

# “THE TRICKIEST PROBLEM WITH FUNCTIONALITY” REVISITED: A NEW DATUM PROMPTS A THOUGHT EXPERIMENT

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## INTRODUCTION

Almost anything can serve as a trademark, including—as part of a product’s appearance, or “trade dress”—the very shape or configuration of the product or a product feature.<sup>1</sup> And trademark rights can last forever.<sup>2</sup> But according to the patent laws, at least, exclusive rights in a product feature aren’t supposed to last forever.<sup>3</sup> So the courts and Congress have established the feature’s “functionality” as one way to demarcate protectable features from unprotectable ones.<sup>4</sup> Only non-functional product features may be protectable under the trademark laws; functional product features are not protectable.<sup>5</sup>

As simple as this construct may sound, it grows complicated when the product feature at issue is valued for its aesthetics, as opposed (or in addition) to its utility. At first blush, the terms “functional” and “aesthetic” seem contradictory, yet some features unquestionably perform an aesthetic function. One might, for example, buy a decorative vase to hold flowers, but one also wants it to look nice in the living room. The vase may have a particular neck design that looks especially nice—making the vase especially desirable—but which makes no meaningful difference in the vase’s flower-holding ability. Is that neck design functional, because it helps the vase do one of the things it is supposed to do (look nice)? Or is it nonfunctional, because the design’s aesthetics are unrelated to the vase’s utilitarian function of holding flowers?

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1. See, e.g., *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 26 (2000).
2. See 15 U.S.C. §§ 1058–59 (2000).
3. See 35 U.S.C. §§ 154, 156, 173 (2000).
4. See, e.g., 15 U.S.C. § 1125(a); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 148 (1989).
5. See *Traffix*, 532 U.S. at 29.

Nettlesome questions like these underlie the provocative, unwieldy concept of “aesthetic functionality,” which reared its head recently in the Ninth Circuit’s decision in *Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc.*<sup>6</sup> As the Ninth Circuit correctly observed in that case, the first<sup>7</sup> in which it had addressed the issue in light of the Supreme Court’s oft-criticized 2001 opinion in *Traffix Devices, Inc. v. Marketing Displays, Inc.*,<sup>8</sup> “[t]he results reached in . . . various aesthetic functionality cases do not easily weave together to produce a coherent jurisprudence.”<sup>9</sup> Yet the Ninth Circuit applied the precedent it had to work with reasonably effectively. In refusing to apply the “doctrine of aesthetic functionality” to allow an automobile accessories maker to sell products bearing the logos and marks of carmakers Audi and Volkswagen without their authorization, the Ninth Circuit reached the right result.

Nevertheless, as *Au-Tomotive Gold* shows, *Traffix*’s treatment of “aesthetic functionality” made a hard concept harder—unnecessarily. The cases would seem to justify Professor Landes and Judge Posner’s view that “[t]he trickiest problem with functionality is ‘aesthetic’ as distinct from ‘utilitarian’ functionality.”<sup>10</sup> These cases raise (or re-raise) the following questions: ought there be such a thing as a “doctrine of aesthetic functionality” at all?<sup>11</sup> Is the confusion surrounding the concept of aesthetic functionality, as distinguished from utilitarian functionality, worth it, particularly in the context of product configuration trade dress claims in which functionality matters the most? And if there is a meaningful distinction between aesthetic and utilitarian functions, should it be manifested in different rules?

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6. 457 F.3d 1062 (9th Cir. 2006).

7. The Ninth Circuit’s analysis of trade dress functionality in *Clicks Billiards Inc. v. Sixshooters Inc.*, 251 F.3d 1252, 1258–62 (9th Cir. 2001), came a few months after, but was essentially uninfluenced by, *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001). The Ninth Circuit’s analysis of product configuration trade dress functionality in *Talking Rain Beverage Co. v. South Beach Beverage Co.*, 349 F.3d 601, 603 (9th Cir. 2003), did not address aesthetic functionality.

8. 532 U.S. 23 (2001).

9. *Au-Tomotive Gold*, 457 F.3d at 1068.

10. William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 297 (1987); see also Gerard N. Magliocca, *Ornamental Design and Incremental Innovation*, 86 MARQ. L. REV. 845, 845 (2003) (referring to “[t]he protection of esthetic product designs” as “the most intractable issue in intellectual property law”).

11. Even the title of this “doctrine,” which does not suggest its substance, is confusing. See, e.g., *Standard Terry Mills, Inc. v. Shen Mfg. Co.*, 803 F.2d 778, 781 (3d Cir. 1986).

Prompted by these questions, this article explores the implications of redefining functionality in a way that dispenses altogether with the practice of identifying—let alone applying different rules to—a (putatively) discrete kind of functionality called “aesthetic” functionality, while preserving the ability to prove that a product feature is functional—and thus unprotectable—because of its aesthetic value. Under this hypothetical alternative definition, a product feature is “functional” *if it supplies what the consumer wants—anything the consumer wants—besides mere identification of the product’s source.*<sup>12</sup> Applying that definition, a product feature that supplies a consumer’s wants, whether utilitarian, aesthetic, or both, would be deemed functional whether or not the feature also serves a source-identifying role.

This article examines this alternative definition’s consistency with current law and analyzes its desirability from both jurisprudential and policy perspectives. Part I offers an overview of the pertinent patent and trademark law, including the Supreme Court’s treatment of both functionality and distinctiveness—that is, source-identifying ability—in decisions that laid the groundwork for its decision in *TrafFix*. Part II summarizes *TrafFix* and expounds the several problems wrought by *TrafFix*’s treatment of the functionality concept. Using the Ninth Circuit’s decision in *Au-Tomotive Gold* as a platform, Part III demonstrates and analyzes those problems in an aesthetic functionality context. Part IV analyzes the implications of adopting the foregoing alternative definition of functionality. The article concludes that applying this alternative definition in product configuration trade dress cases might be preferable to continuing

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12. One commentator probably would characterize this definition as falling within an “identification theory” of functionality, under which “a functional feature is one that imparts *any* value or utility to the product beyond identification of the source or manufacturer.” See Mitchell M. Wong, Note, *The Aesthetic Functionality Doctrine and the Law of Trade-Dress Protection*, 83 CORNELL L. REV. 1116, 1120 (1998); see also Spencer Davczyk, Note, *Aesthetic Functionality in Trade Dress: Post-Secondary Aesthetic Functionality Proposed*, 105 COM. L.J. 309, 323 (2000) (citing Wong). Of course, “[t]he *sine qua non* of [trademark] protection is that a symbol serves as a source identifier, which depends on how consumers use it in the marketplace.” Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2157 (2004). While distinguishing between identification and competition theories may be helpful in the specific context of functionality, virtually all trademark law has an identification theory at its core. Cf. *Barcamerica Int’l USA Trust v. Tyfield Imps.*, 289 F.3d 589, 595–96 (9th Cir. 2002) (discussing loss of trademark rights from naked licensing, which “‘may result in the trademark ceasing to function as a symbol of quality and controlled source’” (quoting 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 18:48 (4th ed. 2007))).

to try to apply two different kinds of functionality, utilitarian and aesthetic, as in the *Traffix/Au-Tomotive Gold* mode.

## I. OVERVIEW.

### A. *The Patent Law.*

The federal Constitution gives Congress the power to “promote the Progress of science and the useful Arts by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries.”<sup>13</sup> Congress has exercised that power by passing patent statutes enabling inventors, by satisfying certain prerequisites, to obtain exclusive rights in both “useful,”<sup>14</sup> i.e., utilitarian, objects and in “ornamental,” i.e., aesthetic, designs for such objects.<sup>15</sup> “[T]he ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure,”<sup>16</sup> so the system has been “carefully crafted” to offer inventors a “bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology and design in return for the exclusive right to practice the invention for a period of years.”<sup>17</sup> For utilitarian objects,<sup>18</sup> the period of exclusivity is 20 years, subject to certain statutory adjustments, from the date the patent application is filed.<sup>19</sup> For ornamental designs, the period of exclusivity is 14 years from the date the patent issues.<sup>20</sup>

“The attractiveness of such a bargain” to innovators, “and its effectiveness in inducing creative effort and disclosure of the results of that effort, depend almost entirely on a backdrop of free competition in the exploitation of unpatented designs and innovations.”<sup>21</sup> The default rule is that “free exploitation of ideas”—that is, freedom to copy another’s products or designs—“will be the rule, to which the protection of a federal patent is the exception.”<sup>22</sup>

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13. U.S. CONST. art. I, § 8, cl. 8; *see also* *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989).

14. 35 U.S.C. § 101 (2000) (“any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof”); *see also* *Bonito Boats*, 489 U.S. at 148.

15. 35 U.S.C. § 271 (2000) (“any new, original and ornamental design for an article of manufacture”); *see also* *Bonito Boats*, 489 U.S. at 148.

16. *Bonito Boats*, 489 U.S. at 151.

17. *Id.* at 150–51.

18. *See* 35 U.S.C. § 101.

19. *See* 35 U.S.C. § 154(a)(2), (b).

20. 35 U.S.C. § 173.

21. *Bonito Boats*, 489 U.S. at 151.

22. *Id.*

*B. The Trademark Law as a Source of "Back Door" Patent Rights.*

Understandably, some innovators would prefer to maintain exclusive rights in their product designs in perpetuity, rather than for the limited times provided by the patent laws. The federal trademark and unfair competition laws (collectively referred to herein, for brevity's sake, simply as the federal trademark laws) supply a potential source of such rights. Those laws are designed to promote efficient commerce by assisting consumers in easily identifying, and returning for more of, the products and services they like, as well as avoiding ones they don't.<sup>23</sup> Accordingly, subject to certain qualifiers, the trademark laws entitle the owner of a distinctive mark, that is, one that serves to identify the source of the goods or services sold under the mark, to sue anyone whose commercial conduct is likely to confuse consumers as to the source of the goods or services.<sup>24</sup>

"A proper trademark is not a public good; it has social value only when used to designate a single brand."<sup>25</sup> But since the design of a product itself can serve a source-identifying role and thus func-

23. See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992) ("Protection of trade dress, no less than of trademarks, serves the [Lanham] Act's purpose to 'secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.'" (quoting *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) (internal citations omitted))); see also 1 MCCARTHY, *supra* note 12, §§ 2:3, 2:5; Judith B. Prowda, *The Trouble with Trade Dress Protection of Product Design*, 61 ALB. L. REV. 1309, 1317-18 (1998); see generally Landes & Posner, *supra* note 10, at 268-69; Michael A. Carrier, *Cabining Intellectual Property Through a Property Paradigm*, 54 DUKE L.J. 1, 19, 42-43 (2004).

24. The Lanham Act provides for the registration of trademarks, which it defines in § 45 to include "any word, name, symbol, or device, or any combination thereof [used or intended to be used] to identify and distinguish [a producer's] goods . . . from those manufactured or sold by others and to indicate the source of the goods . . . ." 15 U.S.C. § 1127 (2000). Registration of a mark under § 2 of the Lanham Act, 15 U.S.C. § 1052, enables the owner to sue an infringer under § 32, 15 U.S.C. § 1114. Registration also entitles the owner to a presumption that its mark is valid, see 15 U.S.C. § 1057(b), and ordinarily renders the registered mark incontestable after five years of continuous use, see § 15, 15 U.S.C. § 1065. "In addition to protecting registered marks, the Lanham Act, in § 43(a), gives a producer a cause of action for the use by any person of 'any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion . . . as to the origin, sponsorship, or approval of his or her goods . . .'" *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209 (2000) (quoting 15 U.S.C. § 1125(a)).

25. Landes & Posner, *supra* note 10, at 274; see also William P. Kratzke, *The Supreme Court and Trade Dress—A Short Comment*, 24 HASTINGS COMM. & ENT. L.J. 73,

tion as a trademark,<sup>26</sup> the inventor invoking the trademark laws to obtain exclusive rights in a product design reasons—and alleges in the actual or threatened lawsuit against the competitor—as follows: “My product’s design serves to distinguish me as its source. My competitor’s sale of products bearing a similar or identical design is likely to confuse consumers. As a matter of trademark law, therefore, I am entitled to an injunction, monetary remedies, or both to prevent that harmful conduct.”<sup>27</sup> Since irreparable harm is often presumed in cases of trademark infringement,<sup>28</sup> and since potential monetary remedies include the plaintiff’s damages, the defendant’s profits, costs, treble damages, and attorneys’ fees,<sup>29</sup> the competitor may well choose or be forced to walk away from the business line. With reasonably pervasive, successful enforcement practices<sup>30</sup>—real or threatened—the inventor has obtained a “back-door patent,” of potentially infinite duration,<sup>31</sup> over the product’s design.<sup>32</sup>

### C. *The Emergence of Functionality as a Limiting Concept.*

The courts and Congress have, for many years, been aware of the potential for the federal trademark laws and other non-patent laws to confer patent-like rights on innovators. The nonfunctionality requirement has developed to limit that potential.<sup>33</sup>

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84 (2001) (“The putative trademark that does not function as a source identifier should not be treated as a trademark at all, and it should be freely copiable.”).

26. See, e.g., *Wal-Mart*, 529 U.S. at 209–10.

27. See Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 U.C.L.A. L. REV. 621, 661 (2004); Magliocca, *supra* note 10, at 858.

28. See, e.g., *Int’l Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 827 (9th Cir. 1993).

29. See 15 U.S.C. § 1117(a) (2000).

30. See Bone, *supra* note 12, at 2101 (noting that standard account of trademark role ignores enforcement costs such as “the administrative costs of adjudicating trademark lawsuits and the error costs of over- and under-enforcing trademark rights”).

31. See *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 337 (7th Cir. 1985); see also Carrier, *supra* note 23, at 20.

32. See, e.g., Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1705 (1999); Timothy M. Barber, Comment, *High Court Takes Right Turn in Traffix, but Stops Short of the Finish Line: An Economic Critique of Trade Dress Protection for Product Configuration*, 7 MARQ. INTEL. PROP. L. REV. 259, 260 (2003). See generally Gwendolyn Gill, Comment, *Through the Back Door: Attempts to Use Trade Dress to Protect Expired Patents*, 67 U. CIN. L. REV. 1269 (1999).

33. See *W.T. Rogers*, 778 F.2d at 338; *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 824 (3d Cir. 1981); see also Bone, *supra* note 12, at 2161–62; Barber, *supra* note 32, at 264.

In its 1964 decision in *Sears, Roebuck & Co. v. Stiffel Co.*,<sup>34</sup> the Supreme Court confronted the issue of “whether a State’s unfair competition law can, consistently with the federal patent laws, impose liability for or prohibit the copying of an article which is protected by neither a federal patent nor a copyright.”<sup>35</sup> Stiffel had obtained “design and mechanical patents” on a “pole lamp,” which it marketed with “decided commercial success.”<sup>36</sup> Sears began selling a competing lamp more cheaply. Stiffel sued, alleging patent infringement and state law unfair competition, the latter based on the assertion that “by selling copies of Stiffel’s lamp Sears had caused confusion in the trade as to the source of the lamps.”<sup>37</sup> The trial court held the patents invalid, apparently for lack of novelty. But it found for Stiffel on the unfair competition count, and enjoined Sears from selling lamps identical or confusingly similar to Stiffel’s.<sup>38</sup> The Seventh Circuit affirmed, noting particularly the “remarkable sameness of appearance” in the competitors’ products.<sup>39</sup>

Invoking federalism concerns, the Supreme Court reversed: To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public. The result would be that while federal law grants only 14 or 17 years’ protection to genuine inventions, States could allow perpetual protection to articles too lacking in novelty to merit any patent at all under federal constitutional standards. This would be too great an encroachment on the federal patent system to be tolerated. . . . [B]ecause of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying. The judgment below did both and in so doing gave Stiffel the equivalent of a patent monopoly on its unpatented lamp.<sup>40</sup>

Similarly, in the companion case of *Compco Corp. v. Day-Brite Lighting, Inc.*,<sup>41</sup> the Supreme Court considered “whether the use of

34. 376 U.S. 225 (1964).

35. *Id.* at 225.

36. *Id.* at 225–26.

37. *Id.* at 226.

38. *Id.* at 226–27.

39. *Id.* at 227.

40. *Id.* at 231–33 (citations omitted).

41. 376 U.S. 234 (1964).

a state unfair competition law”—the same as that at issue in *Sears*—“to give relief against the copying of an unpatented industrial design”—for a “reflector having cross-ribs claimed to give both strength and attractiveness to the fixture”—conflicted with the federal patent law.<sup>42</sup> Day-Brite had been issued a design patent on the device, but denied a “mechanical” (i.e. utility) patent. Compco’s predecessor had begun making and selling similar articles, and Day-Brite sued for design patent infringement and for state law unfair competition.<sup>43</sup> The trial court held the design patent invalid but found in Day-Brite’s favor on the unfair competition claim based on its belief “that the concurrent sale of the two products was ‘likely to cause confusion in the trade’; and that ‘[a]ctual confusion has occurred.’”<sup>44</sup> The Seventh Circuit affirmed, observing “that ‘several choices of ribbing were apparently available to meet the functional needs of the product,’ yet Compco ‘chose precisely the same design used by the plaintiff and followed it so closely as to make confusion likely.’”<sup>45</sup>

Again, the Supreme Court reversed. It noted the trial court’s finding “that the configuration of Day-Brite’s fixture identified Day-Brite to the trade because the arrangement of the ribbing had, like a trademark, acquired a ‘secondary meaning’ by which that particular design was associated with Day-Brite.”<sup>46</sup> But it reversed because “when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying,” the Court continued,

would interfere with the federal policy, found in [U.S. CONST. art. I, § 8, cl. 8], and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain. Here Day-Brite’s fixture has been held not to be entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases. . . . [I]f the design is not entitled to a design patent or other federal statutory protection, then it can be copied at will.<sup>47</sup>

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42. *Id.* at 234.

43. *Id.* at 234–35.

44. *Id.* at 235.

45. *Id.* at 236.

46. *Id.* at 237.

47. *Id.* at 237–38.



Musing, much as it had in *Sears*,<sup>48</sup> about the application of a hypothetical state law “requir[ing] those who make and sell copies to take precautions to identify their products as their own,” the Court continued:

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.<sup>49</sup>

Functionality came up again in the Supreme Court’s 1982 decision in *Inwood Labs., Inc. v. Ives Labs., Inc.*,<sup>50</sup> albeit in a roundabout way. Ives sued Inwood and other drug manufacturers for market-

48. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964) (“Doubtless a State may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods.”).

49. *Compco*, 376 U.S. at 238. In this broad statement, the Court departed to some degree from its statement in *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111 (1938), that as a matter of federal law, *see id.* at 113 n.1, Kellogg Company was required to use the pillow-shaped shredded wheat biscuit “in a manner which reasonably distinguishes its product from that of” Nabisco, which sued to prevent Kellogg’s marketing and sales of a similarly-shaped biscuit notwithstanding that the biscuit was covered by an invalid, and long since expired, design patent. *Id.* at 119–20 & n.4. That quirky, and questionable, concept appears even today in the Restatement (Third) of Unfair Competition: The copying of functional designs that have acquired secondary meaning, however, may cause a likelihood of confusion among prospective purchasers as to the source of the goods or services. Although the possibility or even certainty of such confusion will not deprive competitors of their right to copy functional designs, the general proscription against misrepresentations of source may require subsequent users of functional but distinctive designs to take reasonable precautions to minimize the risk of confusion. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 16 cmt. c (1993); *see also* RESTATEMENT OF TORTS § 741 cmt. j (1938) (“If an imitated feature is functional but has also acquired generally in the market a special significance as an indication of the source of the goods, the imitation is privileged if it is accompanied by reasonable effort to avoid deceiving prospective purchasers as to the source.”).

50. 456 U.S. 844 (1982).

ing generic versions of Ives's drug cyclandelate, which it sold under the registered mark "Cyclospasmol."<sup>51</sup> After Ives's patent on the drug expired, Inwood and the other manufacturers "intentionally copied the appearance of the Cyclospasmol capsules, selling cyclandelate in 200 mg and 400 mg capsules in colors identical to those selected by Ives."<sup>52</sup> Asserting a claim under section 32 of the Lanham Act,<sup>53</sup> "Ives contended that the generic manufacturers' use of look-alike capsules and of catalog entries comparing prices and revealing the colors of the generic capsules induced pharmacists illegally to substitute a generic drug for Cyclospasmol and to mislabel the substitute drug Cyclospasmol," thereby "contribut[ing] to the infringing activities of pharmacists who mislabeled generic cyclandelate" in violation of Ives's rights as the owner of the registered mark.<sup>54</sup> Ives also asserted a claim under section 43(a) of the Lanham Act,<sup>55</sup> alleging that the manufacturers had

falsely designated the origin of their products by copying the capsule colors used by Ives and by promoting the generic ruling products as equivalent to CYCLOSPASMOL. In support of its claim, Ives argued that the colors of its capsules were not functional and that they had developed a secondary meaning for the consumers.<sup>56</sup>

The trial court found in the manufacturers' favor on both claims, but the Second Circuit reversed on the section 32 claim.<sup>57</sup> Thus, the manufacturers' appeal of that ruling did not present the Supreme Court with a section 43(a) issue.<sup>58</sup> Nevertheless, on its way to reversing the Second Circuit, the Court put forth definitions of functionality and secondary meaning that would later prove significant.<sup>59</sup> Citing *Sears and Kellogg Co. v. Nat'l Biscuit Co.*,<sup>60</sup> the

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51. *See id.* at 849–51.

52. *Id.* at 847.

53. 15 U.S.C. § 1114 (2000).

54. *Inwood*, 456 U.S. at 850.

55. 15 U.S.C. § 1125(a).

56. *Inwood*, 456 U.S. at 850–51.

57. *See id.* at 852–53.

58. *See* Vincent N. Palladino, *Trade Dress Functionality After TrafFix: The Lower Courts Divide Again*, 93 TRADEMARK REP. 1219, 1223 (2003).

59. *See Inwood*, 456 U.S. at 853 (noting that "the blue and blue-red colors were functional to patients as well as to doctors and hospitals: many elderly patients associate color with therapeutic effect; some patients commingle medications in a container and rely on color to differentiate one from another; colors are of some, if limited, help in identifying drugs in emergency situations; and use of the same color for brand name drugs and their generic equivalents helps avoid confusion on the part of those responsible for dispensing drugs" (citations omitted)).

60. 305 U.S. 111, 111 (1938).

Court explained that in “general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”<sup>61</sup> And citing *Kellogg*, it explained that to “establish secondary 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.”<sup>62</sup>

*Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*<sup>63</sup> also involved a challenge to a state law prohibition on product design copying. Unlike *Sears* and *Compco*, patent protection had been neither sought nor obtained in connection with the design. But the same result obtained. The design was that of a hull for a fiberglass recreational boat, which Bonito developed through “substantial effort” and manufactured through use of a direct molding process.<sup>64</sup> The Florida Legislature had passed a statute that essentially prevented competitors from using that process to make duplicate hulls or other vessel components for sale, and Bonito sued Thunder Craft for doing just that.<sup>65</sup> The trial court granted Thunder Craft’s motion to dismiss, in which Thunder Craft argued that “the Florida statute conflicted with federal patent law and was therefore invalid under the Supremacy Clause of the Federal Constitution.”<sup>66</sup> The state intermediate appellate and supreme courts affirmed.<sup>67</sup>

The United States Supreme Court affirmed as well, tacitly suggesting *en route* that unfair competition law can, under some circumstances, be invoked to preclude copying of product design features, but only non-functional ones.<sup>68</sup> The Court extensively reviewed the history of, policies underlying, and caselaw interpreting the patent statutes, including *Sears* and *Compco*.<sup>69</sup> The Court noted the patent law’s provision for both utility patents protecting “new and useful” inventions and design patents protecting “new, original and ornamental design[s]” for articles of manufacture.<sup>70</sup> “To qualify for protection” under a design patent, it noted, “a design must

61. *Id.* at 850 n.10.

62. *Id.* at 851 n.11 (emphasis added). “[B]ecause Ives had failed to show that the colors indicated the drug’s origin, the [trial] court [had] found that the colors had not acquired a secondary meaning.” *Id.* at 853.

63. 489 U.S. 141 (1989).

64. *Id.* at 144.

65. *See id.* at 144–45.

66. *Id.* at 145.

67. *See id.*

68. *See id.* at 144.

69. *See id.* at 146–57.

70. *Id.* at 148.

present an aesthetically pleasing appearance that is not dictated by function alone, and must satisfy the other criteria of patentability.”<sup>71</sup> Although it viewed “the conclusion that the efficient operation of the patent system depends upon substantially free trade in publicly known, unpatented design and utilitarian conceptions” as lying “[a]t the heart of *Sears and Compco*,”<sup>72</sup> the Court refused to hold that those decisions’ “pre-emptive sweep” reached so far as to “completely disable[ ]” states “from offering any form of protection to articles or processes which fall within the broad scope of patentable subject matter.”<sup>73</sup> It observed, “the common-law tort of unfair competition has been limited to protection against copying of *non-functional* aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source.”<sup>74</sup> Moreover, it observed, Congress’s enactment of section 43(a) gave “federal recognition to many of the concerns that underlie the state tort of unfair competition, and the application of *Sears and Compco* to *nonfunctional* aspects of a product which have been shown to identify source must take account of competing federal policies in this regard.”<sup>75</sup> The Court offered no definition of a “functional” or “nonfunctional” product design, however, and made no mention of the definition it had announced in *Inwood*, albeit in a footnote, just a few years before.

#### D. A Turn with Distinctiveness.

Beginning with its 1992 decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*,<sup>76</sup> the Supreme Court rendered a series of decisions that focused not on resolving tension between the federal patent law and state laws restricting competition, as in *Sears, Compco*, and in *Bonito Boats*, but instead on the role of distinctiveness and its required proof in the context of the federal trademark law. These cases continued to lay the groundwork for the functionality test the Supreme Court ultimately would announce in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*<sup>77</sup>

In *Two Pesos*, the Court held that a Mexican restaurant chain’s trade dress—consisting of the décor and atmosphere of its restau-

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71. *Id.*

72. *Id.* at 156.

73. *Id.* at 154.

74. *Id.* at 158 (emphasis added).

75. *Id.* at 166 (emphasis added).

76. 505 U.S. 763 (1992).

77. 532 U.S. 23, 30 (2001).

rants<sup>78</sup>—was distinctive for purposes of section 43(a) if it was inherently distinctive, even if it lacked secondary meaning.<sup>79</sup> The Court reasoned in part that “[t]here is no persuasive reason to apply to trade dress a general requirement of secondary meaning which is at odds with the principles generally applicable to infringement suits under § 43(a).”<sup>80</sup> The Court emphasized the “clear” rule “that eligibility for protection under § 43(a) depends on nonfunctionality.”<sup>81</sup> But having denied *certiorari* on the issue of whether the trade dress was functional,<sup>82</sup> the Court did not attempt to define functionality.

In its 1995 opinion in *Qualitex Co. v. Jacobson Prods. Co., Inc.*,<sup>83</sup> the Supreme Court held that the Lanham Act does not preclude assertion of trademark rights in a color alone—there, the green-gold color of Qualitex’s drycleaning press pads—so long as the color has secondary meaning.<sup>84</sup> The Court discussed the role of functionality extensively, in two different contexts.

First, the Court found no inherent reason in the “functionality doctrine” to preclude the use of color as a mark.<sup>85</sup> As the Court observed,

The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, after which competitors are free to use the innovation. If a product’s functional features could be used as trademarks, however, a monopoly over such features

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78. “Taco Cabana describe[d] its Mexican fast-food trade dress as: ‘a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.’” *Two Pesos*, 505 U.S. at 765 (quoting *Taco Cabana Int’l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1117 (5th Cir. 1991)).

79. *See id.* at 767.

80. *Id.* at 770.

81. *Id.* at 769; *see also id.* at 775 (“Only nonfunctional, distinctive trade dress is protected under § 43(a).”).

82. *Id.* at 767 n.6.

83. 514 U.S. 159 (1995).

84. *Id.* at 163; *see also Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 211–12 (2000).

85. *See Qualitex*, 514 U.S. at 164.

