Trade Dress in the United States

by Cynthia Clarke Weber

In a competitive, free market environment, it is essential for one who is offering goods or services to others to be able to distinguish his or her goods or services from those of competitors. It is equally important that the public be provided a means of distinguishing between competitive products and their sources. Accordingly, over the years, business people have devised increasingly sophisticated and creative ways to identify their products to the public and distinguish their products from others by means of trademarks, service marks and trade names.

Under US law, many things in addition to words can signify source and quality: letters, numbers, two-dimensional designs, sounds, scents and "trade dress". Trade dress is simply one type of source and quality symbol.

"Trade dress" is the overall visual image of a product and/or its packaging. Trade dress can consist of a number of different physical features including shape, colour, size, graphics, packaging, texture, sales techniques, layout of a floor plan and advertising themes.

Any one of these features, or a combination of two or more, may create a visual impression that functions like a word trademark. There is really no difference between a word trademark and trade dress except that a word mark may be spoken while trade dress must be seen to make a commercial impression.

The trade dress employed by Fuji Photo Film and Kodak, respectively, are good examples of well-known trade dress consisting of colour. Fuji's colours are green, red and white; Kodak's are yellow and red. Most people would recognize a green, red and white film box as Fuji's and a yellow and red film box as Kodak's, even if the FUJI and KODAK names did not appear on the boxes. The Fuji and Kodak colour combinations are used not only on packaging for the products, but also in advertising and on display signs. In all three settings the green/red and yellow/red colour combinations identify Fuji and Kodak as the source of the products.

As the following examples illustrate, under US law virtually any conceivable type of physical feature can come to serve as a source indicator provided it is not generic or functional.

The colours and shapes of pill capsules have qualified as protectable trade dress in many cases. For example, in *Ciba-Geigy Corp* v *Bolar Pharmaceutical Co*, 547 FSupp 1095 (DNJ 1982), *aff'd per curiam*, 719 F2d 56 (3rd Cir 1983), *cert denied*, 465 US 1080 (1984), the trade dress consisted of blue/white and pink/white opaque colours and use of a capsule shape as opposed to tablets. The defendant duplicated these physical features for its competitive generic drug. The defendant was enjoined from use of Ciba-Geigy's colour combinations and capsule shapes. In *Par Pharmaceuticals Inc* v *Searle Pharmaceuticals Inc*, 227 USPQ 1024 (ND Ill 1985), the colour blue for tablets was protected on preliminary injunction. In *Merck Co* v *Par Pharmaceutical Inc*, 770 F2d 1072 (3d Cir 1985), *cert denied*, 474 US 981 (1985), a blue and white colour combination capsule was protected after trial.

In a case involving CHANEL perfume, the defendant was enjoined from using Chanel's trade dress, described by one court as a unique and distinctive package which includes "(a) cardboard boxes of a distinctive appearance and colour scheme characterized by the use of white rectangular panels enclosed with narrow black borders and (b) bottles, bearing rectangular white and black labels, of distinctive shape and appearance, said labels being affixed also to the plaintiff's boxes" (*Chanel Inc* v *Suttner*, 109 USPQ 493 (SDNY 1956)).

Bottle shapes have been protected as trademarks. The distinctive pinched-in shape of the Haig & Haig Scotch bottle is a registered trademark on the Principal Register (*Ex parte Haig & Haig Ltd*, 118 USPQ 229 (Comr Pats 1958)). The curved and ribbed shape of the old Coca-Cola bottle is also a registered trademark on the Principal Register.

The overall design of a FERRARI 365 GTB/4 automobile has been protected against duplication as a toy car (*Ferrari SpA* v *McBurnie*, 11 USPQ 2d 1843 (SD Cal 1989)).

The shape of a MOBIL petrol pump, which had a distinctive round head, has been protected as a trademark. A defendant selling non-MOBIL petrol from a MOBIL pump with the word MOBIL masked over was enjoined from selling non-MOBIL products from the pump on the theory that the round head shape of the pump indicated to the public that it was buying MOBIL products (*Mobil Oil Corp* v *Auto-Brite Car Wash Inc*, 615 FSupp 628 (D Mass 1984).

Where trade dress registration is sought, issues of functionality and secondary meaning often arise

Restaurant interiors and exteriors have also been claimed and protected as trade dress. In *Freddie Fuddruckers Inc* v *Ridgeline Inc*, 589 FSupp 72 (ND Tex 1984); *aff'd w/out op*, 783 F 2d 1062 (5th Cir 1986), the plaintiff's restaurant trade dress consisted of the following elements: visible food preparation areas (particularly the areas where buns were baked, meat was cut and food was grilled), presentation of various food items under glass in display cases, visible stacks of bulk food and drinks, extensive use of white tiles on the walls, the bar and the counters; use of neon signs, many mirrors and brown and white chequered flooring and tablecloths. The defendant was enjoined from using a similar trade dress.

The design and format of magazine covers have been held to be protectable trade dress. In *Time Inc* v *Globe Communications Corp*, 10 USPQ 2d 1915 (SDNY 1989), the trade dress for Time's *People* magazine was a combination of elements such as (1) the white Egyptian extra bold condensed type which had been hand altered so that the letters touched or blended into each other; (2) the display of the logo with contrasting coloured border; (3) the positioning of a secondary cover photograph in the upper right hand portion of a cover set off within a bar or rule. Defendant was enjoined from using a very similar trade dress on its competitive *Celebrity* magazine.

The shape and a combination of physical features on a briefcase have been protected as trade dress as well. In *Ventura Travelware* v *A to Z Luggage*, 1 USPQ 2d 1552 (EDNY 1986), the trade dress was described as a combination of the following elements: "[t]he 'Ventura lock', the gold corners, the rounded top and reinforced stitching ..., the flat, smooth surfaces ..., the extended edges, the feet, the exposed rivets and the organizer file" (1 USPQ 2d at 1559). The defendant was preliminarily enjoined from copying these features.

The layout of point of sale display panels has also been protected as trade dress. In *Butterick Co* v *McCall Pattern Co*, 222 USPQ 314, 317 (SDNY 1984), trade dress consisting of a point-of-sale placard printed on glossy paper and displaying a full-colour photograph of one or two models wearing the finished garment and other features was found protectable.

Even the shape of buildings have been protected as trade dress. In *Fotomat Corp* v *Houck*, 166 USPQ 271 (Fla Cir Ct 1970), the claimed trade dress was the overall appearance and design of the buildings, including their shape, configuration, utilization of colours, roof design and the design of the trim. In *White Tower System Inc* v *White Castle System*, 90 F2d 67 (6th Cir 1937) *cert denied*, 302 US 720 (1937), hamburger stands constructed to resemble white castles were protected as trade dress.

TRADEMARK REGISTRATIONS FOR TRADE DRESS

Trade dress may be registrable as a trademark or service mark in the US Patent and Trademark Office (PTO). The three-dimensional Coca-Cola and Pinch bottle shapes are registered, as are Kodak's yellow and red colour combination, Wedgwood's famous blue colour and other colour marks.

Where trade dress registration is sought, issues of functionality and secondary meaning often arise (discussed below). The examining attorney has the burden of establishing *prima facie de jure* functionality. If this burden is met, the applicant must show that its trade dress is not functional. The examining attorney must also separately consider descriptiveness and secondary meaning. In rare cases the claimed trade dress is considered inherently distinctive and registration is permitted on the Principal Register without a showing of secondary meaning. In the majority of cases, however, the applicant must show that its trade dress has acquired secondary meaning. If secondary meaning is not shown, the trade dress may be registrable on the Supplemental Register, which is for marks which are capable of functioning as a trademark but do not function that way at the time registration is considered by the PTO. Trade dress which is *de jure* functional is not registrable at all despite evidence of secondary meaning (Trademark Manual of Examining Procedure, §1202.03 (b).

Trade dress which is not registered may nonetheless be protectable under federal and state unfair competition laws if the requirements discussed below are met.

THE ISSUES

In the trade dress area, there are three primary issues. The first is whether a particular design is *de jure* functional" (*ie*, whether it is capable of acting as a trademark). If it is not functional, the second question is whether in fact the public recognizes the trade dress as a source and/or quality symbol (*ie*, whether it has inherent or acquired distinctiveness (secondary meaning)). Functionality and distinctiveness are issues in *ex parte* registration proceedings as well as *inter partes* registration and infringement proceedings.

If the answer to these first two questions is yes, the third issue in an *inter partes* dispute is whether there is a likelihood of confusion between the parties' trade dress.

Functionality

The first major limitation on trade dress protection is the doctrine of functionality. There are two kinds of "functionality": *de facto* and *de jure*.

De facto functionality simply means that the product or packaging performs the function that it was intended to perform. A Coca-Cola bottle's function is to hold liquid Coca-Cola and permit it to be poured out of the bottle. The Coca-Cola bottle certainly performs that function, but that does not make its shape or ribbing "functional" for trade dress purposes. Thus the concern is not whether the product in question does what it is supposed to do, but rather with *de jure*, or legal functionality.

A feature is *de jure* functional if competitors must use it in order to compete effectively. If the feature in question were the subject if a utility patent or copyright, it could be protected under the patent or copyrights laws. The question of *de jure* functionality thus only arises where protection for a physical feature is being considered under the trademark or unfair competition laws. As the Second Circuit Court of Appeals has said:

> The functionality defence, then, was developed to protect advances in functional design from being monopolized. It is designed to encourage competition and the broadest dissemination of useful design features (*Warner Brothers, Inc* v *Gay Toys Inc*, 724 F2d 327, 331 (2d Cir 1983)).

The US Supreme Court has said that a functional feature is one which "is essential to the use or purpose of the article or [that] affects the cost or quality of the article" (*Inwood Laboratories Inc* v *Ives Laboratories Inc*, 456 US 844, 8500-51 (1982)). The Seventh Circuit Court of Appeals has stated that "A functional feature is one which is shared by different brands that it is costly not to have" (*Service Ideas Inc* v *Traex Corp*, 846 F2d 1118 (7th Cir 1988)). To put it in very simple terms, the critical questions are: does the product look the way it does because (1) it worked better if it looks that way; or (2) it is less expensive to manufacture or package if it looks that way; or (3) it is of a higher quality if it looks that way.

If the answer to any of these questions is yes, then competitors must be free to use the claimed trade dress in order to effectively compete. This makes the design in question *de jure* functional and not protectable as trade dress.

De facto *functionality means that the product or packaging performs the function it was intended to perform*

There is a subspecies of functionality which has been termed "aesthetic functionality". This involves aesthetically pleasing designs such as floral patterns on hotel china. The theory is that if the aesthetic appeal of a particular design is the reason people buy the product, then competitors need to use the design. This concept is confusing, has often been criticized, and has been rejected outright in some judicial circuits. The distinction between a physical feature which increases saleability because it signifies a desirable source and a feature customers want to have for its intrinsic beauty is a difficult one to make. See *Villeroy & Bock, Sarl* v *THC Systems Inc*, 10 USQP 2d 2027 (SDNY 1989) for a discussion of aesthetic functionality in a hotel china case.

Functionality can be illustrated with a very simple example using a trash can: a trash can made out of steel will naturally be silver in colour. No one could claim that silver colour as trade dress (*ie*, as a trademark) because it is the natural colour of a steel can. It would be more expensive to paint the can another colour, or to alter the manufacturing process to have the can come out green, for example. Thus, the alternatives to the colour silver are all more expensive. Accordingly, silver as a colour for steel trash cans is *de jure* functional, and no one can claim it as trade dress.

If one trash can manufacturer paints all of its cans red, the situation is different. A red trash can does not work better, it is not less expensive to make, and there are many cheaper or equally costly and effective alternatives. No one needs to make trash cans red to effectively compete. Thus the colour red for trash cans would not be functional and could qualify as trade dress.

To use an example involving shape, the indentations and curves of the Coca-Cola and Pinch bottles do not make the bottles work better. If anything, bottles in such odd shapes are probably more expansive to manufacture than many of the alternatives. No one needs to make bottles in the same shape as a Coca-Cola bottle or a Pinch bottle to compete effectively with Coca-Cola or Haig & Haig. The shape of their bottles are therefore not *de jure* functional.

A feature is de jure *functional if competitors must use it in order to compete effectively*

Functionality is a major issue in virtually every trade dress case litigated in the US. Functionality is a question of fact which must be determined by the trier of fact (either the jury or the judge in a bench trial). There is a split of authority as to which party has the burden of proof of functionality. In some judicial circuits the courts require the plaintiff to prove that the features of his or her trade dress are not functional (First, Third, Ninth and DC Circuits). In other circuits, functionality is a defence which the accused infringer must prove (Second, Seventh and Tenth Circuits).

Some courts analyze the components of a claimed trade dress feature by feature to determine whether there are viable alternatives to each feature and/or to examine why a particular feature is the way it is. The features of a coffee maker were examined this way in *Service Ideas, supra,* 846 F2d 1118. The court there found that each feature was non-functional (*ie,* style, shape, colour, lid and spout) and therefore concluded that the overall appearance was non-functional.

It is the *overall* appearance which constitutes the trade dress, and the functionality of one feature will not render the entire configuration functional. Hence some courts have rejected the feature-by-feature approach. ("In considering an application to register a design in the PTO, examining attorneys are not to dissect the design, they are to consider it in its entirety" (TMEP §1202.03.)) Instead, they look at the amalgamation of the features to see whether the *overall* design is functional. In *LeSportsac Inc* v *K-Mart Corp,* 754 F2d 71, 76 (2d Cir 1985), for example, the court rejected the defendant's argument that individual features of a lightweight bag such as the zipper pull, repeat pattern and carpet tape were functional, stating that the inquiry should focus on "the particular combination and arrangement of design elements that identify [the] bags" (754 F2d at 76).

The courts examine the following factors when considering functionality:

1. the existence of an expired utility patent disclosing utilitarian advantages of the design;

2. advertising which touts the utilitarian advantages of the design;

3. the availability of alternative designs; and

4. whether a particular design results from a comparatively simple or cheap method of manufacturing the article (*In re Morton-Norwich Products Inc,* 671 F2d 1332, 1340-41 (CCPA 1982), configuration of spray bottle for household liquids not functional).

If features of a design claimed to be trade dress are specifically covered in the claims of a utility patent, this is very strong evidence that they are functional (*eg, Best Lock Corp* v *Schlage Lock Co,* 413 F2d 1195 (CCPA 1969), claims of expired utility patent established functionality of figure-eight lock configuration).

On the other hand, if a shape or appearance is covered by a design patent, this is evidence of non-functionality. However, the design patent does not in and of itself prove that a particular feature or appearance is not functional (*In re Vico Products Mfg Co,* 229 USPQ 364 (TTAB 1985).

If a trade dress is determined to be legally functional it cannot be protected as a trademark even if the public does attribute that appearance or design to a single source (*Application of Deister Concentrator Co,* 289 F2d 496 (CCPA 1961)), and even if there is confusion between the parties' products or their sources among members of the public (*American Greetings Corp* v *Dan-Dee Imports Inc,* 807 F2d 1136, 1141 (3d Cir 1986).

Secondary meaning

If the product's appearance is not *de jure* functional, then it is capable of acting as a source indicator, *ie,* trademark. The next question is whether the plaintiff has established that its trade dress *does* function as a source indicator, that is, that the public associates the product's appearance with a single source and not just with the product itself. In trademark terms, the question is whether the trademark is "distinctive", either inherently or through acquisition of secondary meaning.

A federal registration on the Principal Register is very valuable to the plaintiff in a trade dress case

A trademark or service mark registration on the Principal Register of the US PTO creates a presumption that the mark is a valid trademark, that the registrant owns it and that the registrant has the exclusive right to use the mark in connection with the goods or services in the registration (15 USC §1057(b)). Issuance of the registration also indicates that the US PTO did not consider the design *de jure* functional. A Principal Register registration is *prima facie* evidence that the claimed trade dress does function as a source indicator and that it is inherently distinctive or has acquired secondary meaning — a registration on the Supplemental Register is not entitled to presumptions of validity, ownership or exclusivity and it is not evidence that the mark has acquired secondary meaning (USC §1094). A federal registration on the Principal Register is thus very valuable to the plaintiff in a trade dress case.

Absent a registration, the plaintiff must show that its trade dress functions as a source indicator in other ways.

If a plaintiff can show that the features in question serve absolutely no purpose in either describing the product or assisting in packaging it, then the trade dress may be protectable without any showing of what the trade dress signifies to the public. One court has said that the test for deciding whether a trade dress is inherently distinctive is whether it is a common shape or design, whether it is unique or unusual and whether it is a refinement of a common form of ornamentation (*Robarb Inc* v *Pool Builders Supply of Carolinas Inc*, 696 FSupp 621 (ND GA 1988)).

There are some cases where an unregistered trade dress was held to be inherently distinctive and protectable on its face, without more. In *Hartford House Ltd* v *Hallmark Cards Inc*, 647 FSupp 1533 (D Colo 1986, *aff'd*, 846 F2d 1268 (10th Cir 1988), *cert denied*, 488 US 908 (1988), the trade dress of greeting cards, a "touch, look and feel" consisting of such features as a two-fold card containing poetry on the first and third pages, unprinted surfaces on the inside three panels, a high quality, uncoated, textured art paper for the cards, *etc*, was held to be inherently distinctive.

In *Chevron Chemical Co* v *Voluntary Purchasing Groups*, 659 F2d 695 (5th Cir 1981), *cert denied*, 457 US 1126 (1872), the trade dress of lawn-care product packaging consisting primarily of horizontal stripes and a particular lettering style and use of white, yellow and red colours was held to be inherently distinctive.

In *Robarb, supra*, the court found the combination of a transparent bottle, dark blue liquid, a white cap and the layout of white printing on the bottles to be inherently distinctive for a pool cleaner liquid.

While there are other cases where a court has found unregistered trade dress inherently protectable, a plaintiff must usually make an evidentiary showing to establish secondary meaning.

There are two types of evidence by which to prove secondary meaning. The first, direct evidence, entails testimony of witnesses either individually or in surveys. Surveys must be carefully constructed by professionals in the survey field to avoid evidentiary objections to their admission at trial. Surveys are also expensive, but they are usually essential to show that the public does recognize a particular design as a trademark (surveys may also be used on the issue of likelihood of confusion).

The second type of evidence is through indirect evidence from which secondary meaning can be inferred. The length of time the trade dress has been in use, the amount and number of sales under the trade dress and the amount of advertising featuring the trade dress are all factors to consider.

Proof that a defendant intentionally copied the plaintiff's trade dress may in and of itself prove secondary meaning, as there is little reason to copy an unrecognizable trade dress (*eg*, *Knorr-Nahrmittel AG* v *Reese Finer Foods Inc*, 695 FSUPP 787 (D NJ 1988).

Likelihood of Confusion

Once a trade dress has been found non-functional and protectable because it is inherently distinctive or because it has acquired secondary meaning, the next question is whether the defendant's trade dress creates a likelihood of confusion among consumers. This can be confusion of product, confusion as to the source of products, and/or confusion as to endorsement, sponsorship, association or relationship. It is not necessary for there to be copying, actual confusion or direct competition for there to be likelihood of confusion.

In trade dress infringement cases, the same factors are considered in deciding the issue of likelihood of confusion as are considered in word trademark infringement cases:

- strength of plaintiff's trade dress;
- degree of similarity between the parties' trade dress;
- the similarity of the parties' goods or services;
- the parties' marketing channels;
- actual confusion;
- defendant's intent; and
- the degree of care exercised by purchasers (*Charles of the Ritz Group Ltd* v *Quality King Distributors Inc*, 832 F2d 1317 (2d Cir 1987), *reh denied en banc*, 761 F2d 695 (1985).

Note that a side-by-side comparison is not the test; consumers do not usually see two products side by side (*eg*, *American Home Products Corp* v *Johnson Chemical Co*, 589 F2d 103, 107 (2d Cir 1978).

If a defendant has been found to have intentionally copied, likelihood of confusion is usually presumed (*eg*, *Fuji Film Co* v *Shinohara Kabushiki Kaisha*, 754 F2d 591, 596 (5th Cir 1985), *reh denied*, 761 F2d 695 (1985)). If there is evidence of actual confusion, this goes a very long way towards establishing the plaintiff's case. However, no one of these factors is determinative. The court may find no likelihood of confusion because of such things as differences in the trade dress (*eg*, *Lindy Pen Co* v *Bic Pen Corp*, 725 F2d 1240, 1243 (9th Cir 1984), *cert denied*, 467 US 1188 (1875), trade dress for writing pens found not to be distinguishable), weakness of the plaintiff's trademarks, or because the customers are careful and sophisticated (*eg*, *Empire National Bank* v *Empire of America*, 559 FSupp 650 (WD Mich 1983), purchasers of banking services exercise greater degree of care).

Use of an altogether different word trademark will not necessarily dispel a likelihood of confusion caused by use of similar trade dress. In *Inverness Corp* v *Whitehall Laboratories*, 5 USPQ 2d 1820 (SDNY 1987), for example, a preliminary injunction was granted in a case involving a trade dress for depilatory cosmetics, despite the fact that the word marks involved (ONE TOUCH and NEET) were completely distinguishable.

REMEDIES FOR TRADE DRESS INFRINGEMENT

If a trade dress is a registered trademark, a claim for trade dress infringement may be asserted under §32(1) of the Lanham Act (15 USC §1114(1)). When the trade dress is not registered, a trade dress infringement claim may be asserted under §43(a) of the Lanham Act (15 USC §1125(a)). This is the very broad federal unfair competition statute, which protects unregistered marks and protects against a variety of practices considered to be "unfair". An action under §32(1) and/or 43(a) may be brought in the United States district court (the assertion of a trade dress claim in patent infringement cases appears to be an increasingly popular practice in the United States).

The remedies for trade dress infringement are the same as for trademark infringement, *ie*, injunctions (15 USC §1116), recovery of damages in the form of the defendant's profits or the plaintiff's actual damages (trebled at the court's discretion), and/or attorney's fees in "exceptional" cases (15 USC §§1114-1119). In the matter of injunctions, courts sometimes impose a requirement that the defendant use a prominent disclaimer of association with the plaintiff, but so not enjoin use of the trade dress altogether. The trend in the United States at this time is to disregard disclaimers as ineffective in dispelling the likelihood of confusion (*eg*, *Home Box Office Inc* v *Showtime/Movie Channel Inc*, 832 F2d 1311, 1315-1316 (2d Cir 1987). As a general rule, no monetary recovery should be expected in a trade dress (or trademark) case unless there is some sort of showing of wilfulness or intentional infringement.

Trade dress cases are extremely fact dependent

Trade dress cases are extremely fact dependent. Each case will turn independently on its own facts, and decisions in other cases involving trade dress will furnish little guidance as to functionality, secondary meaning or likelihood of confusion.

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