

REPORT

PRODUCT DESIGN TRADE DRESS
FUNCTIONALITY DOCTRINE IS CLARIFIED

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In the first appellate-level case to turn on the product design trade dress functionality principles set forth by the United States Supreme Court a year ago in TrafFix Devices, Inc. v. Marketing Displays, Inc.,¹ the Fifth Circuit recently reversed a verdict of trade dress infringement with respect to injection-molded disposable dispenser syringes. In the course of applying and clarifying the functionality doctrine, the Fifth Circuit's decision in Eppendorf-Netheler-Hinz GmbH v. Ritter GmbH² overturned prior Fifth Circuit law in the field. Oliff & Berridge, PLC represented the successful appellants.

Development of Product Design Trade Dress Law

Product design trade dress law has been evolving since its creation 25 years ago based on the long-standing protection afforded distinctive product packaging. Product designs traditionally were protectable, if at all, only pursuant to patent law, and then only for limited terms. Product design trade dress protection, on the other hand, creates potentially permanent intellectual property rights in product designs. The functionality doctrine was developed to reconcile the tension between those principles by prohibiting the recognition of trade dress rights in functional product features. As Judge Jones recognized in Eppendorf, however, the courts have struggled to settle upon a consistent test for functionality.

The Supreme Court's original standard was set forth in Inwood Labs (1982):³ "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." While that formulation was somewhat lacking

in precision in its own right, in Qualitex (1995)⁴ the Supreme Court quoted the Inwood test and then gave it a gloss that substantially obscured its boundaries: "that is, if exclusive use of the features would put competitors at a significant non-reputation-related disadvantage."

In retrospect, the 1990s may have been the heyday of product design trade dress claims. The potential power of a new source of protection for product configurations had become generally known and was substantially boosted by extension of the concept in new contexts, such as in the Supreme Court's approval of trade dress protection for restaurant designs (Taco Cabana, 1992⁵) and color (Qualitex, 1995). An inventor of a new class of product or just a dominant producer in a given market could claim that aspects of its product design were recognized as its trade dress and thereby were immune from copying. Given the general lay aversion to "copying" for any purpose, such a claim often had a reasonable prospect of success.

The tide began to turn with respect to product design trade dress in the late 1990s. In 1999, Congress placed the burden of disproving functionality on the trade dress proponent, resolving a split in the circuits. (See our September 20, 1999 Special Report, entitled "Changes In U.S. Trademark Law - The Trademark Law Treaty Implementation Act And Other Legislation"). In 2000, the Supreme Court ruled in Wal-Mart Stores, Inc. v. Samara Bros., Inc.⁶ that product designs could not be inherently distinctive, and that any trade dress rights had to be proved through evidence of secondary meaning.

¹ 532 U.S. 23, 58 USPQ2d 1001 (2001).

² 289 F.3d 351, 62 USPQ2d 1534 (5th Cir. 2002).

³ Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 214 USPQ 1 (1982).

⁴ Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 34 USPQ2d 1161 (1995).

⁵ Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 23 USPQ2d 1081 (1992).

⁶ 529 U.S. 205, 54 USPQ2d 1065 (2000).

June 20, 2002

The Trial Court Decision In Eppendorf

In the early 1980s, Eppendorf, a German company, originated a particular form of repetitive dispenser using disposable plastic syringes. The dispenser allowed repeated ejection of precise quantities of liquid from the syringes, and was used in laboratory and hospital settings. Due to Eppendorf's dominance in the market, syringe suppliers wishing to sell to customers possessing an Eppendorf dispenser had to provide compatible syringes. In 1994, the defendant Ritter entered the market with an almost identical syringe design, but marking its product with its own trade name. Eppendorf brought suit in June 1998.

The Eppendorf case went to trial before a jury in Jackson, Mississippi in June 2000. At trial, Eppendorf alleged trade dress infringement based on eight separate features of its syringes, including: (1) a flange that fit into a groove in the dispenser, (2) fins connecting the flange to the syringe body, (3) rings at the top of the plunger, (4) details of the plunger ribs, (5) syringe length, (6) syringe volumes, (7) color, and (8) the angle of the middle of the body of two syringe sizes.

While the defendants' witnesses testified that, in each case, having such a feature in substantially that form was the best design option for an injection-molded plastic product compatible with the dispenser and sold to medically-oriented consumers, Eppendorf's witnesses hypothesized a number of alternative approaches to each element. The jury returned a verdict for Eppendorf, found the infringement to have been willful, and awarded damages of \$1,000,000, which the district court later enhanced to \$1,750,000.

The Supreme Court's *TraFFix* Decision

While the appeal to the Fifth Circuit was being briefed, the Supreme Court decided TraFFix. TraFFix involved a movable road traffic sign supported by two rear springs that assisted the sign in resisting twisting in the wind. The plaintiff had a utility patent on the approach, but sued a competitor under a trade dress theory after the patent expired. The Sixth Circuit ruled for the plaintiff, noting that alternative approaches, such as hiding the springs from view, were available, and that therefore trade dress recognition would not significantly harm competition.

The Supreme Court reversed, in part based on the strong evidence of functionality provided by the expired utility patent. However, the Court also clarified the law with respect to functionality. The Court indicated that its comments with respect to competitive effects in Qualitex were in the context of aesthetic functionality, not utilitarian functionality. It held that "[w]here 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." Moreover, the court rejected reliance on alternative design possibilities in such a context:

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. 200 F.3d, at 940. 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.

The Court further remarked that "where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product ... such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain."

The Fifth Circuit Decision in *Eppendorf*

Eppendorf argued that TraFFix should be limited to the expired-utility-patent context and that the existence of alternative design possibilities was adequate evidence of non-functionality in light of Valu Engineering, Inc. v. Rexnord Corp.⁷ In Valu Engineering, the Federal Circuit had affirmed a finding of functionality by the Trademark Trial and Appeal Board with respect to three designs for conveyor guide rails. In *dicta*, the Federal Circuit indicated that the Board had not erred in considering the relative absence of alternative designs as a factor favoring functionality. Eppendorf also cited the Fifth Circuit's "utilitarian" functionality test, which turned on "whether characterizing a feature or configuration as protected will hinder competition or infringe upon the rights of others to compete effectively in the sale of goods."

The Fifth Circuit rejected Eppendorf's arguments, ruling that its "utilitarian" test was no longer a viable comprehensive test in light of TraFFix. Accordingly, the panel held that Eppendorf's alleged trade dress elements were functional as a matter of law, notwithstanding the existence of design alternatives, because each element had a necessary function in the use of the product. Further, the features were not "arbitrary or ornamental."

While not the subject of extensive discussion in the Fifth Circuit's opinion, it is clear that the simple, geometric shapes as to which Eppendorf alleged trade dress protection were central to the outcome. In virtually every respect,

⁷ 278 F.3d 1268, 61 USPQ2d 1422 (Fed. Cir. 2002).

June 20, 2002

Eppendorf's original design choice was the simplest method of achieving the desired function. Accordingly, Ritter's product did not copy any arbitrary or ornamental flourishes that were irrelevant to function.

Conclusion and Recommendations

Given the competing considerations in the trade dress field, product design is entitled to a low-level of trademark protection. In other words, the product features that are most eligible for trade dress protection are the "arbitrary" or "fanciful" features that have traditionally been subject to the highest level of trademark protection. A product manufacturer who wishes to stop others from copying the appearance of its product would do well to include such features in its design.

A manufacturer introducing a product competitive with an existing product is entitled to copy anything that is essential to the use or quality of the product (assuming that there are no relevant utility or design patent rights, which should be ascertained by a search). However, given the possibility that a jury will be swayed by the mere act of copying, regardless of abstract legal doctrines, such a manufacturer should seek feasible ways to visually distinguish the two products and should mark its product

with a trademark clearly distinct from any used by competitors. Where clear visual distinctions are not possible, consideration should also be given to obtaining an opinion of qualified American counsel to strengthen the defense to a willful trade dress infringement charge.

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Oloff & Berridge, PLC is a full-service Intellectual Property law firm based in historic Alexandria, Virginia. The firm specializes in patent, copyright, trademark, and antitrust law and litigation, and represents a large and diverse group of domestic and international clients, including businesses ranging from large multinational corporations to small privately owned companies, major universities, and individual entrepreneurs.

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