

Product- Design Trade Dress: A Corporate Asset Worthy of Protection

**Brendan T. Fitzpatrick
and Glenn A. Kaminska**
Ahmuty, Demers & McManus

Of the many goals of business are the stimulation of investment, profit, and the protection of corporate assets. Included in these corporate assets are patents, copyrights, trademarks, and trade dress. And through the able use of these assets, including trade dress, businesses compete in the marketplace for economic prominence. But what exactly is trade dress and what can a company and its counsel do when another entity infringes upon the use of their trade dress?

The simple answer to the latter question is to turn to the Lanham Act. The Act's purpose is to protect consumers and manufacturers from deceptive representations of affiliation and design. According to § 45 of the Act, it protects "any word, name, symbol, or device or any combination thereof to identify and distinguish goods...from those manufactured or sold by others and to indicate the source of the goods..." 15 U.S.C. § 1127. Section 43(a) of the Act provides some protection for a producer from the use by any person of "any word, term, name, symbol, or device, or any combination thereof...which...is likely to cause confusion...as to the origin, sponsorship, or approval" of their goods. 15 U.S.C. § 1125(a).

As for the first question, trade dress originally included a product's packaging or its "dressing." Over time, and under certain circumstances, it also provided protection for a product's design, which culminated with the Supreme Court's ruling in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000).

In order to prove trade-dress infringement, a plaintiff-manufacturer must first demonstrate that its trade dress is entitled to protection under the Act. To be entitled to protection, the Supreme Court ruled that a plaintiff's dress must be *either* inherently distinctive *or* be shown to have acquired distinctiveness through "secondary meaning." A mark will have acquired distinctiveness, even if it is not inherently distinctive, if it has developed secondary meaning, which occurs when, in the minds of the public, the primary significance of the mark is to identify the source of the product rather than the product itself.

The Supreme Court picked up the vexing issue of product-design trade dress in *Wal-Mart*. In *Wal-Mart*, Samara Brothers designed and manufactured a line of children's clothing. Wal-Mart contracted with a supplier to manufacture outfits based upon photographs of Samara's outfits. When Samara discovered this, it sued Wal-Mart for infringement of its unregistered trade dress under the Act. In rejecting Samara's claims, the Supreme Court ruled that in an action for infringement of an unregistered trade dress under the Act, a product's design is distinctive and warranting of protection *only* upon a showing of secondary meaning.

While *Wal-Mart* was a water-shed moment for trade-dress litigation involving product design, litigation in this complicated area of law continues. Following *Wal-Mart* we saw the courts step into line to ensure that only those product-design marks that have obtained secondary meaning are entitled to protection under the Lanham Act.

The Supreme Court found in *Wal-Mart* that the distinction between product design and product packaging, which may be inherently distinctive, may involve some hard cases at the margin. And just as the devil is always in the details, it is at the margins that litigation occurs.

Cases at the margins are more likely to require secondary meaning than those cases that clearly fall into packaging or dressing cases. The First Circuit took on such a marginal trade-dress case where the proponent of the mark claimed that a distinct combination of its products, the sizes, shapes, quantities, labels, and its display-design system were inherently distinctive

and entitled the trademark protection. The Court found that the combination claim fell into the category of product design/configuration, and thus, the proponent of the mark was obligated to obtain secondary meaning for it to be protected. *Yankee Candle Co. Inc. v Bridgewater Candle Co. LLC.*, 259 F3d. 25 (2001).

To determine whether or not a product design has achieved secondary meaning, various Federal Circuits have developed separate, but similar multi-part tests. The tests generally examine (1) the advertising expenditures made in support of the mark, (2) evidence that the consumer links the trade dress to a particular source, (3) unsolicited media coverage of the product, (4) the product's sales figures, (5) the continuous and virtual exclusive use of the trade dress, (6) consumer-survey evidence, (7) direct consumer evidence and proof of actual copying. None of these potential factors are exclusively determinative of whether a mark has obtained secondary meaning.

In 2007, the Sixth Circuit applied its seven-factor test to determine secondary meaning in finding that General Motors was able to demonstrate that the product design of the Hummer motor vehicle, including its unique grill, was entitled to protection. The infringing toy company, which had designed toys to resemble the Hummer, was obligated to pay an 8% royalty on sales and over \$900,000 from profits. *General Motors Corp. v. Lanard Toys, Inc.* 468 F.3d. 405 (6th Cir. 2007) The Sixth Circuit credited a business report provided by General Motors that stated the Hummer had 96% brand recognition. The Court also credited a survey prepared for the litigation that concluded that Hummer's trade dress had secondary meaning to almost 77% of the respondents. While not all the respondents to the survey were able to necessarily identify General Motors, the Court found "knowledge that product comes from a single source, even without naming the source, is sufficient to establish secondary meaning."

Courts have long credited consumer surveys as a method to support the claim of secondary meaning. This is true of surveys taken either before the infringement occurs and for those surveys prepared in contemplation of litigation. Therefore, surveys will continue to be a primary source of proof in any trade-dress litigation.

In searching for secondary meaning and trade-dress protection, courts have been forced to review claims to determine if the alleged trade dress is too generic for protection. A generic mark in product-design context is a product design that is overbroad, generalized, or basic. Courts will not

protect basic design features due to concerns that the producers will utilize trade-dress protection to monopolize a type of product. A mark can also be generic when it is so common to the industry or the marketplace that is not a designator of a specific source.

The proponent of the mark must demonstrate that the product design is not generic. Even a showing of secondary meaning is insufficient to protect a product design that is overbroad or generic. The proponent must also articulate the specific



The Act's purpose is to protect consumers and manufacturers from deceptive representations of affiliation and design.

elements that are claimed to constitute the protected trade dress. An inability to set forth the elements of the trade dress may result in a finding that the trade dress is too generic to be entitled to protection.

Assuming the proponent of a product-design trade dress case can demonstrate that its design is not generic and that its product has secondary meaning, the inquiry then shifts to whether or not the product design is functional, and whether or not there is a likelihood of confusion for the end consumer. A product's features are functional and cannot be protected if the design is essential to the use or purpose of the product, or it affects the cost and quality of the product. In determining functionality, it is reasonable to look to see if the product had ever been issued a utility patent. A utility patent, while not dispositive of the issue, would be strong evidence to demonstrate that the design served a functional purpose. It is some evidence that the main purpose of the design was not to designate the source of the product.

Ultimately, a trade-dress infringement claim cannot succeed for the proponent of the mark without proof that there is a likelihood of confusion by the consumer. Much like determining secondary meaning, the courts weigh a variety of factors to determine this issue. Factors considered include (1) the trademark's strength, (2) the similarity between the products, (3) the alleged

infringer's intent, (4) evidence of actual confusion by consumers, (5) the relevant consumer's sophistication, and (6) similarities in how the products are marketed. The actual realities of the marketplace serve as a significant determining factor in whether or not the courts will find a likelihood of confusion.

Where there is a product marketed by catalog to a highly sophisticated consumer, one will be hard-pressed to find a likelihood of confusion. But providers of low-cost goods selling to a broad, unsophisticated market may find a greater likelihood of confusion. Even in such a circumstance, the product design may not be the final determining factor. Where virtually identical products are not packaged in the same manner, there may be no likelihood of confusion.

CONCLUSION

The Supreme Court and Federal Circuits continue to shape trade-dress litigation in the product-design context. Courts have set forth with certainty that product design will not be judged by an inherently-distinctive standard. Secondary meaning is the call to arms in these situations.

Protection for product design does not come easily. A proponent of a mark, in addition to showing secondary meaning, is saddled with the burden of showing non-genericness and the fact that the trade dress sought to be protected is non-functional. Even passing these high hurdles, the proponent of a mark still bares the responsibility of demonstrating a likelihood of confusion. While the burdens are many, the protection of corporate assets and continued profitability make Lanham Act claims a fight well worth undertaking.



Brendan T. Fitzpatrick is a partner at Ahmuty, Demers & McManus. Mr. Fitzpatrick is in charge of the firm's Appellate group. He is a frequent author and has been called upon to prepare amicus briefs to the New York State Court of Appeals.



Glenn A. Kaminska is a partner at Ahmuty, Demers & McManus. Mr. Kaminska is in charge of the firm's Insurance Coverage group. He has authored many articles and is a frequent lecturer.