to a § 43(a) claim.³⁴⁹

Other circuits held that the party asserting a mark must prove it to be nonfunctional.³⁵⁰ This burden, however, only applies to owners of unregistered marks since registered marks are specifically entitled to a presumption of validity under § 33 of the Lanham Act.³⁵¹

Obviously, the decision as to who has the burden on the functionality issue can have a crucial effect on the outcome. In *Metro Kane Imports, Ltd. v. Rowoco, Inc.*, for example, the burden was on the defendant, who failed to meet it, although plaintiff was unable to establish secondary meaning in its orange juicer design.³⁵² The plaintiff, however, prevailed under its New York unfair

competition claim since only a likelihood of confusion was required to be shown.³⁵³

2. After 1999

The uncertainty about which party had the burden of proof on the functionality issues was removed in 1999 when Congress amended § 43(a) of the Lanham Act:

In a civil action for trade dress infringement under this Act for trade dress not registered on the principle register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.³⁵⁴

In *TrafFix*, a case decided after the amendment concerning the burden of proving functionality, the Supreme Court recognized that the burden of proving non-functionality was on party seeking relief.³⁵⁵ The case involved outdoor road signs which used a dual-spring design to withstand adverse wind conditions.³⁵⁶ The plaintiff was the owner of two expired utility patents which claimed the dual-spring feature, which was the focus of the trade dress claim.³⁵⁷

The Court held that the party seeking relief carried the “burden of overcoming the strong evidentiary inference of functionality based on the disclosure of the dual-spring design in the claims of the expired patents.”³⁵⁸ Even though the expired patents created a “strong evidentiary inference of functionality,” the Supreme Court declined to decide whether the owner of a utility patent should be prohibited from seeking trade dress protection on a feature claimed in the patent.³⁵⁹

B. Effect of Proof of Copying

The effect of proof of copying on the establishment of likelihood of confusion and secondary meaning is one which varies greatly among circuits. The majority view is that proof of copying creates a rebuttable presumption of likelihood of confusion.³⁶⁰ The minority view is that, while important, proof of copying must still be weighed along with other factors in the likelihood of confusion test.³⁶¹

In *Schwinn Bicycle Co. v. Ross Bicycles, Inc.* the Seventh Circuit held that the district court had committed error in presuming likelihood of confusion based on a finding that defendant had intentionally copied plaintiff's exercise bicycle design.³⁶² The Seventh Circuit noted that evidence of intentional or deliberate copying is but "one of the factors to be considered within the framework of the [likelihood] of confusion test."³⁶³ Other factors to be weighed include:

"the type of trademark in issue, the similarity of design, similarity of products, identity of retail outlets and purchasers, identity of the advertising media utilized, [the alleged infringer's] intent, and actual confusion."³⁶⁴

With respect to secondary meaning, however, the minority view is that proof of copying creates a rebuttable presumption of secondary meaning.³⁶⁵ In *Osem Food Indus., Ltd. v. Sherwood Foods, Inc.*, the Fourth Circuit held that the plaintiff was entitled to a presumption of both secondary meaning and likelihood of confusion based on defendant's admitted copying of plaintiff's dehydrated soup packaging.³⁶⁶

When a newcomer to the market copies a competitor's trade dress, its intent must be to benefit from the goodwill of the competitor's customers....logic requires, no less than the presumption of secondary meaning from copying, that from such intentional copying arises a presumption that the newcomer is successful and that there is a likelihood of confusion.³⁶⁷

Once established, these presumptions may be rebutted by a showing that the second comer believed secondary meaning had not yet attached to the first comer's mark or trade dress.³⁶⁸ In *Fuddruckers, Inc. v. Doc's B. R. Others, Inc.*, the Ninth Circuit noted that competitors may sometimes intentionally copy "wholly functional features that they perceive as lacking any secondary meaning because of these features' intrinsic economic benefits."³⁶⁹

The majority view is that proof of copying is only probative evidence of secondary meaning similar to advertising expenditures and length of use.³⁷⁰

C. Need to Market as Justification

Some copyists believe that the need to market the copied design is sufficient to avoid liability. However, the Fifth Circuit in *Sicilia* rejected

the suggestion that the doctrine of functionality insulates a second comer from liability for copying the first comer's design whenever the second comer can merely cite marketing reasons to justify the copying.³⁷¹

This was that very impetus for the choice of design in *TESCO* which went far in indicting Fruehauf.³⁷² The Third Circuit in the *Rubik's Cube* case was unamused at the following admission by defendant's counsel:

So in answer to the question that started this whole dissertation, yes[defendant's cube puzzle is a "knockoff" of Ideal's Rubik's Cube puzzle], the same size, same shape, same colors. There's no doubt about that. And the law gives me the right to do that because it's a hot selling thing.³⁷³

Remember that "[t]he question in each case is whether protection against imitation will hinder the competitor in competition."³⁷⁴ The question is not whether the defendant perceives a selfish "need" to market a knockoff.

D. Effect of Marking the Copy With One's Name

There is some suggestion in the case law that proper labeling of one's product avoids liability.³⁷⁵ Many courts, however, disagree with that suggestion and consider it only as relevant to the issue of likelihood of confusion, not dispositive of it.³⁷⁶ Some courts have stated that labeling with the manufacturer's name greatly reduces confusion as to origin.³⁷⁷

The Federal Circuit in the *Litton* case observed that:

The district court also failed to recognize that "[t]he most common and effective means of apprising intending purchasers of the source of goods is a prominent disclosure on the container, package, wrapper or label of the manufacturer's or trader's name *** [and that when] that is done, there is **no** basis for a charge of unfair competition."³⁷⁸

However, later in the case the Federal Circuit recognized that the rule was not inflexible:

A party who is actually passing off its product as that of another, or abetting others in doing so, is not necessarily or automatically immunized by affixing its own name or trademark to the product, in any manner.³⁷⁹

What is important, though, is that plaintiff must show why the labeling does not avoid likelihood of confusion and the Federal Circuit has said it should not be assumed by the trial court.³⁸⁰

Another important consideration is the cost of the article. Relatively higher priced articles bearing the name of the manufacturer are less likely to be confused or palmed off.³⁸¹

In *Ferrari*, the defendant's replica Ferrari cars displayed his "R" insignia on the parking lenses and vent windows and the replicas carried no Ferrari symbols or logos. That marking did not save the copier from being enjoined even though the replica kits sold for \$8,500 and the "fully accessorized 'turnkey' version" was sold for about \$50,000.³⁸²

E. Admissions of Utility Can Undermine an Unfair Competition Claim

Frequently, the products involved in product simulation cases are the subject of a utility patent. The patent may admit the utility of the feature sought to be protected and the defendant will likely assert that as a defense.³⁸³ Other damning admissions are usually found in advertisements.³⁸⁴ However, the mere existence of a utility patent on a feature of the design sought to be protected does not preclude protection.³⁸⁵ Likewise, the mere existence of a design patent on the configuration sought to be protected does not per se establish nonfunctionality.³⁸⁶

F. Effect of Advice of Counsel

While an opinion of counsel may be of some comfort to a copier, it may not be useful in avoiding an inference of intent to trade on the plaintiff's goodwill. The Eleventh Circuit in *Clarke Checks* observed:

Thus, the fact that Clarke officials sought legal advice before adopting the Entry Stub mark does not preclude a finding that Clarke intended to trade on the good will associated with Harland's mark by adopting a mark which "approach[ed] so near to [the Memory Stub mark] that the public may fail to distinguish between them."³⁸⁷

The defense of relying on legal advice is only as good as the accuracy of facts given to the attorney. "You do not show good faith that will defeat a finding of willful violation of law by acting on legal advice based on your own misrepresentations."³⁸⁸

G. Remedies Under the Lanham Act

While a product simulation case may involve infringement of a registered trademark, it frequently involves alleged misappropriation of unregistered indicia of source. As a result, most claims involving product simulation are brought under § 43(a) of the Lanham Act.

To obtain relief under that section neither a federal registration nor a separate jurisdictional basis is required.³⁸⁹ The remedies available for trademark infringement in §§ 34 and 35 of the Lanham Act also apply to actions brought under § 43(a) of the Act.³⁹⁰ Injunctive relief is available under § 34 and in addition to restraining a party from certain action, the injunction can also require affirmative action on the part of the defendant such as:

requiring the removal of an infringing lighthouse from a replica golf hole;³⁹¹ or

making several changes to the design of Mexican fast food restaurants and dispelling "customer confusion by displaying a prominent sign for a year acknowledging that Two Pesos had unfairly copied Taco Cabana's restaurant's concept."³⁹²

Once a party is found guilty of infringing another's trademark rights,

they should thereafter be required to keep a safe distance away from the dividing line between violation of, and compliance with, the injunction." *Eskay Drugs, Inc. v. Smith, Kline & French Labs.*, 188 F.2d 430, 432 (5th Cir. 1951). n26

The "safe distance" rule vests broad discretion in the district court, to ensure that the Lanham Act is not frustrated by manufacturers who seek to circumvent injunctions with subsequent modifications. Accordingly, the "safe distance" rule permits the court to issue injunctions that sweep even more broadly than the Lanham Act would permit against a manufacturer who has not already been found liable for trademark infringement.³⁹³

An aggrieved party may recover "(1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the cost of the action."³⁹⁴

As of January 16, 1996, Section 43(c) may be used to provide relief for dilution of a mark if the offending use "begins after the mark has become famous and causes dilution of the distinctive quality of the famous mark."³⁹⁵ The statute lists factors to be considered in determining whether a mark is distinctive and famous.³⁹⁶ The statute also provides that the following are not actionable under the Federal Trademark Dilution Act:

- (1) fair use in comparative advertising;

- (2) non-commercial use of a mark; and
- (3) news reporting and commentary.³⁹⁷

The owner of a famous mark who is successful under the Federal Trademark Dilution Act is entitled to injunctive relief only unless the offensive conduct was willful.³⁹⁸

If the conduct is found to have been willful, the owner of the famous mark may be entitled to relief under Sections 35(a) and 36.³⁹⁹ This relief includes destruction of infringing articles and recovery of: (1) defendant's profits; (2) damages sustained by the owner of the famous mark; and (3) costs of the action.⁴⁰⁰

H. State Antidilution Statutes

About 30 states have enacted antidilution statutes⁴⁰¹ for the purpose of protecting the commercial value of a trademark by prohibiting uses that threaten to either blur a mark's distinctiveness or tarnish a mark's image.⁴⁰² There is now a Federal Trademark Dilution Act.⁴⁰³ Although the Act complements rather than preempts state law, under that Act, ownership of a valid registration of a mark on the principal register is a complete bar to a claim of dilution brought under the common law or state statute against the use of that mark.⁴⁰⁴

1. Dilution of Distinctiveness

The primary trademark interest protected by antidilution statutes is the dilution of a mark's distinctiveness. To establish dilution of distinctiveness, the plaintiff must show (1) that its mark is "strong" by virtue of its distinctive quality or by virtue of having acquired secondary meaning and (2) that there exists a likelihood of dilution.⁴⁰⁵

Under the federal statute, the mark must be "famous."⁴⁰⁶ When determining whether a mark is famous, Section 43(c) of the Lanham Act states that courts can evaluate such factors as 1) the degree of inherent or acquired distinctiveness, 2) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; 3) the duration and extent of advertising and publicity of the mark; 4) the geographical extent of the trading area in which the mark is used; 5) the channels of trade for the goods or services with which the mark is used; 6) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought; 7) the nature and extent of use of the same or similar marks by third parties and 8) whether the mark is registered.⁴⁰⁷ In *Clinique Labs v. Dep*

*Corp.*⁴⁰⁸ the district court found that the CLINIQUE mark and trade dress for cosmetic merchandise were famous because they were distinctive under the factors listed in section 43(c).

There was a split among the circuits as to whether the federal Act requires a showing of actual dilution, or a likelihood of dilution as the state acts do. This split was resolved when the Supreme Court in the *Victoria's Secret* case held that proof of actual dilution is required.⁴⁰⁹

In determining whether particular marks have acquired sufficient distinctiveness to afford protection from dilution, courts have considered several factors, including

the length of time the mark has been used, the scope of advertising and promotions, the nature and extent of the business, and the scope of the first user's reputation.⁴¹⁰

In the *Hyatt* case, the Court noted that Hyatt Hotels' use of its mark for over twenty-five years, its registration of the mark for thirteen years, and its extensive advertising and renown in the field all supported the conclusion that the trade name "Hyatt" was sufficiently distinctive to support a dilution cause of action.⁴¹¹

Having established distinctiveness, the Seventh Circuit next addressed the issue of dilution. In making its determination on this issue, the Seventh Circuit specifically looked to "the similarity between the marks used by the parties, and the extent of the marketing effort by the second user."⁴¹² The Court concluded that based on defendant's extensive advertising, establishment in "nearly a third of the states," and intent to expand nationally, the plaintiff had demonstrated "a likelihood of success" on the issue of dilution.⁴¹³

Although not specifically addressed by the Seventh Circuit in *Hyatt*, the two-pronged likelihood of dilution test adopted in that case really characterizes what other circuits have termed trademark "blurring."⁴¹⁴ Courts that use this nomenclature identify "blurring" as the creation of a mental connection in prospective purchasers' minds between plaintiff's and defendant's marks.⁴¹⁵ However, because proof of the mental associations evoked by a particular mark is difficult to gauge by consumer surveys or other sampling methods, courts frequently use traditional likelihood of confusion factors -- similar to those adopted by the Seventh Circuit in *Hyatt* -- in assessing dilution caused by blurring.⁴¹⁶ For instance, courts have considered the similarity of conflicting marks,⁴¹⁷ the similarity of products covered by conflicting marks,⁴¹⁸ the sophistication of prospective customers,⁴¹⁹ predatory intent,⁴²⁰ and the reputation

of both the senior and junior marks⁴²¹ in assessing dilution under the "blurring" standard.⁴²²

Marks need not have national identity or distinctiveness to receive protection from dilution. For example, in *Community Fed. Sav. and Loan Ass'n. v. Orondorff*, the Eleventh Circuit held that defendant's usage of a Cookie Jar mark diluted the distinctive quality of plaintiff's similarly styled service mark, even though both marks were used in only one location each.⁴²³ However, first comers desiring to protect their marks from dilution should also be mindful of the Second Circuit's decision in *Mead Data*, in which the Court observed that

if a mark circulates only in a limited market, it is unlikely to be associated generally with the mark for a dissimilar product circulating elsewhere.⁴²⁴

Harbour Town's lighthouse, which was found to be the only protectable element of its eighteenth hole's design, were found to be protectable, in pertinent part, under a Texas anti-dilution law.⁴²⁵ The Court held that Tour 18's replica lighthouse caused dilution by blurring.⁴²⁶

Product configuration cases have also been decided under the FTDA.⁴²⁷ For instance, in the *Nabisco* case Nabisco sought a declaratory judgment that its "CatDog" snack mix, based on a popular children's show, did not infringe Pepperidge Farms' goldfish crackers trade dress. Pepperidge Farm counterclaimed that the mix, 25% of which was made up of cheese flavored fish-shaped crackers, infringed and diluted the goldfish trademark and design.

The court chose not to apply the six-factor test for finding a likelihood of dilution as set forth in the *Mead Data*⁴²⁸ case. The court, instead, examined its own set of factors and found the Pepperidge Farm cracker to be "reasonably distinctive" in part because "the fish shape has no logical relationship to a cracker."⁴²⁹ The court also found the two marks to be very similar even though Nabisco's product was in a package that was different from the Pepperidge Farm package and the crackers would not always be seen in the package.⁴³⁰ The court determined that Pepperidge Farms had demonstrated a likelihood of dilution and affirmed the district court's grant of a preliminary injunction.⁴³¹

The Second Circuit has also found trade dress to be capable of protection under the FTDA.⁴³²

2. Tarnishment

In addition to protecting marks from dilution of distinctiveness, antidilution statutes have also been invoked to protect against uses that tend to derogate or tarnish a mark's image. Tarnishment occurs

when the goodwill and reputation of a plaintiff's trademark is linked to products which are of shoddy quality or which conjure associations that clash with the associations generated by the owner's lawful use of the mark....⁴³³

In *Dallas Cowboys Cheerleaders v. Pussycat Cinema, Ltd.*,⁴³⁴ the Second Circuit held that the plaintiff's mark had been tarnished by defendant's unauthorized use of Dallas Cowboys Cheerleaders' uniforms in a pornographic film. In another famous case, the Court of Appeals for New York enjoined a party from using the phrase "Enjoy Cocaine" on posters bearing a logo similar to the well-known Coca-Cola trademark.⁴³⁵

Parodies of marks have frequently been held **not** to tarnish the goodwill or reputation of a trademark. For example, in *L.L. Bean, Inc. v. Drake Publisher, Inc.*, the First Circuit denied the plaintiff injunctive relief against defendant's publication of a sexually explicit article in which facsimiles of plaintiff's trademark were displayed along with pictures of nude models purporting to use plaintiff's "products."⁴³⁶ The Court held that since the defendant had used plaintiff's mark "as a vehicle for an editorial or artistic parody"⁴³⁷ and not for competitive purposes, the defendant had a constitutional right under the first amendment's protection of free speech to publish its article, notwithstanding the "offensiveness or unwholesomeness of [the] materials."⁴³⁸

In another parody case, Jordache Enterprises was denied dilution protection for its Jordache trademark on blue jeans against a manufacturer who identified its blue jeans for larger women with a picture of smiling pig and the word "Lardashe."⁴³⁹ The Court noted that despite the fact that the public might associate the two marks as a result of the intentional parody, there was no evidence to suggest that the public would also associate the two sources of the products.⁴⁴⁰ Consequently, the Court concluded that there was no likelihood of injury to plaintiffs good will or reputation.⁴⁴¹

At least one circuit, however, has recognized that parody can, under certain circumstances, tarnish a party's mark. In *Anheuser-Busch, Inc. v. Balducci Publications*,⁴⁴² the Eighth Circuit held that defendant's fictitious advertisement for "Michelob Oily" on the back of a humor magazine tarnished plaintiff's image

by suggesting that plaintiff's beer contained oil. The Court rejected defendant's argument that publication of the parody was protected by the first amendment, even though it was presented in a strictly noncompetitive context.⁴⁴³ In distinguishing *Bean*, the Court noted that Balducci's parody disparaged the plaintiff's underlying product whereas defendant's parody in *Bean* did not.⁴⁴⁴ Moreover, the Court noted:

[T]he catalog parody [of *Bean*] was located inside a 100-page magazine....Readers presumably discovered it only after perusing the magazine or reviewing the table of contents, which labeled the article as "humor" and "parody." In contrast, Balducci placed its parody on the back cover with only a tiny disclosure. Thus, the casual viewer might fail to appreciate its editorial purpose.⁴⁴⁵

The Eight Circuit's analysis was tilted in Anheuser-Busch's favor by survey evidence.⁴⁴⁶ More than half of those surveyed thought that Balducci needed approval for the ad and six percent thought that it was an actual Anheuser-Busch ad.⁴⁴⁷

I. Trademark Counterfeiting Act of 1984

The Trademark Counterfeiting Act of 1984⁴⁴⁸ provides for substantial penalties, including criminal penalties, for trademark counterfeiting. In order to obtain relief under the Act, the "counterfeit" must be one which is registered on the Principle Register in the United States Patent and Trademark Office, and the accused must "knowingly" use that mark.⁴⁴⁹

The criminal penalties available under the Act include fines not exceeding \$2 million and imprisonment not greater than 10 years, or both, for individuals, and for corporations or other business entities, violation of the act carries a fine not greater than \$5 million. For second time individual offenders, fines not greater than \$5 million or imprisonment not greater than 20 years or both may be assessed. A two-time losing corporation can be fined up to \$15 million.

The Act provides for *ex parte* seizure of goods and counterfeit marks, the means for making the marks and records which document the manufacture, sale or receipt of things included in the violation.⁴⁵⁰

In addition to the above remedies and penalties, the articles which bear counterfeit marks may be ordered destroyed. A court has held that the destruction remedy is available in civil counterfeit cases⁴⁵¹ although it is questionable if the statute permits destruction prior to a trial on the merits.⁴⁵²

J. Anticounterfeiting Consumer Protection Act of 1996

Under the Anticounterfeiting Consumer Protection Act of 1996, penalties were increased for counterfeiting and procedures were altered to make it easier for the aggrieved trademark owner to get relief. These are the most significant provisions of the Act:⁴⁵³

- (1) Penalties were increased by amending a “predicate act” under RICO (see next section) to include trafficking in counterfeit goods. This results in the possible seizure of the counterfeit products and other assets associated with the counterfeiting enterprise.
- (2) Criminal anticounterfeiting provisions now encompass labels on computer programs.⁴⁵⁴
- (3) Seizures of counterfeit goods may now be performed by all federal officers (U.S. Marshall, FBI, Secret Service and Post Office) and any state or local law enforcement officer.⁴⁵⁵
- (4) Statutory damages, analogous to those available for copyright infringement, are available in an amount ranging from \$500 to \$100,000 per counterfeit mark per type of goods or services and up to \$1 million if use of the counterfeit mark was willful.⁴⁵⁶
- (5) Counterfeit goods seized by Customs must be destroyed unless the trademark owner agrees to some other way of disposing of the goods.

K. Racketeer Influenced and Corrupt Organizations Act (RICO)

RICO can be an extremely effective tool in any appropriate litigation.⁴⁵⁷ The local rules, however, should be reviewed carefully before any RICO claim is lodged. Remedies of treble damages and attorneys' fees are available to a person injured in his business or property by someone who participates in an "enterprise's affairs through a pattern of racketeering activity."⁴⁵⁸

Racketeering activity not only includes extortion, murder and other things which one might associate with the targets of Elliot Ness' violent investigations, but also includes mail or wire fraud and fraud in the sale of securities.⁴⁵⁹ As little as two acts of racketeering within a ten year period qualifies as a pattern which would then entitle an aggrieved party to the remedies under the Act. Under the

Anticounterfeiting Consumer Protection Act of 1996, a “predicate act” under RICO now includes trafficking in counterfeit goods.

Given the Supreme Court's decision in 1984 reading the RICO statute as broadly having application in a wide range of civil cases, it should be considered as having application in product simulation cases.⁴⁶⁰ One decision suggests that while the Act may have applicability, it will be difficult to establish the requisite "pattern of racketeering activity."⁴⁶¹ With the “predicate act” definition, however, it should be easier to establish a RICO violation.

L. Molding Statutes

While several states have enacted molding statutes for the purpose of providing remedies for the unlawful duplication of manufactured articles, the Supreme Court's *Bonito Boats* decision specifically held Florida's boat molding statute to be preempted under the Supremacy Clause.⁴⁶² The Supreme Court's decision would appear to overrule the Federal Circuit's holding that California's direct molding statute was not preempted.⁴⁶³ Indeed, given the *Bonito Boats* decision, the continued viability of any direct molding statute would appear to be questionable at best.

Prior to the Supreme Court' decision in *Bonito Boats*, ten states had enacted statutes for the purpose of providing remedies for the unlawful duplication of manufactured articles via direct molding processes.⁴⁶⁴ The earliest molding statute was enacted in California in 1978,⁴⁶⁵ and was the subject of dispute in the highly controversial Federal Circuit case, *Interpart Corp. v. Italia*.⁴⁶⁶

In *Interpart*, the Federal Circuit held that California's molding statute was not preempted by Federal patent law because the statute did not prohibit "copying" of unpatented articles per se, but rather served to regulate the use of those chattels by preventing second comer's from employing the manufactured products as a patterns or "plugs" in their own molding processes.⁴⁶⁷ However, the Supreme Court in *Bonito Boats* criticized the reasoning of the Federal Circuit, stating that

the very purpose of [] molding statutes is to "reward" the "inventor" by offering substantial protection against public exploitation of his or her idea embodied in the product. Such statutes....have precisely the effect of substantially limiting the ability of the public to exploit on otherwise unprotected idea.⁴⁶⁸

Such limitation, the Court held, conflicts with federal policy favoring "free competition in unpatented ideas."⁴⁶⁹

Thus, while not specifically overturning *Interpart* or passing on the validity of other state molding laws, the Supreme Court's decision in *Bonito Boats* has apparently sounded the death knell for state molding statutes.⁴⁷⁰ As a result, eager copyists are essentially given one more court protected "means" of capitalizing on the efforts of innovative first comers.

VI. CONCLUSION

Success of a product will likely always breed imitation. There are many ways of fairly competing by copying but

[w]hat makes the fight unfair is always the borrowing by the newcomer from the first maker of something not necessary to excellence of product, not required for functional perfection, yet almost invariably cleverly calculated to attract and fix the attention, or please the eye of the careless.⁴⁷¹

The overzealous copier takes a big risk in slavishly copying every detail of another's product. Given the exposure, copying should only be undertaken after careful evaluation of all pertinent issues including, most importantly, the functionality of the product to be copied.

The innovator, on the other hand, should be aggressive in protecting its product configuration rights or risk losing them. The aggrieved first comer has many tools available to remedy the wrong but also has many hurdles to clear before obtaining relief. Prior to instituting suit, the first comer should at least marshal evidence which could support conclusions of nonfunctionality, secondary meaning, and likelihood of confusion.

There is one word of caution to the innovator. Like the overzealous copyist, the aggressively litigious plaintiff may have an exposure for at least the payment of attorneys' fees if the lawsuit is found to have been brought in bad faith and for an improper anticompetitive purpose.

ENDNOTES

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- ¹ *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1253 (6th Cir. 1991) (Judge Kennedy dissenting).
- ² *TrafFix Devices, Inc. v. Marketing Displays, Inc.* 532 U.S. 23 (2001).
Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 529 U.S. 205 (2000).
- ³ A variety of claims may be brought under § 43(a) including product imitation and trade dress infringement. The former historically dealt with copying of the product's appearance while the latter dealt with copying of the product's packaging. The two claims are often combined where the product itself serves as its package and has certain features alleged to have been used to distinguish the source of goods. *Harlequin Enterprises, Ltd. v. Gulf & Western Corp.*, 644 F.2d 946 (2d Cir. 1981); *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981). The distinction between the two types of claims for the most part did not exist. In many cases the courts hold that product imitation as well as copying of packaging constitutes trade dress infringement. *Warner Bros.*, 658 F.2d at 76. *See also Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F.2d 299 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982); *Black & Decker Mfg. Co. v. Ever-Ready Appliance Mfg. Co.*, 518 F. Supp. 607 (E.D. Mo. 1981), *aff'd*, 684 F.2d 546 (8th Cir. 1982). The Supreme Court in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000), however, recognized an important difference between a claim for copying of a product's configuration as opposed to one for copying of a product's packaging. In the former case, the party seeking relief has the burden of proving secondary meaning because a product's configuration is not inherently distinctive. *Id.* at 215.
- ⁴ For a good analysis of the doctrine see Gary R. Spratling, "The Protectability of Package Container, and Product Configurations," 63 TMR 117 (1973); *See also* McCarthy, *Trademarks and Unfair Competition*, Vol. 1, § 7:24 *et seq.* (1992).
- ⁵ For an insightful perspective from a commentator discussing *Sears* and *Compco* shortly after they were decided, see Tom Arnold, "A Philosophy on the Protections Afforded by Patent, Trademark, Copyright and Unfair

Competition Law: The Sources and Nature of Product Simulation Law,"
54 TMR 413 (1964).

6 *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, *reh'g denied*, 376 U.S.
973 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234,
reh'g denied, 377 U.S. 913 (1964).

7 *Id.* at 237.

8 *Id.* at 234.

9 *Id.* at 234.

10 *Id.* at 235.

11 *Id.* at 237-38.

12 *Id.* at 238 (emphasis added).

13 *Sears*, 376 U.S. at 225-26.

14 *Id.* at 226.

15 *Id.* at 226-27.

16 *Id.* at 231.

17 J. Thomas McCarthy, "Important Trends in Trademark and Unfair
Competition Law During the Decade of the 1970's," 71 TMR 93 (1981).

18 *Goldstein v. California*, 412 U.S. 546, *reh'g denied*, 414 U.S. 883 (1973).

19 *Id.* at 571.

20 *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974).

21 *Id.* at 491.

22 *Id.* at 495.

23 *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977).

24 *Id.* at 1578-79.

25 *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979).

26 *Id.* at 266.

27 *Id.* at 263-64.

28 489 U.S. 141 (1989).

29 *Id.* at 168.

30 *Id.* at. 158.

31 *Id.* at. 154.

32 *Id.* at. 166.

33 *Id.*

34 *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 640 (7th Cir. 1993)

35 *Id.* at 641.

36 *Escada AG v. Limited, Inc.*, 810 F. Supp. 571 (S.D.N.Y. 1993) (holding that the New York anti-dilution statute was preempted by the patent law because it had no likelihood of confusion requirement and hence granted “patent like” protection).

37 *Spangler Candy Co. v. Crystal Pure Candy Co.*, 353 F.2d 641 (7th Cir. 1965).

38 *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1214 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976).

39 Other courts have followed suit. *See, e.g., Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979); *SK&F, Co. v. Premo Pharmaceutical Lab., Inc.*, 625 F.2d 1055 (3d Cir. 1980); *Keene*

Corp. v. Paraflex Indus., Inc., 653 F.2d 822 (3d Cir. 1981); and *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78 (3d Cir. 1982). Prior to the decision in *TESCO*, § 43(a) was not widely used as a basis for a claim of product imitation. Prior to that time it had been used in cases involving claims of package and label design imitation. See *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405 (6th Cir. 1963); *Bogene, Inc. v. Whit-Mor Mfg. Co.*, 253 F. Supp. 126 (S.D.N.Y. 1966).

40 *In re Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964).

41 *In re Mogen David Wine Corp.*, 372 F.2d 539 (C.C.P.A. 1967).

42 *Id.* at 543.

43 *Tveter v. AB Turn-O-Matic*, 633 F.2d 831, 839 (9th Cir. 1980), *cert. denied*, 451 U.S. 911 (1981).

44 *Keene*, 653 F.2d 822.

45 *Id.* at 827-28.

46 *Id.* at 823 n. 1.

47 *SK&F*, 625 F.2d at 1065-66.

48 *Boston Professional Hockey Ass'n. v. Dallas Cap & Emblem Mfg. Inc.*, 510 F.2d 1004, 1013 (5th Cir.), *cert. denied*, 423 U.S. 868, *reh'g denied*, 423 U.S. 991 (1975).

49 *Compco*, 376 U.S. at 237.

50 *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989).

51 *Pebble Beach Co. et al v. Tour 18 I, Ltd.*, 155 F.3d 547 (5th Cir. 1998) (emphasis added).

52 *Id.* at 547-8 (citations omitted).

53 *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1337 (C.C.P.A. 1982).

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- 54 *See, e.g., Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, *reh'g denied*, 305 U.S. 674 (1938).
- 55 *See, e.g., Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952).
- 56 *See* Allen Zelnick, "The Doctrine of `Functionality,'" 73 TMR 128 (1983); Bradford J. Duft, "'Aesthetic' Functionality," 73 TMR 151 (1983).
- 57 222 F.2d 581 (6th Cir. 1955), *cert. denied*, 350 U.S. 840 (1955).
- 58 *Id.* at 589. (quoting Introductory Note to the Subject of Confusion of Source, Through Imitation of Appearance, Restatement of the Law of Torts, Volume 3, page 622).
- 59 305 U.S. 111 (1938).
- 60 *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (2nd Cir. 1917).
- 61 *Id.*
- 62 *Id.*
- 63 *In re Deister Concentrator Co.*, 289 F.2d 496, 501 (C.C.P.A. 1961).
- 64 *Morton-Norwich*, 671 F.2d at 1337.
- 65 *Restatement of the Law, Third*, Unfair Competition § 17 (1995) (emphasis added).
- 66 *Id.* at § 17, comment (a) (emphasis added).
- 67 *See Restatement of the Law, Torts*, § 742 (1938):

A feature of goods is functional ... if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them; it is non-functional if it does not have any of such effects (emphasis added).

and comment (a) to § 742 which states that:

[t]he determination of whether or not ... [design] features are functional depends upon the question of fact whether prohibition of imitation by others will deprive the others of something which will substantially hinder them in competition. [] A feature is non-functional if, when omitted, nothing of substantial value in the goods is lost.

68 289 F.2d 496.

69 *Id.* at 502-03.

70 *Id.* at 506.

71 *Id.* at 502.

72 *Morton-Norwich*, 671 F.2d 1332.

73 *Id.* at 1334.

74 *Id.* at 1337.

75 *Id.*

76 *Id.*

77 *Id.* at 1342.

78 **Second Circuit.** *See, e.g., LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 76 (2d Cir. 1985); *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co., Inc.*, 916 F.2d 76, 79 (2d Cir. 1990), *cert. denied*, 499 U.S. 976 (1991).

Fifth Circuit. *See, e.g., Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 428-29 (5th Cir. 1984); *Sno-Wizard Mfg., Inc., v. Eisemann Prods. Co.*, 791 F.2d 423 (5th Cir. 1986).

79 **Seventh Circuit.** *See, e.g., Abbott Lab. v. Mead Johnson & Co.*, 971 F.2d 6, 21 (7th Cir. 1992).

Eighth Circuit. *See, e.g., Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244 (8th Cir. 1990).

Ninth Circuit. See, e.g., *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir.), cert. denied, 493 U.S. 872 (1989).

Tenth Circuit. See, e.g., *Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268, 1274 (10th Cir.), cert. denied, 488 U.S. 908 (1988); *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 519 (10th Cir. 1987).

80 **Seventh Circuit.** See, e.g., *Abbott Lab.*, 971 F.2d at 22.

Ninth Circuit. See, e.g., *Clamp Mfg.*, 870 F.2d at 516.

Tenth Circuit. See, e.g., *Hartford House*, 846 F.2d at 1273; *Spinit Reel*, 832 F.2d at 519.

81 *In re R.M. Smith, Inc.*, 734 F.2d 1482 (Fed. Cir. 1984); See also *In re Avocet, Inc.*, 223 U.S.P.Q. 517 (T.T.A.B. 1984), recons. denied, 227 U.S.P.Q. 566 (T.T.A.B. 1985) (where the Board held that the bicycle seat design was functional since it works better in that particular shape). See also *In re Vico Products Mfg. Co.*, 229 U.S.P.Q. 364 (T.T.A.B. 1985), recons. denied, 229 U.S.P.Q. 716 (T.T.A.B. 1986) (where a pipe shape was held functional because it worked better in that shape).

82 *New England Butt Co. v. Int'l Trade Comm'n*, 756 F.2d 874 (Fed. Cir. 1985).

83 *Textron, Inc. v. U.S. Int'l Trade Comm'n*, 753 F.2d 1019, 1027 (Fed. Cir. 1985).

84 *In re Chesebrough-Pond's, Inc.*, 224 U.S.P.Q. 967 (T.T.A.B. 1984).

85 *Stormy Clime, Inc. v. Progroup, Inc.*, 230 U.S.P.Q. 685 (S.D.N.Y. 1986), vacated, in part, 809 F.2d 971 (2d Cir. 1987).

86 *Ives Lab., Inc. v. Darby Drug Co.*, 601 F.2d 631, 643 (2d Cir. 1979) (quoting Pagliero, 198 F.2d at 343); *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917-18 (9th Cir. 1980), cert. denied, 452 U.S. 941 (1981).

87 *Sicilia*, 732 F.2d at 428.

88 *LeSportsac*, 754 F.2d at 77 (quoting from *Keene*, 653 F.2d at 823).

89 *TrafFix*, 532 U.S. at 28.

90 *Id.* at 30.

91 *Id.* at 25.

92 *Id.* at 26.

93 *Id.*

94 *Id.* at 27.

95 *Qualitex Co. v. Jacobson Products, Co.*, 514 U.S. 159, 165 (1995).

96 *Traffix*, 532 U.S. at 27-28 (internal quotes omitted).

97 In the same year that *Morton-Norwich* was decided the Supreme Court issued its opinion in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982). *Inwood* involved generic substitutes for the prescription drug, Cyclospasmol. *Id.* at 846. Ives originally marketed the drug, which was protected by a patent, as either a blue or a blue and red capsule depending on the dosage amount. *Id.* at 847. Once the Ives patent expired, Inwood and other generic drug manufacturers began to market their own versions of Cyclospasmol using the same capsule coloring scheme as Ives. *Id.* Ives brought suit under section 43(a) of the Lanham Act contending that its capsule coloring scheme was not functional and that it had developed secondary meaning. *Id.* at 850-51.

98 *TrafFix*, 532 U.S. at 33.

99 *Logan Graphic Prods. v. Textus U.S.*, 2002 U.S. Dist LEXIS 24547 (N.D. Ill. 2002).

100 *Metrokane Inc. v. Wine Enthusiast*, 160 F. Supp. 2d 633, 638 (S.D.N.Y. 2001).

101 *Valu Engineering, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1276 (Fd. Cir. 2002).

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- 102 For a historic and elaborate analysis of the aesthetic functionality issue see
Bradford J. Duft, "'Aesthetic' Functionality", 73 *TMR* 151 (1983).
- 103 198 F.2d 339.
- 104 *Id.* at 343.
- 105 *Id.*
- 106 633 F.2d 912.
- 107 *Id.* at 918.
- 108 *Id.* at 920.
- 109 *In Supreme Assembly, Order of Rainbow for Girls v. J. H. Ray Jewelry
Co.*, 676 F.2d 1079 (5th Cir. 1982).
- 110 *Id.* at 1082.
- 111 510 F.2d 1004.
- 112 *Id.* at 1013.
- 113 *Vuitton et Fils S.A. v. J. Young Enter., Inc.*, 644 F.2d 769 (9th Cir. 1981).
- 114 *Id.* at 773-74.
- 115 **Second Circuit.** *See, e.g., Stormy Clime*, 809 F.2d 971; *Wallace*, 916
F.2d 76.
Third Circuit. *See, e.g., Keene*, 653 F.2d 822; *American Greetings Corp.
v. Dan-Dee Imports, Inc.*, 807 F.2d 1136 (3d Cir. 1986).
Fifth Circuit. *See, e.g., Sicilia*, 732 F.2d 417.
Ninth Circuit. *See, e.g., Fabrica, Inc. v. El Dorado Corp.*, 697 F.2d 890
(9th Cir. 1983).
Tenth Circuit. *See, e.g., Spinit Reel*, 832 F.2d 513.
- 116 **Second Circuit.** *See, e.g., LeSportsac*, 754 F.2d at 77; *Stormy Clime*, 809
F.2d at 977; *Wallace*, 916 F.2d at 80.
Fifth Circuit. *See, e.g., Sicilia*, 732 F.2d at 429.

Tenth Circuit. See, e.g., *Spinit Reel*, 832 F.2d at 519.

117 *American Greetings*, 807 F.2d at 1142 (quoting *Keene*, 653 F.2d at 825).

118 *Plasticolor Molded Prods. v. Ford Motor Co.*, 713 F. Supp. 1329,
1338(C.D. Cal. 1989), *vacated*, 18 U.S.P.Q.2d 1975 (C.D. Cal. 1991).

119 *Id.* at 1339.

120 *Id.* at 1340.

121 In an earlier decision involving Plasticolor's unauthorized use of Ford's trademark on its floor mats, Judge Kozinski granted Ford's motion for summary judgment on its trademark infringement and unfair competition claims. *Plasticolor Molded Prods. v. Ford Motor Co.*, 698 F. Supp. 199, 204 (C.D. Cal. 1988), *summary judgment granted in part and denied in part*, 713 F. Supp. 1329 (C.D. Cal. 1989), *vacated*, 18 U.S.P.Q.2d 1975 (C.D. Cal. 1991). However, under the earlier set of facts, Plasticolor's mats were being sold without any indication of origin other than the Ford mark. *Id.* at 201.

122 *Plasticolor*, 18 U.S.P.Q.2d 1975.

123 *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1260 (9th Cir. 2001). It is somewhat odd that the Circuit responsible for the genesis of aesthetic functionality would make such an observation.

124 *Mogen David*, 328 F.2d 925; *In re Penthouse Int'l, Ltd.*, 565 F.2d 679 (C.C.P.A. 1977); *In re DC Comics, Inc.*, 689 F.2d 1042 (C.C.P.A. 1982). *Brunswick Corp. v. British Seagull*, 35 F.3d 1527 (Fed. Cir. 1994); *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417 (5th Cir.1984).

125 *Id.* at 1045.

126 *TrafFix*, 532 U.S. at 33.

127 *Id.* at 33. While the ultimate issue presented in *Qualitex* was whether color alone may be registered as a trademark, the Court did examine functionality. *Qualitex*, 514 U.S. at 164-66. *Qualitex* sued Jacobsen after learning that Jacobsen manufactured and sold green-gold colored dry-

cleaning press pads similar to the Qualitex pad. The Court noted that sometimes color is essential to a product's use or purpose and sometimes it is not. There, hence, can not be a *per se* conclusion of functionality based on color alone. *Id.* at 165. In response to the contention that allowing trademark protection to extend to color alone would create a "color depletion" problem, the Court pointed out that the competitive needs test would prevent such a situation. *Id.* at 168-69.

The upshot is that ... courts will examine whether [color's] use as a mark would permit one competitor ... to interfere with legitimate (non-trademark-related) competition through actual or potential exclusive use of an important product ingredient. That examination should not discourage firm from creating esthetically pleasing mark designs, for it is open for their competitors to do the same. But, ordinarily it should prevent the anticompetitive consequences of [respondent's] hypothetical "color depletion" argument, when, and if, the circumstances of a case threaten "color depletion."

Despite the Court's use of the competitive needs test, the case probably could and should have been decided under the "traditional" *Inwood* test. The Supreme Court noted that the district court found that there was no competitive need for the green-gold color despite the fact that it is important to use some color to avoid noticeable stains, because "other colors are equally usable." *Id.* at 166 (internal citations omitted). Regardless of whether other colors are usable, the green-gold color served a function under the *Inwood* test. Specifically, it affects the quality of the article as the use of the green-gold color, or any other color, enhances the desirability of the article by making it more stain resistant.

128 *McCarthy* § 7:80.

129 *See McCarthy, Trademarks and Unfair Competition*, Vol. 1, § 7:81 (2002) for a critique of the aesthetic functionality doctrine.

130 *Wal-Mart*, 529 U.S. at 215.

131 *Id.*

132 *TrafFix*, 532 U.S. at 35.

133 278 F.3d 1268 (Fed. Cir. 2002)

134 *Id.* at 1274 (citing *In re Morton-Norwich*).

135 *Id.* at 1276 (citations omitted).

136 *Id.* (citing J. Thomas McCarthy, 1 McCarthy on Trademarks and Unfair
Competition, § 7:75, 7-180-1 (4th ed. 2001).

137 *Truck Equip.*, 536 F.2d 1210.

138 *Id.* at 1218.

139 *Id.*

140 *Id.*

141 *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 194 (1st
Cir. 1980).

142 *Id.*

143 *Id.* at 196 (emphasis added).

144 *Vibrant Sales*, 652 F.2d at 301.

145 *Id.*

146 *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366 (1st Cir. 1980).

147 *Id.* at 378.

148 *Id.*

149 *Ideal Toy*, 685 F.2d 78; compare with *Tomy Corp. v. P.G. Continental,*
Inc., 534 F. Supp. 595 (S.D.N.Y. 1982) (denial of preliminary injunctive
relief to prohibit copying of a pyramidal puzzle).

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- 150 *Id.* at 84.
- 151 *Id.* at 81-82 n. 4.
- 152 *Selchow & Righter Co. v. Decipher, Inc.*, 598 F. Supp. 1489, 1503-05 (E.D. Va. 1984).
- 153 *Id.* at 1500.
- 154 944 F.2d 1235 (6th Cir.), *reh'g, en banc, denied*, 1991 U.S. App. Lexis 31362 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219, 112 S. Ct. 3028 (1992).
- 155 *Id.*
- 156 *Id.* at 1246.
- 157 *Id.* at 1246-47.
- 158 *Id.* at 1244 (citing *Rolex Watch, U.S.A., Inc. v. Canner*, 645 F. Supp. 484, 495 (S.D. Fla. 1986)).
- 159 *Id.* at 1244-45.
- 160 *Id.* at 1245.
- 161 For an excellent analysis of the *Ferrari* case, and its legal ramifications, see William D. Raman, "*Ferrari* - Can Dilution Be the Standard for Likelihood of Confusion?", 1 *Tex. Intell. Prop. L.J.* 1 (1992).
- 162 *See Blockbuster Entertainment Group v. Laylco, Inc.*, 869 F. Supp. 505, 513 (E.D. Mich. 1994).
- 163 *Herman Miller, Inc. v Palazzetti Imports and Exports, Inc.*, 270 F.3d 298, 308 (6th Cir. 2001).
- 164 *Vornado Air Circulation systems, Inc. v Duracraft Corp.*, 58 F.3d 1998, 1500 (10th Cir. 1995).
- 165 *Id.* at 1449.

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- 166 *Id.* at 1509-1510. “Given, then, that core patent principles will be significantly undermined if we do not allow the copying in question, and peripheral Lanham Act protections will be denied if we do, our answer seems clear. Much has been said in this and other section 43(a) cases about whether a second competitor needs to use a particular product design to compete effectively. But where Lanham Act goals are not the only ones at stake, we must also examine the degree to which a first competitor needs to use a useful product feature instead of something else--a name, a label, a package--to establish its brand identity in the first place.”
- 167 *Sunbeam Prods. Inc. v The West Bend Co.*, 123 F.3d 246, 256 (5th Cir. 1997).
- 168 *Id.* at 249.
- 169 *Id.*
- 170 *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000).
- 171 *Levi Strauss & co. v. Blue Bell, Inc.*, 632 F.2d 817, 820 (9th Cir. 1980).
- 172 *Id.* at 818-9.
- 173 *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 868-9 (2nd Cir. 1986).
- 174 *Id.* at 871-2.
- 175 *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844 (1982).
- 176 *Id.*
- 177 *Id.*
- 178 *Id.*
- 179 625 F.2d 1055 (3d Cir. 1980).

180 *Id.* at 1057-58.

181 *McNeil-PPL, Inc. v. Granutec, Inc.*, 919 F.Supp. 198 (E.D. N.C. 1995) (manufacturer of generic OTC acetaminophene products enjoined from selling product with a confusingly similar color scheme, including its red and yellow scheme).

182 *Ciba-Geigy Corp. v. Bolar Pharmaceutical Co.*, 547 F. Supp. 1095 (D.N.J. 1982), *aff'd*, 719 F.2d 56 (3d Cir. 1983), *cert. denied*, 465 U.S. 1080 (1984); *Boehringer Ingelheim GmbH v. Pharmadyne Lab.*, 532 F. Supp. 1040 (D.N.J. 1980); *Biocraft Lab., Inc. v. Merck & Co.*, 532 F. Supp. 1068 (D.N.J. 1980); *Merck & Co. v. Par Pharmaceutical, Inc.*, 770 F.2d 1072 (3d Cir.), *cert. denied*, 474 U.S. 981 (1985); *Par Pharmaceutical, Inc. v. Searle Pharmaceuticals, Inc.*, 227 U.S.P.Q. 1024 (N.D. Ill. 1985). *McNeil-PPL, Inc. v. Granutec, Inc.*, 919 F.Supp. 198 (E.D. N.C. 1995) (preliminarily enjoined defendant's marketing of a generic version of McNeil's Tylenol acetaminophene "gelcaps," having the same yellow and red capsule).

183 *Fotomat Corp. v. Houck*, 166 U.S.P.Q. 271 (Fla. Cir. Ct. 1970). As of that time, Fotomat Corp. had not been granted its federal registrations.

184 *Id.* at 272-73.

185 *Id.* at 272.

186 *Id.* The court's decision does not describe the precise nature of the registrations but it does indicate that service mark rights are on the building shown in the reproduced photograph which appears on page 274 of the opinion. It is also not clear from the opinion whether the plaintiff was the owner of one or more Florida registrations.

187 *Id.* at 272.

188 *Fotomat Corp. v. Photo Drive-Thru, Inc.*, 425 F. Supp. 693 (D.N.J. 1977).

189 *Id.* at 706.

190 *Id.* at 704.

191 *Id.* at 705.

192 *Id.* at 706.

193 *Id.*

194 *Id.*

195 *Id.* at 710. If advertisements containing pictures of the building were enjoinable, should the building design itself be any less enjoinable? Compare with Judge Rich's concurring opinion in *In re McIlhenny Co.*, 278 F.2d 953, 957 (C.C.P.A. 1960).

196 *See* reproductions of the logos and the kiosk at page 712.

197 *Id.* at 699-700.

198 *Id.*

199 *Id.* at 699.

200 *Id.*

201 *Id.*

202 *Id.*

203 *Id.*

204 *Id.* at 708.

205 437 F. Supp. 1231 (D. Kan. 1977).

206 *Id.* at 1235-36.

207 *Id.* at 1236.

208 *Id.* at 1243.

209 *Id.*

210 *Id.* at 1246.

211 *Fotomat Corp. v. Ace Corp.*, 208 U.S.P.Q. 92, 96 (S.D. Cal. 1980).

212 *Id.*

213 *Id.* at 96.

214 *New York Stock Exchange Inc. v. New York, New York Hotel L.L.C.*, 62 U.S.P.Q. 2d 1260 (2d Cir. 2002).

215 15 U.S.C. 1125 (b)(c)(1)(A).

216 *Deere & Co. v. MTD Products, Inc.*, 2002 WL 1837402 (S.D.N.Y. 2002) (holding that because the FTDA requires inherent distinctiveness and color can not be inherently distinctive, John Deere's claim for dilution of its color pattern must fail).

217 *See Rock and Roll Hall of Fame and Museum Inc. v. Gentile Productions*, 134 F.3d 749 (6th Cir. 1998) (mere presence of museum on a poster did not give indication that poster was affiliated with museum); *N.Y. Racing Ass'n v. Permuter Pub., Inc.*, 959 F. Supp. 578 (N.D.N.Y. 1997) (depiction of a stadium on defendant's souvenirs not enjoined where stadium was not used as trade dress by plaintiff).

218 *See Warehouse Restaurant, Inc. v. Custom House Restaurant, Inc.*, 217 U.S.P.Q. 411 (N.D. Cal. 1982); *Shakey's v. Covalt*, 704 F.2d 426 (9th Cir. 1983); *Prufrock, Ltd. v. Lasater*, 781 F.2d 129 (8th Cir. 1986); *Rally's, Inc. v. Int'l Shortstop, Inc.*, 776 F. Supp. 451 (E.D. Ark. 1990), *aff'd*, 985 F.2d 565 (8th Cir. 1991).

219 505 U.S. 763, 112 S. Ct. 2753 (1992).

220 *Id.* at 2756.

221 *Id.* at 2760. *See, e.g., Vibrant Sales*, 652 F.2d 299 (in which the Court of Appeals held that unregistered marks did not qualify for federal protection under § 43(a) absent proof of secondary meaning because unregistered marks did not enjoy the same "presumptive source association" as

registered marks); *See also Stormy Clime*, 809 F.2d at 974; *Union Mfg. Co. v. Han Baek Trading Co.*, 763 F.2d 42, 48 (2d Cir. 1985); *LeSportsac*, 754 F.2d at 75.

222 *Two Pesos*, 112 S. Ct at 2757.

223 White J. delivered the opinion of the Court, in which Rehnquist, C.J. and Blackmun, O'Connor, Scalia, Kennedy, and Souter JJ., joined. Scalia, J., filed a concurring opinion. Stevens, J., and Thomas, J., filed opinions concurring in the judgment.

224 *Id.* at 2760.

225 *Id.*

226 *Id.*

227 *Id.*

228 *Id.*

229 *Freddie Fuddruckers, Inc. v. Ridgeline, Inc.*, 589 F. Supp. 72 (N.D. Tex. 1984), *aff'd mem.*, 783 F.2d 1062 (5th Cir. 1986).

230 *Id.* at 77.

231 *Id.* at 75.

232 *Id.* at 74-75.

233 225 U.S.P.Q. 133 (D. Ariz. 1984).

234 *Id.* at 135.

235 *Id.*

236 *Id.*

237 *Id.*

238 *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 623 F. Supp. 21 (D. Ariz. 1985), rev'd, 826 F.2d 837 (9th Cir. 1987).

239 *Id.* at 22.

240 781 F.2d 129.

241 *Id.* at 130.

242 *Id.*

243 *Id.* at 134.

244 *Id.*

245 *Ale House Mgmt. v. Raleigh Ale House, Inc.*, 205 F.3d 137 (4th Cir. 2000).

246 *See, e.g., Nutrasweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990), *cert. denied*, 499 U.S. 983 (1991).

247 *See, e.g., In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116 (Fed. Cir. 1985); *Master Distrib., Inc. v. Pako Corp.*, 986 F.2d 219 (8th Cir. 1993).

248 514 U.S. 159, 115 S. Ct. 1300 (1995).

249 *Id.*

250 *Id.*

251 *Owens-Corning*, 774 F.2d 1116.

252 *Id.*

253 *Id.* at 1119-20.

254 *Id.* at 1120.

255 671 F.2d 1332.

256 *Id.* at 1122.

257 This section provides for registration of marks which are not inherently
distinctive where they have acquired secondary meaning.

258 *Owens-Corning*, 774 F.2d at 1125-27.

259 *Id.*

260 13 F.3d 1297 (9th Cir. 1994).

261 *Id.* at 1301-02.

262 The Ninth Circuit affirmed the district court's findings that the trade dress
of the press pad was nonfunctional and had only an aesthetic purpose (13
F.3d at 1304) and that the trade dress had acquired secondary meaning
through continuous use and advertising over a substantial period of time
(*Id.*)

263 *Id.* at 1301, 1305.

264 *Id.* at 1301.

265 *Id.* at 1302.

266 *Id.* (quoting *First Brands Corp. v. Fred Mayer, Inc.*, 809 F.2d 1378 (9th
Cir. 1987)).

267 *Id.*

268 *Id.*

269 *Id.* (citing *Nutrasweet*, 917 F.2d at 1027 which presented a "vivid
example" of the problems of shade confusion where both parties packaged
sugar substitute in pastel blue packets that plaintiff contended were
"confusingly similar" though not identical).

270 *Id.*; see also *Nutrasweet*, 917 F.2d at 1027 ("the Lanham Act adequately
protects the use of color as an element of a trademark").

271 *Qualitex*, 13 F.3d at 1302.

272 *Qualitex*, 115 S. Ct. at 1302.

273 *Id.*

274 15 U.S.C. § 1127 (1988).

275 *Qualitex*, 115 S. Ct. at 1303.

276 *Id.*

277 *Id.*

278 15 U.S.C. § 1127 (1988) (emphasis added).

279 *Qualitex*, 115 S. Ct. at 1307.

280 *Id.*

281 *Id.* at 1307-08.

282 *Id.* at 1305; *see also Nutrasweet*, 917 F.2d at 1027.

283 *Qualitex* 115 S. Ct. at 1305.

284 *Id.*

285 *Id.*

286 *Id.*

287 *Id.*

288 *Id.*

289 *Id.*

290 *Campbell Soup Co. v. Armour & Co.*, 175 F.2d 795 (3d Cir.), *cert. denied*,
338 U.S. 847 (1949).

291 *Qualitex*, 115 S.Ct. at 1306.

292 *Id.*

293 *Id.* at 1306-07. *See, e.g. Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85 (S.D. Iowa 1982), *aff'd*, 721 F.2d 253 (8th Cir. 1983) (finding green color of farm equipment functional because customers wanted their farm equipment to match); *Brunswick Corp. v. British Seagull, Ltd.*, 35 F.3d 1527 (Fed. Cir. 1994), *cert. denied*, 514 U.S. 1050, 115 S. Ct. 1426 (1995) (rejecting the color black as functional because black has the special functional attribute of decreasing the apparent size of the motor and ensuring compatibility with many different boat colors).

294 1994 WL 687525 at 20-21 (Resp. Brief).

295 *Id.*

296 *Qualitex Co. v. Jacobson Prods. Co.*, No. CV 901183 HLH(JRX), 1991 WL 318798, at *4 (C.D. Cal. Sept. 3, 1991).

297 *Id.*

298 *Qualitex*, 115 S. Ct. at 1305.

299 *Id.* at 1303.

300 *Id.*

301 *Id.*

302 *Two Pesos*, 112 S. Ct. at 2761.

303 *Qualitex*, 115 S. Ct. at 1303.

304 *Wal-Mart*, 529 U.S. at 213.

305 *Id.* at 211-12.

306 *In re Gaxo Group Ltd.*, 52 U.S.P.Q. 2d 1920 (TTAB 2000) (finding that
an inhaler's color scheme, two shades of green, was not inherently
distinctive).

307 *See, e.g.*, *Morton-Norwich*, 671 F.2d 1332.

308 *Owens-Corning*, 774 F.2d 1116 is an example of a case where the court
might have found "market functionality" based on the manufacturer's
market share and use of color. The plaintiff's pink insulation was the only
colored insulation in the industry and Owens-Corning dominated the
market. Nonetheless, the court held that the color pink was not functional.

309 *Owens-Corning*, 774 F.2d at 1130.

310 *Id.*

311 560 F. Supp. at 98.

312 *Id.*

313 35 F.3d at 1531; *See also, Al-Site Corp. v. VSI Int'l, Inc.*, 174 F.3d 1308
(Fed. Cir. 1999) (holding that allowing only one manufacturer of eyewear
to color code its lenses would give it a competitive advantage over other
manufacturers).

314 *Id.*

315 *Id.*

316 560 F. Supp. at 98.

317 *Publications Intl. v. Landoll, Inc.*, 164 F.3d 337 (7th Cir. 1999).

318 *Yankee Candle Co., Inc. v. Bridgewater Candle Co.*, 99 F. Supp. 2d 140
(D. Mass. 2000).

319 17 U.S.P.Q.2d 1238 (T.T.A.B. 1985).

320 *Id.*

321 *Id.* at 1239.

322 *Id.* at 1239 n. 4.

323 Citing *In re Gyulay*, 820 F.2d 1216 (Fed. Cir. 1987).

324 *Pebble Beach Co. et al v. Tour 18 I, Ltd.*, 155 F.3d 526 (5th Cir. 1998).

325 *Id.* at 534.

326 *Id.* at 533.

327 *Id.*

328 *Id.*

329 *Id.* at 534.

330 *Id.*

331 *Id.*

332 *Id.*

333 *Id.*

334 *Id.*

335 *Id.*

336 *Id.*

337 *Id.*

338 *Id.*

339 *Id.* at 540-1.

340 *Id.* at 541 n.7.

341 *Id.* at 539-40.

342 *Id.* at 540 (*emphasis added*).

343 *Id.* at 545, 547.

344 *See, e.g., Fischer & Porter Co. v. United States Int'l Trade Comm'n*, 831 F.2d 1574 (Fed. Cir. 1987); *Textron*, 753 F.2d 1019; *New England Butt Co.*, 756 F.2d 874. For basis of authority for Custom Service remedy see § 526 of the Tariff Act of 1930, 19 U.S.C. § 1526; § 42 of The Lanham Act, 15 U.S.C. § 1124.

345 *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983) (quoting from *Black & Decker*, 518 F. Supp. at 616 and indicating that the following cases were in accord: *Vuitton*, 644 F.2d at 772-73 (9th Cir. 1981); *SK&F*, 625 F.2d at 1065; *Truck Equip.*, 536 F.2d at 1217-21).

346 *Id.* at 982 n. 26.

347 *LeSportsac*, 754 F.2d 71.

348 *Id.* at 76 (referencing *Warner Bros.*, 724 F.2d 327).

349 *Id.* (referencing *Inwood Lab.*, 456 U.S. at 863); *see also Computer Care v. Serv. Sys. Enter., Inc.*, 982 F.2d 1063, 1068 (7th Cir. 1992) (party seeking to invalidate mark must prove it to be functional).

350 *See, e.g., Merchants & Evans, Inc. v. Roosevelt Bldg. Prods. Co.*, 963 F.2d 628, 633 (3d Cir. 1992); *Woodsmith Publishing*, 904 F.2d 1244; *Rachel v. Banana Republic, Inc.*, 831 F.2d 1503, 1506 (9th Cir. 1987).

351 15 U.S.C. 1115(a); *see, e.g., Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 869 (8th Cir. 1994) (owner of trade dress was entitled to a presumption of validity since trade dress had been registered on the Principal Register of the Patent and Trademark Office).

352 618 F. Supp. 273, 276 (S.D.N.Y. 1985).

353 *Id.* at 276-77.

354 Aug. 5, 1999, Pub. L. 106-43, § 3, 113 stat. 219.

355 *TrafFix Devices, Inc. v. Marketing Displays, Inc.* 532 U.S. 23 (2001).

356 *Id.* at 25.

357 *Id.* at 26.

358 *Id.* at 30.

359 *Id.* at 35.

360 *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987) (intentional copying gives rise to a presumption of likelihood of confusion); *Interstellar Starship Serv. v. Epix Inc.*, 184 F.3d 1107 (9th Cir. 1999) (intent to deceive is strong evidence of likelihood of confusion); *Ferrari*, 944 F.2d 1235 (6th Cir. 1991) (evidence of intentional copying gives rise to an presumption of likelihood of confusion); *Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165 (11th Cir. 1991) (intent to copy creates a rebuttable presumption of likelihood of confusion); *Osem Food Indus. Ltd. v. Sherwood Foods, Inc.*, 917 F.2d 161 (4th Cir. 1990) (a presumption of likelihood of confusion arises from intentional copying); *WCVB-TV v. Boston Athletic Ass'n.*, 926 F.2d 42 (1st Cir. 1991).

361 The Seventh, Third and Fifth circuits have found that proof of intent is just one of the factors used to determine likelihood of confusion. *Schwinn Bicycle Co. v. Ross Bicycles, Inc.* 870 F.2d 1176 (7th Cir. 1989); *Blue Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253 (5th Cir. 1989); *American Home Products v. Barr Labs, Inc.*, 834 F.2d 368 (3d Cir. 1987).

362 870 F.2d 1176, 1183-84 (7th Cir. 1989).

363 *Id.* at 1184 (emphasis original).

364 *Id.* at 1185 (bracketed material in original) (quoting *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 381-82 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976)).

365 *See, e.g., Osem Food Indus., Ltd. v. Sherwood Foods, Inc.*, 917 F.2d 161 (4th Cir.), *reh'g, en banc, denied* 1990 U.S. App. Lexis 20538 (4th Cir.

1990); *Ferrari*, 944 F.2d 1235. For a further discussion see J.T. McCarthy, *McCarthy on Trademarks and Unfair Competition*, §15.38 (4th ed. 2002).

366 917 F.2d at 163-65.

367 *Id.* at 165.

368 *See, e.g., Devan Designs, Inc. v. Palliser Furniture Corp.*, 25 U.S.P.Q.2d 1991, 2000 (M.D.N.C. 1992), *aff'd*, 998 F.2d 1008 (4th Cir. 1993).

369 826 F.2d at 844-45.

370 *McCarthy*, § 15.38.

371 *Sicilia*, 732 F.2d at 428.

372 *Truck Equip.*, 536 F.2d at 1218.

373 *Ideal Toy*, 685 F.2d at 82.

374 *Truck Equip.*, 536 F.2d at 1218.

375 *Keene*, 653 F.2d at 827.

376 *Clarke Checks*, 711 F.2d at 981 n. 24; *Truck Equip.*, 536 F.2d at 1214 n. 2, and 1220-1221; *Fisher Stoves*, 626 F.2d at 194-95; *Litton*, 728 F.2d 1423. *Ferrari*, 944 F.2d 1235. *See also Source Perrier, S.A. v. Waters of Saratoga Springs, Inc.*, 217 U.S.P.Q. 617 (S.D.N.Y. 1982) (where the well-known PERRIER mineral water bottle design was held to have been infringed by defendant even though a different label was employed); *Life Indus. Corp. v. Star Brite Distrib., Inc.*, 25 U.S.P.Q.2d 1628 (E.D.N.Y. 1992) (where defendant's motion for summary judgment on trade dress infringement claim for a caulking compound was denied even though defendant's name was clearly identified on label).

377 *See, e.g., Bose Corp. v. Linear Design Labs, Inc.*, 467 F.2d 304, 309 (2d Cir. 1972) ("The presence of [the manufacturer's] name on the product goes far to eliminate confusion of origin."); *Blue Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253, 1260 (5th Cir. 1989) (defendant's prominent

display of its name and trademark on its medical cart "greatly reduced" the potential for confusion); *Bristol-Myers Squibb Co. v. McNeil - P.P.C., Inc.*, 973 F.2d 1033, 1047 (2d Cir. 1992) ("The prominent placement of [defendant's] name goes far toward countering any suggestion that [defendant] intended to confuse its customers as to the source of its product.")

378 *Litton*, 728 F.2d at 1448 (emphasis added).

379 *Id.*

380 *Id.*

381 *See, e.g., Sunbeam Corp. v. Equity Indus. Corp.*, 635 F. Supp. 625 (E.D. Va. 1986), *aff'd*, 811 F.2d 1505 (4th Cir. 1987); *Braun, Inc. v. Dynamics Corp. of America*, 975 F.2d 815 (Fed. Cir. 1992), *reh'g, en banc, denied*, 1992 U.S. App. Lexis 28841 (Fed. Cir. 1992); *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145 (7th Cir. 1994).

382 *Ferrari*, 944 F.2d at 1238.

383 *In re Cabot Corp.*, 15 U.S.P.Q.2d 1224, 1226 (T.T.A.B. 1990); *In re Peters*, 6 U.S.P.Q.2d 1390, 1392 (T.T.A.B. 1988); *Black & Decker, Inc. v. North Am. Philips Corp.*, 632 F. Supp. 185, 192 (D. Conn. 1986); *Deister*, 289 F.2d at 501.

384 *Cabot*, 15 U.S.P.Q.2d at 1226; *Peters*, 6 U.S.P.Q.2d at 1392; *Fisher Stoves*, 626 F.2d at 195.

385 *Id.*; *TrafFix Devices, Inc. v. Marketing Displays, Inc.* 532 U.S. 23 (2001); *Morton-Norwich*, 671 F.2d 1332; *Black & Decker, Inc. v. Hoover Serv. Ctr.*, 886 F.2d 1285 (Fed. Cir. 1989).

386 *In re Vico Prods. Mfg. Co.*, 229 U.S.P.Q. 364 (T.T.A.B. 1985).

387 *Clarke Checks*, 711 F.2d at 978; *See also Ross Bicycles, Inc. v. Cycles USA, Inc.*, 765 F.2d 1502, 1508 (11th Cir. 1985), *cert. denied*, 475 U.S. 1013 (1986).

388 *Gorenstein Enters. v. Quality Care-USA, Inc.*, 874 F.2d 431, 436 (7th Cir. 1989) (rejecting defense of following lawyers advice to continue using the former franchisor's trademark when that advice was based on a false statement of facts).

389 *L'Aiglou Apparel, Inc. v. Lana Lobell, Inc.*, 214 F. 2d 649 (3d Cir. 1954).

390 *See, e.g., Spinit Reel*, 832 F.2d at 528; *WSM, Inc. v. Wheeler Media Serv. Inc.*, 810 F.2d 113, 116 (6th Cir. 1987); *Standard Terry Mills, Inc. v. Shen Mfg. Co.*, 803 F.2d 778, 782 (3d Cir. 1986); *Transgo, Inc. v. AJAC Transmission Parts Corp.*, 768 F.2d 1001, 1025-27 (9th Cir. 1985), *cert. denied*, 474 U.S. 1059 (1986); *Co-Rect Prods.*, 780 F.2d at 1331; *Rickard v. Auto Publisher, Inc.*, 735 F.2d 450 (11th Cir. 1984).

391 Cite to Pebble Beach 5th Cir.

392 *Taco Cabana*, 932 F.2d at 1125.

393 *Sunbeam Products*, 123 F.3d at 260.

394 15 U.S.C. § 1117(a); § 35 of the Lanham Act. *See Truck Equip.*, 536 F.2d at 1221.

395 15 U.S.C. § 1125(c); *See Sunbeam Prods. Inc. v. West Bend Co.*, 39 U.S.P.Q.2d 1545, 1555 (S.D. Miss. 1996)

396 *Id.*

397 15 U.S.C. § 1125(c)(4)

398 15 U.S.C. § 1125(c)(2)

399 *Id.*

400 35 U.S.C. §§ 1117(a) and 1118

401 *McCarthy* § 24:80.

402 *See, e.g., Mead Data Cent., Inc. v. Toyota Motor Sales*, 875 F.2d 1026, 1031 (2d Cir. 1989) ("This Court has defined dilution as either the blurring

of a mark's product identification or the tarnishment of the affirmative associations a mark has come to convey").

403 15 U.S.C. § 1127.

404 15 U.S.C. § 1125(c)(3)

405 *Mead Data*, 875 F.2d at 1030; *See also Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 369 N.E.2d 1162, 1165-66 (N.Y.S. 1977); *Miss Universe, Inc. v. Patricelli*, 753 F.2d 235, 238 (2d Cir. 1985); *Universal City Studios, Inc. v. Nintendo Co.*, 746 F.2d 112, 120 (2d Cir. 1984); *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983).

406 15 U.S.C. 1125(c)(1).

407 *Id.*

408 945 F. Supp. 547 I.S.D.N.Y. 1996).

409 *Moseley v. V Secret Catalogue, Inc.*, No. 01-1015 (U.S. March 4, 2003).

410 *Hyatt Corp. v. Hyatt Legal Serv.*, 736 F.2d 1153, 1158 (7th Cir. 1984).

411 *Id.*

412 *Id.*

413 *Id.*

414 *See, e.g., Mead Data*, 875 F.2d at 1031.

415 *Id.*

416 *Id.*; For a more in depth discussion of "blurring" as it pertains to dilution of distinctiveness *see Restatement of the Law, Unfair Competition*, § 25, comment (f) (1995).

417 *See, e.g., Mead Data*, 875 F.2d at 1029; *Universal City Studios*, 746 F.2d at 120.

418 *See, e.g., Fruit of the Loom, Inc. v. Girouard*, 994 F.2d 1359, 1363 (9th Cir. 1993); *Mead Data*, 875 F.2d at 1031-32.

419 *See, e.g., Sally Gee*, 699 F.2d at 625; *Pan Am. World Airways, Inc. v. PanAmerican School of Travel, Inc.*, 648 F. Supp. 1026, 1039 (S.D.N.Y.), *aff'd*, 810 F.2d 1160 (2d Cir. 1986).

420 *See, e.g., Sally Gee*, 699 F.2d at 625.

421 *See, e.g., Mead Data*, 875 F.2d at 1031.

422 *See Id.* at 1035 (Sweet, J. concurring) for a discussion on how all of these factors might be incorporated in a universal "likelihood of dilution" test.

423 678 F.2d 1034 (11th Cir. 1982).

424 *Mead Data*, 875 F.2d at 1031.

425 *Pebble Beach.*, 155 F.3d at 1567.

426 *Id.*

427 *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999).

428 *Mead Data Central, Inc. v. Toyota Motor Sales U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989).

429 *Nabisco.* at 217-18.

430 *Id.* at 218.

431 *Id.* at 229.

432 *Clinique Labs v. Dep Corp.*, 945 F. Supp. 547 (S.D.N.Y. 1996) ("Clinique's trade dress appears to be inherently distinctive. The specific color scheme of pastels recurs throughout the Clinique line of products, as does the silver foil stamping used for Clinique's marks as they appear on the products and packaging. The shape of the Clinique soap is unusual and apparently unique, as defendant introduced no other soap, other than its own, that approximated the shape. The arrangement of the graphics on the

products and packaging, as well as the textured shading of the packaging, all comprise a distinctive arrangement of features that make Clinique's trade dress arbitrary and fanciful.)

433 *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 31 (1st Cir.), *cert. denied*, 483 U.S. 1013 (1987).

434 604 F.2d 200.

435 *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1883 (E.D.N.Y. 1972).

436 811 F.2d at 27.

437 *Id.* at 32.

438 *Id.* at 33-34.

439 *Jordache Enter., Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482 (10th Cir. 1987).

440 *Id.* at 1491.

441 *Id.*

442 28 F.3d 769 (8th Cir. 1994).

443 *Id.* at 778.

444 *Id.*

445 *Id.*

446 *Id.* at 775.

447 *Id.*

448 18 U.S.C. § 2320.

449 18 U.S.C. § 2321(d)(1)(a)(ii).

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- 450 15 U.S.C. § 1116(d)(1)(A).
- 451 *Fendi S.A.S. Di Paola Fendie Sorelle v. Cosmetic World, Ltd.*, 642 F. Supp. 1143, 1145-6 (S.D.N.Y. 1986) (good bearing the counterfeit FENDI and FF trademarks were ordered destroyed even though Congress had failed to enact a civil remedy analogous to the criminal destruction penalty.)
- 452 *Eastman Kodak Co. v Photaz Imports Ltd., Inc.*, 853 F.Supp 667, 678-9 (W.D.N.Y. 1993) (recognizing authority from Congress to destroy infringing goods but declining to grant destruction as part of preliminary injunctive relief.)
- 453 *McCarthy* § 25:16.1.
- 454 *Id.* 18 U.S.C. § 2320(f).
- 455 *Id.* 15 U.S.C. § 1116(d)(9).
- 456 *Id.* 15 U.S.C. § 1117(c)(1), (2).
- 457 18 U.S.C. § 1961 *et seq.*
- 458 18 U.S.C. § 1964(c).
- 459 18 U.S.C. § 1961(l).
- 460 *Sedima, S.P.R.L. v. Imrex Co., Inc.*, 473 U.S. 479 (1985).
- 461 *Ford Motor Co. v. B & H Supply Inc.*, 646 F. Supp. 975 (D. Minn. 1986).
- 462 *Bonito Boats*, 489 U.S. 141.
- 463 *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985).
- 464 Ind. Code Ann. §§ 24-4-8-1 *et seq.*; La. Rev. Stat. Ann. § 51:462.1; Md. Code Ann., Com. Law I § 11-1001; Mich. Comp. Laws Ann. §§ 445.621 *et. seq.*; Miss. Code Ann. § 59-21-41; Mo. Ann. Stat. § 306.900; Tenn. Code Ann. § 47-50-111; Wis. Stat. Ann. § 134.34; Fla. Stat. Ann. § 559.94 (repealed 1991); Cal. Bus. & Prof. Code §§ 17300 *et seq.* (repealed 1991).

465 The California statute, like the one at issue in *Bonito Boats*, made it
unlawful to duplicate for the purpose of selling an article made by a direct
molding process. The remedies for violation of the California molding
statute included an injunction, actual damages, and reasonable attorneys'
fees and costs. Cal. Bus. & Prof. Code § 17301 *et seq.* (repealed 1991).

466 *Interpart*, 777 F.2d 678.

467 *Id.* at 684.

468 *Bonito Boats*, 489 U.S. at 163.

469 *Id.* at 144.

470 It is not surprising, therefore, that both Florida and California have
repealed their molding statutes.

471 *Sicilia*, 732 F.2d at 429 n. 8 (quoting *Margarette Steiff, Inc. v. Bing*, 215
F.2d 204 (S.D.N.Y. 1914)).