

TraFFix and Detours on the Trade Dress Route

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A Few Preliminary Matters

--Trade Dress is "[a]n assemblage of elements in which a product or service is packaged or presented. These elements combine to create a visual image presented to customers and are capable of acquiring exclusive legal rights as a type of trademark or identifying symbol or origin."

--J. Thomas McCarthy, Roger E. Schechter, David J. Franklyn, McCarthy's Desk Encyclopedia of Intellectual Property, 605 (3d ed. 2004).

--There are three categories of trade dress:

- 1) Product packaging;
- 2) Product feature or configuration;
- 3) The overall image of a business

--Traditionally, trade dress has been deemed the total, overall image of a product, service or business, resulting from the combination of all its elements. However, a trade dress claimant may designate fewer than all of its packaging, product, or business image elements as its trade dress.

--To qualify for protection against infringement, trade dress must be distinctive (that is, it must indicate product source to consumers) and non-functional. To recover for infringement, the claimant must demonstrate that the defendant's use of a similar trade dress in connection with its product, service, or business will create a likelihood of consumer confusion about the source, sponsorship or affiliation of the parties' respective products, services or businesses.

--Trade dress can be registered as a trademark or service mark on the Lanham Act Principal Register. Lanham Act § 43(a) (15 U.S.C. § 1125(a)) provides a cause of action to enforce rights in unregistered in trade dress.

Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 529 U.S. 205 (2000)

Product feature trade dress (as opposed to product packaging trade dress and trade dress constituting the overall image of a business) cannot be deemed inherently distinctive. To enforce rights in product feature trade dress, the claimant must demonstrate secondary meaning—that consumers have been exposed to the product’s trade dress (through marketplace sales, advertising, and promotion) extensively enough to be conditioned, or trained, to associate the product’s appearance with a specific source.

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964)

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

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989)

When Congress enacted the patent laws, it undertook to balance two competing interests:

- 1) the interest in providing property rights in inventive concepts, as an incentive to invest in the inventive process; and
- 2) the interest in permitting competitors to copy each other’s products. The ability to copy benefits the public by keeping prices down and providing more options for consumers. It also facilitates advancement in the arts, since innovators routinely build on advances made by others.

To reach the best possible accommodation of these competing interests, Congress provided patent rights for a limited time for the most important inventions (those that are novel, non-obvious and useful), and intended that all inventions that failed to meet these standards, and all inventions whose patent term had expired, would reside in the public domain, available to be copied by others. State laws that seriously interfere with this arrangement, by providing property rights in the subject matter of patents, may be preempted.

The Lanham Act (15 U.S.C. § 1051 et. seq.) should also be construed in light of Congress’ purpose in enacting the patent and copyright laws. Courts should not construe trademark rights in a manner that undercuts limitations built into the Patent and Copyright Acts. See, e.g., *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003).

Some courts and commentators refer to this principle as “the federal right to copy.”

The "Non-Functionality" Requirement

The "nonfunctionality" requirement is meant to reconcile trade dress protection with the interest in free competition and the Sears/Compco/Bonito Boats "federal right to copy." One might approach the interface in two ways:

- 1) Trade dress protection should be regulated in a manner that balances trademark interests (the public interest in avoiding consumer confusion about source, and trade dress proprietors' interest in protecting business good will) against the interest in marketplace competition and the "federal right to copy." Therefore, trade dress should be found functional, and unprotectable, only when enforcement of rights would *significantly impair* competitors' ability to compete.
- 2) Trade dress protection should be construed in a manner that does not seriously undercut Congress' intentions in enacting the patent laws and relegating unpatented products to the public domain. Therefore, trade dress should be found functional, and unprotectable, when recognition of rights would prevent competitors from copying product features that play a material or significant role in the utilitarian operation of an unpatented product. The interest in permitting competitors to copy unpatented, utilitarian product features outweighs trademark interests.

Restatement of Torts § 742 (1938)

A feature of goods is functional . . . if it affects their purpose, action or performance, or the facility or economy of processing, handling, or using them; it is non-functional if it does not have any such effects.

Restatement (Third) of Unfair Competition § 17 (1995)

A product design is functional if it "affords benefits in the manufacturing, marketing, or use of the goods or services with which the design is used, apart from any benefits attributable to the design's significance as an indication of source, that are important to effective competition by others and that are not practically available through the use of alternative designs."

In re Morton-Norwich Products, Inc., 671 F.2d 1332 (C.C.P.A., 1986)

-Rejects the Restatement of Torts § 742 functionality standard as too restrictive.

-Distinguishes between "*de facto*" functionality and "*de jure*" functionality.

De facto functionality only denotes functionality in the lay sense: It indicates that the product design feature performs a useful function and assists in accomplishing the product's utilitarian purpose. A finding of *de facto* functionality should not preclude trade dress protection. Product features should not be deemed unprotectable just because they are useful.

De jure functionality, and a finding that product features are unprotectable, should not turn on the role the feature plays in the product, but on the impact that protection will have on marketplace competition. A finding of *de jure* functionality should depend on the extent to which competitors legitimately need to copy. Accordingly, courts should ask whether rights in the trade dress feature would give the trade dress claimant a significant utilitarian, competitive advantage over others; whether the claimed feature is superior in function or in economy of manufacture over the available alternatives, or is one of the few superior designs available. As long as competitors have access to equally effective alternative features, they have no legitimate need to copy the claimant's trade dress.

-Provides four factors for courts to consider in evaluating trade dress functionality:

- 1) The existence of a utility patent that discloses the utilitarian advantage of the design;
- 2) Advertising materials in which the originator of the design touts the design's utilitarian advantages;
- 3) ("Since the effect upon competition is really the crux of the matter") the availability to competitors of functionally equivalent designs; and
- 4) Facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.

Traffix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001)

The product at issue was an outdoor sign stand with a dual spring mechanism that kept the sign from falling over in the wind. The claimant had two utility patents for the mechanism, which had expired. The dual spring mechanism was visible to people observing the plaintiff's sign stands. The plaintiff claimed that prospective customers relied on the dual spring design to identify the source of the sign stand, and that the defendant's use of a similar dual spring design created a likelihood of consumer confusion.

The Supreme Court considered two questions:

1) What is the effect of an expired utility patent on a claim of trade dress infringement?

The Court held that a utility patent is "strong evidence that the features claimed in it are functional," which adds "great weight" to the statutory presumption that product features are functional. "Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance, by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device."

2) What is the proper standard for determining functionality, as a general matter?

The Court held:

* * *

Discussing trademarks, we have said "[i]n general terms, a product feature is functional, and cannot serve as a trademark, 'if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.'" *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, at 165, 115 S.Ct. 1300 (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850, n. 10, 102 S.Ct. 2182 (1982)). Expanding upon the meaning of this phrase, we have observed that a functional feature is one the "exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage." 514 U.S., at 165, 115 S.Ct. 1300. The Court of Appeals in the instant case seemed to interpret this language to mean that a necessary test for functionality is "whether the particular product configuration is a competitive necessity." 200 F.3d, at 940. * * * This was incorrect as a comprehensive definition. As explained in *Qualitex, supra*, and *Inwood, supra*, a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device. The *Qualitex* decision did not purport to displace this traditional rule. Instead, it quoted the rule as *Inwood* had set it forth. It is proper to inquire into a "significant non-reputation-related disadvantage" in cases of aesthetic functionality, the question involved in *Qualitex*. Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature. In *Qualitex*, by

contrast, aesthetic functionality was the central question, there having been no indication that the green-gold color of the laundry press pad had any bearing on the use or purpose of the product or its cost or quality.

* * * In the instant case, beyond serving the purpose of informing consumers that the sign stands are made by MDI (assuming it does so), the dual-spring design provides a unique and useful mechanism to resist the force of the wind. Functionality having been established, whether MDI's dual-spring design has acquired secondary meaning need not be considered.

There is no need, furthermore, to engage, as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose. Here, the functionality of the spring design means that competitors need not explore whether other spring juxtapositions might be used. The dual-spring design is not an arbitrary flourish in the configuration of MDI's product: it is the reason the device works. Other designs need not be attempted.

Because the dual-spring design is functional, it is unnecessary for competitors to explore designs to hide the springs, say by using a box or framework to cover them, as suggested by the Court of Appeals. The dual-spring design assures the user the device will work. If buyers are assured the product serves its purpose by seeing the operative mechanism that in itself serves an important market need. It would be at cross-purposes to those objectives, and something of a paradox, were we to require the manufacturer to conceal the very item the user seeks.

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Value Engineering, Inc. v. Rexnord Corp., 278 F.3d 1268 (Fed. Cir. 2002).

* * *

To determine whether a particular product design is *de jure* functional, we have applied the "*Morton-Norwich* factors": (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product. *Morton-Norwich*, 671 F.2d at 1340-41.

Because we have an obligation to apply the case law in effect at the time of decision, we must determine whether the Supreme Court's recent decision in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), altered the *Morton-Norwich* factors. * * *

We do not understand the Supreme Court's decision in *TrafFix* to have altered the *Morton-Norwich* analysis. As noted above, the *Morton-Norwich* factors aid in the determination of whether a particular feature is functional, and the third factor focuses on the availability of "other alternatives." *Morton-Norwich*, 671 F.2d at 1341. We did not in the past under the third factor require that the opposing party establish that there was a "competitive necessity" for the product feature. Nothing in *TrafFix* suggests that consideration of alternative designs is not properly part of the overall mix, and we do not read the Court's observations in *TrafFix* as rendering the availability of alternative designs irrelevant. Rather, we conclude that the Court merely noted that once a product feature is found functional based on other considerations there is no need to consider the availability of alternative designs, because the feature cannot be given trade dress protection merely because there are alternative designs available. But that does not mean that the availability of alternative designs cannot be a legitimate source of evidence to determine whether a feature is functional in the first place. * * *

Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH, 289 F.3d 351 (5th Cir., 2002),
cert. denied, 537 U.S. 1071 (2002).

* * * "Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products." *TrafFix*, 532 U.S. at 29. Therefore, trade dress protection extends only to incidental, arbitrary or ornamental product features which identify the source of the product. If a product feature is functional, it cannot be protected trade dress. Unless protected by patent or copyright, functional product features may be copied freely by competitors in the marketplace. *Id.* "Allowing competitors to copy will have salutary effects in many instances. 'Reverse engineering ... often leads to significant advances in technology.' ". *Id.* (citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 160 (1989)).

* * *

It is clear that functional product features do not qualify for trade dress protection. However, the definition of "functionality" has not enjoyed such clarity. In *TrafFix*, the Supreme Court recognized two tests for functionality. First, the Court recognized the "traditional" definition of functionality: "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 an article.'" *TrafFix*, 532 U.S. at 32. Under this traditional definition, if a product feature is "the reason the device works," then the feature is functional. *Id.* at 34. The availability of alternative designs is irrelevant. *Id.* at 33-34.

In addition to the traditional definition, *TrafFix* recognized a second test for functionality: "a functional feature is one the 'exclusive use of which would put competitors at a significant non-reputation- related disadvantage.'" *Id.* at 32. This "competitive necessity" test for functionality is an expansion of the traditional test. *Id.* The Court emphasized, however, that the "competitive necessity" test is not "a comprehensive definition" of functionality. *Id.* at 33. The primary test for functionality is the traditional test, and there is no need to consider the "competitive necessity" test where a product feature is functional under the traditional definition. *Id.* at 33-35.

Eppendorf correctly argues that before *TrafFix*, this circuit had adopted a "utilitarian" test of functionality. Under this utilitarian test, "[t]he ultimate inquiry concerning functionality [] is whether characterizing a feature or configuration as protected 'will hinder competition or impinge upon the rights of others to compete effectively in the sale of goods.'" *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 429 (5th Cir.1984). This court's "utilitarian" test, with its focus on the ability of competitors to compete effectively in the marketplace, is virtually identical to the "competitive necessity" test discussed in *TrafFix*. Accordingly, *TrafFix* supersedes the definition of functionality previously adopted by this court. The "utilitarian" test, although still valid as a secondary test, is not a comprehensive definition of functionality. *TrafFix*, 532 U.S. at 32-33. In light of *TrafFix*, the primary test for determining whether a product feature is

functional is whether the feature is essential to the use or purpose of the product or whether it affects the cost or quality of the product.

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Nora Beverages, Inc. v. Perrier Group of America, Inc., 269 F.3d 114 (2d Cir., 2001)

* * *

FN4. Although the district court did not conduct an independent functionality analysis of Nora's ribbed bottle, it noted in its discussion of good faith that PGA had copied those features of Nora's bottle that were functional and "might well benefit consumers."

We note, without basing today's ruling upon the fact, that the court might have found for PGA on the grounds of functionality in light of the Supreme Court's recent rulings which curtail trade dress protection by expanding the functionality doctrine. * * *

Nora admits that its design is useful, but argues, incorrectly, that this does not render it "functional." * * *

Finally, Nora's argument that it spent great resources researching its bottle design is unavailing as to a functionality argument. As the Supreme Court recently stated, "The Lanham Act ... does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller." *TrafFix Devices*, 121 S.Ct. at 1262-63.

* * *

Shire U.S., Inc. v. Barr Laboratories, Inc., 329 F.3d 348 (3d Cir. 2003)

* * *

Trade dress protection * * * is not intended to create patent-like rights in innovative aspects of product design. *Eppendorf Netheler Hinz GmbH v. Ritter GmbH*, 289 F.3d 351, 355 (5th Cir.2002). Thus, trade dress protection, unlike patent law which is not implicated here, does not foster innovation by preventing reverse engineering or copying of innovative product design features. *Id.* "Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products." *TrafFix*, 523 U.S. at 29, 121 S.Ct. at 1260. Therefore, trade dress protection extends only to incidental, arbitrary or ornamental product features which identify the product's source. *Eppendorf*, 289 F.3d at 355. * * *

Antioch Co. v. Western Trimming Corp., 347 F.3d 150 (6th Cir. 2003)
Fuji Kogyo Co., Ltd. v. Pacific Bay International, Inc., 461 F.3d 675 (6th Cir. 2006)
General Motors Corp. v. Lanard Toys, Inc., 468 F.3d 405 (6th Cir. 2007)

[If you can figure out what the Sixth Circuit is trying to say about the standard for determining trade dress functionality, please let me know.]

Eco Manufacturing, LLC, v. Honeywell International, Inc., 357 F.3d 649 (7th Cir. 2003)

* * *

It is not hard to think of three ways in which a round thermostat could be functional, at least in principle. First, rectangular objects may clash with other architectural or decorative choices. Just as a building designed by Ludwig Mies van der Rohe demands controls made from regular or semi-regular polyhedra, so a building designed by Frank Gehry could not tolerate boxy controls. Second, round thermostats (and other controls) may reduce injuries, especially to children, caused by running into protruding sharp corners. Third, people with arthritis or other disabilities may find it easier to set the temperature by turning a large dial (or the entire outer casing of the device) than by moving a slider or pushing buttons on boxes. The record does not contain much along these lines, but they are sufficiently plausible to disable Honeywell from prevailing [in its trade dress infringement claim] at this preliminary stage, given the burden it bears as a result of the expired patents. Although the three possibilities we have mentioned do not show that roundness is "essential to a thermostat, that's not required. *TraFFix* rejected an equation of functionality with necessity: it is enough that the design be useful. * * *

Gateway, Inc. v. Companion Products, Inc., 384 F.3d 503 (8th Cir. 2004)

* * * Trade dress is considered functional if it performs some function other than identifying the computers and computer related products that Gateway produces. Our test for determining trade dress functionality provides;

If the particular feature is an important ingredient in the commercial success of the product, the interests in free competition permits its imitation in the absence of a patent or copyright. On the other hand, where the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demands in connection with the product, imitation may be forbidden where the requisite showing of secondary meaning is made. Under such circumstances, since effective competition may be undertaken without imitation, the law grants protection.

* * * In short, Gateway's trade dress is nonfunctional "if it is an arbitrary embellishment

primarily adopted for purposes of identification and individuality. But if the trade dress is an important ingredient in the commercial success of the product, it is clearly functional. * * *

Dippin' Dots, Inc. v. Frosty Bites Distribution, LLC, 329 F.3d 1197 (11th Cir., 2004)

* * *

"The line between functionality and non-functionality is not ... brightly drawn." *Epic Metals*, 99 F.3d at 1039. Nonetheless, two tests exist for determining functionality. *See id.* Under the first test, commonly referred to as the traditional test, "a product feature is functional ... if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Traffix*, 532 U.S. at 32, 121 S.Ct. at 1261. Under the second test, which is commonly called the competitive necessity test and generally applied in cases of aesthetic functionality, "a functional feature is one the 'exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.'" *Id.* Where the design is functional under the traditional test, "there is no need to proceed further to consider if there is a competitive necessity for the feature." *Id.* at 33, 121 S.Ct. at 1262.

The features of product design that we must analyze in this case are the size, color, and shape of dippin' dots [flash-frozen ice cream beads]. DDI argues that the district court erred because it did not consider the functionality of DDI's product design *as a whole*, but rather erroneously analyzed each element independently. *See AmBrit*, 812 F.2d at 1538 (stating that a court should consider the totality of the trade dress features). DDI mischaracterizes the district court's analysis. * * *

Furthermore, the product design of dippin' dots in its individual elements and as a whole is functional under the traditional test.⁷ The color is functional because it indicates

⁷ Likewise, the color, shape, and size of dippin' dots are "aesthetic functions" that easily satisfy the competitive necessity test because precluding competitors like FBD from copying any of these aspects of dippin' dots would eliminate all competitors in the flash-frozen ice cream market, which would be the ultimate non-reputation-related disadvantage. *See Traffix*, 532 U.S. at 32-33, 121 S.Ct. at 1261-62. Therefore, DDI's argument that FBD could still compete in the ice cream market by producing, e.g., soft-serve ice cream, which would not have many of the same functional elements as dippin' dots and thus would not infringe upon DDI's product trade dress, is unavailing. FBD does not want to compete in the ice cream business; it wants to compete in the flash-frozen ice cream business, which is in a different market from more traditional forms of ice cream. *See* 3 Louis Altman, *Callmann on Unfair Competition, Trademarks and Monopolies* § 19:7, at 79 (4th ed.2003) (stating that "functionality ... is not to be determined within the broad compass of different but interchangeable products; the doctrine of functionality is intended to preserve competition within the narrow bounds of each *individual*

the flavor of the ice cream, for example, pink signifies strawberry, white signifies vanilla, brown signifies chocolate, etc. * * *

* * * [The court takes judicial notice that color of ice cream is indicative of flavor]⁹ Accordingly, we conclude that color is functional in this case because it is essential to the purpose of the product and affects its quality.

Size is also functional in this case because it contributes to the product's creamy taste, which would be different in a larger "dot." Plaintiff produced materials that emphasized how the quick freezing of tiny round beads was crucial to the taste and consistency of the product because the Patent '156 method of freezing tiny beads reduced the number of ice crystals in the product. It necessarily follows that larger pieces of ice cream, which would take longer to freeze, would have increased ice crystals, thus affecting the creamy quality of the finished product. This is further evidenced by DDI founder Jones's Declaration of Commercial Success, submitted to the Patent Office, which emphasized dippin' dots' superior characteristics and benefits that are produced by using the Patent '156 method to create small pieces of ice cream. These superior characteristics and benefits include the better taste and texture of dippin' dots, their easy dispensability, and the novel way in which they are consumed. In addition, several documents from the Patent '156 application denote the

product market").

⁹ DDI also argues that FBD has unnecessarily copied the "identical Pantone ® colors" of its ice cream and such copying infringes upon dippin' dots' unique trade dress. While it is true that such exact copying is unnecessary, it does not follow that such copying violates the Lanham Act. See *TrafFix*, 532 U.S. at 32-33, 121 S.Ct. at 1261-62 (stating that the appellate court erred when it applied, as a necessary test, the competitive necessity test because "a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device.... Functionality having been established, ... [t]here is no need ... to engage ... in speculation about other design possibilities"). As the Seventh Circuit noted in *Landoll*, notwithstanding existing alternatives, the color on the allegedly infringing product was an "aesthetic functionality" and therefore could be freely copied. *Landoll*, 164 F.3d at 342. In *Landoll*, the plaintiff argued, much like DDI argues here, that the allegedly infringing cookbooks' pages could have been gilded a color other than gold, which was the color of the plaintiff's cookbooks' gilded pages. *Id.* The court stated, however, that, because "[g]old connotes opulence" and is "a natural color to use on a fancy cookbook," a "different color on [plaintiff's] page ends would have a better claim to be a source signifier; compare a blue container of orange juice with an orange one." *Id.* The same is true of DDI's color choices for its ice cream. Furthermore, even if the "identical Pantone ® colors" were deemed a non-functional element of dippin' dots, the product design as a whole is nonetheless functional. See *AmBrit*, 812 F.2d at 1538 (stating that a court should consider the totality of the trade dress features).

preferable size of the beads in specific millimeter measurements.

Likewise, the shape of dippin' dots is functional because dripping the ice cream composition into the freezing chamber, as described in Patent '156, creates a "bead" that facilitates the product's free flowing nature. Jones testified to this, stating he experimented with different procedures in order to create "a uniform bead"¹⁰ and that the beaded shape of dippin' dots is a result of the method enunciated in Patent '156. Moreover, a DDI product brochure states that the spherical shape is a result of the Patent '156 process and allows the "quick, yet even freeze that is so important to the taste and consistency of the product."

Based on our review of the record and dippin' dots' individual elements, we conclude that the totality of the dippin' dots design is functional because any flash-frozen ice cream product will inherently have many of the same features as dippin' dots. * * * *See Landoll*, 164 F.3d at 342 (stating that when each of the elements is functional, "[i]f the product nevertheless present[s] a distinctive appearance, that appearance would be eligible for legal protection as trade dress *unless it [is] the only way the product [can] look, consistent with its performing each of the product's functions optimally*") (emphasis added). Therefore, DDI's product design as a whole is essential to its purpose and affects its quality. Accordingly, it is functional under the traditional test, and not subject to trade dress protection.

Lastly, DDI argues that because Patent '156 does not specify color or size,¹¹ these elements cannot be functional. DDI's argument is unavailing. The Supreme Court held in *TrafFix* that a "utility patent is strong evidence that the features therein claimed are functional." *TrafFix*, 532 U.S. at 29, 121 S.Ct. at 1260. It did not, however, conclude the inverse, i.e. that the absence of such features in the patent is strong evidence that the features are not functional. Nonetheless, even if this inverse conclusion were the law, the outcome would remain the same in this case because "features are deemed functional until proved

¹⁰ Jones also testified that his goal was "to make a kind of rounded product" because he felt it would be more commercially marketable. Notwithstanding Jones's testimony that the shape is aesthetic, it is nonetheless a functional result of the Patent '156 method. See, e.g., *Landoll*, 164 F.3d at 339 ("Mink coats are normally sold dyed. The dye does not make the coat any warmer, but it makes it more beautiful, and ... it [can]not be claimed as trade dress.... Functional improvements may be patentable, or protected as trade secrets, but they cannot be appropriated in the name of trade dress...."). Moreover, in light of the requirement that functionality be determined by analyzing the product as a whole rather than in its individual elements, see *AmBrit*, 812 F.2d at 1538, even if the shape of dippin' dots is not functional alone, the entire trade dress, as a whole, is functional.

¹¹ Patent '156 specifies the product shape as in the form of a "bead."

otherwise by the party seeking trade dress protection.” *Id.* at 30, 121 S.Ct. at 1260. DDI has not met its burden regarding non-functionality.

* * *

Tie Tech, Inc. v. Kinedyne Corp., 296 F.3d 778 (9th Cir., 2002)

Tie Tech makes and markets “wheelchair securement systems” for private and public vehicles. One of its products, the SAFECUT “web-cutter,” is used in emergencies to facilitate the quick release of individuals from their securement systems. Tie Tech, which designed and marketed this cutter beginning in the 1980’s, describes its product as “a hand-held, well-balanced webbing cutter” that is “made of durable poly-carbonate.” An advertising image portrays the SAFECUT device in action: a hand is gripping the device with four fingers fitted through an enclosed oval opening; an elongated prong of plastic guides the webbing towards a recessed cutting blade. Tie Tech offered the following depiction of the device:



Tie Tech's
SAFECUT

* * *

II. FUNCTIONALITY ANALYSIS

Although the Lanham Act prohibits registration of a mark that “comprises any matter that, as a whole, is functional,” 15 U.S.C. § 1052(e)(5), both parties recognize that not all aspects of functionality are precluded from protection. De jure, or legal, functionality must be distinguished from de facto functionality which still may support trademark protection. *Clump*, 870 F.2d at 515.

De jure functionality . . . means that the product is in its particular shape because it works better in this shape [B]efore an overall product configuration can be recognized as a trademark, the entire design must be arbitrary or non de jure functional.” *Textron, Inc. v. U.S. Int’l Trade Comm’n*, 753 F.2d 1019, 1025 (Fed. Cir. 1985) (quoted in *Leatherman Tool Group, Inc. v. Cooper Indus., Inc.*, 199 F.3d 1009, 1012 (9th Cir. 1999)). Thus, for example, even though a bottle is a de facto functional holder of liquid, the bottle’s configuration may still qualify for trademark protection if its physical details are

nonfunctional and have acquired secondary meaning. *Id.*; see also *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332 (C.C.P.A. 1982) (holding that configuration of "Glass Plus" spray-bottle warranted trademark protection).

Here, Kinedyne has identified three aspects of the SAFECUT's configuration—ones it incorporated into its own cutter—that it believes are de jure functional, thus precluding trademark protection: the fully enclosed handle; the rounded edges; and the prong which guides the webbing to the recessed blade. Importantly, Tie Tech has not disputed, either before the trial court or on appeal, the following factual assertions made by Kinedyne:

1. The handle design allowing the hand to pass through permits a secure grip;
2. The rounded edges prevent snagging, and help guide material to the blade; and
3. The prong serves both to guide the webbing or belting onto the cutting blade and to reduce the chance of accidental cuts or injuries.

Rather, by focusing primarily on the shape of the SAFECUT's handle, Tie Tech points to evidence in the record that other alternative designs are available which adequately get the job done.

To begin, there is nothing inherently wrong with Kinedyne's interest in copying the SAFECUT's configuration: "The requirement of nonfunctionality is based 'on the judicial theory that *there exists a fundamental right to compete through imitation of a competitor's product*, which right can only be *temporarily* denied by the patent or copyright laws.'" *Clamp*, 870 F.2d at 516 (quoting *Morton-Norwich*, 671 F.2d at 1336 (emphasis added)). Consequently, as early as *Vuitton*, we characterized the distinction between "features which constitute the actual benefit that the consumer wishes to purchase," which do not engender trademark protection, "as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product," which, if incorporated into the product's design by virtue of arbitrary embellishment, does have trademark significance. 644 F.2d at 774; see also *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) ("The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.").

Unfortunately for Tie Tech, it has not pointed to any evidence of distinctiveness of the SAFECUT design other than those elements essential to its effective use. Instead, Tie Tech suggests something different when it claims that it "is not asking that Kinedyne be barred from having a webcutter with an enclosed blade, a slot and prong to guide the webbing into the blade, or even an opening through which the user can put their [sic] hand," but instead that Kinedyne should "be barred from arranging those elements into a shape that mimics that of the SAFECUT®." In other words, Tie Tech argues that the overall appearance

of its cutter, and not its separate functional parts, is what deserves protection as a non-functional aspect of its configuration. This cannot be the case. Where the plaintiff only offers evidence that “the whole is nothing other than the assemblage of functional parts,” our court has already foreclosed this argument, holding that “it is semantic trickery to say that there is still some sort of separate ‘overall appearance’ which is non-functional.” *Leatherman*, 199 F.3d at 1013.

Likewise, Tie Tech's evidence of alternative designs fails to raise a material factual issue under *Leatherman*. As was the case with the pocket tool at issue in *Leatherman*, Tie Tech has presented evidence that there are other webcutters with a variety of appearances and features that effectively cut webbing. In particular, Tie Tech cites to a trade journal which evaluated several webcutters including the SAFECUT and another, the Ortho, which is strikingly similar to Kinedyne's original cutter and is described in the article as “the simplest design—a rectangle with rounded corners [that] several testers found . . . cut the webbing faster than any of the other products.” As for the SAFECUT, its shape was “lauded immediately”; one tester was quoted as saying “I like the grip It seems like a natural shape.” Narrowing their preferences down to the Ortho and the SAFECUT, the article's testers

split on their ultimate preference in web cutters. But all present agreed that either of the two finalists—Ortho's Web Cutter or Tie Tech's Safecut—admirably did the job. They both ripped through the test webbing in a single motion. *It simply came down to personal preference.* (Emphasis added).

This evidence certainly supports Tie Tech's contention that adequate alternative designs exist which “admirably” do the job, but to Tie Tech's detriment, it goes further. Because the product review not only demonstrates that a design such as the Ortho may be “highly functional and useful,” it also undisputedly shows that the Ortho does not “offer *exactly* the same features as [the SAFECUT],” in particular the secured-grip handle, and thus fails as matter of law to support Tie Tech's interest in precluding competition by means of trademark protection. *Id.* at 1013-14 (emphasis in original).

In *Leatherman* we held that a product's manufacturer “does not have rights under trade dress law to compel its competitors to resort to alternative designs which have a different set of advantages and disadvantages. Such is the realm of patent law.” *Id.* at 1014 n.7. Here, Tie Tech does not dispute that some customers may prefer a specific functional aspect of the SAFECUT, namely its closed-grip handle, even though other functional designs may ultimately get the job done just as well. As *Leatherman* reminds us, though, a customer's preference for a particular functional aspect of a product is wholly distinct from a customer's desire to be assured “that a particular entity made, sponsored, or endorsed a product.” *Id.* at 1012 (quoting *Vuitton*, 644 F.2d at 774). Whereas the latter concern encompasses the realm of trademark protection, the former does not. We therefore conclude on this record that the district court appropriately granted summary judgment in favor of Kinedyne.

Talking Rain Beverage Co., Inc. v. South Beach Beverage Co., 349 F.3d 601 (9th Cir. 2003)

Talking Rain owns U.S. Trademark Registration No. 2,181,774, which covers the shape of a bottle that Talking Rain uses in its sales of flavored and unflavored water. *See* Appendix A. Talking Rain claims that South Beach Beverage Company, Inc., and the South Beach Beverage Company, LLC (collectively "SoBe") use a bottle in sales of beverages that is confusingly similar to Talking Rain's trademarked bottle.

* * *

Talking Rain's trademarked design and SoBe's bottle both resemble a typical "bike bottle." * * * Specifically, the bottles have smooth sides and a recessed, grip area approximately two-thirds of the way up from the bottoms of the bottles. SoBe contends that it modeled its bottle after a traditional bike bottle. Talking Rain refers to its bottle as the "Grip Bottle" and has promoted the bottle under the slogan "Get a Grip!" Talking Rain acknowledges that its trademarked design, which it spent millions of dollars developing and promoting, also resembles a bike bottle. Both bottles fit easily into the bottle holders that are often used on bicycles. According to both parties, the recessed "grip" area also offers structural support, which helps a bottle retain its shape.

Talking Rain's bottles are made from polyester terephthalate, which is a transparent plastic. Talking Rain and its licensee, Santa Cruz Sports and Nutrition, L.L.C., use the bottle in selling flavored and unflavored water. SoBe's bottles are made from polypropylene, which is a translucent plastic. SoBe uses its bottles in selling isotonic beverages, which are designed to prevent dehydration during exercise.

* * *

We conclude below that, notwithstanding its registered trademark, Talking Rain's bike bottle design is functional. We therefore affirm the district court's decision to grant summary judgment to SoBe on the federal and state law claims and to direct the Commissioner of Patents and Trademarks to cancel Talking Rain's federal trademark registration. * * *

III.

A trademark is functional "when it is essential to the use or purpose of the device or when it affects the cost or quality of the device." *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 33, 121 S.Ct. 1255 (2001) (discussing the "traditional rule" set forth in *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n. 10, 102 S.Ct. 2182 (1982)). To determine whether a product feature is functional, this circuit typically considers four factors:

(1) whether advertising touts the utilitarian advantages of the design, (2) whether the particular design results from a comparatively simple or inexpensive method of manufacture, (3) whether the design yields a utilitarian advantage and (4) whether alternative designs are available. *See Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir.1998).

In applying the *Disc Golf* factors, we are mindful of the Supreme Court's recent pronouncement that once functionality is established, "[t]here is no need ... to engage ... in speculation about other design possibilities...." *TrafFix*, 532 U.S. at 33, 121 S.Ct. 1255. Therefore, the existence of alternative designs cannot negate a trademark's functionality. But the existence of alternative designs may indicate whether the trademark itself embodies functional or merely ornamental aspects of the product. *See id.* at 34, 121 S.Ct. 1255.

The evidence in this case, even when viewed in the light most favorable to Talking Rain, establishes that Talking Rain's trademark is functional. First, Talking Rain's advertising touts its bottle's utilitarian features. Talking Rain, which refers to its bottle as the "Grip Bottle," argues that its "Get a Grip!" slogan involves a double-meaning because the slogan is a slang expression meaning "get in control." No matter the plausibility of Talking Rain's "double-entendre" argument, at least one meaning of its advertising is that the bottle is easy to grip. We are not required to ignore advertising that touts functional features just because those ads may include messages--subtle or otherwise--aimed at nonfunctional features.

Second, Talking Rain has acknowledged that manufacturing considerations explain why its bottle looks the way it does. In particular, the grip feature, aside from making the bottle easier to hold, offers structural support. Talking Rain misunderstands the functionality inquiry in contending that manufacturing considerations cut against a finding of functionality because the bottle was costly to design. Through its investment, Talking Rain learned that by adding a recessed/ grip area, it could manufacture a plastic bottle with curved sides that would not collapse. Talking Rain's initiative is commendable, but to the extent its product design is functional, trademark law does not prohibit SoBe from also using this efficient manufacturing process. *See Tie Tech*, 296 F.3d at 785("The requirement of nonfunctionality is based on the judicial theory that *there exists a fundamental right to compete through imitation of a competitor's product*, which right can only be *temporarily* denied by the patent or copyright laws.") (emphasis in original) * * * On the contrary, that the grip feature reflects a comparatively simple method of manufacturing a structurally sound bottle indicates that the trademarked bottle is functional. *See Disc Golf Ass'n*, 158 F.3d at 1009("A functional benefit may arise if 'the design achieves economies in manufacture or use.' ")

Third, the bike bottle design yields a utilitarian advantage. SoBe contends that the bottle fits easily into a bicycle bottle holder and that the grip area helps the bottle to retain its shape for reuse. SoBe also contends that the grip area makes the bottle easier to grip, particularly for bicyclists and others who might use the bottle while exercising. *See Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 120 n. 4 (2d Cir.2001) (the waist/recessed area of a 1.5 liter water bottle "creates a very useful groove into which a

thumb and forefinger can rest comfortably while at the same time providing a more secure grip of a relatively heavy bottle").

Talking Rain does not dispute these contentions. Instead, Talking Rain argues that its trademarked design is merely one of a number of possible designs for bike bottles. According to Talking Rain, SoBe could have achieved the same functionality by adopting a bike bottle design other than the design embodied by Talking Rain's trademark. But under the Supreme Court's decision in *TrafFix*, the mere existence of alternatives does not render a product nonfunctional. *See* 532 U.S. at 33-34, 121 S.Ct. 1255.

Here, Talking Rain's advertising emphasizes functionality, the bottle's shape is motivated by manufacturing efficiencies and the bottle itself offers utilitarian advantages that non-bike bottles do not possess.² Moreover, that recessed/grip areas appear to be common in the beverage industry tends to corroborate SoBe's assertion that the grip area is indeed functional and not arbitrary. Talking Rain points to no distinctive feature shared by Talking Rain's and SoBe's bottles, beyond the functional grip area. *See Tie Tech*, 296 F.3d at 786. In short, the functional grip area *is* the essence of Talking Rain's claimed distinctiveness.

The first three *Disc Golf* factors support the district court's finding that Talking Rain's trademark is functional. Under *TrafFix*, the existence of alternative designs does not diminish these indicia of functionality. SoBe has overcome the presumption of nonfunctionality created by Talking Rain's trademark registration. Thus, we conclude that the district court correctly found that Talking Rain's trademark is functional and therefore invalid. The district court correctly granted summary judgment to SoBe on the federal and state law claims.

APPENDIX

² Talking Rain argues that its bottle design, which by definition serves as a holder of liquid, is merely "de facto" functional. But the bottle does more than hold liquid. Specifically, its grip area makes the bottle easier to hold than other bottles. Thus, the bottle is "de jure" functional. *See Leatherman Tool Group*, 199 F.3d at 1012.

Int. Cl. 32

607

Prior U.S. Cls.: 43, 44 and 48

Reg. No. 2,181,774

United States Patent and Trademark Office

Registered Aug. 18, 1976

TRADEMARK
PRINCIPAL REGISTER



TALKING RAIN BEVERAGE CO. INC. (WASH.
INGTON CORPORATION)
2025 SOUTHEAST RICH
BOSTON, WA. 98109

FOR USE AS A CONTAINER FOR FLA-
VORED AND UNFLAVORED WATER IN
CLASS 32 (U.S. CLS. 43, 44 AND 48)

FIRST USE 3-4-1974 BY COMMERCE
3-4-1976

THE MARK CONSISTS OF THE CONTOUR
OF A BEVERAGE BOTTLE. THE
DOTTED OUTLINE OF THE CAP IS NOT
PART OF THE MARK. THE MARK IS INTENDED
TO REPRESENT THE BOTTLE AS VIEWED
ON THE SHIELD.
SEC. 2(9)

SER. NO. 75-166,174, FILED 7-11-1974

CAROLYN GRAY, REGISTERING ATTORNEY