

Trade Dress: What Does It Mean?

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Franchised products and services are almost always identified by traditional trademarks or service marks, i.e., unique names, words, and symbols used to distinguish and identify the origin of those goods and services. Additionally, franchised products and services are frequently displayed and provided using trade dress, i.e., the distinctive design or packaging of a product, methods of presenting services, or both to the public.

Trade dress usually involves the appearance and image conveyed with the product or service itself, including size, color, shape, graphics, and marketing techniques. Despite its nebulous nature, trade dress can be among a franchise's most valuable assets. Franchisors face dual challenges of differentiating themselves from their competitors while ensuring consistency and simplicity within the franchise system. Trade dress enables franchisors to achieve both goals; and, not surprisingly, many franchises invest heavily in distinctive interior and exterior store design, packaging colors and shape, employee uniforms, and even the sounds and smells associated with their business. Correspondingly, trade dress is a significant benefit that a franchisee acquires when entering into a franchise agreement.

Although valuable, trade dress is often easily copied and this asset can be severely compromised or lost entirely by infringing competitors and former franchisees. The first and arguably most important step to preventing such losses is identifying traits of a business that constitute protectable trade dress. A trade dress owner must be able to identify and categorize its trade dress to establish that it is legally protectable.¹ Traditional trademarks are readily identifiable words and symbols. Trade dress, on the other hand, might not be so easily identifiable. "The difficulty," as one judge noted, is that trade dress "differs fundamentally from a product's trademark, insofar as it is not a symbol. . . . Being constitutive of the product itself[,] . . . the product's configuration cannot be said to be 'suggestive' or 'descriptive' of the product."²

This article focuses on the legal standards for defining trade dress with reference to the challenges of identifying trade dress within a franchise system. This article also details the history of legislative and judicial recognition of trade dress rights, including U.S. Supreme Court case law involving franchising. Finally, this article will explain the two elements of protectable



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trade dress: (1) distinctiveness, i.e., whether features of a franchise's goods and services have acquired secondary meaning to the consuming public; and (2) nonfunctionality, i.e., whether the features are useful aspects of the franchise's business and hence not capable of protection.

WHAT DOES TRADE DRESS MEAN?

No federal statute defines *trade dress*; this definition has largely been left to courts and commentators. Simply defined, *trade dress* is "a combination of any elements in which a product or service is presented to the buyer."³ In the last thirty years, the U.S. Supreme Court has actively addressed trade dress issues in four key cases: *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*,⁴ *Two Pesos, Inc. v. Taco Cabana*,⁵ *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*,⁶ and *TraFFix Devices, Inc. v. Marketing Displays, Inc.*⁷ Most recently, in *TraFFix*, the Court offered the following:

It is well established that trade dress can be protected under federal law. The design or packaging of a product may acquire a distinctiveness which serves to identify the product with its manufacturer or source; and a design or package which acquires this secondary meaning, assuming other requisites are met, is a trade dress which may not be used in a manner likely to cause confusion as to the origin, sponsorship, or approval of the goods. In these respects protection for trade dress exists to promote competition.⁸

The purpose of protecting trade dress is to facilitate customer recognition of products and services and to preserve the goodwill associated with the producers of such products and services.⁹ Trade dress "embodies that arrangement of identifying characteristics or decorations connected with a product, whether by packaging or otherwise, [that] make[s] the source of the product distinguishable from another and . . . promote[s] its sale."¹⁰

This definition traditionally encompassed a product's packaging, including labels, wrappers, and containers. For instance, in *Hartco Engineering, Inc. v. Wang's International, Inc.*, the U.S. Court of Appeals for the Federal Circuit recognized trade dress rights in a trailer hitch cover's packaging, which featured a "clear plastic package showing the product inside and the blue cardboard background with white lettering identifying the product," together "with red lines in the upper left hand corner and a picture of the product in position on a vehicle."¹¹

Trade dress has been expanded to include a product's design or configuration, including the size, shape, and color of the product itself.¹² For instance, one court recognized trade dress

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rights in the design of an ottoman that featured smooth, curved, molded shells shaped like a flattened U.¹³ However, trade dress rights in a product's design "[are] not intended to create patent-like rights in innovative aspects of product design" because trade dress "extends only to incidental, arbitrary or ornamental product features which identify the product's source."¹⁴

A third type of trade dress encompasses the decor, layout, and style of service at a retail location. For instance, in *Dunkin' Donuts Franchised Restaurants LLC v. D&D Donuts, Inc.*, the court recognized trade dress protections in "the distinct building designs and interior and exterior color schemes" of Dunkin' Donuts restaurants.¹⁵

In cases involving franchised products and services, trade dress has been claimed with varying degrees of success.

In *Tumblebus, Inc. v. Cranmer*, Tumblebus, Inc. sold school buses retrofitted with gymnastics equipment to franchisees, holding itself out as a mobile gymnastics business for children.¹⁶ Tumblebus asserted that the vehicles' color markings and color scheme constituted protectable trade dress.¹⁷ However, because the company failed to articulate what particular attributes comprised the protectable trade dress and how it was distinctive in the marketplace, the court declined to uphold protection.¹⁸

In *Fuddrucker's, Inc. v. Doc's B.R. Others, Inc.*, Fuddrucker's, Inc. claimed as protectable trade dress specially shaped decorative white tiles found all over its restaurants, its system of using ceiling music to call patrons when their orders were ready, and the practice of allowing customers to buy bones for their dogs.¹⁹ The court held that Fuddrucker's trade dress was protectable.²⁰

Patsy's Brand, Inc. v. I.O.B. Realty, Inc. involved a dispute over the bordering, design elements, and coloring of pasta sauce containers.²¹ The court held that this trade dress was protectable because it was "sufficiently distinctive in that consumers would be able to immediately identify Patsy's Brand products as such."²² The court also held that the trade dress closely resembled the registered mark such that the "similarities in bordering, location of design elements, and coloring of the packaging combine[d] to create undeniably similar impressions upon the viewer."²³

In *John Allan Co. v. Craig Allen Co. L.L.C.*, plaintiff John Allan Company asserted that its operation of a hair salon to look and feel like an old world gentlemen's club was protectable trade dress.²⁴ In addition to the furniture, service delivery style, and manner of dress of the employees, the salon employees took the patrons' jackets and gave them a black smoking jacket to wear.²⁵ The court held that the salon owner's trade dress was not protectable because it had not applied the dress consistently throughout all of its business locations and because the descriptions of its trade dress continuously changed throughout the course of the litigation.²⁶

In *Cottman Transmission Systems, Inc. v. Melody*, plaintiff Cottman entered into a franchise agreement with defendant to operate an automobile repair shop. As part of the agreement, defendant had the privilege of using advertising bearing Cottman's name, but the advertising was substantially similar in terms of placement, copy points, and content as Cottman's own advertising.²⁷ The court held that because the two sets of advertising were substantially similar, defendant's use created a likelihood

of confusion and therefore irreparable harm to Cottman. Thus, the court enjoined defendant's use of the trade dress.²⁸

In *Pruffrock Ltd., Inc. v. Lasater*, Pruffrock was a franchisor of Black-Eyed Pea restaurants, which specialized in country style cooking. Pruffrock claimed that his use of church pew replicas for booth seating as well as other antique country style furniture constituted protectable trade dress.²⁹ The court held that the furniture was not protectable as trade dress because it created the concept of the restaurant and that Pruffrock could not use trade dress law to protect its interest in a core concept.³⁰

Franchisors seeking to identify trade dress within a franchise system should start by looking for features that distinguish the image of the product or services sold by the business from those sold by other businesses, such as

- the package or wrapper in which products are provided to customers;
- uniforms worn by employees;
- color schemes, sounds, and smells associated with the business; and
- exterior building architecture and interior design of the business location.

BRIEF HISTORY OF TRADE DRESS LAW

In 1946, Congress passed the Lanham Act, which provides for registration and enforcement of trademark rights and prohibits a number of activities, including trademark infringement and false advertising. The term *trade dress* did not initially appear in the Lanham Act, but the act has consistently defined a trademark as "any word, name, symbol, or device" capable of identifying one producer; a "device" in this regard includes trade dress.³¹ The Lanham Act permits registration of trade dress with the Patent and Trademark Office (PTO); prohibits "unfair competition" taking the form of a "false designation of origin," a "false or misleading description of fact," or a "false or misleading representation of fact" concerning trade dress; and provides a civil cause of action against violators.³² After the Lanham Act's passage, states began to enforce trade dress rights as well, although primarily through common law addressing unfair competition and deceptive practices.³³

The Lanham Act provides that registration may be effectuated on the Supplemental Register³⁴ for "any trademark, symbol, label, package, configuration of goods . . . capable of distinguishing the applicant's goods or services."³⁵ Trade dress may also be registered on the Principal Register if the product dress identifies the applicant's goods and sufficiently distinguishes them from all others.³⁶ Although not mandated by law, registration provides significant additional rights to trademark and trade dress owners. To register, the owner of the mark or trade dress must submit information showing that the mark is used in commerce.³⁷ Once the mark or dress is approved, it is then published in the PTO's official reporter,³⁸ which puts others on notice of the existence of the mark or trade dress and gives them an opportunity to object to its use.³⁹ After the objection period has passed, the PTO then issues a certificate of registration, which gives the owner a legal presumption that the trade dress

is legitimate⁴⁰ and also confers upon the owner all the rights associated with federally recognized trademarks and trade dress.⁴¹ After the trade dress is in use for five consecutive years, these rights become permanent and incontestable.⁴²

In the early 1960s, trade dress rights came under scrutiny after the U.S. Supreme Court issued opinions in two cases: *Sears, Roebuck & Co. v. Stiffel Co.*⁴³ and *Compco Corp. v. Day-Brite Lighting, Inc.*⁴⁴ In the *Sears/Compco* cases, the Court struck down two state unfair competition laws that prohibited the copying of a product design where that design was not protected by patent law. Although both of these cases dealt with the interplay of state unfair competition laws and federal patent law, scholars and jurists argued that the policies underlying the cases should extend to trade dress claims under § 43(a) of the Lanham Act.⁴⁵ In the following years, federal courts generally held that a product may be entitled to trade dress protection for distinctive, nonfunctional features even if the product is, or has been, the subject of a patent.⁴⁶

In 1988, Congress passed the Trademark Law Revision Act, amending the Lanham Act.⁴⁷ These amendments included an express reference to trade dress, confirming rights to register trade dress and providing protection for unregistered trade dress.⁴⁸ Following this bestowal of legislative legitimacy, in 1989 the Supreme Court issued its opinion in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*,⁴⁹ holding that although states may not create patent-like rights that would bar the copying of design and utilitarian ideas embodied in unpatented products, patent law does not foreclose trade dress protections provided by state and federal law.⁵⁰ Trade dress protections, the Court noted, do not conflict with federal patent regulations because trade dress has traditionally been “limited to protection against copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source.”⁵¹ The Court noted that, as shown by the Lanham Act, Congress views protection against unfair competition as congruous with principles of patent law; the Court added that “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.”⁵²

In 1992, the Supreme Court validated protections for a type of trade dress that is often referred to as “service dress,” i.e., proprietary business and marketing methods used in the presentation of services to the public. In *Two Pesos*,⁵³ a franchisor of Taco Cabana, a Mexican restaurant chain, sued the owner of Two Pesos, a competing chain, for trade dress infringement after Two Pesos adopted a motif for its restaurant that featured

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.⁵⁴

Taco Cabana demonstrated that this motif was confusingly similar to the motif already used in its restaurant, and the issue of whether Taco Cabana had trade dress rights in this motif was submitted to a jury that was instructed that

“trade dress” is the total image of the business. Taco Cabana’s trade dress may include the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior kitchen floor plan, the decor, the menu, the equipment used to serve food, the servers’ uniforms and other features reflecting on the total image of the restaurant.⁵⁵

The jury found that Taco Cabana had trade dress rights in its motif and awarded damages in Taco Cabana’s favor. Two Pesos appealed, and the appeal eventually made its way to the Supreme Court. The Court agreed that Taco Cabana’s restaurant motif constituted protectable trade dress and held that this type of trade dress is capable of being inherently distinctive.

Over time, trade dress law has sought to foster competition but avoid overextending trade dress rights.⁵⁶ To achieve this balance, a party seeking to protect trade dress rights must

specifically identify trade dress that is both distinctive in the marketplace and primarily nonfunctional.⁵⁷

TRADE DRESS MUST BE DISTINCTIVE

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Protectable trade dress must enable consumers to distinguish a product and identify that product with its source.⁵⁸ The Lanham Act’s definition of *trademark* requires that the word, name, symbol, or device (which courts have construed to include trade dress) “identify and distinguish” the owner’s goods “from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”⁵⁹ Hence, in order to be protectable under the Lanham Act, trade dress must be distinctive. The Lanham Act does not define distinctiveness, leaving the question of whether trade dress is distinctive to the courts. This requirement advances a fundamental objective of trademark law: identifying the source or origin of a product or service.⁶⁰ Hence, to demonstrate that a product’s trade dress is distinctive and thus protectable, a plaintiff must associate the dress with its source by showing that the dress inherently identifies the product’s source or origin (i.e., that the dress is “inherently distinctive”) or that over time the dress has acquired a “secondary meaning” because the purchasing public associates the dress with a single producer or source rather than with the product itself.

This spectrum of distinctiveness was established in *Abercrombie & Fitch Co. v. Hunting World, Inc.*,⁶¹ which has been

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used since its inception to judge whether a product's trademark is distinctive. The *Abercrombie* court divided marks into five categories: generic, descriptive, suggestive, arbitrary, and fanciful.⁶² Suggestive, arbitrary, and fanciful marks are deemed inherently distinctive; descriptive marks receive protection only upon a showing that they have acquired secondary meaning; and generic marks are not protectable. Although originally limited to evaluating word marks, "the *Abercrombie* test has been used in analyzing some forms of trade dress, such as product packaging and the overall appearance of a restaurant."⁶³

Traditional trademark doctrine ranking distinctiveness from generic to fanciful, however, is difficult to apply to trade dress; and courts have been reluctant to adopt the *Abercrombie* test in adjudicating the specialized area of trade dress based on product design.⁶⁴ The Third Circuit was the first and most vocal court to question whether ordinary trademark approaches fit trade dress. In *Duraco Products v. Joy Plastics Enterprises, Ltd.*,⁶⁵ the court noted the distinction between product packaging trade dress and product configuration trade dress and held that the latter is unfit for traditional trademark distinctiveness analysis. The *Duraco* court was the first to question whether a product design can ever be inherently distinctive, rejecting the *Abercrombie* framework as applied to product configuration cases. The court noted that applying traditional classifications of distinctiveness to product design trade dress is problematic because "one cannot automatically conclude from a product feature or configuration—as one can from a product's arbitrary name—that, to a consumer, it functions primarily to denote the product's source."⁶⁶ The court did, however, read *Two Pesos* as "giving an imprimatur to finding trade dress in a product configuration to be inherently distinctive under certain narrow circumstances . . . characterized by a high probability that a product configuration serves a virtually exclusively identifying function."⁶⁷ The *Duraco* court adopted a new distinctiveness test for product configuration cases, requiring that three elements be proved before inherently distinctive trade dress is found: (1) The trade dress claimed in the product configuration must be "unusual and memorable"; (2) The claimed trade dress must be "conceptually separable from the product" itself; and (3) The claimed trade dress must be "likely to serve primarily as a designator" of the product's origin.⁶⁸ Some courts adopted all or parts of this test,⁶⁹ other courts clung to the *Abercrombie* test,⁷⁰ and other courts took a completely different approach.⁷¹

In 2000, the U.S. Supreme Court squarely addressed the question of whether trade dress can be inherently distinctive in *Wal-Mart Stores, Inc.*⁷² In a unanimous opinion authored by Justice Scalia, the Court reversed the Second Circuit's decision in favor of a seller of a well-established line of children's clothing against a discount retailer, whose products were described as knockoffs by the Court. The Court noted that unregistered trade dress protectable under the Lanham Act had expanded from traditional packaging to include product designs per se and that distinctiveness was a requirement for Lanham Act protection. Addressing the concept of inherent distinctiveness, the Court noted that it had previously held in *Qualitex Co. v. Jacobson Products Co., Inc.*⁷³ that a mark designated by color only was ineligible for protection as inherently distinctive. The

Court then applied that holding to trade dress, noting that product packaging can be inherently distinctive because "[t]he attribution of inherent distinctiveness to certain categories of word marks and product packaging derives from the fact that the very purpose of attaching a particular word to a product, or encasing it in a distinctive packaging, is most often to identify the source of the product."⁷⁴ The Court held, however, that this rationale did not apply to product design:

In 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 not to identify the source, but to render the product itself more useful or more appealing. 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 alleged inherent distinctiveness.⁷⁵

Hence, the Court held that product design is entitled to protection as unregistered trade dress only if it has acquired secondary meaning. The Court noted that protection for product design was still available "by securing a design patent or a copyright for the design." The Court, however, distinguished its holding in *Two Pesos*, noting that the restaurant decor protected as inherently distinctive in that case "seems to us not to constitute product design." Rather, "[i]t was either product packaging . . . or else some tertium quid that is akin to product packaging and has no bearing on the present case."⁷⁶ Anticipating competing claims of whether trade dress amounts to "product-design" or "product-packaging," the Court held that "courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning."⁷⁷

The *Wal-Mart* Court noted that, in the context of trade dress, *secondary meaning* is often a misnomer because marks that are not words or symbols "have no 'primary' meaning." The Court suggested that the term *acquired meaning* might be used instead. Regardless of which term is used, proving this type of distinctiveness requires establishing that in the mind of the public, the primary significance of the trade dress is to identify the source of the product rather than the product itself.⁷⁸ Courts analyze the following factors to determine whether secondary meaning exists in trade dress: (1) direct consumer testimony; (2) consumer surveys; (3) exclusivity, length, and manner of use; (4) amount and manner of advertising; (5) amount of sales and number of customers; (6) established place in the market; and (7) proof of intentional copying.

Most types of trade dress can qualify as distinctive if franchisors spend enough time and money for the dress to acquire secondary meaning. Although featuring proprietary retail decor in advertisements and using market data to track the relationship between trade dress and sales and customer numbers are useful

ways to establish secondary meaning, there is no substitute for exclusive use of the dress for a long period of time. But this is not always realistic for franchisors, necessitating the need for inherently distinctive trade dress. Franchised businesses frequently offer common products and services in a unique manner,⁷⁹ meaning that a franchise's trade dress will often be the configuration of its products and services. Also, unit decor is a highly prevalent type of trade dress in franchising, especially with restaurant concepts. The following points should be remembered in seeking to establish inherently distinctive trade dress:

- The design features of a franchise's products or services will never be protected as inherently distinctive. The court in *Fuddruckers* refused to provide trade dress protection to numerous design features of a franchised restaurant concept, including visible food preparation areas, food storage locations, video games located outside of restrooms, and French doors between dining rooms.⁸⁰
- Packaging and labeling can be inherently distinctive if the features in question are conceived exclusively for use in the franchised business and do not describe the product or service being sold. For instance, the pink and orange color scheme and the frankfurter lettering style of Dunkin' Donuts restaurants have been deemed distinctive trade dress.⁸¹
- Unit decor can be inherently distinctive if it can be fairly characterized as akin to packaging rather than design. The "festive eating atmosphere" at issue in *Two Pesos* is still capable of being deemed inherently distinctive. But if the distinction between decor and design becomes ambiguous, courts will err on the side of caution and refuse to find the trade dress inherently distinctive.

TRADE DRESS MUST BE NONFUNCTIONAL

Functional features of products or services provide utility that is a component of the franchise's success. The use of a delivery van, a drive-through window, or shrink wrapping may identify a franchise, but these facets are also a practical part of the business's operation. As such, these features are not, in and of themselves, protectable trade dress. Courts impose this prerequisite to trade dress protection in order to enhance competition: businesses cannot compete if they are barred from incorporating useful features.⁸² Courts also require trade dress to be nonfunctional to avoid conflicts with patent law. The functionality requirement prevents trademark law from allowing trademark and trade dress owners to control a useful product feature. It is the province of patent law, not trademark law, to grant control over such features; and patent law grants such control for only a limited time, after which competitors are free to use the features. But if a product's functional features could be protected as trade dress, a perpetual monopoly could be obtained over such features because trademarks may be renewed in perpetuity.⁸³

Cases discussing the concept of functionality share two unifying themes: utility and competition. Practical features that contribute to the utility of a product, rather than identifying the source, are functional. And even if features are not utilitarian,

they may be deemed functional if protecting the trade dress "threatens to eliminate a substantial swath of competitive alternatives in the relevant market."⁸⁴ Nonfunctional trade dress must primarily serve to identify the source of the goods and services, and trade dress becomes functional as it serves other purposes. All trade dress, though, is, by definition, different; and one commentator has grumbled that "it seems that there are as many definitions of 'functional' as there are courts."⁸⁵ The morass of cases and commentary addressing what constitutes functional trade dress has, however, yielded a number of useful guidelines:

Trade dress is more likely to be deemed nonfunctional if it can be characterized as an arbitrary embellishment.

Although purely aesthetic trade dress will always be deemed nonfunctional,⁸⁶ courts have recognized that even aesthetic features can have functional traits. Such "aesthetic functionality" includes visual features that bestow some utility, such as coloring a pill red to indicate that it is blood medicine.⁸⁷ Nonfunctional features do nothing to improve the usefulness, efficiency, or appeal of a product or service,⁸⁸ nor are such features related to consumer demand for the product or service.⁸⁹ These are the hallmarks of protectable nonfunctional trade dress.

In identifying its trade dress, a franchise should start with the seemingly meaningless aspects of its system that franchisees and customers do not need in order to enjoy the franchise's products and services but that are unique identifiers of the franchise. A trade dress feature that would seemingly fit this bill is the color used in a retail outlet. If color serves only as a part of a franchise's overall layout and decor, then color is likely to be deemed nonfunctional.⁹⁰ But colors can provide a function. Courts have held the green color of farm machinery as functional because it matches farm equipment, and black outboard boat motors as functional because they decrease the apparent size of the motor and ensure compatibility with many different boat colors.⁹¹

The more trade dress impacts cost or quality, the more likely it will be deemed functional.

Price and quality are probably the two most practical tools for competitiveness. Correspondingly, features that make a product or service cost less or have a higher caliber are likely to be deemed functional and thus not protected.⁹² Franchises routinely seek to cultivate features that yield lower costs and higher quality. Although such features are valuable, they are not likely to be deemed protectable trade dress. For instance, a franchisor that packages its product in material that, although unique, creates significant cost savings will probably not be able to obtain trade dress protection for that packaging. Likewise, a franchisor's use of global positioning systems (GPS) to deliver its products and services will likely see decreased delivery times, meaning the use of GPS will probably be deemed functional.

The fewer alternative designs of a product or service, the more likely that there will be a finding of functionality.

If preventing competitors from using trade dress would leave competitors with a variety of comparable alternative features,

the trade dress will likely be deemed nonfunctional; if such alternatives do not exist, the trade dress will likely be deemed functional.⁹³ Without these alternatives, there is no way to compete with the protected features, and courts will not provide trade dress protection in a way that hinders competition.⁹⁴ Trade dress is also functional if it represents the best design for a feature or if there are few superior designs available.⁹⁵ Once again, a superior feature bestows competitive advantages beyond merely identifying the source of a product or service, and courts will not protect such advantages with trade dress law.⁹⁶

Correspondingly, although it does not negate functionality per se, the existence of alternative designs may indicate whether the trade dress itself embodies functional aspects of the product.⁹⁷ For example, in *Cartier, Inc. v. Sardell Jewelry, Inc.*,⁹⁸ a watchmaker sought trade dress protection for certain features of its watch design, including the use of Roman numerals and a square-shaped face. The Second Circuit noted that although these features may have some function, “the trade dress is not ‘functional’ because there are many alternative designs that could perform the same function.”⁹⁹

Although there are many benefits to innovating and improving the products and services offered by a franchise, trade dress protection is not one of them; and franchisors should probably look instead to patent or trade secret law to protect the more innovative aspects of their system.

Identities are protectable; themes are not.

“A franchisor does not have a business interest capable of protection in the mere method and style of doing business,” noted a court regarding the protectability of themes.¹⁰⁰ Concepts such as fast-casual restaurants and female-only fitness centers, however unique, are not protectable trade dress. Rather, franchisors should focus on specific features of the concept that identify the franchise.

In *Prufrock Ltd., Inc. v. Lasater*, a franchisor sought to protect trade dress rights in a “core concept” consisting of a “full service restaurant serving down home country cooking in a relaxed atmosphere with a full service bar.” The Eighth Circuit rejected this claim, holding that this concept enhanced the appeal of the restaurant, thereby making it functional.¹⁰¹ A “Scandinavian marketing theme” was similarly rejected for trade dress protection in *Häagen-Dazs, Inc. v. Frusen Glädjé, Ltd.*¹⁰²

Although elements of a franchise unit decor standing alone might be functional, their configuration may constitute protectable trade dress.

“The fact that individual elements of the trade dress may be functional does not necessarily mean that the trade dress as a whole is functional.”¹⁰³ In *Clicks Billiards v. Sixshooters, Inc.*, a pool hall operator sued a competing pool hall, alleging that the competitor violated the Lanham Act by copying the pool hall’s layout and designs, including the configuration of the bar, the flooring, and the style of lighting. The Ninth Circuit noted that these features are functional and competitors cannot be stopped from using them but that the particular combination and arrangement of these features is not necessarily functional.¹⁰⁴ For instance, the *Two Pesos* Court protected functional aspects of a

Mexican restaurant such as menus because these features were part of an overall look and feel that identified the restaurant.¹⁰⁵ Courts have labeled this distinction as one between (1) de facto functionality, i.e., a configuration of functional features that has acquired secondary meaning and thus may be entitled to trademark protection, and (2) de jure functionality, i.e., an unprotected feature that is used because it works better.¹⁰⁶

CONCLUSION

Trade dress serves a crucial utility for franchises: identifying the source of goods and services. Every franchise has trade dress, but all too often franchisors do not identify their trade dress until they are faced with a competitor that has copied it. The sooner a franchisor identifies those distinctive and nonfunctional features that identify its business, the better positioned it will be to protect this valuable asset.

ENDNOTES

1. *Tumblebus, Inc. v. Cranmer*, 399 F.3d 754, 768 (6th Cir. 2005) (“To recover for trade-dress . . . a party must first identify what particular elements or attributes comprise the protectable trade dress.”).
2. *Duraco Prods., Inc. v. Joy Plastic Enters., Inc.*, 40 F.3d 1431, 1441 (3d Cir. 1994).
3. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 8:1, at 8-3 (4th ed.).
4. 456 U.S. 844 (1982).
5. 505 U.S. 763 (1992).
6. 529 U.S. 205 (2000).
7. *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001).
8. *Id.* at 28.
9. *See Midw. Indus., Inc. v. Karavan Trailers, Inc.*, 50 U.S.P.Q.2d (BNA) 1672, 1677 (Fed. Cir. 1999).
10. *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 547 n.10 (6th Cir. 2005).
11. 142 F. App’x 455, 461 (Fed. Cir. 2005).
12. *See* MCCARTHY, *supra* note 3, § 8:1; *see also* *Al-Site Corp. v. VSI Int’l, Inc.*, 50 U.S.P.Q.2d (BNA) 1161 (Fed. Cir. 1999).
13. *See Herman Miller, Inc. v. Palazzetti Imps. & Exps., Inc.*, 270 F.3d 298, 302 (6th Cir. 2001).
14. *Shire U.S. Inc. v. Barr Labs, Inc.*, 329 F.3d 348 (3d Cir. 2003).
15. 566 F. Supp. 2d 1350, 1362 (M.D. Fla. 2008).
16. 399 F.3d 754, 768 (6th Cir. 2005).
17. *See id.* at 767–68.
18. *See id.*
19. 826 F.2d 837, 839 (9th Cir. 1987).
20. *See id.* at 845. The court reversed the district court, finding that its jury instruction on likelihood of confusion constituted error. *See id.*
21. 317 F.3d 209, 218 (2d Cir. 2003).
22. *Id.*
23. *Id.*
24. 505 F. Supp. 2d 986, 990 (D. Kan. 2007).
25. *See id.* at 992.
26. *See id.* at 1008.
27. 851 F. Supp. 660, 673 (E.D. Pa. 1994).
28. *See id.* at 674.

29. 781 F.2d 129, 131 (8th Cir. 1986).
30. *See id.* at 134.
31. *See* S. REP. NO. 100-515 (Sept. 7, 1988). Moreover, since its enactment, the Lanham Act has been widely interpreted as providing, in essence, a federal unfair competition law that filled an important gap. *See id.*
32. *See, e.g.,* Truck Equip. Serv. Co. v. Fruehauf Corp., 536 F.2d 1210 (8th Cir. 1976).
33. *See* Amy B. Berge, *Trade Dress Protection: What's Left for the States?*, 27 N. KY. L. REV. 1055 (2000).
34. Kerry S. Taylor, *Intellectual Property: C. Trademark: 2. Trade Dress: a) Functionality: Traffix Devices, Inc. v. Marketing Displays, Inc.*, 17 BERKELEY TECH. L.J. 205, 206–07 (2002). The PTO provides two categories of registry: the Principal Register and the Supplemental Register. The Principal Register is for those marks that are distinctive and have acquired secondary meaning. All other types of marks go into the Supplemental Register if they might one day acquire the proper status to merit classification under the Principal Register. *See id.* at n.10.
35. *See id.* at 207.
36. *See id.*
37. *See* John Papavasiliou, *Using the Federal Trademark Registration Process to Create a Broader Yet Fairer Solution to Domain Name Conflicts*, 11 U. BALT. INTELL. PROP. L.J. 93, 106 (2002).
38. *See id.*
39. *See id.*
40. *See id.*
41. *See id.*
42. *See id.*
43. 376 U.S. 225 (1964).
44. 376 U.S. 234 (1964).
45. *See, e.g.,* William P. Kratzke, *The Supreme Court and Trade Dress—a Short Comment*, 24 HASTINGS COMM. & ENT. L.J. 73, 84 (2001).
46. *See* Ideal Toy Corp. v. Plawner Toy Mfg. Corp., 685 F.2d 78, 81, 216 (3d Cir.1982); Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 203 (2d Cir. 1979); Truck Equip. Serv. Co. v. Fruehauf Corp., 536 F.2d 1210, 1214–15 (8th Cir. 1976); *see also* Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp., 502 F.2d 802, 806–07 (9th Cir. 1974).
47. Pub. L. No. 100-167, 102 Stat. 3946 (codified at 15 U.S.C. § 1125(a)(3)).
48. *See id.*
49. 489 U.S. 141 (1989).
50. *See id.* at 154.
51. *See id.* at 158.
52. *See id.* at 166.
53. 505 U.S. 763 (1992).
54. *Id.*
55. *Id.*
56. *See* Lars Smith, *Trade Distinctiveness: Solving Scalia's Tertium Quid Trade Dress Conundrum*, 2005 MICH. ST. L. REV. 243, 252–65.
57. *See* Tumblebus, Inc. v. Cranmer, 399 F.3d 754, 768 (6th Cir. 2005).
58. *See* U. of Fla. v. KP&B, Inc., 89 F.3d 773, 776 n.5 (11th Cir. 1996).
59. 15 U.S.C. § 1127.
60. *See* Int'l Jensen, Inc. v. Metrosound U.S.A., Inc., 4 F.3d 819, 824 (9th Cir. 1993).
61. 537 F.2d 4 (2d Cir. 1976).
62. *See id.* at 9.
63. *See* I.P. Lund Trading ApS & Kroin, Inc. v. Kohler Co. & Robern, 163 F.3d 27, 39 (1st Cir. 1998).
64. *See id.* (“Although the Supreme Court in *Two Pesos* endorsed the *Abercrombie* test in the context of non-verbal trade dress not involving product designs, at least two circuits have been skeptical of the appropriateness of the test in the product design context.”).
65. 40 F.3d 1431 (3d Cir. 1994).
66. *Id.* at 1441.
67. *Id.* at 1446, 1448.
68. *Id.* at 1448–49.
69. The Second Circuit adopted the third prong of the *Duraco* test for inherent distinctiveness in product configuration cases. *See* Knitwaves, Inc. v. Lollytogs Ltd., 71 F.3d 996, 1008 (2d Cir. 1995) (“We ask whether it is ‘likely to serve primarily as a designator of origin of the product.’”).
70. The Fourth Circuit held that the *Abercrombie* test should be applied to inherent distinctiveness analysis in product configuration cases. *See* Ashley Furniture Indus., Inc. v. Sangiacomo N.A., Ltd., 187 F.3d 363 (4th Cir. 1999) (reasoning that trade dress does not consist of the entire product but only “of those nonfunctional features of the product that, taken together, make up its total image”).
71. In *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995), the Eighth Circuit reversed the district court’s finding that to be inherently distinctive, the claimed trade dress must be “striking” or “memorable.”
72. 529 U.S. 205 (2000).
73. 514 U.S. 159 (1995).
74. *Wal-Mart*, 529 U.S. at 205.
75. *Id.* at 213.
76. *Id.* The full nature and extent of this tertium quid remains the subject of litigation. *See* Lars Smith, *Trade Distinctiveness: Solving Scalia's Tertium Quid Trade Dress Conundrum*, 2005 MICH. ST. L. REV. 243.
77. *Wal-Mart*, 529 U.S. at 205.
78. *See id.* at 210–11.
79. *See generally* Paul Steinberg & Gerald Lescatre, *Beguiling Heresy: Regulating the Franchise Relationship*, PENN ST. L. REV. 211 (2004).
80. 826 F.2d 837, 839–40 (9th Cir. 1987).
81. *Dunkin' Donuts Franchised Rests., LLC v. KPTT Donuts, LLC*, 2009 WL 513065 (M.D. Fla. 2009).
82. *See* Qualitex Co. v. Jacobson Prods. Co., Inc., 514 U.S. 159, 164–65 (1995).
83. *See id.*
84. *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 n.6 (5th Cir. 1991).
85. MCCARTHY, *supra* note 3, § 7:69.
86. *Clicks Billiards v. Sixshooters, Inc.*, 251 F.3d 1252, 1260 (9th Cir. 2001).
87. *See Qualitex*, 514 U.S. at 169.
88. *Fuddrucker's, Inc. v. Doc's B.R. Others, Inc.*, 623 F. Supp. 21 (D. Ariz. 1985), *rev'd on other grounds*, 826 F.2d 837 (9th Cir. 1987).
89. *See* TEC Eng'g Corp. v. Budget Molders Supply, Inc., 927 F. Supp. 528, 533 (D. Mass. 1996).
90. *See* *Dunkin' Donuts Franchised Rests., LLC v. D&D Donuts, Inc.*, 566 F. Supp. 2d 1350, 1362 (M.D. Fla. 2008).

91. *See Qualitex*, 514 U.S. at 169.
92. *See Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982).
93. *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 642 (6th Cir. 2002).
94. *See id.*
95. *See Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 n.6 (5th Cir. 1991).
96. *See id.*
97. *See Talking Rain Beverage Co., Inc. v. S. Beach Beverage Co.*, 349 F.3d 601, 603 (9th Cir. 2003).
98. 294 F. App'x 615 (2d Cir. 2008).
99. *Id.* at 621.
100. *Prufrock Ltd., Inc. v. Lasater*, 781 F.2d 129, 131–32 (8th Cir. 1986).
101. *See id.*
102. 493 F. Supp. 73, 75 (S.D.N.Y. 1980).
103. *Clicks Billiards v. Sixshooters, Inc.*, 251 F.3d 1252, 1259 (9th Cir. 2001).
104. *See id.*
105. 505 U.S. 763 (1992).
106. *See Valu Eng'g, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1274 (Fed. Cir. 2002).