

“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.¹ And trademark rights can last forever.² But according to the patent laws, at least, exclusive rights in a product feature aren’t supposed to last forever.³ So the courts and Congress have established the feature’s “functionality” as one way to demarcate protectable features from unprotectable ones.⁴ Only non-functional product features may be protectable under the trademark laws; functional product features are not protectable.⁵

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.*⁶ As the Ninth Circuit correctly observed in that case, the first⁷ 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.*,⁸ “[t]he results reached in . . . various aesthetic functionality cases do not easily weave together to produce a coherent jurisprudence.”⁹ 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.”¹⁰ These cases raise (or re-raise) the following questions: ought there be such a thing as a “doctrine of aesthetic functionality” at all?¹¹ 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?

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.*¹² 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

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.”¹³ Congress has exercised that power by passing patent statutes enabling inventors, by satisfying certain prerequisites, to obtain exclusive rights in both “useful,”¹⁴ i.e., utilitarian, objects and in “ornamental,” i.e., aesthetic, designs for such objects.¹⁵ “[T]he ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure,”¹⁶ 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.”¹⁷ For utilitarian objects,¹⁸ the period of exclusivity is 20 years, subject to certain statutory adjustments, from the date the patent application is filed.¹⁹ For ornamental designs, the period of exclusivity is 14 years from the date the patent issues.²⁰

“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.”²¹ 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.”²²

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.²³ 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.²⁴

“A proper trademark is not a public good; it has social value only when used to designate a single brand.”²⁵ 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 I 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,²⁶ 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.”²⁷ Since irreparable harm is often presumed in cases of trademark infringement,²⁸ and since potential monetary remedies include the plaintiff’s damages, the defendant’s profits, costs, treble damages, and attorneys’ fees,²⁹ the competitor may well choose or be forced to walk away from the business line. With reasonably pervasive, successful enforcement practices³⁰—real or threatened—the inventor has obtained a “back-door patent,” of potentially infinite duration,³¹ over the product’s design.³²

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.³³

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. INTELL. 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.*,³⁴ 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.”³⁵ Stiffel had obtained “design and mechanical patents” on a “pole lamp,” which it marketed with “decided commercial success.”³⁶ 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.”³⁷ 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.³⁸ The Seventh Circuit affirmed, noting particularly the “remarkable sameness of appearance” in the competitors’ products.³⁹

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.⁴⁰

Similarly, in the companion case of *Compco Corp. v. Day-Brite Lighting, Inc.*,⁴¹ 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.⁴² 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.⁴³ 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.’”⁴⁴ 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.’”⁴⁵

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.”⁴⁶ 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.⁴⁷

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*,⁴⁸ 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.⁴⁹

Functionality came up again in the Supreme Court’s 1982 decision in *Inwood Labs., Inc. v. Ives Labs., Inc.*,⁵⁰ 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."⁵¹ 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."⁵² Asserting a claim under section 32 of the Lanham Act,⁵³ "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.⁵⁴ Ives also asserted a claim under section 43(a) of the Lanham Act,⁵⁵ 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.⁵⁶

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

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.”⁶¹ 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.”⁶²

*Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*⁶³ 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.⁶⁴ 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.⁶⁵ 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.”⁶⁶ The state intermediate appellate and supreme courts affirmed.⁶⁷

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.⁶⁸ The Court extensively reviewed the history of, policies underlying, and caselaw interpreting the patent statutes, including *Sears* and *Compco*.⁶⁹ 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.⁷⁰ “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.”⁷¹ 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*,”⁷² 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.”⁷³ 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.”⁷⁴ 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.”⁷⁵ 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.*,⁷⁶ 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.*⁷⁷

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

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).

rants⁷⁸—was distinctive for purposes of section 43(a) if it was inherently distinctive, even if it lacked secondary meaning.⁷⁹ 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).”⁸⁰ The Court emphasized the “clear” rule “that eligibility for protection under § 43(a) depends on nonfunctionality.”⁸¹ But having denied *certiorari* on the issue of whether the trade dress was functional,⁸² the Court did not attempt to define functionality.

In its 1995 opinion in *Qualitex Co. v. Jacobson Prods. Co., Inc.*,⁸³ 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.⁸⁴ 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.⁸⁵ 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

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.

could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity).⁸⁶

Quoting yet embellishing *Inwood*, the Court went on: “In 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,” that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.⁸⁷

And although sometimes color plays an important role (unrelated to source identification) in making a product more desirable, sometimes it does not. And, this latter fact—the fact that sometimes color is not essential to a product’s use or purpose and does not affect cost or quality—indicates that the doctrine of “functionality” does not create an absolute bar to the use of color alone as a mark.⁸⁸

Next, the Court invoked functionality in rejecting Jacobson’s argument that conferring trademark rights in colors alone would deplete the supply of colors available to competitors:

The functionality doctrine . . . forbids the use of a product’s feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is “essential to the use or purpose of the article” or “affects [its] cost or quality.” The functionality doctrine thus protects competitors against a disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features. For example, this Court has written that competitors might be free to copy the color of a medical pill where that color serves to identify the kind of medication (*e.g.*, a type of blood medicine) in addition to its source. . . . Although we need not comment on the merits of specific cases, we note that lower courts have permitted competitors to copy the green color of farm machinery (because customers wanted their farm equipment to match) and have barred the use of black as a trademark on outboard boat motors (because black has the special functional attributes of decreasing the apparent size of the motor and ensuring

86. *Id.* at 164–65 (citations omitted).

87. *Id.* at 165.

88. *Id.*

compatibility with many different boat colors). The Restatement (Third) of Unfair Competition adds that, if a design's "aesthetic value" lies in its ability to "confe[r] a significant benefit that cannot practically be duplicated by the use of alternative designs," then the design is "functional." The "ultimate test of aesthetic functionality," it explains, "is whether the recognition of trademark rights would significantly hinder competition."

The upshot is that, where a color serves a significant non-trademark function—whether to distinguish a heart pill from a digestive medicine or to satisfy the "noble instinct for giving the right touch of beauty to common and necessary things"—courts will examine whether its use as a mark would permit one competitor (or a group) to interfere with legitimate (non-trademark-related) competition through actual or potential exclusive use of an important product ingredient. That examination should not discourage firms from creating esthetically pleasing mark designs, for it is open to their competitors to do the same. But, ordinarily, it should prevent the anticompetitive consequences of Jacobson's hypothetical "color depletion" argument, when, and if, the circumstances of a particular case threaten "color depletion."⁸⁹

Finally, in its 2000 opinion in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*,⁹⁰ the Supreme Court held that a product design cannot be protected under the Lanham Act absent proof of "acquired distinctiveness," that is, secondary meaning.⁹¹ This, the Court defined according to *Inwood* as "occur[ring] when, 'in the minds of the public, the *primary significance* of a [mark] is to identify the source of the product rather than the product itself.'"⁹² In support of its bright-line rejection of "inherent distinctiveness" in product configuration trade dress cases, the Court reasoned that

[i]n the case of product design, as in the case of color, we think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended

89. *Id.* at 169–70 (emphasis added) (citations omitted).

90. 529 U.S. 205 (2000).

91. *See id.* at 216.

92. *Id.* at 211 (emphasis added) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982)).

not to identify the source, but to render the product itself more useful or more appealing.⁹³

The Court continued:

The fact that *product design almost invariably serves purposes other than source identification* not only renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests. Consumers should not be deprived of the benefits of competition with regard to the utilitarian *and esthetic* purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.⁹⁴

Motivated to “provide the basis for summary disposition of . . . anticompetitive strike suit[s],”⁹⁵ the Court noted that a plaintiff’s (by now statutory)⁹⁶ burden to prove a product design’s non-functionality—which “may involve consideration of its esthetic appeal”⁹⁷—might also limit such suits. But not enough, according to the Court. Moreover, the Court observed, a “producer can ordinarily obtain protection for a design that *is* inherently source identifying (if any such exists), but that does not yet have secondary meaning, by securing a design patent or a copyright for the design.”⁹⁸ And having held in *Two Pesos* that trade dress can be inherently distinctive,⁹⁹ yet holding in this case that “*product-design* trade dress”¹⁰⁰ cannot be, the Court rejected the argument that the distinction would “force courts to draw difficult lines between product-design and product-packaging trade dress” on two grounds.¹⁰¹ First, it believed, “the frequency and the difficulty of having to distinguish between product design and product packaging will be much less than the frequency and the difficulty of having to decide when a product design is inherently distinctive.”¹⁰² Second, “[t]o

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

94. *Id.* (emphasis added).

95. *Id.* at 214; *see also* Bone, *supra* note 12, at 2160.

96. In 1999, Congress enacted the Trademark Amendments Act of 1999, which imposed on the alleged owner of an unregistered trade dress the duty to prove non-functionality, but did not define it. *Wal-Mart*, 529 U.S. at 210; *see also* Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218 (1999); H.R. REP. NO. 106-250, at 4 (1999).

97. *Wal-Mart*, 529 U.S. at 214.

98. *Id.*

99. *See* *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767 (1992).

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

101. *Id.*

102. *Id.*

the extent there are close cases,” the Court admonished “that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning. The very closeness will suggest the existence of relatively small utility in adopting an inherent-distinctiveness principle, and relatively great consumer benefit in requiring a demonstration of secondary meaning.”¹⁰³

E. Summary.

By the time *Wal-Mart* issued, the nonfunctionality requirement had become thoroughly embedded in the trademark law—through decisions like *Sears*, *Compco*, *Inwood*, *Bonito Boats*, *Two Pesos*, and *Qualitex*, and ultimately, by Congressional enactment.

Substantial definitional questions, however, remained. The *Inwood* Court had asserted in a footnote 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.”¹⁰⁴ But there was no functionality issue before the Court in *Inwood*; there was nothing in the portion of *Sears* cited by *Inwood* that supported the formulation;¹⁰⁵ and there was nothing in the cited portions of either *Sears* or *Kellogg*—the only other case cited by *Inwood* as authority for its formulation—that supported the “essential to the use or purpose” prong of the *Inwood* formulation.¹⁰⁶ *Qualitex* had invoked the *Inwood* formulation, but *Qualitex* was not a product configuration case. As lower courts later observed, *Qualitex* had also likened the *Inwood* formulation to an effect-on-competition test.¹⁰⁷

As for the aesthetics versus utility question, the Court’s decisions had provided little or no basis to conclude that one would impact functionality differently than the other. According to the *Inwood* formulation, a product feature is functional if it affects the

103. *Id.*

104. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982).

105. See Palladino, *supra* note 58, at 1223.

106. The “essential to the use or purpose” prong may have been drawn from *Compco*’s reference to a design that “is ‘nonfunctional’ and not essential to the use of either [the copied or the copying] article.” *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964). But *Inwood* did not cite *Compco* in support of its formulation. See *Inwood*, 456 U.S. at 851 n.10. And *Compco*’s use of the conjunctive casts doubt on whether it meant to define “nonfunctional” as not “essential to the use” of the article anyway.

107. See, e.g., *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 37 (1st Cir. 1998); *Disc Golf Ass’n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998); *Tools USA & Equip. Co. v. Champ Frame Straightening Equip., Inc.*, 87 F.3d 654, 657–58 (4th Cir. 1996).

product's "quality"—and surely the quality of a decorative item, for example, turns to a substantial degree on its aesthetics. Neither *Sears* nor *Compco* nor *Bonito Boats* had distinguished between utilitarian and ornamental product designs in their analysis. In its treatment of color, *Qualitex* had likened "distinguish[ing] a heart pill from a digestive medicine" to "satisfy[ing] the 'noble instinct for giving the right touch of beauty to common and necessary things'" as "significant nontrademark function[s]."¹⁰⁸ *Qualitex* also had noted lower court cases protecting the (at least arguably) aesthetic function of color coordination.¹⁰⁹ And *Wal-Mart* noted explicitly, albeit in dicta, that determining a product's functionality "may involve consideration of its esthetic appeal."¹¹⁰

Finally, at least so far as one case can, *Wal-Mart* portended that in the interest of making "anticompetitive strike suit[s]" more amenable to summary judgment, future Supreme Court decisions might tend to simplify rather than complicate Lanham Act unfair competition analysis.¹¹¹ True, *Wal-Mart* had created a different rule (requiring secondary meaning) for product configuration trade dress cases than for product packaging trade dress cases (requiring inherent distinctiveness *or* secondary meaning), even though *Two Pesos* earlier had refused to impose the burden to prove secondary meaning (to the exclusion of inherent distinctiveness) on trade dress plaintiffs since other section 43(a) infringement plaintiffs bear no such burden. But *Wal-Mart* had resolved the potential quandary of cases at the margin between product configuration and product packaging by directing lower courts to treat those cases as product configuration cases.¹¹² The net result, in all likelihood, would be fewer trade dress cases that could evade summary judgment.

II.

*TRAFFIX DEVICES, INC. V. MARKETING DISPLAYS, INC.*¹¹³ MUDDLES THE FUNCTIONALITY INQUIRY.

With its 2001 opinion in *Traffix*, the Supreme Court squarely addressed, for the first time, the definition of functionality in the product configuration trade dress context. Particularly in view of its previous decisions, the Court's treatment of functionality disap-

108. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 170 (1995).

109. *See id.* at 169–70.

110. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 214 (2000).

111. *See id.* at 213–14.

112. *See id.* at 215.

113. 532 U.S. 23 (2001).

pointed in several respects, leaving lower courts—like the Ninth Circuit in *Au-Tomotive Gold* five years later—to struggle with functionality generally and aesthetic functionality in particular.

A. *The Traffix Case.*

Marketing Displays (“MDI”) manufactured and sold temporary road signs covered by two utility patents for the signs’ “dual-spring design,” which helped keep the signs upright in adverse wind conditions and which were visible near the signs’ bases. After the patents expired, Traffix copied and began selling “sign stands with a visible spring mechanism that looked like MDI’s.”¹¹⁴ MDI sued for, among other things, “trade dress infringement (based on the copied dual-spring design).”¹¹⁵ On summary judgment, the trial court ruled against MDI on both secondary meaning and functionality. The Sixth Circuit reversed, suggesting that the trial court had erred in failing to consider whether alternative design configurations were available to Traffix.¹¹⁶

Observing that the burden of proving non-functionality rested on MDI; that in *Wal-Mart*, it had “caution[ed] against misuse or overextension of trade dress” and “noted that ‘product design almost invariably serves purposes other than source identification’”; and that copying has pro-competitive effects in many instances; the Supreme Court characterized the “principal question” on Traffix’s appeal as “the effect of an expired patent on a claim of trade dress infringement.”

“A prior patent,” the Court concluded, 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 previ-

114. *Id.* at 26.

115. *Id.*

116. *See id.* at 27–28 (“Basic to [the Sixth Circuit’s] reasoning was [its] observation that it took little imagination to conceive of a hidden dual-spring mechanism or a tri or quad-spring mechanism that might avoid infringing [MDI’s] trade dress. The Court of Appeals explained that [i]f Traffix or another competitor chooses to use [MDI’s] dual-spring design, then it will have to find *some other way* to set its sign apart to avoid infringing [MDI’s] trade dress. It was not sufficient, according to the Court of Appeals, that allowing exclusive use of a particular feature such as the dual-spring design in the guise of trade dress would hinde[r] competition somewhat. Rather, [e]xclusive use of a feature must put competitors at a *significant* non-reputation-related disadvantage before trade dress protection is denied on functionality grounds.” (citations omitted) (internal quotations omitted)).

ous 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.*¹¹⁷

The emphasized example implicitly suggested the existence of two separate universes of product features: (1) functional or utilitarian ones and (2) all others. The implicit assumption that only utilitarian features can be functional pervaded the Court's subsequent analysis that the dual-spring design was functional because it (heavily) impacted how the signs worked.¹¹⁸ The Court's treatment also disparaged the importance of "merely" ornamental (that is, aesthetic) design features, not only by its use of that adverb, but also by equating the "ornamental" with the "incidental" and the "arbitrary."¹¹⁹

The Court criticized the Sixth Circuit for interpreting *Qualitex* as determining functionality based on "whether the particular product configuration is a competitive necessity."¹²⁰ Invoking *Qualitex* and *Inwood*, the Court acknowledged that it had 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. *Expanding upon the meaning of this phrase,*" the Court continued, "we have observed that a functional feature is one the exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage."¹²¹

But "[a]s explained in *Qualitex* and *Inwood*," the Court asserted, "a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the

117. *Id.* at 29–30 (emphasis added).

118. *Id.* at 30–32 ("The point is that the springs are necessary to the operation of the device The dual-spring design serves the important purpose of keeping the sign upright even in heavy wind conditions; and, as confirmed by the statements in the expired patents, it does so in a unique and useful manner. . . . The dual-spring design affects the cost of the device as well; it was acknowledged that the device 'could use three springs but this would unnecessarily increase the cost of the device.');" *id.* at 34 ("The dual-spring design is not an arbitrary flourish in the configuration of MDI's product; it is the reason the device works.").

119. *See id.* at 30.

120. *Id.* at 32.

121. *Id.* (emphasis added) (citations omitted) (internal quotations omitted).

device.”¹²² The Court offered a remarkable, supposedly distinguishing, characterization of *Qualitex*:

It is proper to inquire into a “significant non-reputation-related disadvantage” in cases of esthetic functionality, the question involved in *Qualitex*. Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature. In *Qualitex*, by contrast, esthetic functionality was the central question, there having been no indication that the green-gold color of the laundry press pad had any bearing on the use or purpose of the product or its cost or quality.¹²³

“Because the dual-spring design is functional” under *Inwood*, the Court concluded, “it is unnecessary for competitors to explore designs to hide the springs, say, by using a box or framework to cover them.”¹²⁴ But “[i]n a case where a manufacturer seeks to protect *arbitrary, incidental, or ornamental aspects of features of a product* found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain.”¹²⁵

So after *Traffix*, the law of product configuration trade dress was something like this: A product design could be protected as a mark if it was distinctive, nonfunctional, and likely to confuse consumers as to source or affiliation. To prove distinctiveness, the plaintiff would have to prove secondary meaning—that “in the minds of the public, the *primary* significance of a product feature . . . is to identify the source of the product rather than the product itself.”¹²⁶ Given that the plaintiff bore the burden to prove nonfunctionality,¹²⁷ the plaintiff apparently would have to prove that the feature was not “essential to the use or purpose of the article” and did not “affect[] the cost or quality of the article.” But if the feature was “aesthetic”—and thus disqualified (as *Traffix* could be read to suggest) from being “functional” under the use or pur-

122. *Id.* at 33; *see also id.* at 35 (“Whether a utility patent has expired or there has been no utility patent at all, a product design which has a particular appearance may be functional because it is ‘essential to the use or purpose of the article’ or ‘affects the cost or quality of the article.’” (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982))).

123. *Id.* at 33.

124. *Id.* at 34.

125. *Id.* at 34 (emphasis added).

126. *Inwood*, 456 U.S. at 851 n.11 (emphasis added), *quoted in* *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 213 (2000).

127. 15 U.S.C. § 1125(a)(3) (2000) (placing burden of proving nonfunctionality on the party asserting protection of unregistered trade dress).

pose/cost or quality standard¹²⁸—the plaintiff presumably also would have to prove that granting it exclusive rights in the feature would not put its competitors at a “significant non-reputation-related disadvantage.”¹²⁹

B. *Functionality Problems Wrought by Traffix.*

This framework—particularly as influenced by *Traffix*—left something to be desired.¹³⁰ It did not inspire respect for precedent.¹³¹ Among other reasons, *Traffix* apparently had, at some level, viewed ornamental or aesthetic design as necessarily non-functional,¹³² even though a series of Supreme Court cases—including *Sears*, *Compco*, *Bonito Boats*, *Qualitex*, and *Wal-Mart*—had suggested otherwise. Contrary to *Traffix*, “esthetic functionality” had *not* been the central question in *Qualitex*. The central question

128. See Palladino, *supra* note 58, at 1226–27 (“Traffix affirmed the applicability of the Inwood standard for utilitarian functionality cases while endorsing application of the significant disadvantage (competitive necessity) standard in aesthetic functionality cases . . .”); Harold R. Weinberg, *Trademark Law, Functional Design Features, and the Trouble with Traffix*, 9 J. INTELL. PROP. L. 1, 6 (2001) (“*Traffix* . . . needlessly states two functionality standards, one for useful design features and one for aesthetic design features.”). *But see* Justin Pats, Comment, *Conditioning Functionality: Untangling the Divergent Strands of Argument Evidenced by Recent Case Law and Commentary*, 10 MARQ. INTELL. PROP. L. REV. 515, 526 (2006) (“[T]he Court did not intend a division of utilitarian and aesthetic functionality. . . . [A]esthetic functionality should be framed not separately, but rather as another weapon in a court’s arsenal that is complementary to the *Inwood* test.”).

129. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995).

130. Some commentators have gone further: “Gone is the uniform use of a competitive need functionality standard. Gone is the consistent treatment of all functionality questions, whether aesthetic or utilitarian. In their place are inconsistent and largely incomprehensible standards and distinctions.” Mark Alan Thurmon, *The Rise and Fall of Trademark Law’s Functionality Doctrine*, 56 FLA. L. REV. 243, 326 (2004). According to another, “[t]he opinions [in the *Traffix* line] are maddening in their specifics, leaving behind them unanswered questions both as to their analytic bases and their consequences, and troublesome issues of implementation for the lower courts.” Sheldon W. Halpern, *A High Likelihood of Confusion: Wal-Mart, Traffix, Moseley, and Dastar—The Supreme Court’s New Trademark Jurisprudence*, 61 N.Y.U. ANN. SURV. AM. L. 237, 270–71 (2005).

131. See *supra* Part I.E; see also Margreth Barrett, *Consolidating the Diffuse Paths to Trade Dress Functionality: Encountering Traffix on the Way to Sears*, 61 WASH. & LEE L. REV. 79, 136–37 (2004) (observing that *Traffix* seems to be based on several theoretical foundations though is fully consistent with none).

132. Several lower courts viewed the concept of an “aesthetic” functionality with disdain. See, e.g., *Clicks Billiards Inc. v. Sixshooters Inc.*, 251 F.3d 1252, 1260 (9th Cir. 2001) (“Trade dress cannot . . . be both functional and *purely* aesthetic.”); *Sno-Wizard Mfg., Inc. v. Eisemann Prods. Co.*, 791 F.2d 423, 426 n.3 (5th Cir. 1986) (rejecting “aesthetic standard of functionality”).

had been whether color could be protected as a trademark.¹³³ *Qualitex* had discussed the issue only to demonstrate that the color depletion theory was a bogeyman.¹³⁴ *TrafFix* adopted the *Inwood* formulation of functionality, but—so far as the *Inwood* opinion indicated—that formulation did not derive from a considered analysis of its implications in a product configuration trade dress context.¹³⁵ Indeed, as noted above, there was no functionality issue before the Court in *Inwood*, and the authority invoked by *Inwood* in support of its formulation was questionable. From these sparse origins, *TrafFix* had created a comprehensive, binding definition of functionality.¹³⁶ Finally, *TrafFix*'s conclusion that *Qualitex* had “[e]xpand[ed] upon the meaning” of *Inwood*'s “use or purpose/cost or quality” standard by discussing competitive necessity¹³⁷ was hardly necessary. An alternative would have been that the “use or purpose/cost or quality” standard was a legal bright-line rule designed to satisfy an otherwise necessary practical (and very fact-specific) inquiry into competitive necessity.¹³⁸

Moreover, the framework wrought by *TrafFix* was not easy to apply.¹³⁹ Only the previous term, in *Wal-Mart*, the Court had expressed motivation to make product configuration trade dress cases more, not less, amenable to summary judgment.¹⁴⁰ It had also identified a net aggregate utility gain in adopting a bright-line rule throwing potentially difficult cases at the margin between product packaging (whose distinctiveness might be inherent) and product configuration (whose distinctiveness could not be inherent) into the configuration category.¹⁴¹ The adoption of that bright-line rule defeated what otherwise might have been an appealing argument based on *Two Pesos*: that were the Court to require different proof of distinctiveness in product configuration cases (secondary meaning necessary) than product packaging cases (inherent distinctive-

133. See, e.g., JEROME GILSON, GILSON ON TRADEMARKS § 2A.04[5][b] (2006).

134. See *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 169 (1995).

135. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.10 (1982).

136. See Weinberg, *supra* note 128, at 60.

137. See *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32–33 (2000).

138. See *Qualitex*, 514 U.S. at 165; see also Palladino, *supra* note 58, at 1225.

139. Lower courts have struggled in applying *TrafFix*. See generally Barrett, *supra* note 131, at 132–35 (noting that the Federal Circuit has found that effect on competition is the “crux” of functionality whereas the Fifth Circuit has found “two separate tests for functionality—the ‘traditional’ *Inwood* test and the *Qualitex* competitive necessity test—and that the *TrafFix* Court intended the traditional test to be ‘primary’”).

140. See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 214 (2000).

141. See *id.* at 215.

ness or secondary meaning sufficient), courts would confront the difficult task of distinguishing between the two.¹⁴²

Yet the functionality rule from *TrafFix* arguably required a different proof of nonfunctionality for utilitarian features (*Inwood's* “use or purpose/cost or quality” formulation) than for other features (competitive necessity), thereby raising the specter that difficult questions such as “Is it utilitarian or ornamental?” would have to be answered in future cases.¹⁴³ And the *Inwood* formulation itself created difficult questions, such as “How do we know whether the feature is *essential* to the use or purpose of the article?”¹⁴⁴ and “Doesn't *everything* affect an article's cost or quality in some way?” *TrafFix* itself didn't reach those questions because the dual-spring design was claimed in utility patents¹⁴⁵ and likely would have been viewed as bereft of aesthetic value by everyone except maybe Howard Roark.¹⁴⁶ In cases where aesthetics matter to the consumer, the framework left by *TrafFix* hardly lends itself to consistent, easily summarily determinable results.¹⁴⁷

142. *See id.*

143. *See* Beebe, *supra* note 27, at 666–67; Dana Beldiman, *Protecting the Form but not the Function: Is U.S. Law Ready for a New Model?*, 20 SANTA CLARA COMPUTER & HIGH TECH. L.J. 529, 557 (2004) (noting the “hopeless tangle about the difference between aesthetics and functionality” (quoting *Krueger Int'l, Inc. v. Nightingale, Inc.*, 915 F. Supp. 595, 606 (S.D.N.Y. 1996))); Bone, *supra* note 12, at 2165 (“[C]ourts that faithfully apply the two-part test still struggle with classifying trade dress in the appropriate category. One difficult area is trade dress with aesthetic or ornamental rather than practical utilitarian value.”); Weinberg, *supra* note 128, at 25–26 n.107 (noting dissonance between *Wal-Mart* and *TrafFix* on marginal cases).

144. *See* Kratzke, *supra* note 25, at 81.

145. *See* U.S. Patent Nos. 3,662,482 (filed July 30, 1970), 3,646,696 (filed Sep. 11, 1967).

146. *See* AYN RAND, *THE FOUNTAINHEAD* 12 (Scribner Classics Ed. 2000) (1943).

147. Some have claimed that *Wal-Mart* “snuffs out the possibility of using trademarks as a major tool for design protection.” *E.g.*, Magliocca, *supra* note 10, at 860; *cf.* Landes & Posner, *supra* note 10, at 289 (“The law could deal with the problem of an undistinctive mark by requiring in every case an inquiry into the economic effects of allowing an exclusive right. The effect, however, would be to make a trademark case very much like an antitrust case. Antitrust cases governed by the Rule of Reason are very costly to try (or even to settle) . . .”). *But see* Bone, *supra* note 12, at 2165–66; David S. Welkowitz, *Trade Dress and Patent—The Dilemma of Confusion*, 30 RUTGERS L.J. 289, 331 (1999).

III.
TRAFFIX AFFLICTS THE NINTH CIRCUIT
IN *AU-TOMOTIVE GOLD*.

Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc. was not a product configuration trade dress case.¹⁴⁸ But it was the first Ninth Circuit case to address aesthetic functionality in light of *Traffix*, and thus demonstrates how *Traffix*'s flaws will tend to impact the lower courts in such cases.

A. *The Au-Tomotive Gold Case.*

Au-Tomotive Gold “center[ed] on the trademarks of two well-known automobile manufacturers—Volkswagen and Audi,” and presented the issue of “whether the Lanham Act prevents a maker of automobile accessories from selling, without a license or other authorization, products bearing exact replicas of the trademarks of these famous car companies.”¹⁴⁹ The manufacturers’ “automobiles, parts and accessories . . . b[ore] well-known trademarks, including the names Volkswagen and Audi, the encircled VW logo, the interlocking circles of the Audi logo, and the names of individual car models.”¹⁵⁰ The manufacturers had registered the marks and used them for decades.¹⁵¹

Auto Gold produced and sold “automobile accessories to complement specific makes of cars.”¹⁵² Auto Gold’s products bore “exact replicas of the registered trademarks or, in at least some cases, genuine trademark medallions purchased from Volkswagen dealers.”¹⁵³ Auto Gold maintained that “[c]onsumers want these accessories ‘to match the chrome on their cars; to put something on the empty space where the front license tag would otherwise go; or because the car is a [Volkswagen or Audi], they want a [Volkswagen or Audi]-logo plate.’”¹⁵⁴

Auto Gold had obtained “license and marketing agreements with several car manufacturers, authorizing sales of auto accessories bearing those companies’ trademarks,” but it had failed “to secure similar arrangements with Volkswagen and Audi.”¹⁵⁵ So, after los-

148. 457 F.3d 1062, 1067 (9th Cir. 2006) (discussing the central question of the case).

149. *Id.* at 1064.

150. *Id.*

151. *See id.*

152. *Id.* at 1065.

153. *Id.*

154. *Id.*

155. *Id.*

ing a trademark infringement suit brought by BMW, “another car maker aggrieved by the unauthorized sales of trademarked accessories,” Auto Gold sued Volkswagen and Audi in the District of Arizona, seeking, among other things, “a declaratory judgment that its activities did not constitute trademark infringement or trademark counterfeiting under 15 U.S.C. § 1114, unfair competition under 15 U.S.C. § 1125(a), or trademark dilution under 15 U.S.C. § 1125(c).”¹⁵⁶

A rather tortured procedural history ensued, culminating in, among other things, cross-motions for summary judgment on the manufacturers’ infringement, dilution, and unfair competition claims. The trial court ruled in Auto Gold’s favor, finding that

[t]he VW and Audi logos are used not because they signify that the license plate or key ring was manufactured or sold (i.e., as a designation of origin) by Volkswagen or Audi, but because there is a[n] aesthetic quality to the marks that purchasers are interested in having” [and c]oncluding that the marks were “protected under the aesthetic functionality doctrine”¹⁵⁷

After subsequent rulings ripened the case for appeal, the manufacturers challenged the trial court’s summary judgment rulings before the Ninth Circuit.

The Ninth Circuit framed the “central question” as “the scope of the doctrine of the [sic] ‘aesthetic functionality’ and its application to the Volkswagen and Audi trademarks as they appear on Auto Gold’s products.”¹⁵⁸ The court invoked the *Inwood*¹⁵⁹ formulation that a feature is functional if it is “essential to the use or purpose of the article [or] affects [its] cost or quality.”¹⁶⁰ The court referred to this “as ‘*utilitarian*’ functionality, as it relates to the performance of the product in its intended purposes. Thus, ‘[t]he 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.’”¹⁶¹

But “[e]xtending the functionality doctrine,” which the court saw as

156. *Id.* at 1065–66.

157. *Id.* at 1066 (internal quotations omitted).

158. *Id.* at 1067.

159. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.10 (1982).

160. *Au-Tomotive Gold*, 457 F.3d at 1067 (internal quotations omitted).

161. *Id.* (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995)) (emphasis added) (internal citations omitted).

aim[ed] to protect “useful” product features, to encompass unique logos and insignia is not an easy transition. Famous trademarks have assumed an exalted status of their own in today’s consumer culture that cannot neatly be reduced to the historic function of trademark to designate source. Consumers sometimes buy products bearing marks . . . for the appeal of the mark itself, without regard to whether it signifies the origin or sponsorship of the product. As demand for these marks has risen, so has litigation over the rights to their use as claimed “functional” aspects of products.¹⁶²

The results reached in those “aesthetic functionality cases,” however, did not—in the Ninth Circuit’s view—“easily weave together to produce a coherent jurisprudence.”¹⁶³

After briefly recounting its own cases in which it had dealt with—and, it asserted, sharply limited—aesthetic functionality,¹⁶⁴ the Ninth Circuit turned to the Supreme Court’s decisions. It noted *Inwood* and *Qualitex*, then turned to *TrafFix*, which the parties had not cited. As the Court read that decision, “If a feature is functional under *Inwood Laboratories*, the inquiry ends and the feature cannot be protected under trademark law. . . . By contrast . . . ‘[i]t is proper to inquire into a ‘significant non-reputation-related disadvantage’ in cases of aesthetic functionality”¹⁶⁵ That is,

the test for functionality proceeds in two steps. In the first step, courts inquire whether the alleged “significant non-trademark function” satisfies the *Inwood Laboratories* definition of

162. *Id.* at 1067.

163. *Id.* at 1068.

164. The *Au-Tomotive* court reviewed: *Pagliari v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952), in which it had held decorative patterns on vitrified china functional because their “attractiveness and eye-appeal” was the “primary benefit that consumers seek” and “were at the heart of basic consumer demand for the product”; *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980), which the *Au-Tomotive* court viewed as “reviv[ing]” *Pagliari* “almost thirty years later”; *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769 (9th Cir. 1981), which involved “bare counterfeiting of Louis Vuitton handbags with minor alterations to the familiar LV logo and fleur-de-lis insignia,” and which the *Au-Tomotive* court viewed as having dealt aesthetic functionality “a limiting but not fatal blow”; *Clicks Billiards v. Sixshooters Inc.*, 251 F.3d 1252 (9th Cir. 2001), which criticized the “notion that a purely aesthetic feature can be functional”; *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378 (9th Cir. 1987), which asserted that in the Ninth Circuit, the “aesthetic functionality test ha[d] been limited, if not rejected, in favor of the ‘utilitarian’ functionality test”; and *Fabrica Inc. v. El Dorado Corp.*, 697 F.2d 890 (9th Cir. 1983), which asserted that *Pagliari* had been limited to product features. See *Au-Tomotive Gold*, 457 F.3d at 1068–70 (internal quotations omitted).

165. *Au-Tomotive Gold*, 457 F.3d at 1071.

functionality—“essential to the use or purpose of the article [or] affects [its] cost or quality.” If this is the case, the inquiry is over—the feature is functional and not protected. In the case of a claim of aesthetic functionality, an alternative test inquires whether protection of the feature as a trademark would impose a significant non-reputation-related competitive disadvantage.¹⁶⁶

Under that standard, the court disposed of Auto Gold’s assertion that the Audi and Volkswagen marks were functional. The manufacturers’ trademark registrations lent the marks a presumption of validity, and thus, non-functionality, leaving Auto Gold to prove otherwise.¹⁶⁷ There was no evidence in the record that the marks were functional under the “utilitarian definition in *Inwood Laboratories*,” so the court examined “whether Volkswagen and Audi’s marks, as they appear on Auto Gold’s products, perform some function such that the “‘exclusive use of [the marks] would put competitors at a significant non-reputation-related disadvantage.’”¹⁶⁸ The court rejected Auto Gold’s argument—“that the trademarks ‘constitute [] the actual benefit the consumer wishes to purchase’”—because, it asserted, it “ha[d] squarely rejected the notion that ‘any feature of a product which contributes to the consumer appeal and saleability of the product is, as a matter of law, a functional element of that product.’”¹⁶⁹ “Such a rule,” it asserted, “would eviscerate the very competitive policies that functionality seeks to protect.”¹⁷⁰ And “[e]ven viewing Auto Gold’s position generously,” the court believed, “[t]he concept of an ‘aesthetic’ function that is non-trademark-related has enjoyed only limited application. In practice, aesthetic functionality has been limited to product features that serve an aesthetic purpose *wholly independent* of any source-identifying function.”¹⁷¹

“It is difficult,” the Ninth Circuit conceded, to extrapolate from cases involving a *true aesthetically functional feature*, like a box shape or certain uses of color, to cases involving well-known registered logos and company names, which generally have no function apart from their association with the trademark holder. The present case illustrates the point well, as the use of Volkswagen and Audi’s marks is neither aes-

166. *Id.* at 1072 (citations omitted).

167. *See id.*

168. *Id.* at 1072–73.

169. *Id.* at 1073 (quoting *Vuitton*, 644 F.2d at 774).

170. *Id.*

171. *Id.* (emphasis added).

thetic nor independent of source identification. That is to say, there is no evidence that consumers buy Auto Gold's products solely because of their "intrinsic" aesthetic appeal. Instead, the alleged aesthetic function is indistinguishable from and tied to the mark's source-identifying nature.

By Auto Gold's strident admission, consumers want "Audi" and "Volkswagen" accessories, not beautiful accessories. This consumer demand is difficult to quarantine from the source identification and reputation-enhancing value of the trademarks themselves. The demand for Auto Gold's products is inextricably tied to the trademarks themselves.¹⁷²

"[C]onclud[ing] as a matter of law that likelihood of confusion is clear cut,"¹⁷³ the Ninth Circuit reversed and remanded for consideration of Auto Gold's "first sale" defense, as well as its dilution claim.¹⁷⁴

B. Implications of *Au-Tomotive* (and *TraFFix*).

As a datum in analyzing aesthetic functionality, *Au-Tomotive Gold* has its limitations. Even had it been a product configuration trade dress case, neither it nor *TraFFix* comfortably involved all three pertinent product feature attributes: utility, aesthetics, and source-identification. *TraFFix*'s "dual-spring design" was utilitarian, and may have been source-identifying, but as noted above, it wasn't terribly aesthetic (if at all). *Au-Tomotive Gold*'s logo accessories were source-identifying, and may have had some aesthetic value, but they weren't utilitarian. And the fact that the marks in *Au-Tomotive Gold* were registered meant that Auto Gold bore the burden to prove that they were functional, rather than the manufacturers having to prove they were non-functional as the proponent of an unregistered trade dress would have to do.

But *Au-Tomotive Gold*'s treatment of *TraFFix* was essentially faithful. Under the *TraFFix* and *Au-Tomotive Gold* framework, a product feature with utilitarian value is unprotectable even if it has trademark significance. If it has only aesthetic value, on the other hand, then it is protectable as a trademark *unless* protecting it would impose on competitors a significant non-reputation-related disadvantage. Read together, *TraFFix* and *Au-Tomotive Gold* create at least three implications for product configuration trade dress cases involving some degree of "aesthetics."

172. *Id.* at 1073–74 (emphasis added).

173. *Id.* at 1075.

174. *Id.* at 1078.

First, they reflect the notion that utility differs from aesthetics in a way that enables courts to distinguish effectively between the two.¹⁷⁵ In extreme cases, that premise may be true. *TrafFix*'s "dual-spring design" probably is utilitarian, as opposed to aesthetic, in that it probably is purchased for what it does with little regard for how it looks. Even with such starkly utilitarian articles as road signs, however, one is hard-pressed to conclude that aesthetics are meaningless. One can imagine a public works department selecting one type of road sign over another because the first "looks better"—whatever that may mean¹⁷⁶—even if the two types are completely equivalent in performance. And the premise that utility and aesthetics can be effectively distinguished is questionable, at best, as to the many products that are valued by consumers *both* for what they do *and* for how they look (or, for that matter, how they feel, or smell, or sound, or taste).¹⁷⁷ Examples of such products abound: furniture,¹⁷⁸ fixtures,¹⁷⁹ and decorative items, to name a few.

Second, both *Au-Tomotive Gold* and *TrafFix* suggest that utility is not only distinguishable from aesthetics; it is more important.¹⁸⁰ Under their framework, an unpatented utilitarian product feature belongs to the public no matter what, even if it has source-identify-

175. See *id.* at 1073 (alluding to "cases involving a true aesthetically functional feature, like a box shape or certain uses of color").

176. See 3 DAVID HUME, *Of the Standard of Taste*, in THE PHILOSOPHICAL WORKS OF DAVID HUME 256, 260 (1826) ("Beauty is no quality in things themselves: It exists merely in the mind which contemplates them; and each mind perceives a different beauty."); see also Magliocca, *supra* note 10, at 852 ("Lawyers cannot just go into a phone booth and change into art critics. For one thing, members of the bar are not trained to make subtle esthetic assessments—a problem that is exacerbated by the fact that there are no settled criteria for evaluating artistic merit.").

177. See Magliocca, *supra* note 10, at 856 ("[T]he line between design and utility is inherently fuzzy.").

178. See, e.g., Bone, *supra* note 12, at 2168–69, 2174–75 (discussing *Herman Miller, Inc. v. Palazzetti Imps. & Exps., Inc.*, 270 F.3d 298 (6th Cir. 2001) (concerning a chair designed by Eames)).

179. See *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 826 (3d Cir. 1981) ("[B]ecause it is a wall-mounted luminaire, as distinguished from a free-standing street lamp, part of its function includes its architectural compatibility with the structure or building on which it is mounted. Thus its design configuration, rather than serving merely as an arbitrary expression of aesthetics, is intricately related to its function.").

180. See, e.g., *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006–09 (9th Cir. 1998) (identifying two of the four pre-*TrafFix* Ninth Circuit factors for evaluating functionality as whether the feature delivers a utilitarian advantage and whether advertising touts utilitarian benefits of the feature; the other two were whether alternative designs are possible and whether the feature results in economies in manufacture or use).

ing value. An unpatented aesthetic feature, on the other hand, may be appropriated from the public domain if it has source-identifying value, so long as enough aesthetic alternatives remain for competitors to use. The idea that what a product does is more important than what a product looks like (or that products sold primarily for what they do are more important than products sold primarily for their appearance) probably has deep cultural roots.¹⁸¹ Possibly, that idea is reflected in the patent law's assignment of a longer term to a utility patent than a design patent, though this difference may instead reflect the sensible premise that "useful" inventions require more investment, and thus a greater reward to promote, than "ornamental" ones. In any event, the notion that the judiciary is to decide that one is more important than the other is interesting.

Third, *Au-Tomotive Gold*'s application of *TrafFix* and the Ninth Circuit's previous "aesthetic functionality" cases suggests not only that aesthetics are less important than utility, but also that aesthetics are less important than source identification.¹⁸² This suggestion, while arguably faithful to *TrafFix*, derives from what this article would argue is a flaw in *Au-Tomotive Gold*: taking seriously the notion that Auto Gold's argument was an "aesthetic functionality" argument. Having determined that "aesthetic functionality" was the "central question,"¹⁸³ the Ninth Circuit deemed itself compelled by *TrafFix* to deal with Auto Gold's competitive necessity argument that the Volkswagen and Audi logos were the "actual benefit the consumer wishe[d] to purchase."¹⁸⁴ One way the court did so was to assert that "aesthetic functionality has been limited to product features that serve an aesthetic purpose *wholly independent* of any source-identifying function,"¹⁸⁵ that is, that a "source-identifying function" trumps an "aesthetic" one. The other was to note the

181. See Magliocca, *supra* note 10, at 889–90.

182. See *Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc.*, 457 F.3d 1062, 1073 (9th Cir. 2006) ("In practice, aesthetic functionality has been limited to product features that serve an aesthetic purpose *wholly independent* of any source-identifying function." (emphasis added)); see also *id.* at 1068 (tacitly suggesting that features that contribute to an article's aesthetic value "may" be functional, and only where the article is bought largely for its aesthetic value in the first instance, quoting RESTATEMENT OF TORTS § 742 cmt. a (1938)). This assertion, consistent with the dim view of "aesthetic functionality" expressed by the Ninth Circuit in its more recent opinions, see, e.g., *Clicks Billiards*, 251 F.3d at 1260 ("Nor has this circuit adopted the 'aesthetic functionality' theory, that is, the notion that a purely aesthetic feature can be functional."), suggests that if a feature serves both aesthetic and source-identifying roles, the source-identifying role trumps.

183. *Au-Tomotive*, 457 F.3d at 1067.

184. *Id.* at 1072.

185. *Id.* at 1073 (emphasis added).

absence of “evidence that consumers buy Auto Gold’s products solely because of their ‘intrinsic’ aesthetic appeal,” and that “[i]nstead, the alleged aesthetic function is indistinguishable from and tied to the mark’s source-identifying nature.”¹⁸⁶ This last point—that the benefit Auto Gold’s customers wished to purchase was the logos’ association with Volkswagen and Audi, rather than any independent aesthetic value—should have taken the case entirely outside the “aesthetic functionality” realm.

IV. AN ALTERNATIVE RULE TO CONSIDER.

If utilitarian product features are fundamentally different than aesthetic ones, *if* courts can effectively distinguish between the two, and *if* source-identification is more important than aesthetics but less important than utility, then the *TrafFix / Au-Tomotive Gold* framework is a sound one.

To test its soundness, consider an alternative hypothetical rule under which there is no “doctrine of aesthetic functionality,” and instead, a “functional” feature is defined as one that supplies what the consumer wants—anything the consumer wants—besides mere identification of source. What if, as follows, such features were rendered unprotectable under the trademark law, permitting their free use and copying by others (absent the protection of a design or utility patent) even if they also serve a source-identifying role?¹⁸⁷

Au-Tomotive Gold would have been an even easier decision under such a rule, for it was probably true that the only reason consumers wanted automobile accessories bearing the Audi and Volkswagen marks was because they suggested Audi and Volkswagen. What the trial court called “an aesthetic quality to the marks that purchasers are interested in having” probably was nothing more, and nothing less, than their symbolism of those two companies and their products.¹⁸⁸

But what about a product configuration trade dress case in which the plaintiff seeks to protect a product feature, rather than a pure symbol, and the feature potentially has utilitarian, aesthetic, *and* source-identifying attributes? Consider, for example, the very

186. *Id.* at 1073–74.

187. See Wong, *supra* note 12, at 1138–39 (discussing similar “consumer motivation test” for functionality).

188. *Au-Tomotive*, 457 F.3d at 1066. The Ninth Circuit apparently was troubled by the existence of “[f]amous trademarks [that] have assumed an exalted status of their own in today’s consumer culture,” but in all likelihood, those marks would not bear “exalted status” absent the sources they suggest. *Id.* at 1067.

attractive neck on the vase described at the beginning of this piece. Again, the neck design has no meaningful impact on the vase's utilitarian function of holding flowers. Assume, for purposes of analysis, that the neck design is distinctive, identifying the vase's originator to consumers. What result if the neck design were deemed functional because it supplies something the consumer wants—an aesthetically pleasing appearance—besides identification of source?

A. *Jurisprudential Considerations.*

Such a definition of functionality, and its result, would be consistent with the federal constitutional and statutory framework governing trademark rights in product features, as well as the Supreme Court's cases (except for *TrafFix*) expounding on that framework. It would thus inspire more confidence in the rule of law and precedent than the current framework. There is nothing in the Constitution that touches upon the definition of functionality.¹⁸⁹ The patent statutes recognize a distinction between utilitarian and ornamental inventions,¹⁹⁰ but there is no constitutional compulsion to do so,¹⁹¹ nor is there any necessary reason the distinction should be imported into the trademark laws. The trademark statutes do not define functionality; they only require that the proponent of an unregistered trade dress prove its absence.¹⁹²

And until *TrafFix*, there was no basis in the Supreme Court's jurisprudence to treat aesthetic features any differently from, let alone as less important than, utilitarian features in attempting to reconcile the patent and the trademark laws. Indeed, as noted above, design patents, as well as utility patents, played a prominent role in the reasoning of both *Sears*¹⁹³ and *Compco*,¹⁹⁴ laying the

189. While such [trademark] legislation may be a judicious aid to the common law on the subject of trade-marks, and may be within the competency of legislatures whose general powers embrace that class of subjects, we are unable to see any such power in the constitutional provision concerning authors and inventors, and their writings and discoveries.

In re Trade-Mark Cases, 100 U.S. 82, 94 (1879). *But see* U.S. CONST. art. I, § 8, cl. 8 (granting Congress power to promote "useful" arts).

190. *Compare* 35 U.S.C. § 101 (2000) (regarding utility patents), *with* 35 U.S.C. § 171 (regarding design patents).

191. *See* U.S. CONST. art. I, § 8, cl. 8 ("To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries").

192. 15 U.S.C. § 1125(a)(3) (2000).

193. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231–33 (1964).

194. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 234 (1964).

groundwork for both *Bonito Boats*¹⁹⁵—which discussed design and utility patents in equal terms¹⁹⁶—and *Wal-Mart*—which viewed a product design’s functionality as potentially “involv[ing] consideration of its esthetic appeal.”¹⁹⁷

TrafFix, as we have seen, relied primarily on *Qualitex* in treating utilitarian and aesthetic consumer interests differently, and on *Inwood* to supply the definition of utilitarian functionality. This isn’t the place to recount all the criticism *TrafFix* has received; suffice it to say that *Qualitex* as much *likened* the *Inwood* formulation of “essential to the use or purpose of the article or . . . affects the cost or quality of the article” to the competitive need standard of “put[ting] competitors at a significant non-reputation-related disadvantage” as it did “[e]xpand[] upon the meaning” of the former phrase, as *TrafFix* characterized it.¹⁹⁸ The decisions to decouple the *Inwood* formulation from the competitive need standard, and apply the former to utilitarian features and the latter to aesthetic features, were *TrafFix*’s alone. Nothing in *Qualitex* compelled them; indeed, *Qualitex* hardly treated utilitarian and aesthetic features differently. In concluding that were “color depletion” to truly threaten recognition of color as a trademark, the functionality doctrine would prevent the threat from materializing, *Qualitex* disavowed any distinction between “significant nontrademark function[s]” a color might serve, i.e., utilitarian (“to distinguish a heart pill from a digestive medicine”) or aesthetic (“to satisfy the ‘noble instinct for giving the right touch of beauty to common and necessary things’”) functions.¹⁹⁹

The *Inwood* formulation of functionality, which *TrafFix* elevated to such prominence, did not arise from a section 43(a) issue, let alone a functionality issue. Thus, the formulation was dictum.²⁰⁰

195. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 152–53 (1989).

196. *See Bonito Boats*, 489 U.S. at 148.

197. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 214 (2000).

198. *See TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32 (2000) (internal quotations omitted); *see also Tools USA & Equip. Co. v. Champ Frame Straightening Equip., Inc.*, 87 F.3d 654, 657–58 (4th Cir. 1996) (“[A] product feature is functional if it is essential to the use or purpose of the article or it affects the cost or quality of the article. *In other words*, a feature is functional if exclusive use of the feature would put competitors at a significant nonreputation-related disadvantage.” (emphasis added) (citations omitted) (internal quotations omitted)).

199. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 169–70 (1995).

200. *See United States v. Johnson*, 256 F.3d 895, 915 (9th Cir. 2001) (en banc) (Kozinski, J., concurring) (“Where it is clear that a statement is made casually and without analysis, where the statement is uttered in passing without due consideration of the alternatives, or where it is merely a prelude to another legal issue that

It was presented in a footnote, and only “[i]n general terms.” Moreover, the two cases *Inwood* cited in support of its formulation—*Sears* and *Kellogg*—provided marginal support at best.²⁰¹

Yet arguably, the *Inwood* formulation can be read to support the alternative rule considered here: that a functional product feature is one that supplies what the consumer wants—anything the consumer wants—besides mere identification of source. Again, the *Inwood* formulation is that “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.”²⁰² One might argue that *any* feature affects the cost or quality of a product except a feature whose sole purpose is to identify the product’s source.²⁰³ Our vase, for example, is of higher quality because it has an especially nice-looking neck. Painting an article of manufacture, for another example, costs more than not painting it.²⁰⁴ And if the paint makes the article more desirable, whether because it is more useful, prettier, or for both or even other reasons²⁰⁵—apart from mere source identifi-

commands the panel’s full attention, it may be appropriate to re-visit the issue in a later case.”), *quoted in* *Pakootas v. Teck Cominco Metals, Ltd.*, 452 F.3d 1066, 1082 (9th Cir. 2006).

201. *See Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982). The cited portion of *Sears* provided none. The cited portion of *Kellogg* supported the “cost or quality” prong of the *Inwood* formulation, but not the “use or purpose” prong.

202. *Inwood*, 456 U.S. at 850 n.10.

203. *See Bone*, *supra* note 12, at 2165 (“One difficult area is trade dress with aesthetic or ornamental rather than practical utilitarian value. The *Traffix Devices* Court strongly suggested that all such trade dress belongs in its second category, subject to the effect-on-competition test. This is problematic, however, if consumers buy the product primarily for its aesthetic or ornamental design features. In such cases, it is difficult to see why the trade dress does not belong in the first category, as essential to the use or purpose of the article or as affecting its cost or quality.”); *see also* Landes & Posner, *supra* note 10, at 297 (“The concept of ‘aesthetic’ functionality gives recognition, highly appropriate from an economic standpoint, to the fact that utility in an economic sense includes anything that makes a good more valuable to consumers.”).

204. *See Beebe*, *supra* note 27, at 666. On the other hand, were the product’s “cost” accounted to include returns over a long enough period, and painting the article reduces the number of returns, then doesn’t painting the article actually lower the cost? It is doubtful the Supreme Court intended to leave the definition of functionality to such malleable details.

205. Although we need not comment on the merits of specific cases, we note that lower courts have permitted competitors to copy the green color of farm machinery (because customers wanted their farm equipment to match) and have barred the use of black as a trademark on outboard boat motors (because black has the special functional attributes of decreasing the apparent size of the motor and ensuring compatibility with many different boat colors).

cation—it seems difficult not to conclude that the article’s quality, as well as its cost, has been affected.

The alternative rule also finds support in *Inwood*’s definition of secondary meaning: “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.”²⁰⁶ The fact that source identification must be the feature’s paramount significance to be recognized as establishing secondary meaning suggests that, in cases where a feature’s source identifying value is *not* the dominant value consumers might find in the feature, the feature is one that competitors ought to be able to offer to consumers as well. The originator of our vase likely chose an attractive neck design precisely because its looks would appeal to consumers. If the originator wanted a neck design whose *primary significance* is source identification, he might have been better served to pick an ugly one. Under those circumstances, and assuming the ugly necked-vase holds flowers just as effectively, why else would a consumer buy it?

It appears the alternative rule under consideration would be at least as consistent with standards imposed by the Constitution, statutes, and pre-*Traffix* Supreme Court cases as was *Traffix* itself.²⁰⁷ Would it be as easy to apply?

Arguably, it would be easier. At a minimum, implementing this alternative standard would avoid entirely the “use or purpose” prong of the *Inwood* formulation and thus enable courts to avoid the difficult problem of deciding when a product feature is “essential,” as opposed to, for instance, merely “appropriate and helpful”²⁰⁸ to the product’s use or purpose. *Traffix*’s struggles with how to treat the content of the expired utility patent show just how difficult that problem can be. One would think that a case with an expired utility patent exactly embodying the product feature sought to be protected, like the “dual spring design,” would be one of the easier cases.

Finally, the alternative rule under consideration would avoid entirely potentially difficult questions—acutely difficult in our hy-

Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 169 (1995).

206. See *Inwood*, 456 U.S. at 851 n.11.

207. The alternative rule would not be consistent with cases like *W.T. Rogers Co. v. Keene*, 778 F.2d 334 (7th Cir. 1985), in which the Seventh Circuit squarely rejected the notion that “if a particular design feature had two equally important purposes, one to please consumers and the other to identify the manufacturer, it would be functional and could not be trademarked.” *Id.* at 341

208. *Welch v. Helvering*, 290 U.S. 111, 113 (1933).

pothetical vase case—as to whether a particular product feature is utilitarian or aesthetic; what to do if the feature is both; what degrees of each matter; what to do if reasons besides utility and aesthetics figure in consumer decisions; and so on. The rule under consideration goes one better than *Wal-Mart*, which resolved the difficulty inherent in determining whether a feature is product or packaging by lumping close cases into the product category. Here, the only consumer motivation that matters is source identification. Any other motivation, and the feature is functional.

B. Policy Considerations.

So, but for *Traffix*, the alternative definition of functionality under consideration *could* be adopted by the courts. *Should* it?

One of the interesting aspects of *Traffix*, as applied by the Ninth Circuit in *Au-Tomotive Gold*, is that it raises burden of proof issues. Congress has placed the burden of proving a negative—non-functionality—on the plaintiff in section 43(a) trade dress cases.²⁰⁹ Arguably inherent in *Traffix* is the premise that aesthetic value cannot satisfy the *Inwood* formulation of functionality. So under the *Traffix/Au-Tomotive Gold* framework, the plaintiff in a product configuration trade dress case involving a utilitarian product feature presumably would have to prove that the feature neither is essential to the use or purpose of the article nor affects its cost or quality. If the plaintiff cannot satisfy that burden, then apparently the feature may not be protected no matter how many other alternative configurations exist. And even if the plaintiff could satisfy that burden, the plaintiff would still have to somehow prove that the feature's primary significance in the consumer's mind is to identify the product's source.

The plaintiff in a product configuration trade dress case involving an aesthetic product feature,²¹⁰ on the other hand, apparently would have to prove that granting it exclusive rights in the feature would not put its competitors at a significant non-reputation-related disadvantage. Presumably, the plaintiff would attempt to sat-

209. See 15 U.S.C. § 1125(a)(3) (2000). Applicants for registration have the same burden. See TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1201.02(a)(iv) (5th ed. 2007) (“The examining attorney must establish a *prima facie* case that the trade dress sought to be registered is functional. The burden then shifts to the applicant to present sufficient evidence to rebut the examining attorney's *prima facie* case of functionality.”).

210. Identifying the “feature” at issue in the case can, itself, be a complicated and result-influencing determination. See, e.g., Thomas F. Cotter, *The Procompetitive Interest in Intellectual Property Law*, 48 WM. & MARY L. REV. 483, 518 (2006).

isfy that burden by demonstrating the availability of alternative product configurations (such as different neck designs for our flower vase). Assuming the plaintiff could do so, the plaintiff might have gone a ways toward proving secondary meaning too, since—having selected its own aesthetically pleasing design among many alternatives—it might naturally follow that the primary significance of the plaintiff's design is to identify the plaintiff as the source. The end result is that the *Traffix/Au-Tomotive Gold* framework probably makes it easier to garner exclusive rights—using the trademark laws as the vehicle—in aesthetically valued features than in utility valued ones.²¹¹ Thus, the current law creates an incentive for plaintiffs to characterize their product features' designs as aesthetic.

Using the hypothetical alternative rule under consideration here, the placement of the statutory burden of proof on the plaintiff would give rise to a presumption that the consumer wants the product feature for reasons other than its suggestion or identification of source. The plaintiff's burden would be to prove otherwise. Having done so, the plaintiff would have proved secondary meaning as well, for the plaintiff would have proved that not merely the feature's primary significance, but its *sole* significance to consumers lies in its identification of the product's source.

The probable net result would be that fewer product designs could be protected under the trademark laws. To the extent purveyors of consumer products embellish the products with ornamental design features, they would do so with the knowledge that to the extent the ornamentation is successful in generating consumer demand independent of source identification—and “product design almost invariably serves purposes other than source identification”²¹²—it will not be protectable as a trademark. The originator of our particularly pretty vase neck must be content with whatever economic rewards accompany offering a desirable product, along with whatever competitive benefits can be secured by touting the “original, genuine” version of the neck design. The originator will not, however, be able to preclude competitors from offering that same design.

211. This is especially true given courts' tendency to use a broad definition of the product in question. See Bone, *supra* note 12, at 2176–78. A broad definition “makes it easier for plaintiffs to prove that the particular trade dress features are not ‘essential’ to the use or purpose of the article on the first prong of the *Traffix Devices* test.” *Id.* at 2177.

212. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 213 (2000).

It is difficult to say whether the commercial impact of such a change would be desirable.²¹³ It seems unlikely that producers would respond to the rule by forbearing from offering aesthetically pleasing product designs,²¹⁴ but those designs would not be protectable as marks, and thus could be freely copied (unless, of course, they were protected by a design patent). In economic terms, the fundamental issue is whether the aggregate utility gained by permitting more widespread copying of desirable product features would exceed the aggregate utility lost by effectively removing ornamental product design features from the arsenal of marks available to manufacturers to distinguish their products from those of their competitors.²¹⁵ The current standard for aesthetic design protection, based as it is on competitive necessity, is one step removed from the core concern, which is getting consumers what they want.²¹⁶ Competition is desirable only because competition is deemed the most efficient method of getting consumers what they

213. See Cotter, *supra* note 210, at 553–56.

214. See Landes & Posner, *supra* note 10, at 297 (“a producer of a consumer product will never deliberately uglify the product—and we do not want him to”); see also Magliocca, *supra* note 10, at 881. But see *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 825 (3d Cir. 1981) (noting that the doctrine of aesthetic functionality “provides a disincentive for development of imaginative and attractive design . . . [because t]he more appealing the design, the less protection it would receive”).

215. See Landes & Posner, *supra* note 10, at 270 (claiming that the ability to copy other’s designs will “eliminate the incentive to develop a valuable trademark in the first place”); see also *id.* at 299 (“The tricky problem is to determine when the feature has become functional, that is, when its value in making the product more pleasing, or otherwise more valuable, or simply cheaper to produce, overtakes its value in preventing consumer confusion.”).

216. See *W.T. Rogers Co. v. Keene*, 778 F.3d 334, 339 (7th Cir. 1985) (“Ornamental, fanciful shapes and patterns are not in short supply, so appropriating one of them to serve as an identifying mark does not take away from any competitor something that he needs in order to make a competing brand.”); *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769, 774–75 (9th Cir. 1981) (“Functional features of a product are features ‘which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product.’”) (quoting *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980)); Weinberg, *supra* note 128, at 29 (“[T]he consumer perspective unifies the functionality doctrine by eliminating legal distinctions between useful and aesthetic design features’ contributions to the products into which they are incorporated. No longer is there a need for a separate doctrine of aesthetic functionality.”). But if the consumer wants *that* “ornamental, fanciful shape[or] pattern,” or a confusingly similar one, and cares not a whit where it comes from—except to the extent its availability from only a single source yields a supra-competitive price—what good does it do that consumer to be able to get *other* designs elsewhere? See *Rogers*, 778 F.3d at 339.

want. There may be an argument that free copying of aesthetic features is less likely to result in aggregate utility gains than free copying of utilitarian features, but that argument too assumes a court's ability to accurately and consistently distinguish one from the other.

It is probably also true that more product configuration trade dress cases would prove amenable to summary judgment on functionality grounds than under current law. A close follower hit with an anticompetitive strike suit²¹⁷ by our vase's originator might, for example, move for summary judgment and, were the originator actually able to adduce evidence that consumers want vases bearing the neck design because they identify the design with the plaintiff, offer evidence that consumers want vases with that neck design because it is pretty. Under the alternative rule under consideration, the defendant would win unless the originator's evidence established that consumers want the feature because it signifies the plaintiff, *and not* because it is pretty. But the aggregate efficiency gain wrought by making more cases summary judgment-worthy is desirable only to the extent that increasing the number of such judgments—here, pro-copying, anti-exclusivity judgments—is desirable.

CONCLUSION

TrafFix generated a sub-optimal framework for resolving functionality questions involving product features with aesthetic value. *Au-Tomotive* demonstrates the confusion and difficulty wrought by *TrafFix*'s implicit decision that utilitarian and aesthetic product features should be treated differently. But for *TrafFix*, a rule defining a product feature as "functional" if it supplies what the consumer wants—anything the consumer wants—besides mere identification of the product's source might be more jurisprudentially sound, for it would be more consistent with precedent, easier to apply, and more amenable to summary judgment. It would avoid entirely "the trickiest problem with functionality." And it might be more economically sound as well.

217. See *Wal-Mart*, 529 U.S. at 214.