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Trade Dress Protection and The Confusion with Design Patents Part One: Trade Dress Protection

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TRADE DRESS PROTECTION AND THE CONFUSION WITH DESIGN PATENTS  
PART ONE: TRADE DRESS PROTECTION  
by  
Roy J. Girasa*  
Richard J. Kraus**

INTRODUCTION

A company's sign or symbol certainly constitutes an important business asset. The public recognizes the McDonald's Arch, the Mercedes emblem, the unique "K" on Kellogg's products, and innumerable other signs or symbols. These trademarks convince many to purchase the products offered. Marketers also understand that the packaging and design of a product significantly influence a buyer to select a particular item. One need only examine the beautiful designs of perfume bottles or the blue Tiffany box packaging1 to visualize the time and effort expended to influence the purchase of such products. The law protects the packaging and design of products, but the nature and extent of such protection have led to some confusion among practitioners and scholars. A company may need to decide whether to seek protection in the form of common law trade dress under trademark law or attempt to obtain a design patent. These alternative modes offer

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different levels of protection. This paper explores the confusion caused by the discrete levels of protection. It clarifies the nature and extent of legal protections offered by trademark law and patent law to trade dress and design patents.

This article is divided into two parts: Part One will discuss trade dress protection at length including statutory and case protection. Part Two will detail the protection offered by a design patent together with a comparison of the two forms of protection.

TRADE DRESS PROTECTION

Trade Dress

Automobile companies expend a great deal of money and effort to design their products so that the public will admire and purchase them. Furniture companies desire to market the unique designs of their furniture products. Many companies add ornamental features to their products to attract potential customers. What form of legal protection will assist companies to guard their distinctive features: trade dress or design patent protection?

Trademark law protects trade dress. A trademark is a unique sign or symbol representing a product, service or organization. Such representation may be in the form of features that distinguish a manufacturer's goods or services from those of a competitor. The sign or symbol is used to identify the organization engaging in commerce. The purpose of trademark law is to protect a person or organization in its use of a symbol to represent it. The Mercedes symbol and the unique configuration of letters used by McDonald's restaurants or Kellogg's cereals convey to most persons a statement of quality, taste, or other special attribute. The law which protects the use of these symbols also protects consumers. The law prevents copycats from discounting look-a-like products of inferior quality with the same or confusingly similar sign or symbol. Many companies spend a great deal of money and effort to create excellent products or perform services symbolized by a logo. Without legal protection, any other person can bypass such efforts and expenditures by using the logo to mislead purchasers who believe they have purchased the products or services from the original entity. The Federal Lanham Trademark Act of 1946, as amended, protects consumers from any ensuing confusion or deception. The Act provides:

(1) Any person who shall, without the consent of the registrant—
   (A) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; shall be liable in a civil action by the registrant for the remedies hereinafter provided.

The term Trade dress describes the distinctive, visual, non-functional, ornamental appearance of a product or packaging which may be afforded legal protection under trademark law. It is the overall or total image that may include the color, shape, graphic design, sound, configuration, or a particular scent. The appearance of the product or business must either be inherently distinctive or, like trademarks, have acquired "secondary meaning especially in the case of product design." Examples of trade dress include the facade of a building, the shape of a Coca-Cola bottle, the round wall-
thermostat of Honeywell, the packaging for Wonder Bread, Campbell's soup label, the tray design for Healthy Choice frozen dinners, and numerous other designs. Trade dress protection does not extend to functionality of a product or packaging which may attain protection under patent law. Functionality refers to the cost, quality, or the ability of a manufacturer to compete in a manner that is nonreputational.6 Like other trademarks, it has an indefinite time span of protection.

**Design Patent**

A patent is an invention or process that is novel, useful, and nonobvious. The Patent Act sets forth three types of patents that are afforded protection: (1) utility patents; (2) design patents; and (3) plant patents. A utility patent protects the way an invention or process is used and works. A design patent protects the way an article looks.7 A design patent is a patent granted to the holder of a design that "consists of visual ornamental characteristics embodied in, or applied to, an article of manufacture."8 A utility patent has a 20-year protection and exclusivity while a design patent is valid for 14 years. The design patent differs from trade dress in that a trade dress is non-functional while a design patent pertains to the ornamental design of a functional item. If the article lacks ornamental it may not be registered as a design patent.9 An invention may be granted both a utility and a design patent if the article possesses both features. A design patent differs from a copyright in that the former protects the ornamental aspect of the nonfunctional design while a copyright protects the copying of the nonfunctional original expression of an idea. The ornamental design may be on a portion or on the entire article or applied to the article. Each design patent application must consist of a single claim.10 A plant patent, finally, protects newly invented varieties of plants, not found in nature but produced by the inventor.11

**STATUTORY AND CASE PROTECTION**

**Trade Dress**

Section 43(a) of the Lanham Act, the Trademark Protection Law of 1946, grants protection to even unregistered trade dress.12 The statute, designed to protect inventors from "[f]alse designations of origin, false descriptions, and dilution," creates a civil cause of action:

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities.

The basis for protection of a trademark, then, is to prevent confusion in the minds of the public as the origin, affiliation, and other aspects of a product or service. It also functions as the federal equivalent of unfair competition for unregistered goods. Hansen Beverage Co. v. National Beverage Corp. provides an example of a federal court's refusal to grant protection due to consumer confusion. The Ninth Circuit Court of Appeals reversed a district court grant of injunction against the defendant because it was not likely that the plaintiff would succeed in its trade dress claim. In Hansen, the plaintiff produced and sold Monster Energy drinks. The beverage cans marketed by the plaintiff bore on the containers' surfaces a large clawed-out "M" and the word "MONSTER" on a dark background, with a different bold accent color for each of the four varieties of drinks sold. The defendant National Beverage thereafter also manufactured energy drinks using the word "FREEK" with a frightening evil-eyed creature's face on a dark background for its four comparable drinks.

The Appeals Court stated that it was necessary for the plaintiff to establish that its trade dress was protectable in that it was nonfunctional and distinctive and to establish that the accused product's trade dress creates a likelihood of consumer confusion. The Court determined there was insufficient proof of a likelihood of confusion; it was, therefore, an abuse of discretion for the District Court to grant an injunction. The two trade dresses were similar in their overall appearance. They used aggressive graphics and accent colors against dark backgrounds. Nevertheless, there was little likelihood of confusion as to the source of the products, especially because similar elements are found in the crowded energy drink market. The Court also rejected the plaintiff's argument that "FREEK MAN" is the picture-equivalent of the word "MONSTER." The doctrine of word-picture equivalency applies only when "the word mark and its pictorial representation are concrete and narrow."

Proof of Likelihood of Confusion:

Most courts have adopted the eight factors cited in Polaroid Corp. v. Polarad Elec. Corp. to determine if the public is likely to confuse the origin of a particular article based on its packaging: (1) the strength of the mark; (2) the degree of similarity; (3) the proximity of products; (4) bridging the gap; (5) evidence of actual confusion; (6) junior user's bad faith; (7) the quality of the defendant's product; and (8) the sophistication of the consumer will assist the court ascertaining whether a likelihood of confusion exists. In individual cases, not all factors need be proven and some factors may be given greater weight than other factors.

Requirement of Secondary Meaning:

United States Supreme Court cases have examined the necessity under §43(a) of the Lanham Act to establish a distinctive unregistered product design's secondary meaning. Two U.S. Supreme Court cases appear to provide contradictory determinations of the issue.
In the oft-cited 1992 case of *Two Pesos, Inc. v. Taco Cabana, Inc.*,\(^{21}\) the Court addressed the question “whether the trade dress of a restaurant may be protected under §43(a) of the Trademark Act of 1946...based on a finding of inherent distinctiveness without proof that the trade dress has secondary meaning.”\(^{22}\) Taco Cabana owned and operated six restaurants in San Antonio, Texas. The restaurants created a vividly colorful atmosphere with paintings, artifacts, and murals on the interior and vibrant paint, bright awnings, and umbrellas on the exterior of the premises. Two Pesos, Inc. thereafter opened a restaurant in Houston, Texas. Its interior and exterior motifs were similar to that of Taco Cabana. Taco Cabana then sued Two Pesos for trade dress infringement; the District Court and Court of Appeals decided that infringement had occurred; an injunction was issued and damages were awarded.

The United States Supreme Court, seeking to resolve a conflict among courts of appeals, confronted the issue of whether inherently distinctive trade dress was protected under §43(a) without a showing that it acquired secondary meaning.\(^{23}\) The Court, citing the Third Restatement of Unfair Competition,\(^{24}\) enunciated the general rule concerning distinctiveness: “An identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) had acquired distinctiveness through secondary meaning.”\(^{25}\) The purchasing public identifies or associates its design with a single producer or source rather than with the product itself.\(^{26}\) The plaintiff need only show that a substantial segment of the relevant consumer group makes the connection of the design to the particular manufacturer.\(^{27}\) The Court noted that §43(a) additionally requires nonfunctionality and proof of the likelihood of confusion. The Court continued that requiring proof of secondary meaning for inherently distinctive trade dress would undermine the purposes of the Lanham Act. The protection of trade dress, like that of trademarks, serves to protect their owners. This protection fosters competition and maintains the quality of products having a good reputation. Secondary meaning is not always necessary.\(^{28}\) The Court reasoned:

“Whether the trade dress of a restaurant may be protected under §43(a) of the Trademark Act of 1946...based on a finding of inherent distinctiveness without proof that the trade dress has secondary meaning...would present special difficulties for a business...that seeks to start a new product in a limited area and then expand into new markets. [It] would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator’s dress in other markets and to deter the originator from expanding into and competing in these areas.”\(^{29}\)

In a number of cases that followed *Two Pesos*, the lower courts utilized the dual trade dress factors of inherently distinctiveness or the acquisition of distinctiveness through secondary meaning in determining whether to permit injunctions. Decisions that denied injunctions included *Aromatique, Inc. v. Gold Seal, Inc.*\(^{30}\) and *L. & J.G. Stickley, Inc. v. Canal Dover Furniture Co., Inc.*\(^{31}\)

Trade dress, then, may be viewed as supplementing both copyright law and patent law. It permits the protection of unpatentable product configurations and new marketing techniques. Nevertheless, courts have indicated that trade dress protection should not be overextended so as to undermine other intellectual property restrictions designed to prevent the monopolization of ideas and products. Trade dress does not
protect ideas, concepts, or a generalized type of appearance but only their concrete expression.32

The Wal-Mart Conundrum:

The United States Supreme Court's decision in Wal-Mart Stores, Inc. v. Samara Brothers, Inc.,33 however, substantially narrowed Two Pesos to its facts. In a unanimous ruling, the Court held that "in an action for infringement of unregistered trade dress under §43(a) of the Lanham Act, a product's design is distinctive, and therefore protectable, only upon a showing of secondary meaning."34 The decision distinguished the product-design trade dress in the Wal-Mart action and product-packaging trade dress in Two Pesos. Product packaging is inherently distinctive because consumers will attribute the packaging to its origin. But product design is distinctive only when it is established that the consumer has attributed a secondary meaning to the product design. Consumers look to the design as being more useful and appealing rather than looking to the source of that design.35

Samara Brothers, Inc. had designed and manufactured children's clothing. Its primary product consisted of a one-piece seersucker outfit with hearts, flowers, fruits, and other such designs. JCPenney purchased the product for retail sale in its stores. Wal-Mart, in order to compete in that market, contracted with a supplier to manufacture a similar line of children's outfits using Samara's designs with only minor changes. A representative of JCPenney complained to Samara that Wal-Mart and other stores were carrying the outfits at a discounted rate. JCPenney believed Samara had sold the outfits to these other stores, but it then learned that Wal-Mart had sought to imitate the Samara designs. Samara then sued alleging copyright infringement, consumer fraud, unfair competition, and infringement of unregistered trade dress under §43(a) of the Lanham Act. All of the parties except Wal-Mart settled with Samara. The District Court, affirmed by the Second Circuit Court of Appeals, found in favor of the plaintiff, Samara, awarding $1.6 million in damages, costs, and fees.36

The Supreme Court reversed the Circuit Court's decision. Justice Scalia, writing for a unanimous court, distinguished the trade dress of a product from the product's packaging.37 The Court reasoned that trade dress protection should not be applied to a product's design; its prior Two Pesos decision concerned the décor of a restaurant, not the design of a product. A dress design, such as the décor of a restaurant, could be protected under §43(a) as being inherently distinctive without a showing of secondary meaning but a product-design trade dress does require secondary meaning.38 The Court held that the Two Pesos restaurant décor was either product packaging or something similar to it, normally viewed by consumers to indicate origin.39 The Court, then, refused to extend the concept to the product design that underlay the Samara litigation. The Court's opinion noted that many courts of appeals have expanded the definition of marks registrable to include as trade dress "a category that originally included only the packaging, or 'dressing,' but in recent years it has been expanded...to encompass the design of a product."40 The definition of "trademark" under Lanham Act §45 "includes any word, name, symbol, or device, or any combination thereof used by a person...to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods..." Courts of appeals have assumed correctly that trade dress constitutes a "symbol" or "device." There was nothing within the Lanham Act to require a producer to establish the distinctiveness of its trade dress, but courts have imposed that requirement. Without such a requirement, trade dress would not meet the statutory
element of confusion as to the origin, sponsorship, or approval of the goods.\textsuperscript{41}

The Court noted that a mark’s distinctiveness can be demonstrated in two ways: (1) the mark may be inherently distinctive if it intrinsically identifies a particular source, such as marks that are “arbitrary” (e.g., “Camel” cigarettes), “fanciful” (e.g., “Kodak” film), or “suggestive” (e.g., “Tide” laundry detergent);\textsuperscript{42} or (2) by acquiring distinctiveness through the development of a secondary meaning, so that the public identifies the mark as the source of the product rather than the product itself.\textsuperscript{43} The opinion cited the Qualitex case, discussed below, which states that color is not inherently distinctive and requires secondary meaning to be protected. Similarly, product design also requires proof of secondary meaning for trademark protection because it serves purposes other than source identification. Product design will always raise the question of inherent distinctiveness, but consumers should have the benefits of competition in their decisions to purchase the product for its utilitarian and esthetic purposes.\textsuperscript{44}

The product-packaging, product-design distinction made by the Court in Wal-Mart may cause significant confusion among lower courts, attorneys and their clients. A particular product marketing device may be inherently distinctive or may require proof of secondary meaning. An observer can sympathize with the Second Circuit Court of Appeals. That court had held that the Lanham Act §43(a) required secondary meaning for protection of unregistered trademarks; but the Supreme Court, although it denied certiorari in that case, stated in Two Pesos that trade dress does not require secondary protection.\textsuperscript{45} As we have seen, the Wal-Mart controversy was an appeal from the Second Circuit. The appeals court determined that the District Court properly permitted an injunction against Wal-Mart even though no secondary meaning was shown.\textsuperscript{46} The Supreme Court even acknowledged that its Wal-Mart decision may cause courts to draw difficult lines between product-design and product-packaging trade dress cases. Some marketing situations will appear at the margin. If there are ambiguous cases, however, the Court dictates that trial courts should err in favor of requiring secondary meaning.\textsuperscript{47} The Court named the classic glass Coca-Cola bottle as a marginal case. The bottle may constitute product packaging to consumers who drink and discard the bottle. But the bottle may also be product design to consumers who purchase the bottle as collectors and drink from it because it is more stylish than the Coca-Cola can.\textsuperscript{48}

The difficulty with the Wal-Mart analysis is that the imposition of the secondary meaning requirement places the creator of a dress design in an almost untenable position. Consumers would need a substantial amount of time to be able to link the design to the particular manufacturer, but such designs often become out-of-style by the time such linkage is established. Procuring a dress design patent as an alternative requires a substantial amount of time in such a rapid turnover industry. The patent requirements of ornamentality and non-obviousness may be difficult to establish and the linkage to a particular manufacturer may render protection extremely difficult to obtain.\textsuperscript{49}

The decision is likely to cause companies to consider protections other than reliance upon trade dress trademark protection. They may have to place emphasis on packaging rather than product design to avoid the Supreme Court’s requirement of secondary meaning.\textsuperscript{50} Two Pesos apparently protects product packaging in the form of distinctive external appearance without proof of secondary meaning but Wal-Mart significantly narrows the decision so as to exclude product design trade dress. Product packaging by its use of words and
symbols identifies the source of the product, while product design seeks to make the product more appealing, rather than identifying the origin of the product. Proof of secondary meaning will be costly because such proof is generally established by consumer surveys, use for a length of time, type of advertising, number of customers and sales, advertising expenditures, and other similar proof.51

Patent law, as previously noted, seeks to protect inventions that are new, useful, and non-obvious. The U.S. Patent Act limits protection for 20 years, permitting competitors to use the innovation once the monopoly period has ended. Innovators should not be permitted to extend the 20-year time fame by using trademark law. The Court cited a uniquely shaped patented light bulb as an example. The originator should not be allowed to later use the shape of a bulb to extend indefinitely the protection of the patented bulb by using trademark law. Competitors would thereby be precluded from using their legitimate efforts to produce equivalent bulbs.52

CONCLUSION

The unique design and packaging of a product is often the major aspect of successful marketing of a product. There are two major forms of protection that may be utilized to give protection to distinct ornamental features of a product. In this Part One of the article, we explored the protection given under trademark law which is premised on the prevention of confusion in the minds of the public who endeavor to purchase a particular product. In the next part, we will review protection under the Patent Act and make a comparison between the two forms of legal protection given to ornamental features of a product.

ENDNOTES

1 See, e.g., Alice Rawsthorn, “When the packaging makes it perfect,” at www.iht.com/articles/2006/08/27/opinion/design28.php. The author speaks about the purchase of a pendant that was delivered in a blue Tiffany box that dated back to 1837, which packaging was as important in the decision to purchase as the pendant itself.

2 §1127 of the Trademark Act of 1946. The statute states that a “trademark” includes "any word, name, symbol, or device, or any combination thereof – (1) used by a person, or (2) which a person has a bona fide intention to use in commerce... to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”

3 [Trademark Infringement] §1114 (Lanham Act §32)


6 Wikipedia, id.

7 35 U.S.C. §101 pertains to utility patents. It states: Inventions patentable. “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”

meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself."


22 At 764-765.

23 Two Pesos, Inc. at 767.


25 Id. at 769.

26 Coach Leatherwear Co., Inc. v. AnnTaylor, Inc., 933 F.2d 162, 168 (2d. Cir. 1991) citing Inwood Labs., Inc. v. Ives Labs, Inc., 456 U.S. 851 n. 11 and Centaur Communications Ltd. v. ASM Communications, Inc., 830 F.2d. 1217, 1221 (2d Cir. 1987). In Coach, the issue concerned the alleged copying of women's designer handbags by AnnTaylor and others. The District Court's grant of summary judgment was reversed so as to permit a plenary trial concerning the plaintiff's claim and the defendant's defense that the bags in question differed substantially from that of the plaintiff and, thus, there was no confusion in the minds of the public...

27 Id.

28 Id. at 774-775. The decision of the Court was unanimous but three justices concurred (Stevens, Scalia, and Thomas). The latter two justices concurred only in the result with Justice Thomas noting that, at common law, inherently distinctive words or symbols that were arbitrary, fanciful, or suggestive, enabled the first user to sue to protect the word or symbol representing the first user of the product's source. "Trade dress, which consists not of words or symbols, but of a product's packaging (or "image," more broadly) seems at common law to have been thought incapable ever of being inherently distinctive, perhaps on the theory that the number of ways to package a product is finite. Thus, a user of trade dress would always have had to show secondary meaning in order to obtain protection." Nevertheless, over time judges extended a particular trade dress to be fully capable of as a trademark to serve as a representation or designation of source under §43(a) (at 786).
28 505 U.S. at 775.
30 28 F.3d 863 (8th Cir. 1994).
31 No. 95-7715 (2d Cir. March 21, 1996).
32 Milstein at 32.
34 Id. at 216.
38 Id. at 216.
39 Id. at 215.
40 Id. at 209, citing as examples, Ashley Furniture Industries, Inc. v. Sangiacomo N.A., 187 F.3d 363 (4th Cir. 1999) that concerned bedroom furniture; Knitwaves Inc. v. Lollytogs, Ltd., 71 F.3d 996 (2d Cir. 1995) that concerned sweaters; and Stuart Hall Co. v. Ampad Corp., 51 F.3d 780 (8th Cir. 1995) that determined notebooks.
41 Best Cellars at 210.
43 Id. at 211. The Court noted that the statute itself in §2, 15 U.S.C. 1052, provides for the registration of a mark "by which the goods of the applicant may be distinguished from the goods of others" with Section 2(f) which also permits registration of a mark that is not inherently distinctive but has become so by acquiring a secondary meaning.
44 Id. at 213.
46 Samara Brothers, Inc. v. Wal-Mart Stores, Inc., 165 F.3d 120 (2d Cir. 1998).
47 Best Cellars at 215.
48 Klein and Denniston, supra at 41.
50 Felicia J. Boyd, Supreme Court Narrows Trade Dress Protections, library.findlaw.com/2000/Apr/1/127704.html.
51 Op. cit. at 166
52 Id.