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Trade Dress Functionality: A Doctrine in Need of Clarification

BRETT IRA JOHNSON*

I. INTRODUCTION

A product’s unregistered “trade dress” is protected against infringement by section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).1 “Trade dress refers to the image and overall appearance of a product. It embodies that arrangement of identifying characteristics or decorations connected with a product, whether by packaging or otherwise, [that] make[s] the source of the product distinguishable from another and . . . promote[s] its sale.”2 Trade dress “may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.”3 In order to recover for trade dress infringement under section 43(a), a party must prove that: (1) the trade dress in question is distinctive in the marketplace, thereby indicating the source of the good it dresses; (2) the trade dress is primarily nonfunctional;4 and (3) the trade dress of the competing good is confusingly similar.5

The second element of a trade dress claim, functionality, “prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a

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2. Id. at 629 (alterations in original) (quoting Esercizio v. Roberts, 944 F.2d 1235, 1238–39 (6th Cir. 1992)) (internal quotation marks omitted).
producer to control a useful product feature.”

“Functional features are by definition those likely to be shared by different producers of the same product and therefore are unlikely to identify a particular producer.”

The most recent word by the Supreme Court on functionality is *TrafFix Devices, Inc. v. Marketing Displays, Inc.*

The *TrafFix* case is sufficiently vague that there is room for interpretation with respect to the precise meaning and articulation of the functionality doctrine (as shown by the post-*TrafFix* circuit court cases discussed below).

It is, therefore, appropriate to examine policy considerations in determining what interpretation should be given to the scope of the functionality doctrine. Some policy considerations include: (1) a general determination of whether functionality should be interpreted broadly (to exclude a lot of trade dress) or narrowly (to make more products protectable by trade dress); (2) whether the law of trade dress should be definitively articulated in order to provide notice and consistency in its application—on one hand—or left more vague in order to allow courts flexibility and discretion in its application; and (3) whether there should be multiple articulations of functionality to apply to different forms of functionality, e.g., aesthetic vs. traditional utilitarian functionality, or whether a single articulation of functionality can be applied to all forms of trade dress. This article proposes, as discussed below, that functionality should generally be broadly interpreted to exclude some trade dress protection, the law of functionality should be clearly articulated to provide notice and consistency in its application, and a single articulation of trade dress should be adopted that can apply to all forms of trade dress.

In Part II, this Article will first explore the historical development of the functionality doctrine within the broader context of trade dress law. In Part III, this Article will examine the muddled and inconsistent application of the functionality doctrine caused by the Supreme Court’s relatively recent decision in *TrafFix Devices, Inc. v. Marketing Displays, Inc.* Part IV will refocus on the fundamental policy considerations underlying the functionality doctrine. Ultimately, in Part V, the Article will propose a single, unifying functionality test based on a refinement of the prevailing pre-

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6. Dippin’ Dots, Inc. v. Frosty Bites Distribution, LLC, 369 F.3d 1197, 1202–03 (11th Cir. 2004) (citing Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 164 (1995)); see also In re Morton-Norwich Prods., Inc., 671 F.2d 1332, 1336 (C.C.P.A. 1982) (“This requirement of ‘nonfunctionality’ . . . has as its genesis 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.”).


9. Id.
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TrafFix case law. If applied by the courts, this Article’s approach would simplify application of trade dress law while maintaining a degree of flexibility. It would also provide an appropriate level of protection for goodwill without invading the province of patent and copyright law.

II. WHERE WE HAVE BEEN: FACTUAL SUMMARY OF THE LAW OF FUNCTIONALITY

The doctrine of functionality goes back a long time. In 1909, in Kellogg Co. v. National Biscuit Co., the United States Supreme Court recognized the idea of functionality by denying trade dress protection for the “pillow” shape of Shredded Wheat breakfast cereal. One of the grounds for that ruling was the Court’s reasoning that “this form is functional that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape.”

Years later, in In re Morton-Norwich Products, Inc., Judge Rich, then of the United States Court of Customs and Patent Appeals (CCPA), writing for a unanimous panel, identified four considerations in determining whether dress was functional and thus not entitled to trade dress prote-

10. Kellogg Co. v. Nat’l Biscuit Co., 305 U.S. 111, 122 (1938). The reasoning for denying trademark protection for functional components goes back even further than Kellogg. For example, in 1877 the United States District Court for the Central District of New York denied trademark protection for the shape of a tin pail. See Harrington v. Libby, 11 F. Cas. 605 (C.D.N.Y. 1877) (No. 6107). The court in that case was concerned that allowance of such protection would inhibit free competition:

The forms and materials of packages to contain articles of merchandise, if such claims should be allowed, would be rapidly taken up and appropriated by dealers, until someone, bolder than the others, might go to the very root of things, and claim for his goods the primitive brown paper and tow string, as a peculiar property. . . . If maintained, the effect would be to gradually throttle trade.

Id.

11. Kellogg, 305 U.S. at 122. The Court noted:

Kellogg Company is undoubtedly sharing in the goodwill of the article known as ‘Shredded Wheat’; and thus is sharing in a market which was created by the skill and judgment of plaintiff’s predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all and in the free exercise of which the consuming public is deeply interested. There is no evidence of passing off or deception on the part of the Kellogg Company; and it has taken every reasonable precaution to prevent confusion or the practice of deception in the sale of its product.

Id.
tion. The considerations, which have subsequently become known as the “Morton-Norwich factors,” include: (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.

Around the same time as Morton-Norwich, the United States Supreme Court decided Inwood Laboratories v. Ives Laboratories. Inwood is primarily known for its analysis of the requirements for derivative liability under trademark law. In a footnote, however, the Inwood Court stated, without substantial analysis, that “[i]n general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”

In 1995, the United States Supreme Court in Qualitex Co. v. Jacobson Products Co. was faced with the issue of whether color alone could be registered as a trademark. The Court answered in the affirmative and, in the

12. Morton-Norwich, 671 F.2d at 1332. The Morton-Norwich court distinguished between de facto functional items (those that actually serve some purpose, but are nevertheless recognized by the law as indicating the product’s source) and de jure functional items (those that are considered legally functional and are therefore not protected by trademark). Id. at 1337. The court further distinguished between utilitarian and aesthetic functionality. Id. at 1338–39. See also Restatement (First) of Torts § 742 cmt. a (1938) (“When goods are bought largely for their aesthetic value, their features may be functional because they definitely contribute to that value and thus aid the performance of an object for which the goods are intended.”).

13. Id. at 1340–41.


15. Id. at 855. The Court ultimately determined, under the facts presented, that pharmacists were not liable for trademark infringement on a theory of derivative liability when consumers may have been confused about the source of medication.

16. Id. at 850 n.10 (citing Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 232 (1964); Kellogg, 305 U.S. at 122). Of course, the word “essential” is a high standard, which would make few designs legally functional, providing for broad trade dress protection. When read literally, the “affects cost of quality” language seems broader and would appear to encompass the “essential” language of the traditional utilitarian test. See infra note 66.

17. Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159 (1995). The court observed that the subject matter for trademarks is very broad:

Since human beings might use as a “symbol” or “device” almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive. The courts and the Patent and Trademark Office have authorized for use as a mark a particular shape (of a Coca-Cola bottle), a particular sound (of NBC’s three chimes), and even a particular scent (of plumeria blossoms on sewing thread).

Id. at 162.
process, addressed the issue of functionality. 18 The Court wrote that “if a ‘color depletion’ or ‘color scarcity’ problem does arise, the trademark doctrine of ‘functionality’ normally would seem available to prevent the anti-competitive consequences” of color depletion. 19

In TrafFix, the issue was whether the existence of an expired utility patent precluded a claim of trade dress on that product’s design. 20 The Supreme Court ultimately held that the existence of an expired utility patent was strong evidence that the product’s design was functional but that an expired utility patent did not mean that trade dress protection was precluded as a matter of law. 21 In reaching that conclusion, the Supreme Court wrote, “a functional feature is one the ‘exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.’” 22 The Supreme Court noted that the Court of Appeals’s test for functionality in that case had simply been

‘whether the particular product configuration is a competitive necessity.’ This was incorrect as a comprehensive definition. As explained in Qualitex and Inwood, 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 . . . . 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. 23

The Supreme Court in TrafFix then set forth two standards for when a design feature may be functional: (1) when it is essential to the function of the product or affects its cost or quality; and (2) when the feature is a competitive necessity. 24 The Supreme Court, however, did not fully explain: (1) whether the two referenced standards applied individually and respec-

18. Id.
19. Id. at 169.
20. TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23 (2001). The Court noted a split among circuit courts on the issue of whether the existence of an expired utility patent foreclosed the possibility of trade dress protection on the product’s design. Id. at 27.
21. Id. at 29–30. The court ultimately concluded that the “dual-spring design” of road signs was functional and not protectable trade dress. Id. at 29.
22. Id. at 32 (alteration in original) (quoting Qualitex, 514 U.S. at 165).
23. Id. at 32–33 (citations omitted).
24. Id. The Qualitex–Inwood–TrafFix line of cases is not the first time that the Supreme Court has broadly articulated trade dress protection and then narrowed its scope in a subsequent case. Compare, e.g., Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 774 (1992) (broadly articulating trade dress as protectable to the same extent as registered word marks and stating that trade dress may be inherently distinctive), with Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 212 (2000) (narrowly holding that product configuration, as opposed to product packaging, cannot be inherently distinctive but must obtain acquired distinctiveness to be protected in trade dress).
tively to traditional and aesthetic functionality or whether each assertion of functionality should be considered under both standards; (2) whether the two standards were exclusive or were exemplary; and (3) whether the two referenced standards should be mechanically applied or whether a multi-part test could be employed in determining the applicability of the standards. As discussed below, circuit courts have varied in their subsequent interpretations of these issues.

III. WHERE WE ARE: POST-TRAFFIX INTERPRETATIONS OF FUNCTIONALITY

Following TrafFix, there has been inconsistent interpretation and application of the functionality doctrine by the federal courts.25 Post-TrafFix, the primary circuit split is between the Federal Circuit on one hand and all other circuits on the other hand.26 In short, as discussed below, the Federal Circuit has interpreted TrafFix as not altering its prior Morton-Norwich jurisprudence while other circuits have generally been consistent with one another (with minor varying distinctions referenced below) in interpreting TrafFix as imposing two separate and distinct tests for functionality: the (1) traditional “effect on cost or quality” test and; (2) the alternative “competitive necessity” test—usually applied in cases of aesthetic functionality.

A. The Sixth Circuit: Competitive-Necessity Test for Aesthetic Functionality and Effect-on-Cost-or-Quality Test for Utilitarian Functionality

In Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters the Sixth Circuit interpreted TrafFix as preserving the traditional test for functionality, “which deems a feature functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device.”27 Of course, the Supreme Court in Qualitex expanded on the meaning of this phrase by “observing that a functional feature is one the ‘exclusive use of which would put competitors at a significant non-reputation...
related disadvantage.”28 However, as the Sixth Circuit sees it, “the competitive disadvantage comment did not displace the traditional functionality standard from Inwood Laboratories. Instead it explained the policy underlying the functionality doctrine in a way readily adaptable to the problem of aesthetic functionality, the issue presented in Qualitex.”29

The court stated that the trade dress at issue involved aesthetic functionality, and therefore, the competitive-necessity test governed the analysis of that case.30 Therefore, it appears that in the Sixth Circuit a court will first determine whether aesthetic functionality or traditional utilitarian functionality is at issue; if aesthetic functionality is at issue the competitive-necessity test will be applied, and if traditional utilitarian functionality is at issue, the essential-to-use-or-purpose or effect-on-cost-or-quality test will be applied.

B. Some Circuits Have Applied both TrafFix Functionality Tests—Regardless of Whether the Claimed Functionality is Aesthetic or Traditional Utilitarian—with the Trade Dress Being Functional if it Satisfies Either Test

Following TrafFix, the Fifth Circuit also had opportunity to apply the functionality doctrine in Eppendorf-Netheler-Hinz GmbH v. Ritter GmbH, where the claimed functionality of certain “fins” of a product was at issue.31 The Fifth Circuit observed that the definition of “functionality” has not enjoyed clarity.32 “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.’”33 The court concluded that “[t]he 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

28. TrafFix, 532 U.S. at 24 (quoting Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 165 (1995)). While the Supreme Court in TrafFix was not entirely clear how the “significant non-reputational advantage” language related to the two standards of functionality—(1) the traditional affect on “cost or quality” standard and (2); the competitive necessity standard—the “significant non-reputational advantage” could be seen as a conclusion of functionality under either standard since a satisfaction of either standard of functionality could result in a “significant non-reputational advantage.”

29. Abercrombie, 280 F.3d at 641.

30. Id.

31. Eppendorf, 289 F.3d at 354.

32. Id. at 355 (citing J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 7:67 (4th ed. 2001) (discussing the “plethora of definitions” for functionality)).

33. Id.
traditional definition."

Without consideration of whether the trade dress at issue was aesthetic or traditional, the court applied the traditional cost-or-quality test and when that test was satisfied, the trade dress was functional and there was no need to consider the alternative competitive-necessity test. Thus, the Fifth Circuit apparently interpreted TrafFix as imposing two distinct tests (i.e., effect-on-cost-or-quality and competitive-necessity) and indicated that the product feature is functional if it satisfies either test, regardless of whether the trade dress at issue could be characterized as traditional or aesthetic.

In Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc., the Ninth Circuit considered the issue of trade dress functionality post-TrafFix. At issue in that case was the use of Volkswagen and Audi marks on the defendant’s key chains and license plate covers. “As to functionality, we read the Court’s [TrafFix] decision to mean that consideration of competitive necessity may be an appropriate but not necessary element of the functionality analysis. If a design is determined to be functional under the traditional test of Inwood Laboratories there is no need to go further to consider indicia of competitive necessity, such as the availability of alternative designs.”

The Ninth Circuit wrote that

[a]fter Qualitex and TrafFix, the test for functionality proceeds in two steps. In the first step, courts inquire whether the alleged “significant non-trademark function” satisfies the Inwood Laboratories definition of functionality—“essential to the use or purpose of the article [or] affects [its]

34. Id.
35. Id. at 356–58.
36. Id. at 358. The Eppendorf court ultimately rejected the plaintiff’s argument that “the fins are non-functional because alternative designs are available to competitors in the marketplace.” Id. The court noted that while the plaintiff’s argument was consistent with the Fifth Circuit’s pre-TrafFix utilitarian definition of functionality, it was unpersuasive in light of the Supreme Court’s discussion of functionality in TrafFix. Id. at 357. The Eppendorf court concluded that the “availability of alternative designs is irrelevant” and because the fins at issue were “design elements necessary to the operation of the product [and were] essential to the operation of the [product], they [were] functional as a matter of law, and it [was] unnecessary to consider design alternatives available in the marketplace.” Id. at 358. The court may have erred by inquiring whether the product could function without fins in general, rather than whether it could function without the precisely shaped fins at issue. See infra note 66.
37. Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062 (9th Cir. 2006).
38. Id. at 1064.
39. Id. at 1071.
cost or quality.” . . .  In the case of a claim of aesthetic functionality, an alternative test inquires whether protection of the feature as a trademark would impose a significant non-reputation-related competitive disadvantage.

The court ultimately held that the trade dress was not functional. In Dippin’ Dots, Inc. v. Frosty Bites Distribution, LLC, the Eleventh Circuit noted that there is no evidence that the Volkswagen and Audi trademarks were functional under the traditional utilitarian definition in Inwood Labs. The “products would still frame license plates and hold keys just as well without the famed marks. Similarly, use of the marks does not alter the cost structure or add to the quality of the products.” Turning to the second test for functionality, the court inquired whether the marks, as they appeared on the infringing products, performed some function such that the exclusive use of such would put competitors at a significant non-reputation-related disadvantage. The court concluded that there was no evidence that consumers bought the defendant’s products solely because of their “intrinsic” aesthetic appeal. Instead, the alleged aesthetic function was indistinguishable from and tied to the mark’s source-identifying nature. The court concluded that the demand for the infringing products was “inextricably tied to the trademarks themselves.” Any disadvantage the defendant claimed “in not being able to sell Volkswagen or Audi marked goods is tied to the reputation and association with Volkswagen and Audi.”

As is generally the case, the court’s determination of non-functionality under this competitive necessity test turned on its definition of the relevant market. By defining the market broadly as keychains and license plate covers, there were many alternative designs available and the claimed product features bearing the subject logos were not a competitive necessity. Of course, had the court defined the relevant market narrowly as “Audi and Volkswagen keychains and license plate covers,” it would have most likely found the product design to be a competitive necessity (with no alternatives available) and unprotectable as a functional design. See infra notes 117–120 and accompanying text. However, since in this case the demand for the product design was created by the goodwill associated with the subject trademarks, the court probably reached the correct result.
Circuit set forth its post-\textit{TrafFix} interpretation of functionality.\footnote{Dippin' Dots, Inc. v. Frosty Bites Distribution, LLC, 369 F.3d 1197, 1203 (11th Cir. 2004).} The court stated that, after \textit{TrafFix}, two tests exist for determining functionality.\footnote{\textit{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.’”\footnote{\textit{Id}. (quoting \textit{TrafFix} Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 32 (2001)).} 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.’”\footnote{\textit{Id}. (alteration in original) (quoting \textit{TrafFix}, 532 U.S. at 32).} The court concluded that “[w]here 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.”\footnote{\textit{Id}. at 1203–04.}

However, despite stating that a finding of functionality under either test would render the trade functional and unprotectable, the court analyzed the trade dress at issue under both tests and found it functional under both tests.\footnote{\textit{Id}. at 1203.} The claimed functional features in Dippin’ Dots were the size, color, and shape of the small bite sized ice cream treats.\footnote{\textit{Id}. at 1203.} The court held that the color of the ice cream bites was functional under the traditional utilitarian effect-on-cost-or-quality test because the color signaled the flavor of the ice cream; for example, pink signified strawberry, white signified vanilla, and brown signified chocolate.\footnote{\textit{Id}. at 1206.} The court also held that the size of the ice cream bites was functional because it contributed to the product’s creamy taste, which would be different in a larger “dot” because the quick-freezing of tiny round beads was crucial to the taste and consistency of the product.\footnote{\textit{Id}. at 1203–04.} This conclusion was based in part on the fact that there was a utility patent on the method of making the ice cream bites and the patent claimed that the method of freezing tiny beads reduced the number of ice crystals in the product.\footnote{\textit{Id}. The court rejected the plaintiff’s argument that, because the patent covering the product in that case did not specify color or size, those elements could not be functional. \textit{Id}. “The Supreme Court held in \textit{TrafFix} that a ‘utility patent is strong evidence that the features therein claimed are functional.’” \textit{Id}. at 1207 (quoting \textit{TrafFix}, 532 U.S. at 29).} The court found that 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.”

Likewise, the court held that the color, shape, and size of the ice cream bites were “aesthetic functions that easily satisfy the competitive necessity test because precluding competitors . . . 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.” The court thus rejected the plaintiff’s argument that the defendant 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 [plaintiff’s] product trade dress. . . . [Defendant did] not want to compete in the ice cream business; it want[ed] to compete in the flash-frozen ice cream business, which is in a different market from more traditional forms of ice cream.

Thus, the court concluded that the trade dress of the ice cream bites was functional under both the traditional utilitarian effect-on-cost-or-quality test and the competitive-necessity test.

The Third Circuit, in Shire U.S., Inc. v. Barr Laboratories., Inc., stated that the Supreme Court in TrafFix set forth 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 the article.’” “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.’

however, conclude the inverse, i.e., that the absence of such features in the patent is strong evidence that the features are not functional.

53. Id. at 1206.
54. Id. at 1203 n.7.
55. Id. (citing LOUIS ALTMAN, CALLMANN ON UNFAIR COMPETITION, TRADEMARKS & 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 product market”); cf. Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062 (9th Cir. 2006) (broadly defining the relevant market and thus finding trade dress non-functional).
56. Id. at 1207.
57. Id. at 1207.
disadvantage.

The Third Circuit indicated that either alternative test could render trade dress functional, affirming the district court’s denial of a motion for a preliminary injunction based in part on the lower court’s ruling that the plaintiff had failed to show that the shape and color of a prescription drug was non-functional under the traditional utilitarian definition of functionality; by doing so, the appellate court implicitly concluded that it was unnecessary for the district court to consider the competitive-necessity test as well.

C. The Seventh Circuit: The Traditional Test for both Aesthetic and Traditional Functionality

In *Eco Manufacturing LLC v. Honeywell International, Inc.*, Judge Easterbrook, writing for the Seventh Circuit, affirmed the district court’s refusal to preliminarily enjoin a competitor from bringing to market a thermostat cover that was alleged to be confusingly similar to that of an existing product that was claimed to be protected by trade dress. While not passing on the ultimate issue of functionality, the court used very broad functionality language in the opinion and analysis—nearly reaching a *de facto* level of functionality. In other words, the language of the court seems like it would have precluded trade dress protection when the dress served any functional purpose; for example, the fabric sewn into a label would provide support for the garment of a shirt and would thus be unprotected. Such a broad interpretation of functionality, if literally interpreted, would nearly eliminate trade dress protection altogether.

The court recognized that a product could be aesthetically functional. The court, however, while failing to explicitly comment on the appropriateness of the competitive-necessity test as a factor in the analysis, appeared to apply only the traditional test to the facts of the case—despite setting forth potential ways that the trade dress at issue could be functional, which appeared to include both traditional and aesthetic functionality.

59. *Id.* at 354 (alteration in original) (quoting *TrafFix*, 532 U.S. at 32) (internal quotation marks omitted).
60. *Id.* at 359.
62. *Id.* at 654 (“It is not hard to think of three ways in which a round thermostat could be functional . . . . The record does not contain much along these lines, but they are sufficiently plausible to disable [party alleging infringement] from prevailing at this preliminary stage.”).
63. *Id.*
64. *Id.*
The court wrote:

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. . . . 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.65

The court also noted that, although the three possibilities of functionality that it mentioned did not show that roundness is “essential” to a thermostat, that was not required.66 The court stated that “TrafFix rejected an equation of functionality with necessity; it is enough that the design be useful. The Justices told us that a feature is functional if it is essential to the design or it affects the article’s price or quality.”67 Therefore, while the first potential ground for functionality of the shape of the thermostat con-

65. Id.
66. Id. at 654. The Eco Manufacturing court thus seemed to indicate that the cost-or-quality component was broader than the essential component of this test. As a general proposition, that seems to be true—when the phrase “essential to use or purpose” is properly interpreted. The “essential to use or function” language should not only ask whether the feature performs some essential function but should also ask whether there are other ways to perform the same function—which would make that feature not “essential.” In this sense, the “essential” part of the traditional test overlaps with the “competitive necessity” and “alternative design” aesthetic functionality test of TrafFix.

Although TrafFix stated that there was no need to consider alternative designs when the traditional test was satisfied, TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 33 (2001), this language cannot be literally construed because the traditional test cannot be applied without consideration of alternative designs. For example, the Eco Manufacturing court, while purporting to apply the traditional test, intuitively considered alternative designs of the thermostat cover in addressing the functionality issue. Eco Mfg., 357 F.3d at 654 (comparing the contested product with hypothetical designs that were more likely to clash with the architecture, cause injuries, or be difficult to adjust). Without inherent comparison to other designs, the court could improperly conclude that if the round thermostat cover was eliminated (without a substitute) the product would not properly function and could not, for example, be adjusted. This logically cannot be a proper test for functionality. In actuality, even the cost-or-quality component of the traditional functionality test inherently requires a comparison to alternative designs in order to ascertain whether the subject design provides a relative cost or quality benefit. When properly compared with alternative designs, the cost-or-quality component will thus usually be broader than the essential-to-use-or-purpose component of the traditional test because it is difficult to think of examples where a feature could be essential but not affect quality. Thus, the primary focus of the traditional test post-TrafFix by most courts seems to be on the “cost or quality” language. See id.

67. Eco Mfg., 357 F.3d at 654.
sidered by the court would most likely be considered to involve aesthetic functionality and the second and third factors would be considered to involve traditional functionality, the court appeared to lump all three factors under the traditional utilitarian effect-on-cost-or-quality test.68

D. The Federal Circuit: TrafFix Did Not Alter the Morton-Norwich Analysis

With minor variations, most circuits that have addressed the scope of the TrafFix decision, as discussed above, have been fairly uniform in their interpretation.69 However, the Federal Circuit interpreted the meaning of the TrafFix case materially differently in Value Engineering, Inc. v. Rexnord Corp.70 The Federal Circuit noted that the first issue that it needed to address with respect to the law of functionality was whether the Supreme Court’s decision in TrafFix altered the Morton-Norwich test for functionality.71 The Federal Circuit concluded that it did “not understand the Supreme Court’s decision in TrafFix to have altered the Morton-Norwich analysis. . . . [T]he 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.’”72 The Federal Circuit stated that it “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” and “[n]othing in TrafFix suggests that consideration of alternative designs is not properly

68. In one sense the aesthetic competitive-necessity test might be considered the flip side of the cost-or-quality traditional utilitarian test. If a feature affects cost or quality, it could be considered a competitive necessity. However, courts that have looked at competitive necessity in the context of aesthetic functionality have generally viewed it from a narrower viewpoint of whether there are design alternatives available—rather than whether the specific design at issue provides some benefit to cost or quality.

69. In addition to the decisions mentioned above, supra Part III.A–C, other post-TrafFix opinions have mentioned functionality in passing. In Nora Beverages, Inc. v. Perrier Group of America, Inc., 269 F.3d 114, 120 n.4 (2d Cir. 2001), the Second Circuit stated in a footnote that, although it was not directly addressing the issue, the court might have found for defendant “on the grounds of functionality in light of the Supreme Court’s recent rulings which curtail trade dress protection by expanding the functionality doctrine.” Id. Similarly, in General Motors Corp. v. Urban Gorilla, LLC, 500 F.3d 1222, 1228 n.3 (10th Cir. 2007), the Tenth Circuit, without mentioning TrafFix, observed that the district court had also identified, among other things, a problem with nonfunctionality with regard to its analysis of the trade dress issue and stated that “we conclude that it did not abuse its discretion by identifying a general problem with GM’s claim.” Id.

70. Value Eng’g, Inc. v. Rexnord Corp., 278 F.3d 1268, 1276 (Fed. Cir. 2002).
71. Id. at 1274.
72. Id. at 1276 (citing In re Morton-Norwich Prods., Inc., 671 F.2d 1332, 1341 (C.C.P.A. 1982)).
part of the overall mix.”73 The Federal Circuit concluded that “TrafFix
does not render the . . . use of the Morton-Norwich factors erroneous.”74

IV. POLICY CONSIDERATIONS REGARDING THE LAW OF FUNCTIONALITY

Because the precise terms of the Supreme Court’s articulation of func-
tionality after TrafFix are still somewhat vague and ambiguous, it is appr opriate to examine, in addressing the scope of the functionality doctrine
(and, in turn, the scope of trade dress protection), the desired policy goals
of trademark law.

Traditionally, trademark law has been seen as serving the purpose of
preventing consumer confusion by allowing consumers to distinguish be-
tween the sources of goods or services.75 A more recently articulated goal
of trademark law is to ensure the trademark owner’s goodwill associated
with the trademark is captured by the owner rather than a competitor.76
Thus, trademark law serves at least two purposes: (1) reducing consumer
confusion regarding the source of a product and (2) protecting a property-
like right in the goodwill associated with the mark. Of course the forego-
ing twin policy goals of trademark protection, on the one hand, must be
balanced against the competing policy goal of free competition in the mar-
ketplace, on the other hand.

A. Reducing Likelihood of Consumer Confusion

Utilitarian features are generally not the most effective to designate
source, and they usually are not adopted with the intent of designating
source. Rather, the utilitarian functions are primarily adopted to make the
product work better. Therefore, excluding utilitarian design features from
trademark protection will generally not materially affect consumer confu-
sion—the traditional rationale for trademark law.

73. Id. TrafFix did say that, where there is a cost-or-quality benefit, there was no need
to consider alternative designs because the feature was functional under the traditional test.
Perhaps the Federal Circuit was stating that the availability of alternative competitive de-
signs, as the third Morton-Norwich factor, may be relevant to help determine any cost-or-
quality benefits of the subject design for purposes of applying the traditional test of func-
tionality. See supra note 66.
74. Id.
75. See, e.g., Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1069
(9th Cir. 2006) (“The principal role of trademark law is to ensure that consumers are able to
identify the source of goods.”).
76. Id. (stating that trademark law helps “assure a producer that it (and not an imitating
competitor) will reap the financial, reputation-related rewards associated with a desirable
product”).
B. Protecting “Property” Rights in the Trade Dress

The stronger argument with respect to a narrow definition of functionality—and in turn, broad trade dress protection—relates to the second goal of trademark law: protection of the goodwill and property right associated with the trade dress. Trade dress protection, however, is not intended to create patent-like rights in product design.77 The “bargained-for” exchange in patent law is thus the full disclosure and eventual dedication to the public of the innovation in exchange for a limited monopoly period. Unlike patents, however, trademarks provide potentially infinite temporal protection.

In contrast to patent law, trademark law does not require a new or novel idea, and the public may not gain the same benefit from its disclosure. Moreover, trademark law is of indefinite and potential infinite duration so that any functional and novel innovation protected by trademark may potentially never be dedicated to the public. In the context of trademark law, “[a]llowing competitors to copy will have salutary effects in many instances. ‘Reverse engineering . . . often leads to significant advances in technology.’”78 The requirement of non-functionality “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.”79

Allowing the copying of functional features may admittedly result in some misappropriation of goodwill. A certain percent of customers will undoubtedly buy a competitor’s product because of the positive experience that they had with the trade dress owner’s product.80 For example, people

77. See Eppendorf-Netheler-Hinz GmbH v. Ritter GmbH, 289 F.3d 351, 355 (5th Cir. 2002), where the court stated:

Trade dress protection, unlike patent law, does not foster innovation by preventing reverse engineering or copying of innovative product design features . . . .

Protection of functional product features is the province of patent law, which confers a monopoly over new product designs for a limited time only, after which competitors are free to copy at will.

Id.

78. Id. at 355 (citing TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 29 (2001)).


80. For example, see Kellogg Co. v. Nat’l Biscuit Co., 305 U.S. 111, 122 (1938), in which the court noted:

Kellogg Company is undoubtedly sharing in the goodwill of the article known as ‘Shredded Wheat’; and thus is sharing in a market which was created by the skill and judgment of plaintiff’s predecessor . . . . But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right
who like the taste of Coca-Cola may be persuaded—through comparative advertising—to buy a competing caramel-colored, carbonated cola beverage packaged in a red and white can because they believe that it will taste like Coca-Cola, and based on past experience, they know that they like the taste of Coca-Cola. Thereafter, certain consumers may continue to buy the competing caramel-colored, carbonated cola beverage because it looks and tastes like Coca-Cola.

The consumers might not have bought the competing cola product (or even known what it was) but for their positive past experience with Coca-Cola. Allowing a competitor to share in the caramel-colored, carbonated beverage market is allowing—to a certain extent—the competitor to trade on the goodwill that Coca-Cola created generically for a caramel-colored, carbonated beverage. Without Coca-Cola there may have been no caramel-colored, carbonated beverage market and no demand for a competing product.

However, competition is the very essence of a capitalist society. The benefits of such competition to society outweigh the burden faced by the trade dress owners and their occasional loss of goodwill. The alternative of allowing for broad trade dress protection of functional features to protect all goodwill associated with trade dress would allow the trade dress owner to preclude competitors from effectively offering competing products. Coca-Cola, in this hypothetical example, would be able to preclude, under the guise of trade dress protection, competitors from offering caramel-colored, carbonated cola beverages packaged to compete with Coca-Cola. The benefits provided to society by competition from the copying of functional features by a competitor, in the form of lower prices and a better quality product, outweigh the occasional loss of goodwill by the trade dress owner.


82. See Kellogg, 305 U.S. at 122.

83. The Coca-Cola hypothetical may also be illustrative of the two types of potential functionality: (1) traditional utilitarian and (2) aesthetic. To the extent that the red color of a Coca-Cola can is effective in gaining consumer’s attention on a shelf because of the bright color (aesthetic functionality) it should not be protected from competitor’s use. The same is true, for example, if the round shape of the can makes it easier to hold than if it was square (utilitarian/traditional functionality), which would facilitate sales or use of the product.

84. As discussed above a loss of goodwill may come in the form of the loss of a part of the caramel-colored, carbonated cola beverage market for which Coca-Cola created demand, regardless of whether there is a likelihood of confusion as to source, origin, or sponsorship.
broadly construed to limit the scope of trade dress protection and to favor free competition, allowing for the copying and reverse engineering of functional features.

V. WHERE WE SHOULD GO FROM HERE: RECOMMENDED INTERPRETATION AND APPLICATION OF THE FUNCTIONALITY DOCTRINE

A. Post-TrafFix Commentary

There has been no shortage of commentary (or criticism) regarding the functionality doctrine following TrafFix. Mark Allan Thurmon has referred to the TrafFix decision as a “disaster.”\(^{85}\) Thurmon proposes three possible “solutions to problems caused by TrafFix.”\(^{86}\) Others have suggested that courts should consider intent or effect of a product configuration in determining functionality.\(^{87}\) Andrew F. Halaby has proposed that the functionality doctrine should be modified and interpreted to include any product feature that “supplies what the consumer wants—anything the consumer wants—besides mere identification of the product’s source.”\(^{88}\) Similarly, Timothy M. Barber opined that “courts should inquire into whether the primary significance of a product configuration in the minds of consumers is that of a source designator or utilitarian feature” in making functionality determinations.\(^{89}\) While Halaby and Barber’s approaches would not be bad in theory, a drawback would be that they involve subjective in-

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86. Id. First, Thurmon proposes a competition-based standard to be applied as a unitary functionality standard for both utilitarian and aesthetic cases. The functionality doctrine would be a clearly and definitively articulated—but not very limiting—rule, and “[m]any, perhaps most, product features would be non-functional under this standard.” Id. at 341. Thurmon proposes a second alternative: “Functionality would be defined based on competitive need, just as in the first proposal, but the question would be whether the defendant needs the copied features, not whether the overall design of the plaintiff’s product is competitively significant.” Id. Thurmon’s third proposal combines the first two. Id.
88. Halaby, supra note 87, at 189. Halaby acknowledges that such interpretation is probably inconsistent and not available under the current TrafFix case.
89. Barber, supra note 87, at 290.
Justin Pats has written that, while some courts have interpreted TrafFix as imposing different standards for aesthetic and utilitarian functionality, a unified standard of functionality should be applied to both. Pats proposes the use of four factors for the functionality issue—that are posed as questions—regarding the feature at issue and “listed in order of magnitude: (1) Is it essential to the use or purpose of the article?; (2) Does it have any current market effect on the cost or quality of the article?; (3) Is there a significant hindrance of competition?; and (4) Are there no truly equivalent alternatives?” Pats then suggests a mathematical calculation based on the answers to the foregoing factors in determining functionality. While it may be, as discussed below, prudent to adopt a single stand-

90. Again, the Cola-Cola example may illustrate this point. Some people collect bottles and they may buy Coca-Cola in bottles primarily to save the bottles (they may not even consume the beverage). Others buy Coca-Cola because they like the taste of the beverage without regard to the bottle. Using Halaby’s definition of functionality—regarding a functionality inquiry for the shape of the bottle—it would be necessary to determine whether the consumers subjectively bought the Coca-Cola for the bottle or the beverage. If they bought it for the shape of the bottle it would be functional, and if they bought it for the beverage it would not be functional. Generally, determining what the customer wants would be a subjective inquiry. With respect to Barber’s articulation it would be necessary to subjectively determine the “primary significance” of the product configuration in the consumer’s minds.

91. See generally National Research Council of the National Academies, A Patent System for the 21st Century (Stephen A. Merrill et al. eds., 2004). Barber’s proposed inquiry would be similar to (and require similar evidence as) acquired distinctiveness, which often involves survey evidence. See Packman v. Chicago Tribune Co., 267 F.3d 628, 639 (7th Cir. 2001); Flynn v. AK Peters, Ltd., 377 F.3d 13, 20 (1st Cir. 2004). An analogy can also be drawn to copyright law’s protection for “useful articles.” See 17 U.S.C.A. § 101 (2006). Courts have also struggled with identifying when a useful article should be entitled to copyright protection and have articulated various manners of determining whether the artistic features are “separable” from the utilitarian features and thus protectable, including a consideration of the artist’s intent in creating the work. See Pivot Point Int’l, Inc. v. Charlene Prods., Inc, 372 F.3d 913 (7th Cir. 2004).


93. Id. at 529.

94. Pats explains his computation by stating:

The factor-to-factor magnitude decays at the rate of one-half: An affirmative answer to Question (1) will result in a 1 functionality value, hence ending the analysis as the feature is deemed functional. Otherwise, one continues to Question (2), for which an affirmative answer will yield a .5 functionality value. Further, an affirmative answer to Question (3) will yield a .25 functionality value. Finally, an affirmative answer to Question (4) will yield a .125 functionality value. One integrates the values of functionality as applied to a particular feature. If the total value is greater than .5, the court should deem the feature functional and ineligible.
ard for both aesthetic and utilitarian functionality, Pats’s suggested manner of doing so might not be the best. Pats’s formulation does not directly address the existence of a utility patent covering the claimed features or advertising touting the advantages of the features—two important components of functionality. Ultimately, Pats’s proposed factors do not capture the essence of functionality as well as a modified version of the Morton-Norwich factors proposed in the Article would.

Another problem with Pats’s articulation is that some of his analysis is circular without providing any useful framework for answering the basic questions. For example, his first question of whether the feature is essential to the use or purpose of the article and second question of whether it affects the cost or purpose of the article are essentially the ultimate questions posed by TrafFix under the traditional test—without giving any further framework for the analysis of such inquiry. This problem is accentuated because Pats’s proposal allocates points to each of the factors as if there is a single answer to each question—without providing the analytical framework for determining the issue. For example, on the question of whether offering trade dress protection would hinder competition, in reality, in most cases there will be varying degrees of hindrance of competition. Pats’s formulation assigns an all-or-nothing numerical value to this factor. Moreover, the value to each factor appears to be arbitrary without convincing discussion why each factor should be accordingly weighted (and in effect the assigned values make the last 2 questions irrelevant) or why the specified value should result in a finding of functionality.

B. A Modified Morton-Norwich Analysis Should Be Applied with Respect to a Functionality Analysis

for trade dress protection. If the total value is less than or equal to .5, the feature shall be deemed non-functional and potentially eligible for trade dress protection. The weighting assigned by Pats means that an affirmative answer to either question number 1 or question number 2 will result in a finding of functionality, while the answers to questions 3 and 4 become irrelevant (an affirmative answer to both questions 3 and 4 results in a numerical value of .375—less than the required .5 for a finding of functionality). Therefore, Pats’s formulation, while purporting to impose a numerical calculation, in effect only gives weight to the first two questions (which in essence relate only to the traditional effect-on-cost-or-quality test) while trivializing the third and fourth factors (which are generally relevant to a determination of aesthetic functionality based on competitive need).

95. See id.
96. Id.
97. The fact that the first factor is weighted at “1” rather than “.5” becomes irrelevant because any value over “.5” results in a finding of functionality. In addition, there is also some overlap between Pats’s various factors. See, e.g., supra note 67 (relating to overlap of his first two factors).
The foregoing commentators provide some useful insight. It is a difficult judicial interpretation to find, as the Federal Circuit did, that the Supreme Court in TrafFix did not alter the Morton-Norwich factors. None of the current Morton-Norwich factors consider comparative cost-or-quality advantages of the relevant design in the marketplace—the traditional utilitarian test of functionality identified by TrafFix.

There is, however, value in the Morton-Norwich factors and as addressed below, the factors should be retained for application of the functionality doctrine—with the fourth Morton-Norwich factor being expanded to include utilitarian cost-or-quality benefits of the actual design rather than just in the manufacturing process.98 This would comply with the Supreme Court’s directive in TrafFix to consider cost or quality benefits while providing a sound analytical framework for the application of the functionality doctrine.

A modified Morton-Norwich analysis applied to all functionality assertions would provide the best analytical framework. As previously mentioned, the Morton-Norwich factors include: (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.99

Initially, it is worth noting that the Morton-Norwich test, by utilizing multiple factors, provides a good compromise between predictability and consistency, on the one hand, and flexibility, on the other hand, in the application of the functionality doctrine. The multiple-factor Morton-Norwich test provides an analytical framework rather than an intuitive, subjective application of a standard such as whether the feature affects the cost or quality of the product (as with the traditional TrafFix test), but the test also retains some flexibility by not assigning numerical weights or requiring mechanical application of the factors as does Pats’s suggested functionality test.

While the first two Morton-Norwich factors may not be present in some cases, where they are present they should be nearly dispositive in fa-

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98. Properly construed, the cost-or-quality component of the traditional test is broader and encompasses the essential-to-use-or-purpose” component of the traditional test—making the “essential” language superfluous and shifting the focus to the “cost or quality” language. See supra note 66.

vor of a finding of functionality. With respect to the second factor—
utilitarian advantages touted in advertising—the existence of such should
be considered nearly conclusive of functional, unprotectable features, with-
out regard to any later claim of mere puffery. This is true because, in the
first instance, the fact that such utilitarian advantages are claimed is indica-
tive that such features in fact provide a utilitarian advantage and are in fact functional. Second, the idea of estoppel, waiver, or laches should pre-
vent a trademark owner from claiming utilitarian advantages of products in
advertising but then later taking an inconsistent position and arguing that
the features are non-functional for purposes of claiming trade dress protec-
tion.

As was held by the Supreme Court in TrafFix, the existence of an ex-
pired (or unexpired) utility patent—the first Morton-Norwich factor—
should continue to be considered very probative of the functional nature of
a product. Indeed, maybe the only reason for not finding that a utility
patent makes a product per se functional would be due to the difficulty of
determining whether the trade dress at issue was covered by the claims of
the utility patent. Determining exactly what the claims of the patent en-
compass can sometimes be complex and resource-consuming. However,
should it be found that the claimed trade dress falls within the scope of a
utility patent, the claimed trade dress should, per se, be found to be func-
tional.

A contrary finding may result in a party being allowed to effectively
extend the patent monopoly. Some, for example, Mark Thurmon, have ar-
gued that this is not a concern and that patent law should not be allowed to
“trump” trademark law in this regard. Thurmon’s argument should be
rejected, and, indeed, Section 1, clause 8 of the United States Constitution

Lamb-Weston, Inc. v. McCain Foods, Inc., 78 F.3d 540 (Fed. Cir. 1996)).
102. See McCarthy, supra note 100.
103. Whether the patent is expired would not really be relevant to the functionality anal-
ysis, but if it is unexpired the patent owner may be able to prevent the competitor from sell-
104. In re Morton-Norwich, 671 F.2d at 1340–41.
105. See, e.g., Phillips v. AWH Corp., 415 F.3d 1303, 1334 (Fed. Cir. 2005) (J. Lourie dissenting) (stating that patent claim construction is a question of fact that, if not left to the trial courts, could lead to “needless consumption of judicial resources, and uncertainty”).
106. See McCarthy, supra note 100.
107. Thurmon, supra note 85, at 357.
may mandate that trademark law be trumped by patent and copyright law in the sense that the granted monopoly under those laws is constitutionally limited to short, fixed duration. 108

Thurmon argues that patent or copyright law should not trump trademark law because the party asserting trade dress protection must independently satisfy trademark requirements to receive trademark protection apart from patent requirements. 109 This argument, however, fails to recognize that a patent owner is able to legally exclude anyone else from using a product within the scope of the patent for the duration of the patent term. 110 That party could thus have an unfair advantage in acquiring distinctiveness under trademark law because that party—through its exclusive use guaranteed by patent law—may be the only one that would be associated with the subject design. 111

A party should not be able to avail itself to the benefit of patent law, which provides for a “bargain” with the public where the patentee is given exclusive use for a limited duration in exchange for dedicating the invention to the public after the limited period, 112 only to later attempt to extend the monopoly for a potentially unlimited duration under the protection of trademark law. Of course, a party is always free to waive patent protection and instead proceed under trademark law, if it so desires. Therefore, because allowing for trade dress protection after the expiration of a patent monopoly on a functional feature would provide an unfair advantage and may be constitutionally prohibited, the existence of a utility patent that covers the claimed trade dress should be nearly conclusive evidence of functionality. 113

The third Morton-Norwich factor, the availability of alternative designs, should be applied as part of the comprehensive, overall analysis of functionality. This factor is very similar to the competitive necessity test (if there are no alternative designs available, the design is a competitive necessity) that was most often applied in aesthetic functionality cases by

108. See Daster Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 34 (2003) (holding that trademark protection should not overlap patent or copyright protections because the latter are designed to be temporary).
109. Thurmon, supra note 85, at 357.
111. The same constitutional concerns could apply in the case of copyrighted “useful” articles and any attempted trade dress protection of such articles after expiration of the copyright term.
112. See Daster, 539 U.S. at 25.
courts pre-TrafFix\textsuperscript{114} and the alternative post-TrafFix test for functionality (also generally in the cases of aesthetic functionality).\textsuperscript{115} As discussed below, there is no need, however, to apply this factor as a separate test in aesthetic functionality cases. Rather, it should simply be applied to all cases of functionality as part of the comprehensive, modified Morton-Norwich analysis, and in cases where aesthetic functionality is at issue it will likely be a more relevant consideration than where traditional functionality is at issue.\textsuperscript{116}

A problem with the application of the third Morton-Norwich factor (or the alternative TrafFix competitive necessity test) is one must first define the market, and such a definition is usually determinative of the result.\textsuperscript{117} For example, if one defines a relevant market narrowly as “small bite sized, colored ice cream snacks,” then the size, shape, color, and corresponding flavor will undoubtedly be functional in a competitive necessity sense—there are no available competitive alternatives—and one cannot compete in that market without making that product.\textsuperscript{118} Conversely, if the market is defined\textsuperscript{119} broadly as “ice cream” there are many available ways to market ice cream and the size, shape, color and corresponding flavor would not be a competitive necessity or functional under a competitive need perspective.\textsuperscript{120}

Therefore the analysis becomes very subjective; courts may decide

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\item \textsuperscript{114} E.g., Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co., Inc. 916 F.2d 76, 81 (2d Cir. 1999).
\item \textsuperscript{115} TrafFix, 532 U.S. at 32.
\item \textsuperscript{116} See supra note 66 (observing that application of the traditional test requires an intuitive inquiry whether alternative designs are available in order to determine whether the subject design is essential or affects the relative cost or quality of the product).
\item \textsuperscript{117} See, e.g., Dippin' Dots, Inc. v. Frosty Bites Distribution, LLC, 369 F.3d 1197, 1200 (11th Cir. 2004).
\item \textsuperscript{118} See id.
\item \textsuperscript{119} Of course, actually defining the market, as from an antitrust perspective, for example, can be very difficult, complex, and expensive. See generally, Andrew C. Hruska, A Broad Market Approach to Antitrust Product Market Definition in Innovative Industries, 102 YALE L. J. 305 (1992). Most courts that apply the competitive need test for aesthetic functionality do not seem to undertake this kind of market analysis in defining the market, instead appearing to decide the desired result and then defining the market to fit that result. See, e.g., Dippin' Dots, 369 F.3d at 1200 (functional); Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1067 (9th Cir. 2006) (not functional). A sub-inquiry to the market analysis, in the case of aesthetic functionality, is the question of whether the demand in the market and thus necessity for the aesthetic quality is created by the feature of the product (as apparently in Dippin' Dots) or the goodwill created by the company (as apparently in Au-Tomotive Gold). The Au-Tomotive Gold court seemed to consider this in its analysis. See Au-Tomotive, 457 F.3d at 1067.
\item \textsuperscript{120} See Dippin' Dots, 369 F.3d at 1200.
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whether the design should be considered functional and then define the market accordingly in order to make it fit the conclusion. While some flexibility and discretion is desirable, discretion to that degree could come at the expense of consistency and predictability and should be avoided (especially because companies often spend millions of dollars in marketing in reliance on trademark law). Therefore, rather than making competitive necessity an independent test for functionality—primarily in aesthetic functionality circumstances—as several post-\textit{TrafFix} circuit courts have done, it should remain one factor of consideration under the proposed modified \textit{Morton-Norwich} test. This approach gives the competitive necessity test some weight while weighing other considerations as well and levels out the subjective nature of the test’s application.

The current fourth \textit{Morton-Norwich} factor—whether the design results in a comparatively simple or cheap method of manufacturing the product—focuses on manufacturing advantages.\textsuperscript{121} This factor should be modified and broadened to include utilitarian cost-or-quality benefits of the design in the marketplace. Indeed, to be true to Supreme Court precedent, this modification may be required in order to comply with \textit{TrafFix}’s mandate that a design should be considered functional if the subject feature affects the cost or quality of the product.\textsuperscript{122}

It should be remembered, however, that \textit{TrafFix} provides that a feature is functional if it provides a “\textit{significant} non-reputation-related disadvantage.”\textsuperscript{123} The use of the word “\textit{significant}” in the \textit{TrafFix} articulation of

\begin{enumerate}
\item \textit{In re Morton-Norwich Prods., Inc.}, 671 F.2d 1332, 1340-41 (C.C.P.A. 1982).
\item \textit{TrafFix}, 532 U.S. at 32.
\item \textit{Id.} It is not entirely clear whether the Supreme Court was using the “\textit{significant} non-reputational advantage” language to describe the competitive-necessity test for aesthetic functionality or whether “\textit{significant} non-reputational advantage” describes traditional utilitarian essential-to-use-or-purpose or cost-or-quality functionality as well. \textit{See supra} note 28. The \textit{TrafFix} Court initially indicated the latter, writing that a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article. 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.’ \textit{TrafFix}, 532 U.S. at 32 (citations omitted). The \textit{TrafFix} Court, however, then appeared to limit the “\textit{significant} non-reputational advantage” language to aesthetic functionality, writing that it “is proper to inquire into a ‘significant non-reputation related disadvantage’ in cases of aesthetic functionality, the question involved in \textit{Qualitex}. Because the design is functional under the \textit{Inwood} formulation there is no need to proceed further to consider if there is a competitive necessity for the feature.” \textit{Id.} Where the language of \textit{TrafFix} is ambiguous, it should be construed to apply to traditional utilitarian cost-or-quality functionality as well as aesthetic competitive-necessity functionality so that functionality is not too broadly interpreted to preclude legitimate trade dress protection.
\end{enumerate}
functionality is worth—well—giving significance to. Taken to its extreme, if the word “significant” is not given its proper scope, nearly all trade dress could be found to provide some de minimis cost-or-quality utilitarian advantage. For example, a logo sewn into a shirt would most likely strengthen the fabric and could be found to be functional under the traditional TrafFix utilitarian quality benefit definition if the word “significant” is ignored or not given proper weight. Some post-TrafFix circuit courts seem to be leaning in that direction.124

However, that articulation of functionality is too broad and would result in too little trade dress protection, a likelihood of confusion, and a loss of goodwill that should be protected. To guard against that, courts should do at least two things. First, the word “significant” should be given meaning by requiring that a party asserting that trade dress is functional show that it provides a true overall cost-or-quality utilitarian benefit. For example, simply recognizing the existence of a potential utilitarian benefit of a design should not be considered a significant benefit if that design only provides a de minimis benefit—such as the hypothetical logo sewn into the fabric of a shirt. Moreover, any perceived utilitarian advantages should be weighed against perceived detriments in determining whether a net utilitarian benefit to the design exists. For example, depending on the circumstances, a tapered soda bottle could potentially provide utilitarian quality advantage by being easier to grip than an un-tapered bottle. However, if the tapered bottle was more inefficient or costly to manufacture, pack, and store than a round bottle, the tapered bottle might be considered to have no overall net utilitarian quality advantage when the benefits are balanced against the detriments.125

Second, the effect-on-cost-or-quality utilitarian advantage should be considered as a comprehensive, overall part of the fourth-part of the Morton-Norwich analysis. When there is a substantial cost-or-quality utilitarian advantage to the design, this factor may be determinative in favor of a finding of functionality. When the substance of a utilitarian advantage is marginal, however, the other Morton-Norwich factors should be considered in reaching the ultimate conclusion with respect to functionality. In that case, the lack of a utility patent (or application) and a lack of utilitarian ad-

125. It is easy to confuse distinctiveness with functionality and it should be remembered that distinctiveness (and likelihood of confusion) are both required, even if the trade dress is non-functional, before infringement will be found. See Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, 280 F.3d 619 (6th Cir. 2002). Moreover, product configuration cannot be inherently distinctive—instead requiring acquired distinctiveness. Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 210 (2000).
vantages touted in advertising could be considered as favoring a finding of no functionality. Particularly, one would expect that a large company with a large marketing budget would tout utilitarian advantages of a design in advertising such that the absence of such advertising could weigh against a finding of functionality even in cases where marginal utilitarian advantages exist.

C. There Is No Need to Artificially Separate Aesthetic and Traditional/Utilitarian Functionality

One problem with the application of the functionality doctrine—at least by the Sixth Circuit in Abercrombie—is the divergent standards used to determine functionality under the separate and distinct aesthetic and traditional, utilitarian functionality doctrines. The initial step, characterizing the functionality analysis as aesthetic or traditional–utilitarian, can itself be problematic because such characterization itself is often dispositive, despite remaining a largely arbitrary and unpredictable process.

For example, the TrafFix Court characterized the protection of color in Qualitex as involving aesthetic functionality stating that “there [had] 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.”126 This conclusion was despite evidence in Qualitex that the green-gold color of the asserted trade dress holder’s press pads helped the “pads to maintain a clean appearance.”127 Conversely, the Federal Circuit has applied a traditional utilitarian analysis to the black color of Mercury outboard and found that the color was functional because black made the engines look smaller and better matched a variety of boat colors.128

Because the modified Morton-Norwich factors would work to identify both aesthetic and traditional utilitarian functionality, there would be no need to make this initial determination.129 Instead, such modified Morton-

129. Some Morton-Norwich factors would be more important with respect to traditional functionality and others with respect to aesthetic functionality. The third factor, the availability of alternative designs, would most likely be the most important factor in cases involving aesthetic functionality.

The first factor, the existence of a utility patent, may not be strictly relevant to an aesthetic functionality determination. However, if there is a utility patent on the features, they will most likely be functional under traditional functionality without the need to consider aesthetic functionality. While it is possible that a patent claim could incorporate an aesthetically functional feature, such as color—maybe with regard, for example, to increas-
VI. CONCLUSION

A modified version of the Morton-Norwich factors which takes into account significant, utilitarian, quality-or-cost advantages of a product as part of the fourth factor should be adopted for all cases involving alleged functionality—regardless of whether such functionality is alleged to be traditional or aesthetic.

Where one of the first two Morton-Norwich factors are found—the claimed dress was covered by an expired utilitarian patent or utilitarian advantages of the proposed dress has significantly been touted in advertising by the manufacturer—those factors will most likely result in a finding of unprotectable dress. Where neither of those factors are present, the courts should balance the third factor of availability of alternative designs along with the fourth factor of manufacturing benefits (modified to include utilization marketplace advantages) to determine whether the dress is protectable. By modifying the fourth Morton-Norwich factor to include utilitarian advantages in the marketplace, this test of functionality would comply with TrafFix. Ultimately, this test provides the best balance between protecting goodwill and encouraging fair competition.

ing light and heat absorption of the colored material—the use of color in that case would fall under traditional functionality with respect to the existence of the utility patent describing color as increasing light and heat absorption. However, the color of the same feature may also serve an aesthetic function such as matching other colors (like the boat motor in Brunswick), making the color also aesthetically functional. In that case competitive necessity under the third Morton-Norwich factor would also favor a finding of functionality.

While certain of the proposed modified Morton-Norwich factors would naturally have varying importance depending upon whether the functionality analysis involves traditional or aesthetic functionality, there would be no need to make that initial threshold inquiry because application of the factors works in either case (in some cases a given feature may be functional in what is currently considered both a traditional and an aesthetic manner).