

# PRODUCT DESIGN TRADE DRESS HITS THE WALL . . . MART: *WAL-MART v. SAMARA BROTHERS*

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## I. INTRODUCTION

“It *seems* to [the Supreme Court] that design, like color, is not inherently distinctive.”<sup>1</sup> In *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, the Court held that trade dress in a product itself, frequently referred to as product design trade dress,<sup>2</sup> is not protectable without a showing of acquired distinctiveness.<sup>3</sup> This determination, however, appears to be made based upon policy rather than legal considerations; in as much as the *Wal-Mart* Court stated that such a ruling is necessary in order to protect competition.<sup>4</sup> Because the *Wal-Mart* Court had “little confidence that a reasonably clear test [of inherent distinctiveness could] be devised,”<sup>5</sup> it concluded that articulating such a test would deter competition. Thus, the *Wal-Mart* Court refused to adopt such a test on the grounds that it would “rarely provide the basis for summary disposition of an anti-competitive strike suit”<sup>6</sup> alleging

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<sup>1</sup> *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 212, 54 U.S.P.Q.2d 1065, 1068 (2000) (emphasis added).

<sup>2</sup> “Product design,” “product configuration” and “configuration design” are synonymous and used interchangeably by various courts. See e.g. *Duraco Prods. Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1439, 32 U.S.P.Q.2d 1724, 1730 (3d Cir. 1994). For purposes of this article, reference will be made to “product design.”

<sup>3</sup> *Wal-Mart Stores, Inc.*, 529 U.S. at 216, 54 U.S.P.Q.2d. at 1070.

<sup>4</sup> *Id.* at 213, 54 U.S.P.Q.2d. at 1069.

<sup>5</sup> *Id.* at 213, 54 U.S.P.Q.2d. at 1069.

<sup>6</sup> *Id.* at 214, 54 U.S.P.Q.2d. at 1069.

trade dress infringement. For these reasons, and others discussed below, product design trade dress has been held to be incapable of being inherently distinctive.

This article explores the ramifications and the apparent rationale of the *Wal-Mart* decision. With regard to the ramifications of *Wal-Mart*, this article addresses two central issues: (1) whether *Wal-Mart* eliminates so-called anti-competitive “strike suits” in product design trade dress infringement cases allowing for “summary disposition” of such suits as the Court suggests; or whether *Wal-Mart* provides a new fighting ground which ensures that product design trade dress cases will require a determination by the trier of fact; and (2) the effect *Wal-Mart* has on the intellectual property rights of businesses attempting to establish trade dress protection for their product design; as the Court’s “pro-competitive” decision creates a situation where it is possible that the requisite secondary meaning can *never* be established by the owner of a unique’ product design because competitors can freely copy unique designs early in the product’s life, thus preventing the establishment of secondary meaning.

In addition, this article examines the rationale of the Supreme Court’s *Wal-Mart* decision. The discussions in this article focus on whether a unique product design can actually be “inherently distinctive”; whether viable tests to aid courts in determining whether a unique product design is “inherently distinctive” exist; and whether other intellectual property protection is sufficient to protect the good will associated with a new and unique product design.

In order to fully address the *Wal-Mart* decision, it is important to have a basic understanding of trademark and trade dress law. Furthermore, because the Supreme Court has been relatively active in refining trademark and trade dress principles of late, the detailed discussion set forth below of the Supreme Court’s *Two Pesos, Inc. v. Taco Cabana, Inc.*<sup>8</sup> decision and the *Qualitex Co. v. Jacobson Products Co., Inc.*<sup>9</sup> decision will provide the context necessary to fully analyze the Court’s recent product design trade dress *Wal-Mart* decision.

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<sup>7</sup> For purposes of clarity, because the *Wal-Mart* Court held that product designs are not “inherently distinctive,” this article frequently refers to “unique” product designs, in lieu of “inherently distinctive” product designs.

<sup>8</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 23 U.S.P.Q.2d 1081 (1992).

<sup>9</sup> *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 34 U.S.P.Q.2d 1161 (1995).

## II. BACKGROUND TO TRADEMARK AND TRADE DRESS PROTECTION

The Lanham Act provides protection for those who hold federally registered trademarks,<sup>10</sup> as well as unregistered trademarks,<sup>11</sup> on goods (and services).

The Lanham Act is designed to protect trademarks for the benefit of both the consumer and business. Congress recognized that a trademark aids competition in the marketplace because it helps a consumer distinguish among competing products . . . Trademarks also encourage producers to maintain a high quality product by assuring that any goodwill associated with their products is not misappropriated by competitors.<sup>12</sup>

The task of trademark law is two-fold: preventing competitors from trading off the goodwill of another and protecting consumers from being confused as to the source or origin of a company's goods or services.<sup>13</sup> Thus, trademark law is crucial to protect the interests of both consumers and producers.

The Lanham Act extends trademark protection not only to traditional word marks, slogans and logos,<sup>14</sup> but also to a wide variety of consumer recognizable devices, such as: sound marks,<sup>15</sup> colors,<sup>16</sup> smell,<sup>17</sup> motion,<sup>18</sup> packaging/containers,<sup>19</sup> and product designs.<sup>20</sup>

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<sup>10</sup> See 15 U.S.C. § 1114 (1994).

<sup>11</sup> See 15 U.S.C. § 1125 (1994).

<sup>12</sup> *Fun-Damental Too, Ltd. v. Gemmy Indust. Corp.*, 111 F.3d 993, 999 42 U.S.P.Q.2d 1352 (2d Cir. 1997).

<sup>13</sup> *Duraco Products Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, n.10, 32 U.S.P.Q.2d 1724, n.10 (3d Cir. 1994). "The two principal purposes of the trademark statute are to avoid consumer confusion, and to protect a trademark owner, which has invested 'energy, time, and money in presenting to the public the product, . . . from [the trademark's] misappropriation by pirates and cheats.'" *Id.*

<sup>14</sup> See 15 U.S.C. § 1127 (1994).

<sup>15</sup> Intel Corporation's 'Intel inside' tune, Reg. No. 2,315,261.

<sup>16</sup> *In re Owens-Corning Fiberglass Corp.*, 774 F.2d 1116, 1128, 227 U.S.P.Q. 417, 425 (Fed. Cir. 1985).

<sup>17</sup> *In re Clarke*, 17 U.S.P.Q.2d 1238, 1239 (T.T.A.B. 1990).

<sup>18</sup> Twentieth Century Fox Film Corporation's, 20th CENTURY FOX movie logo in motion, Reg. Nos. 1,928,424 and 1,928,423.

<sup>19</sup> See e.g. *Ex parte Haige & Haige, Ltd.*, 118 U.S.P.Q. 229, 231 (Dec. Comm'r Pat. 1958).

<sup>20</sup> See *infra* Part II(B).

### A. General Trademark Protection

The Lanham Act defines a trademark as “any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”<sup>21</sup> In order for a trademark to qualify for registration, and hence, receive the protection afforded under section 32 of the Lanham Act, the trademark must be capable of distinguishing the goods of the trademark holder from the goods of others.<sup>22</sup> In other words, the trademark must be distinctive. For a trademark to be found distinctive, it must either be: 1) inherently distinctive; or 2) have acquired distinctiveness through secondary meaning.<sup>23</sup>

In 1976, Judge Friendly penned *Abercrombie & Fitch Co. v. Hunting World Inc.*<sup>24</sup> establishing the traditional test used by courts to evaluate the inherent distinctiveness of a trademark.<sup>25</sup> In *Abercrombie*, Judge Friendly stated that trademarks can be classified in the following categories: 1) generic; 2) descriptive; 3) suggestive; and 4) arbitrary or fanciful.<sup>26</sup> The distinctiveness of a trademark depends upon the class in which it belongs in relation to the specific goods at issue.<sup>27</sup>

Judge Friendly determined that generic terms, because they refer to the genus or class of which a product is a member, are incapable of distinguishing the source of a product, and therefore, can never become valid trademarks.<sup>28</sup> Descriptive terms, because they describe a product or characteristic of a product, can only be distinctive (under section 2(f) of the Lanham Act) if they have acquired distinctiveness through secondary meaning.<sup>29</sup> Suggestive terms and arbitrary or fanciful terms are deemed to be inherently distinctive.<sup>30</sup> Suggestive terms are inherently distinctive because

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<sup>21</sup> See 15 U.S.C. § 1127 (1994).

<sup>22</sup> See 15 U.S.C. § 1114 (1994).

<sup>23</sup> *Two Pesos, Inc.*, 505 U.S. 763, 23 U.S.P.Q.2d 1081 (citing *Restatement (Third) of Unfair Competition* § 13 (1990)).

<sup>24</sup> 537 F.2d 4, 189 U.S.P.Q. 759 (2d Cir. 1976).

<sup>25</sup> See *id.* at 9, 189 U.S.P.Q. at 764.

<sup>26</sup> See *id.* at 9, 189 U.S.P.Q. at 764.

<sup>27</sup> See *id.* at 9, 189 U.S.P.Q. at 764.

<sup>28</sup> See *id.* at 9, 189 U.S.P.Q. at 765.

<sup>29</sup> See *Abercrombie & Fitch, Co. v. Hunting World, Inc.*, 537 F.2d 4, 10, 189 U.S.P.Q. 759, 765 (2d Cir. 1976).

<sup>30</sup> See *id.* at 11, 189 U.S.P.Q. at 766.

they merely suggest or imply characteristics of a product, it is up to the consumer to make the mental leap and understand the inference to be drawn about the product.<sup>31</sup> Arbitrary and fanciful terms are the strongest of trademarks, and thus the most inherently distinctive.<sup>32</sup> A mark is arbitrary when it is understood in a different context than that in which it is being applied,<sup>33</sup> e.g., APPLE for computers or CAMEL for cigarettes. A mark is fanciful if it is made-up,<sup>34</sup> such as KODAK or SOLFAN.<sup>35</sup> The *Abercrombie* test has been widely accepted and utilized by courts in evaluating whether a trademark is inherently distinctive.<sup>36</sup>

Thus, to the extent a trademark is suggestive, arbitrary or fanciful, it is deemed inherently distinctive and immediately protectable. While a generic term will never receive trademark protection, a descriptive term may ultimately be protectable if one can demonstrate that over time the mark has acquired distinctiveness through secondary meaning.<sup>37</sup>

### **B. General Trade Dress Protection**

In addition to providing protection for registered marks, the Lanham Act also provides protection for unregistered marks. Specifically, section 43(a) of the Lanham Act, prohibits:

[a]ny person who, . . . in connection with any goods . . . or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion, or to

<sup>31</sup> See *id.* at 11, 189 U.S.P.Q. at 766.

<sup>32</sup> See *id.* at 11, 189 U.S.P.Q. at 766.

<sup>33</sup> See *id.* at n.12, 189 U.S.P.Q. at n. 12.

<sup>34</sup> See *Abercrombie & Fitch, Co.*, 537 F.2d 4, n.12, 189 U.S.P.Q. 759, n.12.

<sup>35</sup> While fanciful Marks are invented in various ways, it is this author's understanding that SOLFAN was invented by someone who was frustrated in the search for a useable Mark and created the acronym SOLFAN from the phrase Sick Of Looking For A Name.

<sup>36</sup> See *Two Pesos, Inc.*, 505 U.S. at 768, 23 U.S.P.Q.2d at 1083 (referring to the "Abercrombie" test as the "classic formulation").

<sup>37</sup> Secondary meaning is a "new meaning that attaches to a non-inherently distinctive word or symbol, by which customers use that word or symbol as a trademark . . . to identify and distinguish a single commercial source." *McCarthy's Desk Encyclopedia of Intellectual Property* 394 (2d ed. 2000). "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." *Inwood Laboratories Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n. 11, 214 U.S.P.Q. 1, 4 n.11 (1982).

cause mistake, or to deceive . . . as to the origin, sponsorship, or approval of his or her goods . . . by another person . . .<sup>38</sup>

The protection extended to unregistered trademarks equally applies to unregistered trade dress, as the Supreme Court specifically acknowledged in *Two Pesos*. Trademarks and trade dress under section 43(a) of the Lanham Act receive the same protection as they:

serve the same statutory purpose of preventing deception and unfair competition. There is no persuasive reason to apply different analysis to the two . . . . It would be a different matter if there were textual basis in § 43(a) for treating inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress but there is none.<sup>39</sup>

Thus, the analysis applicable to unregistered trademarks is the same for unregistered trade dress.

Trade dress constitutes a “symbol” or “device” under sections 2 and 43(a) of the Lanham Act.<sup>40</sup> Accordingly, trade dress can be registered, and is entitled protection under section 2 of the Lanham Act, or can be protected under § 43(a) without the need for registration.<sup>41</sup> In all respects, trade dress is equivalent to trademarks because its registration status is immaterial in determining the protection afforded trade dress.<sup>42</sup>

Because it is clear that the Lanham Act protects trade dress (whether registered or not), it is important to understand what is meant by the term trade dress, i.e., what may be protected. “At one time, ‘trade dress’ referred only to the manner in which a product was ‘dressed up’ to go to market with a label, package, display card, and similar packaging elements.”<sup>43</sup> However, this has changed significantly over time to the point where trade dress now “involves the total image of a product and may include features such as size, *shape*, color or color combinations, texture, graphics, or even particular sales

<sup>38</sup> See 15 U.S.C. § 1125(a) (1994).

<sup>39</sup> See *Two Pesos, Inc.*, 505 U.S. at 773, 23 U.S.P.Q.2d at 1086.

<sup>40</sup> *Wal-Mart Stores, Inc.*, 529 U.S. at 209-10, 54 U.S.P.Q.2d at 1067.

<sup>41</sup> See *id.*

<sup>42</sup> See *Two Pesos, Inc.*, at 768, 23 U.S.P.Q.2d at 1083. “[T]he general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).” *Id.* “With the abandonment of the distinction between technical ‘trademarks’ and other indicia of source, the protection of distinctive packaging and product designs has been incorporated into the general law of trademarks. A nonfunctional design feature of a product or its packaging that is identified with a particular source is thus protectable as a trademark under the rules stated in this Chapter.” *Restatement (Third) of Unfair Competition* § 16 cmt. a (1995).

<sup>43</sup> See *Jeffrey Milstein, Inc. v. Gregor, Lawlor, Roth, Inc.*, 58 F.3d 27, 31, 35 U.S.P.Q.2d 1284, 1286 (2d Cir. 1995).

techniques."<sup>44</sup> This relatively recent expansion of what may constitute trade dress was cited with approval by the Supreme Court when it indicated that "the trade dress of a product is essentially its total image and overall appearance."<sup>45</sup>

Thus, the modern definition of trade dress encompasses two types of trade dress relevant to this article: 1) 'product packaging' trade dress, e.g., the packaging used with the product; and 2) 'product design' trade dress, e.g., the design or shape of the product itself.

Before detailing the necessary elements required to establish trade dress protection for a product design, it will be helpful to identify specific product designs that have been held to constitute protectable trade dress:

the design of a flashlight;<sup>46</sup>  
a fishing reel;<sup>47</sup>  
an igloo shaped doghouse;<sup>48</sup>  
the profile of grain hopper truck;<sup>49</sup>  
a watch;<sup>50</sup>  
fish shaped crackers;<sup>51</sup>  
1900's Maine style estate furniture;<sup>52</sup>  
athletic shoes;<sup>53</sup>  
Ferrari sports cars;<sup>54</sup>  
the front grill of a Rolls-Royce;<sup>55</sup>

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<sup>44</sup> See *John H. Harland, Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980, 219 U.S.P.Q. 515, 528 (11th Cir. 1983) (emphasis added).

<sup>45</sup> See *Two Pesos, Inc.*, 505 U.S. at 765 n.1, 23 U.S.P.Q.2d 1081 n.1.

<sup>46</sup> *Black & Decker Corp. v. Int'l Sales & Mktg.*, 36 U.S.P.Q.2d 1851, 1854 (C.D. Cal. 1995).

<sup>47</sup> *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 520-21, 4 U.S.P.Q.2d 1497, 1502-03 (10th Cir. 1987).

<sup>48</sup> *Dogloo, Inc. v. Doskocil Mfr. Co.*, 893 F. Supp. 911, 35 U.S.P.Q.2d 1405 (C.D. Cal. 1995).

<sup>49</sup> *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 191 U.S.P.Q. 79 (8th Cir. 1976).

<sup>50</sup> *Direct Mktg. of Virginia v. E. Mishan & Sons*, 753 F. Supp. 100, 106, 17 U.S.P.Q.2d 1683, 1688 (S.D.N.Y. 1990).

<sup>51</sup> *Nabisco, Inc. v. PF Brands, Inc.*, 50 F. Supp. 2d 188, 200 (S.D.N.Y. 1999).

<sup>52</sup> *Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260, 1264, 34 U.S.P.Q.2d 1526, 1529 (Fed. Cir. 1995).

<sup>53</sup> *Reebok Int'l, Ltd. v. K-Mart Corp.*, 849 F. Supp. 252, 261 (S.D.N.Y. 1994).

<sup>54</sup> *Ferrari S.P.A. Esercizio v. Roberts*, 944 F.2d 1235, 1237, 20 U.S.P.Q.2d 1001, 1003 (6th Cir. 1991).

a gearbox;<sup>56</sup>  
 luggage;<sup>57</sup>  
 the design of a desk lamp;<sup>58</sup>  
 a faucet design;<sup>59</sup> and  
 a thermostat.<sup>60</sup>

What requirements did the foregoing product designs satisfy in order to constitute protectable trade dress? To receive protection as trade dress under the Lanham Act, the design must be: 1) used in commerce; 2) distinctive; and 3) non-functional.<sup>61</sup> In order to demonstrate infringement of protectable trade dress, however, one would also have to establish that consumers are “likely to be confused as to the product’s source,” commonly referred to as the “likelihood of confusion” factor.<sup>62</sup> The “distinctiveness” and “non-functional” elements required for trade dress protection have served as fertile ground for much disagreement among the courts.<sup>63</sup> Accordingly, the United States Supreme Court addressed and refined these aspects of establishing protectable trade dress in its recent *Two Pesos* and *Qualitex* decisions, setting the stage for its product design *Wal-Mart* decision.

<sup>55</sup> *Rolls-Royce Motors, Ltd. v. A & A Fiberglass, Inc.*, 428 F. Supp. 689, 193 U.S.P.Q. 35 (N.D. Ga. 1977).

<sup>56</sup> *Superior Gearbox Co. v. Edwards*, 869 S.W.2d 239, 257 (Mo. App. 1994).

<sup>57</sup> *LeSportsac, Inc. v. K-Mart Corp.*, 754 F.2d 71, 76-7, 225 U.S.P.Q. 654, 657 (2d Cir. 1985).

<sup>58</sup> *PAF S.r.l. v. Lisa Lighting Co.*, 712 F. Supp. 394, 402, 12 U.S.P.Q.2d 1161, 1167 (S.D.N.Y. 1989).

<sup>59</sup> *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 29 U.S.P.Q.2d 1241 (7th Cir. 1993).

<sup>60</sup> *In re Honeywell, Inc.*, 8 U.S.P.Q.2d 1600, 1605 (TTAB 1988).

<sup>61</sup> *I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27, 36, 49 U.S.P.Q.2d 1225, 1230 (1st Cir. 1998); see also *Restatement (Third) of Unfair Competition* § 16(a) & (b) (1995).

<sup>62</sup> *I.P. Lund Trading*, at 43, 49 U.S.P.Q.2d at 1236.

<sup>63</sup> *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977), 196 U.S.P.Q. 289; see *Ashley Furniture Indus., Inc. v. Sangiacomo N.A. Ltd.*, 187 F.3d 363, 369-373, 51 U.S.P.Q. 1609 (4th Cir. 1999); *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008, 36 U.S.P.Q.2d 1737 (2d Cir. 1995); *Duraco Prods. Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1449, 32 U.S.P.Q.2d 1724 (3d Cir. 1994).

### III. RECENT SUPREME COURT TRADE DRESS DECISIONS

#### A. *Two Pesos v. Taco Cabana*

##### 1. District Court and Court of Appeals

The *Two Pesos* case involved a dispute between two fast-food Mexican restaurants.<sup>64</sup> The plaintiff, Taco Cabana, complained that defendant Two Pesos unlawfully imitated the appearance and motif of its Mexican restaurants.<sup>65</sup> Specifically, Taco Cabana sued under section 43(a) of the Lanham Act claiming that Two Pesos infringed its trade dress.<sup>66</sup> Taco Cabana described its 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.<sup>67</sup>

At trial, the District Court for the Southern District of Texas instructed the jury on Taco Cabana's trade dress claim as follows:

'trade dress' is the total image of the business. Taco Cabana's trade dress may include the shape and general appearance of the . . . restaurant, the identifying sign, the interior kitchen floor plan, the decor, the menu, the equipment used to serve food, the servers' uniform and other features reflecting the total image of the restaurant.<sup>68</sup>

The jury found that Taco Cabana's trade dress was not functional, that it was protectable and that Two Pesos infringed Taco Cabana's trade dress.<sup>69</sup> Further, the jury found that although Taco Cabana's trade dress had not acquired secondary meaning, that it was inherently distinctive.<sup>70</sup>

On appeal, Two Pesos challenged, among other things, the trade dress instruction given to the jury as overly broad, arguing that protectable

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<sup>64</sup> *Two Pesos, Inc.*, 505 U.S. 763, 23 U.S.P.Q.2d 1081.

<sup>65</sup> *Taco Cabana, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1116, 19 U.S.P.Q.2d 1253, 1255 (5th Cir. 1991).

<sup>66</sup> *See id.* at 1116, 19 U.S.P.Q.2d at 1255.

<sup>67</sup> *See id.* at 1117, 19 U.S.P.Q.2d at 1255.

<sup>68</sup> *See id.* at 1118, 19 U.S.P.Q.2d at 1256.

<sup>69</sup> *See id.* at 1117, 19 U.S.P.Q.2d at 1255-56.

<sup>70</sup> *Taco Cabana, Inc.*, 932 F.2d at 1117, 19 U.S.P.Q.2d at 1256.

trade dress is much narrower than the “total image” of a restaurant.<sup>71</sup> The Court of Appeals for the Fifth Circuit found that the jury was instructed properly because the instructions cautioned the jury not to focus on isolated components of the claimed trade dress, but rather to consider the overall combination of elements.<sup>72</sup> Two Pesos also argued that because Taco Cabana’s trade dress contained some elements that were functional, its trade dress was not entitled to any protection under the doctrine of functionality.<sup>73</sup> The Fifth Circuit rejected this argument finding that Taco Cabana failed to seek protection for individual elements but rather properly sought protection for a particular combination of elements as a whole.<sup>74</sup> Furthermore, the Fifth Circuit found that Taco Cabana’s trade dress was not *de jure* functional because there existed a “multitude” of alternative combinations that could be used by competitors to design Mexican fast food restaurants.<sup>75</sup>

Two Pesos finally argued that Taco Cabana’s trade dress was not distinctive for two reasons: 1) the jury’s failure to find secondary meaning negated such a possibility; and 2) the existence of descriptive elements in Taco Cabana’s trade dress rendered it non-distinctive.<sup>76</sup> On the first point, the Court of Appeals rejected Two Pesos’ argument by explaining that a distinctive mark is not stripped of its “distinctiveness” merely because consumer association has yet to bestow such additional empirical proof.<sup>77</sup> On Two Pesos’ second argument, the Court of Appeals reiterated that the test for determining the distinctiveness of trade dress requires one to look at the trade dress’ totality, not its individual pieces as suggested by Two Pesos.<sup>78</sup> Because there was evidence supporting the distinctiveness of Taco Cabana’s total trade dress, the Court of Appeals affirmed the lower court’s decision.<sup>79</sup>

## 2. Supreme Court

The Supreme Court granted *certiorari* in the *Two Pesos* case in order to resolve the split in the circuits on whether inherently distinctive trade

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<sup>71</sup> *See id.* at 1118, 19 U.S.P.Q.2d at 1256.

<sup>72</sup> *See id.* at 1118, 19 U.S.P.Q.2d at 1257.

<sup>73</sup> *See id.* at 1119, 19 U.S.P.Q.2d at 1257.

<sup>74</sup> *See id.* at 1119, 19 U.S.P.Q.2d at 1257.

<sup>75</sup> *Taco Cabana, Inc.*, 932 F.2d at 1119 n.6, 19 U.S.P.Q.2d at 1257-58 n.6.

<sup>76</sup> *See id.* at 1120 n.7, 19 U.S.P.Q.2d at 1258 n.7.

<sup>77</sup> *See id.* at n.7, 19 U.S.P.Q.2d at n.7.

<sup>78</sup> *See id.* at 1120-21, 19 U.S.P.Q.2d at 1258.

<sup>79</sup> *See id.* at 1120-21, 19 U.S.P.Q.2d at 1258-59.

dress is protectable under section 43(a) without a showing that it has acquired secondary meaning.<sup>80</sup> Before addressing the specific question at issue, however, the Court discussed general trade dress rules applicable to its forthcoming reasoning.<sup>81</sup> The Court noted that although section 43(a) prohibits a broader range of practices than that which is prohibited by section 32, the same analysis qualifying a mark for registration applies in determining whether an unregistered mark is entitled to protection.<sup>82</sup> Moreover, to be registered a mark must be able to distinguish the goods or services associated with it from other goods or services.<sup>83</sup> The Supreme Court also cited with approval the *Abercrombie* test for determining whether a mark is distinctive and stated that even a descriptive mark will receive protection if it can be shown to have acquired distinctiveness; frequently referred to as secondary meaning.<sup>84</sup>

By expanding upon the distinctiveness requirement, the *Two Pesos* Court noted that a mark is distinctive and capable of being protected if it either: 1) is inherently distinctive; or 2) has acquired distinctiveness through secondary meaning.<sup>85</sup> While not at issue before it, the *Two Pesos* Court nevertheless noted that to be protected under section 43(a), a mark must also be non-functional in order to be eligible for trade dress protection.<sup>86</sup> In the case of *Two Pesos*, the lower court already decided the issue of non-functionality.

Having established the similarities between the eligibility for trademark protection and trade dress protection, the Court affirmed the Fifth Circuit and held that proof of secondary meaning is unnecessary to prevail on a trade dress claim under section 43(a) where the trade dress is inherently distinctive.<sup>87</sup> Specifically, and perhaps significantly, the Court determined that there is no “persuasive reason to apply to trade dress a general requirement of secondary meaning which is at odds with the principles generally applicable to infringement suits under § 43(a).”<sup>88</sup>

<sup>80</sup> See *Two Pesos, Inc.*, 505 U.S. at 767, 23 U.S.P.Q.2d at 1083.

<sup>81</sup> See *id.* at 768-70, 23 U.S.P.Q.2d 1083-84.

<sup>82</sup> See *id.* at 768, 23 U.S.P.Q.2d 1083.

<sup>83</sup> See *id.* at 768, 23 U.S.P.Q.2d 1083-84.

<sup>84</sup> See *id.* at 768-69, 23 U.S.P.Q.2d 1083-84.

<sup>85</sup> See *Two Pesos, Inc.*, 505 U.S. at 769, 23 U.S.P.Q.2d at 1084.

<sup>86</sup> See *id.* at 769, 23 U.S.P.Q.2d 1084.

<sup>87</sup> See *id.* at 776, 23 U.S.P.Q.2d 1086.

<sup>88</sup> See *id.* at 770, 23 U.S.P.Q.2d 1084. This statement is significant, in that it appears to be at odds with the later Supreme Court decision, and accompanying rationale, in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 212, 54 U.S.P.Q.2d 1065, 1068 (2000).

Two Pesos argued that the jury's failure to find that Taco Cabana's trade dress had acquired secondary meaning, as a matter of law vitiated any finding of inherent distinctiveness.<sup>89</sup> While Two Pesos agreed that trade dress could be inherently distinctive, it urged the Court to adopt a rule granting only temporary protection to distinctive trade dress, subject to being defeated at a later date if secondary meaning could not be established.<sup>90</sup> The Court was not persuaded by Two Pesos, stating that "temporary" protection (or protection from the earliest use) is available for trade dress provided it is neither functional nor descriptive.<sup>91</sup> In other words, protection is immediately available for "inherently distinctive trade dress that is capable of identifying a particular source . . . ."<sup>92</sup> The Court reasoned that imposing a rule terminating the protection afforded inherently distinctive trade dress for failing to later establish secondary meaning would not be based on the "failure of the [trade] dress to retain its fanciful, arbitrary or suggestive nature, but on the failure of the user of the [trade] dress to be successful enough in the marketplace."<sup>93</sup> Thus, the Court artfully articulated that a lack of secondary meaning could simply mean that the product had not been received well by consumers, not that it lacked distinctiveness.

The Court spent considerable effort demonstrating the inappropriateness of departing from established trademark law by imposing upon trade dress law a requirement of proving secondary meaning in circumstances where trade dress is inherently distinctive. First, because the "protection of trademarks and trade dress under section 43(a) serves the same statutory purpose of preventing deception and unfair competition," there was "no persuasive reason to apply different analysis" to trade dress cases than already had been established in trademark cases.<sup>94</sup> The Court reasoned that because secondary meaning is not required for inherently distinctive trademarks, it should not be required for inherently distinctive trade dress.<sup>95</sup> The Court could find "no basis" to hold otherwise.<sup>96</sup> As such, the Court made it clear that the *Abercrombie* test used to determine the distinctiveness

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<sup>89</sup> See *Two Pesos, Inc.*, 505 U.S. at 770, 23 U.S.P.Q.2d at 1084.

<sup>90</sup> See *id.* at 771, 23 U.S.P.Q.2d 1084.

<sup>91</sup> See *id.* at 771, 23 U.S.P.Q.2d 1084.

<sup>92</sup> See *id.* at 771, 23 U.S.P.Q.2d 1084.

<sup>93</sup> See *id.* at 771, 23 U.S.P.Q.2d 1085.

<sup>94</sup> See *Two Pesos, Inc.*, 505 U.S. at 773, 23 U.S.P.Q.2d at 1085.

<sup>95</sup> See *id.* at 774, 23 U.S.P.Q.2d 1086.

<sup>96</sup> See *id.* at 774, 23 U.S.P.Q.2d 1086.

of trademarks is the appropriate test to determine the distinctiveness of trade dress.<sup>97</sup>

Second, the Court could find no textual basis in section 43(a) to depart from the established trademark test.<sup>98</sup>

Third, the departure urged by *Two Pesos* would be contrary to the underlying purposes of the Lanham Act.<sup>99</sup> Enabling consumers to distinguish between competing products and allowing owners of marks to enjoy their goodwill, are as equally important to trade dress protection as trademark protection.<sup>100</sup> The Supreme Court recognized that an essential aspect of Lanham Act protection, as articulated by Congress, was to foster competition.<sup>101</sup> To require secondary meaning for inherently distinctive trade dress, and not for inherently distinctive trademarks, would “hinder improving or maintaining the producer’s competitive position,” thereby frustrating, rather than fostering, competition.<sup>102</sup>

The competitive ramifications that would result from applying a different rule to trade dress than had been applied to trademarks was a focal point of the *Two Pesos* Court. The Court would not stray from established trademark jurisprudence and formulate a different rule for trade dress protection thereby diluting the protection afforded competitors. The Court reinforced the principle that the owner of inherently distinctive trade dress “should be able to maintain what competitive position it has and continue to seek wider identification . . .” of its trade dress.<sup>103</sup> Furthermore, the Court acknowledged that:

adding a secondary meaning requirement could have anticompetitive effects, *creating particular burdens on the startup of small companies*. It would present special difficulties for a business, such as respondent, that seeks to start a new product in a limited area and then expand into new markets. Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established *would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator's dress in other markets and to deter the originator from expanding into and competing in these areas*.<sup>104</sup>

<sup>97</sup> See *id.* at 773, 23 U.S.P.Q.2d 1085.

<sup>98</sup> See *id.* at 774, 23 U.S.P.Q.2d 1086.

<sup>99</sup> See *Two Pesos, Inc.*, 505 U.S. at 774, 23 U.S.P.Q.2d at 1086.

<sup>100</sup> See *id.* at 774, 23 U.S.P.Q.2d 1086.

<sup>101</sup> See *id.* at 774, 23 U.S.P.Q.2d 1086.

<sup>102</sup> See *id.* at 774, 23 U.S.P.Q.2d 1086.

<sup>103</sup> See *id.* at 771, 23 U.S.P.Q.2d 1085.

<sup>104</sup> See *Two Pesos, Inc.*, 505 U.S. at 775, 23 U.S.P.Q.2d at 1086 (emphasis added).

The Court concluded that the holding suggested by *Two Pesos* would be contrary to the goals of the Lanham Act because it would permit in a trade dress context that which it prohibits in the trademark context – allowing a competitor to trade off of the goodwill of another. Clearly, the *Two Pesos* Court could not ignore the important role preservation of competition plays in the Lanham Act.<sup>105</sup>

### B. *Qualitex v. Jacobson Products*

Three years after the *Two Pesos* decision, the Supreme Court granted *certiorari* in order to resolve a split among the circuits on whether the Lanham Act permits the registration of a trademark consisting solely of color.<sup>106</sup> The *Qualitex* case dealt with the protectability of color from a trademark registration stand-point, and not as trade dress.<sup>107</sup> As *Two Pesos* demonstrates, however, there is little, if any, difference between the protectability requirements of a registered trademark and unregistered trade dress.<sup>108</sup> Thus, the issues decided in *Qualitex* will have direct applicability on the Court's later *Wal-Mart* decision.

*Qualitex* involved a suit between a manufacturer of “green/gold” press pads used in dry cleaning, and a competitor who copied the color scheme of the green/gold press pads.<sup>109</sup> *Qualitex*, the manufacturer, contended that commercial consumers knew that the green/gold press pads came from *Qualitex* because it had sold its press pads of these colors for over thirty years.<sup>110</sup> *Qualitex*'s position was that secondary meaning had attached.<sup>111</sup> The District Court for the Central District of California agreed and found for *Qualitex*, enjoining defendant *Jacobson Products* from all

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<sup>105</sup> The Court also examined the argument that competition would be harmed if the first user of a trade dress could prevent its subsequent use by competitors. The Court rejected this argument relying on the protection of the doctrine of functionality, i.e. that trade dress is only protectable if it is non-functional, which assures that competition will not be stifled by the exhaustion of a limited number of trade dresses. *Id.* at 775, 23 U.S.P.Q.2d at 1086.

<sup>106</sup> See *Qualitex Co.*, 514 U.S. at 160-61, 34 U.S.P.Q.2d at 1162.

<sup>107</sup> Although the plaintiff successfully litigated the claim under section 43(a) of the Lanham Act, this aspect of the case was not before the Supreme Court. See *id.* at 161, 23 U.S.P.Q.2d at 1162.

<sup>108</sup> See *Two Pesos, Inc.*, 505 U.S. at 768, 23 U.S.P.Q.2d at 1083.

<sup>109</sup> See *Qualitex Co.*, 514 U.S. at 159, 34 U.S.P.Q.2d at 1161.

<sup>110</sup> See *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 13 F.3d 1297, 1299-300, 29 U.S.P.Q.2d 1277, 1278 (9th Cir. 1994).

<sup>111</sup> See *id.* at 1299-300, 29 U.S.P.Q.2d at 1278.

future sales of green/gold press pads.<sup>112</sup> The Court of Appeals for the Ninth Circuit affirmed Qualitex's unfair competition claim, but reversed the trademark infringement claim, reasoning that color alone cannot constitute a valid trademark.<sup>113</sup>

The Supreme Court's focus was on whether color alone could ever be recognized as a trademark.<sup>114</sup> A split in the circuits existed on the issue, with some circuits holding that color could meet the threshold requirement of being considered a source identifier, while other circuits disagreed.<sup>115</sup> While the circuits disagreed on the ultimate protectability of color, they did agree that color by itself was not an *immediate* source identifier.<sup>116</sup> Thus, the Supreme Court began its analysis by accepting the premise that color is analogous to a descriptive mark and is not protectable without further findings.<sup>117</sup>

The Court began its inquiry into the protection afforded by the Lanham Act for a trademark and determined that its protection is quite broad; "almost anything at all that is capable of carrying meaning" could constitute a "symbol" or "device" under section 1127.<sup>118</sup> Because shapes (a Coca-Cola bottle), sounds (NBC's three chimes), and even scents (plumeria blossoms on sewing thread) have been granted trademark protection by the United States Patent and Trademark Office ("PTO"), the Court concluded there was no reason that color could not also qualify.<sup>119</sup> Furthermore, the Court specifically acknowledged that color possesses the ability to identify and distinguish the source of goods, a requirement imposed upon trademarks under section 45 of the Lanham Act.<sup>120</sup>

Reaching this conclusion, the Court analogized the protection afforded descriptive word marks to color.<sup>121</sup> The Court concluded that because

<sup>112</sup> *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 21 U.S.P.Q.2d 1457, 1462 (C.D. Cal. 1991).

<sup>113</sup> *See Qualitex Co. v. Jacobson Prods. Co., Inc.*, 13 F.3d 1297, 1300, 29 U.S.P.Q.2d 1277, 1278 (9th Cir. 1994).

<sup>114</sup> *See Qualitex Co.*, 514 U.S. at 160-61, 34 U.S.P.Q.2d at 1162.

<sup>115</sup> *See id.* at 161-62, 34 U.S.P.Q.2d at 1162; *see also, e.g., NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024, 1028, 16 U.S.P.Q.2d 1959, 1962 (7th Cir. 1990) (prohibiting protection of color alone); *see also, e.g., In re Owens-Corning Fiberglass Corp.*, 774 F.2d 1116, 1128, 227 U.S.P.Q. 417, 425 (Fed. Cir. 1985) (allowing registration of color pink for fiberglass insulation).

<sup>116</sup> *See Qualitex Co.*, 514 U.S. at 161-62, 34 U.S.P.Q.2d at 1162.

<sup>117</sup> *See id.* at 162-63, 34 U.S.P.Q.2d at 1162.

<sup>118</sup> *See id.* at 162, 34 U.S.P.Q.2d at 1162.

<sup>119</sup> *See id.*, 34 U.S.P.Q.2d at 1162.

<sup>120</sup> *See id.*, 34 U.S.P.Q.2d at 1162.

<sup>121</sup> *See id.* at 163, 34 U.S.P.Q.2d at 1162-63.

a descriptive word mark is ultimately entitled to trademark protection upon a showing of secondary meaning, so too should color.<sup>122</sup> Thus, upon a showing of secondary meaning that color identifies and distinguishes a particular brand and indicates its source, color is similarly entitled to trademark protection.<sup>123</sup> The *Qualitex* Court's analogy to a descriptive word mark seemed particularly appropriate because it adopted a premise that color, like a descriptive word mark, is initially unable to be protected as a trademark.<sup>124</sup>

The *Qualitex* Court, like the *Two Pesos* Court, cited the underlying principles of trademark law as rationale for its decision upholding trademark protection of color.<sup>125</sup> *Qualitex* similarly noted that by preventing others from copying a source-identifying mark, trademark law protects consumers from being confused about the source of a product; at the same time assuring a business that it, and not a copying competitor, will be able to reap the benefit of the goodwill it has established in its trademarked products.<sup>126</sup> It has, therefore, been important to the Supreme Court to ensure that its rulings in trademark and trade dress cases are consistent with the goals of trademark law, protecting consumers and trademark owners.

The *Qualitex* Court also examined whether the doctrine of functionality prevents color from ever serving as a trademark.<sup>127</sup> While trademark law promotes competition by protecting a firm's reputation, the functionality doctrine promotes legitimate competition by preventing a trademark owner from claiming trademark protection in a useful (or functional) product feature.<sup>128</sup> The Court instructed that the patent laws provide protection for useful product features, *not trademark law* which protects one's reputation and ability to distinguish its products.<sup>129</sup> Trademark law's built-in "functionality" safeguard prevents the extension of trademark protection outside of its scope when a product feature is functional.<sup>130</sup> To determine whether a feature, such as color, is functional, the Court stated:

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<sup>122</sup> See *Qualitex Co.*, 514 U.S. at 163-64, 34 U.S.P.Q.2d at 1163.

<sup>123</sup> See *id.* at 163-64, 34 U.S.P.Q.2d at 1163.

<sup>124</sup> It should be noted, however, that Judge Friendly in *Abercrombie* did not merely adopt a premise regarding the inability of a descriptive word to be immediately entitled to protection, Judge Friendly carefully analyzed and reasoned to that conclusion. See *Abercrombie & Fitch, Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-10, 189 U.S.P.Q. 759, 764-65.

<sup>125</sup> See *Qualitex Co.*, 514 U.S. at 163-64, 34 U.S.P.Q.2d at 1163.

<sup>126</sup> See *id.* at 163-64, 34 U.S.P.Q.2d at 1163.

<sup>127</sup> See *id.* at 164, 34 U.S.P.Q.2d at 1163.

<sup>128</sup> See *id.* at 164, 34 U.S.P.Q.2d at 1163.

<sup>129</sup> See *id.* at 164-65, 34 U.S.P.Q.2d at 1163.

<sup>130</sup> See *Qualitex Co.*, 514 U.S. at 164-65, 34 U.S.P.Q.2d at 1163.

‘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.<sup>131</sup>

In applying this test to color, the Court found that while sometimes color may play an important role (unrelated to source identification) in making a product more desirable, it necessarily follows that sometimes it may not.<sup>132</sup> Hence, the Court determined that the functionality doctrine does not create an absolute bar to color alone serving as a trademark.<sup>133</sup>

The Court was also unpersuaded by the four reasons proffered by Jacobson Products in support of the adoption of a special rule forbidding the use of color as a trademark.<sup>134</sup> The four reasons are as follows:

1) Purported difficulties in assessing differences between colors or shades of colors did not concern the Court because courts already make difficult assessments about similar words and “[l]egal standards exist to guide courts in making such comparisons.”<sup>135</sup>

2) The Court was not compelled by the “color depletion” theory because the functionality doctrine ensures that competitors will have access to colors if they are necessary to effectively compete.<sup>136</sup>

3) Prior definitions of a trademark under the common law are unpersuasive because the Lanham Act changed and liberalized the common-law, as evidenced by legislative history.<sup>137</sup>

4) The Court determined that there is good reason to protect color as a trademark because a company may find it difficult to use a symbol or word on its product (e.g., an industrial bolt that consumers normally see from afar) and that company may instead want to use pure color as a source indicator.<sup>138</sup> The Court rejected the second part of the final argument, which asserted that trade dress protection satisfactorily protects one desiring to use color, by

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<sup>131</sup> See *id.* at 165, 34 U.S.P.Q.2d at 1163-64.

<sup>132</sup> See *id.* at 165, 34 U.S.P.Q.2d at 1164.

<sup>133</sup> See *id.* at 165, 34 U.S.P.Q.2d at 1164.

<sup>134</sup> See *id.* at 166-67, 34 U.S.P.Q.2d at 1164.

<sup>135</sup> See *Qualitex Co.*, 514 U.S. at 167, 34 U.S.P.Q.2d at 1164.

<sup>136</sup> See *id.* at 168-69, 34 U.S.P.Q.2d at 1165. The Court noted 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).” *Id.* at 169-70, 34 U.S.P.Q.2d at 1165.

<sup>137</sup> See *id.* at 170-71, 34 U.S.P.Q.2d at 1166.

<sup>138</sup> See *id.* at 173-74, 34 U.S.P.Q.2d at 1167.

noting there are several benefits conferred on the owner of a registered trademark that are not available to an unregistered trade dress owner.<sup>139</sup>

Reversing the Ninth Circuit, the Supreme Court held that color by itself is capable of meeting the basic legal requirements for use as a trademark.<sup>140</sup> Moreover, because it was undisputed that Qualitex's use of green-gold on its press pads met the basic legal requirements (secondary meaning was established and green-gold was not functional in the industry as other colors were equally usable), the Court concluded that trademark protection of the green-gold color on press pads was appropriate.<sup>141</sup>

It merits mention that in 1998, after the *Qualitex* decision, Congress codified the requirement that for trade dress to be protectable it cannot be functional.<sup>142</sup>

### C. *Wal-Mart Stores v. Samara Brothers*

#### 1. The District Court and Court of Appeals

In 1996, Samara Brothers sued Wal-Mart and other defendants for infringing copyrights and trade dress held in certain clothing designs.<sup>143</sup> The designs at issue were "spring/summer one-piece seersucker children's outfits decorated with appliques of hearts, flowers, fruits, and the like."<sup>144</sup> Although Samara Brothers held copyright protection in most of its particular pieces, Samara Brothers claimed trade dress protection in its entire line of clothing, asserting the clothing line was the "core" of its business.<sup>145</sup>

<sup>139</sup> See *Qualitex Co.*, 514 U.S. at 174, 34 U.S.P.Q.2d at 1167.

<sup>140</sup> See *id.* at 161 and 174, 34 U.S.P.Q.2d at 1162 and 1167.

<sup>141</sup> See *id.* at 166, 34 U.S.P.Q.2d at 1164.

<sup>142</sup> See Pub. L. 106-43 (codified as 15 U.S.C. § 1125(a)(3)) (1999). This amendment to the Lanham Act was one of the many changes made by the Trademark Law Treaty Implementation Act.

<sup>143</sup> See *Samara Brothers, Inc. v. Judy-Philippine, Inc.*, 969 F. Supp. 895 (S.D.N.Y. 1997). Other state law claims, irrelevant to this discussion, were also brought against the defendants.

<sup>144</sup> See *Wal-Mart Stores, Inc. v. Samara Brothers Inc.*, 529 U.S. 205, 207, 54 U.S.P.Q.2d 1065, 1066-67 (2000).

<sup>145</sup> See *Samara Brothers, Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 125, 49 U.S.P.Q.2d 1260, 1264 (2d Cir. 1998).

In 1995, Wal-Mart contacted a manufacturer to commission a large quantity of children's sear-sucker clothing under a Wal-Mart private label.<sup>146</sup> Wal-Mart provided the manufacturer with pictures of the Samara Brothers' clothing line as samples upon which the Wal-Mart's clothing was to be based.<sup>147</sup> With slight modifications, the manufacturer copied sixteen of Samara Brothers' garments.<sup>148</sup> In 1996, Wal-Mart sold these garments in its stores, generating over \$1.15 million in gross profits.<sup>149</sup>

The manufacturer for Wal-Mart and other defendant stores settled with Samara Brothers one week before trial.<sup>150</sup> Wal-Mart did not.<sup>151</sup> After a week of trial, the jury found in favor of Samara Brothers on all of its claims.<sup>152</sup> Upon the adverse jury verdict Wal-Mart renewed its motion for judgment as a matter of law. Wal-Mart based its motion on, among other things, the argument that Samara Brothers' clothing designs were not "distinctive as to source," thus negating trade dress protection.<sup>153</sup> Based on this assertion, Wal-Mart challenged whether Samara Brothers' trade dress could, as a matter of law, be inherently distinctive.<sup>154</sup> The District Court denied Wal-Mart's motion and the Court of Appeals affirmed.<sup>155</sup>

#### D. The United States Supreme Court

In October 1999, the United States Supreme Court granted *certiorari* to Wal-Mart's appeal.<sup>156</sup> However, the Supreme Court disregarded the questions presented in Wal-Mart's petition.<sup>157</sup> Instead, the Supreme Court provided the parties with its own question for review: "What must be shown to establish that a product's design is inherently distinctive for purposes of

<sup>146</sup> See *Wal-Mart Stores, Inc.*, 529 U.S. at 208, 54 U.S.P.Q.2d at 1066-67.

<sup>147</sup> See *id.*, 54 U.S.P.Q.2d at 1066-67.

<sup>148</sup> See *id.*, 54 U.S.P.Q.2d at 1066-67.

<sup>149</sup> See *Samara Brothers*, 165 F.3d at 123, 49 U.S.P.Q.2d at 1263.

<sup>150</sup> See *id.*, 49 U.S.P.Q.2d at 1263.

<sup>151</sup> See *id.*, 49 U.S.P.Q.2d at 1263.

<sup>152</sup> See *id.*, 49 U.S.P.Q.2d at 1263.

<sup>153</sup> See *Samara Brothers*, 165 F.3d at 125, 49 U.S.P.Q.2d at 1264. The Court of Appeals noted that there was no assertion by Samara that its clothing line had acquired secondary meaning.

<sup>154</sup> See *id.*, 49 U.S.P.Q.2d at 1264.

<sup>155</sup> See *id.* at 125-27, 132, 49 U.S.P.Q.2d at 1264-66, 1270.

<sup>156</sup> See *Wal-Mart Stores, Inc.*, 529 U.S. at 207, 54 U.S.P.Q.2d at 1066-67.

<sup>157</sup> See 59 *Patent, Trademark & Copyright J.* 426, no. 1456 (BNA Jan. 7, 2000).

Lanham Act trade-dress protection?”<sup>158</sup> Given the narrowly-tailored question to review (especially after the Court’s *Two Pesos* ruling), the Supreme Court finally appeared poised to establish a uniform test courts could use to determine the inherent distinctiveness of product design trade dress.

The circuits below created prime conditions for the Court’s expected ruling;<sup>159</sup> each circuit *agreed* that product design trade dress was capable of being inherently distinctive, however no circuit could agree on how to make such a determination.<sup>160</sup> The Supreme Court, in constructing its own test, had the luxury of examining the various tests employed amongst the circuits.<sup>161</sup>

For example, the test applied by the Court of Claims and Patent Appeals (“CCPA”), known as the *Seabrook* test, examined whether product design is inherently distinct by reviewing whether the design is: 1) “a common” basic shape or design”; 2) “unique or unusual in a particular field”; or 3) “a mere refinement of commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a trade dress or ornamentation for such goods.”<sup>162</sup> A number of circuits adopted this test,<sup>163</sup> while others applied the traditional *Abercrombie* test<sup>164</sup> to determine whether product design trade dress is inherently distinctive.<sup>165</sup> In applying the *Abercrombie* test, a court “asks whether the trademark in question is 1) generic, 2) descriptive, 3) suggestive, 4) arbitrary or fanciful.”<sup>166</sup>

<sup>158</sup> See *Wal-Mart Stores, Inc.*, 529 U.S. at 207, 54 U.S.P.Q.2d at 1066-67.

<sup>159</sup> *Seabrook Foods, Inc.*, 568 F.2d at 1344, 196 U.S.P.Q. 289; see *Ashley Furniture Indus., Inc. v. Sangiacomo N.A. Ltd.*, 187 F.3d 363, 369-373, 51 U.S.P.Q.2d 1609, 1612-16 (4th Cir. 1999); *Knitwaves, Inc. v. Lollyyogs Ltd.*, 71 F.3d 996, 1008, 36 U.S.P.Q.2d 1737, 1764 (3d Cir. 1995); *Duraco Products Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1449, 32 U.S.P.Q.2d 1724, 1738 (3d Cir. 1994).

<sup>160</sup> See *Seabrook Foods, Inc.*, 568 F.2d at 1344, 196 U.S.P.Q. at 291.

<sup>161</sup> See *id.*, 196 U.S.P.Q. at 291.

<sup>162</sup> *Id.*, 196 U.S.P.Q. at 291.

<sup>163</sup> See *I.P. Lund Trading*, 163 F.3d at 40, 49 U.S.P.Q. at 1233; *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1536 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041, 107 S.Ct. 1983, 95 L.Ed.2d 822 (1987).

<sup>164</sup> See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 189 U.S.P.Q. 759 (2d Cir. 1976).

<sup>165</sup> See *Ashley Furniture Indus., Inc.*, 187 F.3d at 369-373, 51 U.S.P.Q.2d 1609 (noting that *Seabrook* principles could help to mitigate any difficulty in applying *Abercrombie*); See also *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 540, 48 U.S.P.Q. 1065 (5th Cir. 1998); *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 787-88, 34 U.S.P.Q. 1428 (8th Cir. 1995).

<sup>166</sup> *Ashley Furniture*, 187 F.3d at 369, 51 U.S.P.Q.2d at 1612-13.

Finding the *Abercrombie* test inapplicable to trade dress, the Second and Third Circuits created their own tests. The Second Circuit required a product design to primarily indicate a product's source in order to be inherently distinctive, and therefore asked whether a product design is "likely to serve as a designator of origin of the product."<sup>167</sup> The Third Circuit required that trade dress be: 1) "unusual and memorable"; 2) "conceptually separate from the product"; and 3) "likely to serve primarily as a designator of origin of the product."<sup>168</sup>

The Supreme Court was further assisted in its test construction by the filing of many *amici* briefs.<sup>169</sup> The majority of these briefs urged the Supreme Court to either adopt the *Seabrook* test (such as the brief filed on behalf of the PTO), or at least to utilize the *Seabrook* test as a starting point in formulating its own test.<sup>170</sup>

Notwithstanding its previous *Two Pesos* decision, the re-framing of the question to be reviewed on *certiorari*, the various tests already developed by the circuit courts, and the aid of the many *amici* briefs supporting some form of the *Seabrook* test, the Supreme Court did not hand down a decision explaining "what must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection."<sup>171</sup> Instead, the Court punted.

#### a) The Decision

The Supreme Court in *Wal-Mart* held that "in an action for unregistered trade dress, a product's design is only distinctive upon a showing of secondary meaning."<sup>172</sup> Before addressing the peculiarities of product design trade dress, however, the Supreme Court revisited general trade dress law principles since its *Two Pesos* decision.<sup>173</sup> The *Wal-Mart* Court noted the breadth trade dress had been given by lower courts<sup>174</sup> in concluding that

<sup>167</sup> *Knitwaves, Inc.*, 71 F.3d at 1008, 36 U.S.P.Q.2d at 1764.

<sup>168</sup> *Duraco Prods. Inc.*, 40 F.3d at 1449, 32 U.S.P.Q.2d at 1738.

<sup>169</sup> See 59 *Patent, Trademark & Copyright J.* 428-29, no. 1456 (BNA Jan. 7, 2000).

<sup>170</sup> See Stuart M. Ribek, *Product Design Trade Dress: Where Do We Go From Here?*, 90 TMR 563, 564-65 (attorney for Samara Brothers, Inc.); William D. Coston; *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.: The Triumph of Consumer Protection in Lanham Act Litigation*, 90 TMR 572, 577 (attorney for Wal-Mart Stores, Inc.).

<sup>171</sup> *Wal-Mart Stores, Inc.*, 529 U.S. at 213-14, 54 U.S.P.Q.2d at 1068-69.

<sup>172</sup> *Id.* at 215-16, 54 U.S.P.Q.2d at 1069-70.

<sup>173</sup> See *id.* at 209, 54 U.S.P.Q.2d at 1067.

<sup>174</sup> See *id.*, 54 U.S.P.Q.2d at 1067.

based on the language of section 43(a) of the Lanham Act, courts properly considered the design of a product to constitute trade dress.<sup>175</sup> Moreover, the Court noted that the recent amendments to section 43(a)<sup>176</sup> supported its unrestrictive language.<sup>177</sup>

The Court then examined the elements required to demonstrate trade dress infringement.<sup>178</sup> The Court found that unregistered trade dress may be protected as long as it is: 1) non-functional; 2) distinctive; and 3) there is a likelihood of confusion with the purported infringing product.<sup>179</sup> In examining the “distinctive” element, the Court noted that there are two situations in which a trademark is distinctive.<sup>180</sup> First, under the *Abercrombie* test, certain marks by their very nature are distinctive.<sup>181</sup> Second, if not inherently distinctive, marks can acquire distinctiveness through secondary meaning.<sup>182</sup>

The Court went on to indicate, however, that nothing in section 2 of the Lanham Act required that all types of marks be capable of inherent distinctiveness.<sup>183</sup> In fact, the Court stated it has “held” that one type of mark, color, can never be inherently distinctive,<sup>184</sup> but can be protected upon a showing of secondary meaning.<sup>185</sup> The Court applied this rationale to the *Wal-Mart* product design issue.<sup>186</sup>

In analogizing product design to color, the *Wal-Mart* Court opined that “it seems to us that design . . . is not inherently distinctive.”<sup>187</sup> While the Court failed to offer “legal” reasons for such a conclusion, it did offer three policy reasons.

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<sup>175</sup> *See id.*, 54 U.S.P.Q.2d at 1067 (noting that “symbol” or “device” could be “almost anything at all that is capable of carrying meaning” such as bedroom furniture, sweaters, and notebooks).

<sup>176</sup> *See id.* at 210, 54 U.S.P.Q.2d at 1067-68.

<sup>177</sup> *See id.*, 54 U.S.P.Q.2d at 1067-68.

<sup>178</sup> *See id.*, 54 U.S.P.Q.2d at 1067-68.

<sup>179</sup> *See id.*, 54 U.S.P.Q.2d at 1067-68.

<sup>180</sup> *See id.*, 54 U.S.P.Q.2d at 1067-68.

<sup>181</sup> *See id.*, 54 U.S.P.Q.2d at 1067-68.

<sup>182</sup> *See id.*, 54 U.S.P.Q.2d at 1067-68.

<sup>183</sup> *See id.* at 210-12, 54 U.S.P.Q.2d at 1067-69.

<sup>184</sup> *See id.* at 212, 54 U.S.P.Q.2d at 1068-69.

<sup>185</sup> *See id.*, 54 U.S.P.Q.2d at 1068-69.

<sup>186</sup> *See id.*, 54 U.S.P.Q.2d at 1068-69.

<sup>187</sup> *See id.*, 54 U.S.P.Q.2d at 1068-69.

First, the Court reasoned that consumers were not predisposed to equate the feature or design of a product, with that product's source, because the design of a product "is not intended to identify the source, it is intended to make the product more useful or appealing."<sup>188</sup> "A mark consisting of a word or product packaging, on the other hand, can be inherently distinctive because the purpose of attaching the words or packaging is most often to identify the source of the product."<sup>189</sup> The Court noted that while a word or packaging can serve subsidiary functions, such as attracting the attention of consumers on a crowded store shelf, the predominant function is identification of source.<sup>190</sup> Moreover, legal principles exist which prevent these non-source identifying marks from being inherently distinctive.<sup>191</sup>

Second, the Court cited its concern that anti-competitive strike suits would arise if product design could be inherently distinctive.<sup>192</sup> The Court apparently had little confidence a reasonably clear test for inherent distinctiveness could be devised.<sup>193</sup> Moreover, existing tests, such as *Seabrook*, would not provide the basis for summary disposition of an anti-competitive strike suit, and this troubled the Court.<sup>194</sup> Without a rule for lower courts to dispose of such strike suits, competition would be deterred "not merely by successful suit but by the plausible threat of successful suit."<sup>195</sup> The *Wal-Mart* Court, believing it was unlikely that design could be inherently source-identifying, reasoned that the weighing of equities dictated that product design be held incapable of inherent distinctiveness.<sup>196</sup> Competition, therefore, would not be injured, and any harm to the trade dress owner would be reduced by the ability of the owner to seek a design patent or copyright protection.<sup>197</sup>

Third, the Court reasoned that *Two Pesos* did not prevent product design from being inherently distinctive because it involved product packaging or something akin to product packaging.<sup>198</sup> Thus, when trade dress

<sup>188</sup> See *id.*, 54 U.S.P.Q.2d at 1068-69.

<sup>189</sup> See *id.*, 54 U.S.P.Q.2d at 1068-69.

<sup>190</sup> See *id.*, 54 U.S.P.Q.2d at 1068-69.

<sup>191</sup> See *id.*, 54 U.S.P.Q.2d at 1068-69 (certain marks which are "merely descriptive" of the goods or "primarily geographically descriptive of them" are not inherently distinctive).

<sup>192</sup> See *id.*, 54 U.S.P.Q.2d at 1068-69.

<sup>193</sup> See *id.* at 214, 54 U.S.P.Q.2d at 1069.

<sup>194</sup> See *id.*, 54 U.S.P.Q.2d at 1069.

<sup>195</sup> See *id.*, 54 U.S.P.Q.2d at 1069.

<sup>196</sup> See *id.*, 54 U.S.P.Q.2d at 1069.

<sup>197</sup> See *id.*, 54 U.S.P.Q.2d at 1069.

<sup>198</sup> See *id.*, 54 U.S.P.Q.2d at 1069.

involves product design, one must establish secondary meaning; when trade dress involves product packaging, inherent distinctiveness is possible.<sup>199</sup> The Court noted that in some circumstances it may be difficult to determine whether trade dress is the design or the packaging.<sup>200</sup> The difficulty of distinguishing between the two justified the rule because circumstances of conflict occur with much less frequency and difficulty than simply deciding if a product design is inherently distinctive.<sup>201</sup> Moreover, where there is difficulty distinguishing between a product's design and its packaging, lower courts would require secondary meaning.<sup>202</sup>

## b) Discussion

### (1) The Color Comparison

The *Wal-Mart* Court's holding is an enigma: a product's design is only distinctive upon a showing of secondary meaning.<sup>203</sup> As a consequence of *Wal-Mart*, product design can never be inherently distinctive. It is, therefore, perplexing that the Court framed its own *certiorari* issue directing the parties to address the requirements necessary to establish inherent distinctiveness for product designs.<sup>204</sup> Most astonishingly, the Court's conclusion is devoid of legal, or even substantive, support. The Court stated quite simply: "It *seems* to us that design, like color, is not inherently distinctive."<sup>205</sup> Citing no authority, the Court made this conclusory statement and justified its decision by erroneously 'likening' product design to color.<sup>206</sup>

The Supreme Court's analogy to color is flawed for two reasons. The first flaw is that the Court misstates a fundamental principle upon which its analogy is based. One paragraph before its analogy, the Court states: "[i]ndeed, with respect to at least one category of mark - colors - we have

<sup>199</sup> See *id.*, 54 U.S.P.Q.2d at 1069.

<sup>200</sup> See *id.* at 215-16, 54 U.S.P.Q.2d at 1069-70.

<sup>201</sup> See *id.*, 54 U.S.P.Q.2d at 1069-70.

<sup>202</sup> See *id.*, 54 U.S.P.Q.2d at 1069-70.

<sup>203</sup> See *id.*, 54 U.S.P.Q.2d at 1069-70.

<sup>204</sup> See *id.*, 54 U.S.P.Q.2d at 1069-70.

<sup>205</sup> See *id.* at 212, 54 U.S.P.Q.2d at 1068 (emphasis added).

<sup>206</sup> See *id.*, 54 U.S.P.Q.2d at 1068.

held that no mark can ever be inherently distinctive.<sup>2207</sup> This statement is not entirely accurate. In *Qualitex*, the Court was called to answer “whether the Trademark Act . . . permits the registration of a trademark that consists, purely and simply, of a color.”<sup>2208</sup> The *Qualitex* Court held “that there is no rule absolutely barring the use of color alone” as a trademark, concluding that “sometimes, a color, will meet ordinary legal trademark requirements.”<sup>2209</sup> The Court did not *hold*, nor did it even *determine*, that color cannot ever be inherently distinctive. The Court made no specific inquiry into this issue, as its “holding” in *Wal-Mart* would suggest.<sup>2210</sup>

Certainly, the *Qualitex* Court acknowledged the widely accepted premise of the lower courts in that color is “unlike” inherently distinctive marks.<sup>2211</sup> The *Qualitex* Court accepted this principle and used it as a starting point in its analysis.<sup>2212</sup> It did not decide, however, that color can never be inherently distinctive; its focus was on the registerability of color as a threshold matter.<sup>2213</sup> While this distinction is somewhat technical, its relevance cannot be understated.

The Supreme Court’s misstatement of its *Qualitex* holding is misleading in the *Wal-Mart* context because the Court’s reference to its “holding” about color clearly serves as the basis upon which the Court analogizes, and ultimately justifies, its conclusion regarding product design. The Supreme Court neither looked to, nor decided, inherent distinctiveness as it relates to color, as it has done with product design in *Wal-Mart*. Hence, the analogy is flawed.

The second flaw in the *Wal-Mart* Court’s analogy is that the analogy fails because the context in which each issue - color and product design - arrived for *certiorari* by the Supreme Court differed drastically. In *Qualitex* the circuit courts agreed color could not immediately serve as a source indicator.<sup>2214</sup> Thus, the *Qualitex* Court began its analysis with this uncontested

<sup>2207</sup> See *id.*, 54 U.S.P.Q.2d at 1068.

<sup>2208</sup> *Qualitex Co.*, 514 U.S. at 160-161, 34 U.S.P.Q.2d at 1162.

<sup>2209</sup> See *id.* at 161-162, 34 U.S.P.Q.2d at 1162.

<sup>2210</sup> Interestingly, the Court later even acknowledged that it did not make such a holding in *Qualitex*, it merely “*noted* that a product’s color is unlike a ‘fanciful,’ ‘arbitrary,’ or ‘suggestive’ mark . . .”. *Wal-Mart Stores, Inc.*, 529 U.S. at 212, 54 U.S.P.Q.2d at 1068 (emphasis added).

<sup>2211</sup> *Qualitex Co.*, 514 U.S. at 162-163, 34 U.S.P.Q.2d at 1162-63 (“*True*, a product’s color is unlike ‘fanciful,’ ‘arbitrary,’ or ‘suggestive’ words or designs, which almost automatically tell a customer that they refer to a brand . . .”) (emphasis added).

<sup>2212</sup> See *id.*, 34 U.S.P.Q.2d at 1162-63.

<sup>2213</sup> See *id.*, 34 U.S.P.Q.2d at 1162-63.

<sup>2214</sup> See *id.*, 34 U.S.P.Q.2d at 1162-63.

principle.<sup>215</sup> In *Wal-Mart*, however, product design has *always* been capable of being held inherently distinctive by the circuit courts as of the *Two Pesos* decision. Not one circuit court has held that product design is incapable of inherent distinctiveness.<sup>216</sup> On the contrary, these courts have expended significant effort crafting tests founded upon the principle that product design can be inherently distinctive.<sup>217</sup> Thus, the analogy is unsound. In *Qualitex*, the Supreme Court merely accepted a widely recognized principle on the way to rendering a decision on another issue. *Wal-Mart*, on the other hand, involved the Supreme Court specifically rejecting a widely accepted principle *as its ultimate decision*.

There is no doubt the Supreme Court can rule how it sees fit - with or without support. Unfortunately, the sole legal support (i.e., non-policy reasons) given by the *Wal-Mart* Court for its decision rests upon a flawed analogy to color.

## (2) Anticompetitive Strike Suits Will Remain

Perhaps the most important policy reason advanced by the Supreme Court for its decision in *Wal-Mart* was the prevention of anti-competitive “strike” suits. The Court reasoned that “[c]onsumers should not be deprived of the benefits of competition with regard to the *utilitarian and esthetic purposes*<sup>218</sup> that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.”<sup>219</sup>

The Court noted that the ease of mounting a plausible suit depended “upon the clarity of the test for inherent distinctiveness.”<sup>220</sup> The Supreme

<sup>215</sup> See *id.*, 34 U.S.P.Q.2d at 1162-63.

<sup>216</sup> See *Seabrook Foods, Inc.*, 568 F.2d at 1344, 196 U.S.P.Q. at 291; see *Ashely Furniture Indus., Inc.*, 187 F.3d at 369-373, 51 U.S.P.Q. at 1612-16; *Knitwaves, Inc.*, 71 F.3d at 1008, 36 U.S.P.Q.2d at 1764; *Duraco Products Inc.*, 40 F.3d at 1449, 32 U.S.P.Q.2d at 1738.

<sup>217</sup> See *Seabrook Foods, Inc.*, 568 F.2d at 1344, 196 U.S.P.Q. at 291.

<sup>218</sup> It is curious that the Court is concerned with depriving competition of features of a product that are “utilitarian” and “esthetic” when the Court later clearly acknowledges that “a person seeking to exclude new entrants would have to establish the non-functionality of the design feature . . . a showing that may involve consideration of its esthetic appeal.” *Wal-Mart Stores, Inc.*, 529 U.S. at 212, 54 U.S.P.Q.2d at 1068 (emphasis added).

<sup>219</sup> *Id.*, 54 U.S.P.Q.2d at 1068.

<sup>220</sup> See *id.* at 212-15, 54 U.S.P.Q.2d at 1068-70.

Court's concern was that a reasonably clear test for inherently distinctive product design could not be established.<sup>221</sup> The Court examined the *Seabrook* test, used in some shape or form by many courts and urged to be accepted by most amici,<sup>222</sup> but refused to adopt it because such a test would not provide a basis for "summary disposition" of so-called anti-competitive strike suits.<sup>223</sup> Apparently, the Court was unwilling to adopt a test that would deny the defendant the possibility of summarily dismissing a lawsuit filed against it.

In dodging the inherent distinctiveness bullet, did the Supreme Court avoid its gravest concern? The Court held that acquired distinctiveness through secondary meaning is required to protect product design trade dress.<sup>224</sup> In circumstances where it is too difficult to determine whether trade dress constitutes product design or product packaging, lower courts are instructed to require a showing of secondary meaning before protection will be afforded.<sup>225</sup> Secondary meaning, however, is a question of fact to be determined by a jury.<sup>226</sup> Thus, the *Wal-Mart* decision ensures that the product design trade dress defendant, whether sued in an anti-competitive strike suit or legitimate infringement suit, has no possibility of "summarily dismissing" the suit filed against it because secondary meaning is an issue for the jury.

### (3) Product Packaging v. Product Design

The *Wal-Mart* decision mandates that lower courts in trade dress infringement cases determine whether the asserted trade dress constitutes a product's design or whether it is the product's packaging.<sup>227</sup> The result, having to prove secondary meaning versus demonstrating inherent distinctiveness, will be an issue hotly contested by litigants. The *Wal-Mart* Court recognized making this determination might not always be easy, but reasoned that it would be less of a burden on courts than determining when product design was inherently distinctive.<sup>228</sup>

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<sup>221</sup> See *id.* at 1345.

<sup>222</sup> See *supra* n. 170.

<sup>223</sup> *Wal-Mart Stores, Inc.*, 529 U.S. at 214-15, 54 U.S.P.Q.2d at 1069.

<sup>224</sup> See *id.* at 215-16, 54 U.S.P.Q.2d at 1069-70.

<sup>225</sup> See *id.*, 54 U.S.P.Q.2d at 1069-70.

<sup>226</sup> See *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 514, 10 U.S.P.Q.2d 1226, 1228 (9th Cir. 1989).

<sup>227</sup> See *Wal-Mart Stores, Inc.*, 529 U.S. at 215-16, 54 U.S.P.Q.2d at 1069-70.

<sup>228</sup> See *id.*, 54 U.S.P.Q.2d at 1069-70.

The *Wal-Mart* Court acknowledged that there would be difficult cases.<sup>229</sup> The Court discussed an example involving a Coca-Cola bottle, and described that although the bottle is certainly packaging for the cola beverage, there could be situations where the bottle was also the product, i.e., for collectors or those who think it more stylish to drink out of a bottle than a can.<sup>230</sup> Unfortunately, the Court failed to provide the lower courts with a test to determine *when* a feature is a package or when it is a design.<sup>231</sup> The Court simply said in close cases, courts should err on the side of caution and require secondary meaning.<sup>232</sup>

This less than bright line rule seems to complicate matters more than help. There is a distinct possibility, if not a certainty, that lower courts again will develop conflicting tests. It is therefore possible that varying results will be seen on similar types of trade dress, depending on each circuit's test. Certainly, such a possibility could have been avoided by the announcement of a test for courts to apply uniformly. The result from the *Wal-Mart* decision may very well be that the Supreme Court will have to re-address this issue – an issue which could have been laid to rest in *Wal-Mart*.

As the *Wal-Mart* Court noted in its Coca-Cola bottle example, the determination of whether a trade dress feature constitutes packaging or design is a fact specific determination.<sup>233</sup> Thus, the resolution of this issue should fall in the hands of the trier of fact, not the judge, regardless of the specific legal test ultimately applied in a particular circuit. Accordingly, if there is a dispute as to whether trade dress constitutes packaging or design, as there very well may be, the jury will decide this issue.<sup>234</sup>

Thus, while there is certainly the possibility of non-uniform tests being applied within the circuits, one thing will be sure. If there is a legitimate dispute about packaging versus design, whether in an anti-competitive strike suit or legitimate infringement suit, there will be no possibility of “summarily dismissing” the lawsuit.

An incongruity between the product package versus product design test merits mention. The *Wal-Mart* Court reasoned that its *Two Pesos* decision did not prevent product design trade dress from being inherently distinctive because *Two Pesos* involved product packaging or something “akin” to product packaging.<sup>235</sup> This is quite curious as *Two Pesos* involved

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<sup>229</sup> See *id.*, 54 U.S.P.Q.2d at 1069-70.

<sup>230</sup> See *id.* at 214-16., 54 U.S.P.Q.2d at 1069-70.

<sup>231</sup> See *id.* at 215-16, 54 U.S.P.Q.2d at 1069-70.

<sup>232</sup> See *id.*, 54 U.S.P.Q.2d at 1069-70.

<sup>233</sup> See *id.* at 214-16, 54 U.S.P.Q.2d at 1069.

<sup>234</sup> See 47 Am. Jur. 2d *Jury* §§ 2, 15 (1995).

<sup>235</sup> *Wal-Mart Stores, Inc.*, 529 U.S. at 214-15, 54 U.S.P.Q.2d at 1069.

neither **product** packaging nor **product** design. *Two Pesos* involved the trade dress of a service mark, i.e. restaurant services. Thus, the trade dress was an integral aspect **of the service**. It is submitted that the product package versus product design test is irrelevant to a service mark case and seems to unnecessarily complicate service mark infringement cases. How practitioners will try to put this square peg (product package versus product design test) into a round hole (service mark trade dress infringement cases) will be for the lower courts, unfortunately, to sort out.<sup>236</sup>

**(4) Are Product Designs Really Incapable of Being Inherently Distinctive?**

The Supreme Court has announced the law: product designs are incapable of being inherently distinctive.<sup>237</sup> Did it make this decision based on overriding policy concerns or sound legal precedent?

Prior to *Wal-Mart*, courts recognized that a product's design can be inherently distinctive. For example, in *Black & Decker v. Int'l Sales & Mktg.*, the district court found that the design of Black & Decker's "Snake-Light" was inherently distinctive.<sup>238</sup> In fact, the court found that the evidence supporting the inherent distinctiveness of the flashlight was "overwhelming."<sup>239</sup>

The marketing community not only recognizes that designs can be distinctive, it emphasizes the importance of distinctive designs in today's environment.<sup>240</sup> Marketing experts teach "as competition intensifies, design offers a potent way to differentiate and position a company's products and

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<sup>236</sup> Although it is submitted that this test is irrelevant to a service mark case, the Court's analysis in *Wal-Mart* nevertheless appears to further fall apart because the decor of a restaurant is an aspect of the service being provided to the consumer. Consumers dine at restaurants, as opposed to picking up the food and taking it home to eat, for many reasons. One of which is the atmosphere of the restaurant. The atmosphere is clearly an aspect of the service. Thus, it would seem that the decor of a restaurant is actually more 'akin' to the design of the service, rather than the separable packaging of the service that can be discarded by consumers. It is submitted, therefore, that the Court's attempt to distinguish *Two Pesos* on this ground employs faulty reasoning – which began with the Court's failure to recognize that *Two Pesos* involved a service, rather than a product.

<sup>237</sup> *Wal-Mart Stores, Inc.*, 529 U.S. at 212, 54 U.S.P.Q.2d at 1068.

<sup>238</sup> *See Black & Decker Corp. v. Int'l Sales & Mktg.*, 36 U.S.P.Q.2d 1851 (C.D. Cal. 1995).

<sup>239</sup> *See id.* at 1853-56.

<sup>240</sup> Philip Kotler, *Marketing Management: The Millennium Edition* (Prentice Hall 1999).

services.”<sup>241</sup> Harvard University professor Robert Hays indicated the importance of design when he stated, “[f]ifteen years ago, companies competed on price. Today, it’s quality. Tomorrow, it’s design.”<sup>242</sup> Thus, companies are urged to create unique designs that will immediately distinguish their products from others’ products.

It is submitted that products with inherently distinctive design actually exist. Consider the new iMac computer recently introduced by Apple Computer, Inc. In the field of desk-top computers, while some competitors may have modified the design somewhat before the iMac was introduced, over-all design was fairly standard in the computer industry: a large monitor (generally boxy in shape) connected to a rectangular-shaped tower. Excluding the keyboard, there were two boxy shaped components for a desk-top computer. The iMac’s curved-back single component design (for purposes of this analysis, its colors will be ignored), however, was strikingly unique. It is submitted that this shape, in the context of desktop computers, was so immediately unique (inherently distinctive) that upon seeing it once or twice, a consumer could distinguish it from other computers and as such be capable of identifying source.<sup>243</sup> Thus, the iMac computer serves as an example of a product that, when compared to its competitors, certainly demonstrates that a product’s design can be inherently distinctive.

### (5) Design Patents, Copyrights and Trade Dress . . . Oh My!

The *Wal-Mart* Court justifies the impact of its decision on the trade dress owner by suggesting that the owner of a unique product design secure its rights with a design patent or copyright.<sup>244</sup> This solution seems to create more problems than it solves. This suggestion disregards the purpose behind trade dress law, ignores requirements for design patents and copyrights, and ultimately may create a situation that prevents the owner of a unique product design from ever being able to establish that which it must demonstrate for trade dress protection - secondary meaning. Thus, the impact of the *Wal-Mart* decision should be examined.

The protection afforded a design patent and copyright differ in purpose and effect from the protection afforded trade dress. A design patent is

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<sup>241</sup> *See id.*

<sup>242</sup> *Id.*

<sup>243</sup> *See Two Pesos, Inc.*, 505 U.S. at 773, 23 U.S.P.Q.2d at 1085 (if a mark is inherently distinctive, it is capable of identifying products or services as coming from a specific source and secondary meaning is not required).

<sup>244</sup> *Wal-Mart Stores, Inc.*, 529 U.S. at 214, 54 U.S.P.Q.2d at 1069.

available to protect industrial designs that are novel, non-obvious, and ornamental.<sup>245</sup> A design patent protects the ornamental, not the functional, characteristics of the product. A copyright affords protection to an original work of authorship that is affixed in any tangible medium, such as movies, books, paintings, sculptures, software, etc.<sup>246</sup> Trade dress, on the other hand, serves to distinguish goods and identify the source of origin of the product.<sup>247</sup> The purposes behind trade dress and that of design patents and copyrights are significant. Trade dress is protected by courts only when the trade dress connects the product with the producer of the product.<sup>248</sup> Patent and copyright protection run directly to the product itself, without regard to any connection with the inventor or creator.<sup>249</sup> There is no inherent protection of a product alone by means of trade dress protection, no matter how unique, creative or original;<sup>250</sup> the patent and copyright laws are meant to provide that scope of protection.<sup>251</sup>

While one may create a unique product design that distinguishes and identifies a source, this design may not be capable of receiving protection under the patent or copyright laws.<sup>252</sup> Patent protection could be precluded because the design is not novel,<sup>253</sup> yet the design may still serve to distinguish itself within its class of products as trade dress.<sup>254</sup> Patent protection may be unavailable for various other reasons, such as filing a patent application beyond one year of an initial offer for sale.<sup>255</sup> A design also may not be capable of receiving copyright protection because it is not the type of work that is protectable under the copyright laws.<sup>256</sup>

For example, assuming *arguendo* that the shape of the iMac computer is not able to receive design patent protection because of pertinent prior art in a totally unrelated type of product. Does this mean that the design is

<sup>245</sup> See 35 U.S.C. § 171 (1994 & Supp. V 1999).

<sup>246</sup> See 17 U.S.C. § 102 (1994 & Supp. V 1999).

<sup>247</sup> See *Foamation, Inc. v. Wedeward Enterprises, Inc.*, 970 F. Supp. 676, 684 (E.D. Wisc. 1997).

<sup>248</sup> See *id.* at 685.

<sup>249</sup> See *id.* at 685.

<sup>250</sup> See *id.* at 685.

<sup>251</sup> See *id.* at 685.

<sup>252</sup> See 35 U.S.C. § 171 (1994 & Supp. V 1999); 17 U.S.C. § 102 (1994 & Supp. V 1999).

<sup>253</sup> See 35 U.S.C. § 171 (1994 & Supp. V 1999).

<sup>254</sup> See 15 U.S.C. § 1127 (1994 & Supp. V 1999).

<sup>255</sup> See 35 U.S.C. § 102(b) (1994 & Supp. V 1999).

<sup>256</sup> See 17 U.S.C. § 102 (1994 & Supp. V 1999).

not unique and distinctive as it relates to computers? Assume that design patent protection is not allowed because an examiner thought the design was obvious. The design may be obvious from a patent perspective, but does this mean the new design is incapable of operating as a source identifier?

In the copyright context, assume that the shape of the iMac computer is not eligible for copyright protection.<sup>257</sup> Nevertheless, does this mean that the iMac design is not unique or is unable to immediately serve as a source identifier as required for trade dress protection? Patent and copyright protections may not always be available to unique product designs for a multitude of reasons.<sup>258</sup> The ability to qualify for those protections is not, and has never been, a necessary condition precedent to trade dress protection.<sup>259</sup> Moreover, the protection afforded by those forms of intellectual property are different in purpose and effect, than that of trade dress. Contrary to what *Wal-Mart* seems to suggest, design patent and copyright protection are neither a surrogate for, nor a condition precedent to, trade dress protection.

The *Wal-Mart* rule may unknowingly serve to prevent “unique” product designs from ever receiving trade dress protection. Assume that a unique product design is introduced to the market, but is not protected by the patent or copyright laws. Furthermore, assume that the product is popular in its early stages. Due to the lack of design patent or copyright protection, this design can lawfully be copied by competitors because it is new to the marketplace (i.e., secondary meaning has yet to attach) - despite any uniqueness it may possess. In fact, copying is likely if a product has, at least in its early stages, been successful. Secondary meaning will, therefore, be impossible to establish if competitors in the marketplace are lawfully copying the unique design for their own products. The result will be that despite its uniqueness, the product’s design will never be capable of identifying the source of the product. Thus, the effect of *Wal-Mart* may be to prevent unique product design from ever acquiring distinctiveness through secondary meaning because designs not protected by design patents or copyrights are free to be copied.

*Wal-Mart*, therefore, seemingly informs the owner of a unique product design to seek design patent or copyright protection if trade dress protection for the unique product design is ultimately desired.<sup>260</sup> After *Wal-*

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<sup>257</sup> *See id.*

<sup>258</sup> *See* 35 U.S.C. § 171 (1994 & Supp. V 1999); 17 U.S.C. § 102 (1994 & Supp. V 1999).

<sup>259</sup> *See* 15 U.S.C. § 1127 (1994 & Supp. V 1999).

<sup>260</sup> Thus, it appears that *Wal-Mart* is encouraging the owner of a product that has a unique product design to seek protection under the design patent and copyright laws to prevent copying in the early stages of a product’s life. In some cases, this may be the only way to ensure that secondary meaning will attach, thus entitling the owner to trade dress protection.

*Mart*, design patent and copyright protection are the only mechanisms available to keep competitors from copying new and unique product designs until sufficient time passes for secondary meaning to attach. It is certain that if these protections are not sought, competitors will be free to copy unique product designs and secondary meaning will never attach. While design patents and copyrights afford intellectual property protection for a product independent of any connection by consumers to the product's source, these protections virtually become a condition precedent to protecting product design trade dress. From a trademark perspective this result is troublesome. Unique product designs that do not qualify for, or simply do not receive, design patent or copyright protection will be freely copied and trade dress protection will never exist because secondary meaning cannot attach. Non-unique product designs, however, which do qualify for design patent or copyright protection, may ultimately be able to demonstrate secondary meaning by virtue of exclusive patent or copyright protection.<sup>261</sup>

#### IV. CONCLUSION

In contrast to the decisions of *Two Pesos* and *Qualitex*, the *Wal-Mart* Court appears to have ignored the important underlying goals of trademark law: preventing competitors from trading off the goodwill of another and protecting consumers from being confused as to the source or origin of a company's goods or services. In *Two Pesos*, the Supreme Court recognized that:

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

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However, this approach may not be without risk. The Supreme Court subsequently determined in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 29-30, 58 U.S.P.Q. 2d 1001, 1005 (2001), that the existence of a *utility*, not a design, patent created a strong inference of the design's functionality which precluded trade dress protection in that case. The Court also acknowledged, but did not decide, the issue raised by *TrafFix* and some *amici* who argued that there is a constitutional prohibition on the holder of a patent from claiming trade dress protection. *See id.* at 35, 58 U.S.P.Q.2d at 1007. This unresolved constitutional question subjects the trade dress owner who also seeks design patent or copyright protection to risk.

<sup>261</sup> This situation is unfortunate because if *Wal-Mart* had formulated a *Seabrook* or similar test for distinctive product design trade dress, it is likely that by merely "locking" up design patent or copyright protection, product design trade dress protection would not necessarily follow.

maintenance of quality by securing to the producer the benefits of good reputation.<sup>262</sup>

The *Two Pesos* Court examined the right of a trade dress owner to protect and extend its trade dress rights.<sup>263</sup> The Court also examined the anti-competitive effects which would result to small companies if it denied protection for inherently distinctive trade dress because competitors would unfairly “appropriate the originator’s dress in other markets and . . . deter the originator from expanding into and competing in these areas.”<sup>264</sup>

The desirability of protecting trademarks to foster competition, maintain quality and secure one’s reputation were not examined by the *Wal-Mart* Court. The Court’s competitive concern focused solely on anti-competitive strike suits, not protecting business goodwill or preventing consumer confusion.

The *Wal-Mart* decision is odd in a number of ways. It did not answer the question it specifically framed and asked the parties to brief.<sup>265</sup> The *Wal-Mart* Court announced a rule that was not at issue in the lower courts following *Two Pesos* (the lower courts agreed product design trade dress could be inherently distinctive, they simply disagreed on the test to apply).<sup>266</sup>

The Court created a new battleground for litigants imposing a ‘product packaging versus product design’ determination without supplying a test. The *Wal-Mart* Court was silent on how lower courts are to determine whether product packaging is inherently distinctive. The *Wal-Mart* decision seems to encourage product design trade dress owners to seek design patents and copyrights to ensure later trade dress protection.<sup>267</sup> Finally, the Court’s holding that product designs are not inherently distinctive was made with little, if any, legal support<sup>268</sup> and seems at odds with actual experience.

The Supreme Court appears to have decided *Wal-Mart* based on perceived policy reasons. Its overriding concern was the ability to ‘summarily

<sup>262</sup> *Two Pesos, Inc.*, 505 U.S. at 774, 23 U.S.P.Q.2d at 1085.

<sup>263</sup> *See id.* at 771, 23 U.S.P.Q.2d at 1084.

<sup>264</sup> *See id.* at 775, 23 U.S.P.Q.2d at 1086.

<sup>265</sup> *See Wal-Mart Stores, Inc. v. Samara Brothers Inc.*, 520 U.S. 808 (1999); 59 *Patent, Trademark & Copyright J.* 426, no. 1456 (BNA Jan. 7, 2000).

<sup>266</sup> *See Seabrook Foods, Inc.*, 568 F.2d at 1344, 196 U.S.P.Q. at 291; *See Ashely Furniture Indus., Inc.*, 187 F.3d at 369-373, 51 U.S.P.Q. at 1612-16; *Knitwaves, Inc.*, 71 F.3d at 1008, 36 U.S.P.Q.2d at 1764; *Duraco Products Inc.*, 40 F.3d at 1449, 32 U.S.P.Q.2d 1738.

<sup>267</sup> *Wal-Mart Stores, Inc.*, 529 U.S. at 214, 54 U.S.P.Q.2d at 1069.

<sup>268</sup> The Court stated “[i]t *seems* to us that design, like color, is not inherently distinctive.” *Id.* at 212, 54 U.S.P.Q.2d at 1069 (emphasis added).

dismiss' anti-competitive strike suits.<sup>269</sup> The Court justified its holding based on these concerns and stated that "the game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle."<sup>270</sup> Irrespective of the soundness of the Court's decision, one thing is sure: *Wal-Mart* creates more questions than it answered. Given the many ramifications of the *Wal-Mart* decision, one certainly cannot help but to inquire into the worth of the candle the Court was examining.

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<sup>269</sup> *Id.* at 212-14, 54 U.S.P.Q.2d at 1068-69.

<sup>270</sup> *Id.* at 214, 54 U.S.P.Q.2d at 1069.