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Recent Development

RECENT DEVELOPMENTS IN TRADEMARK LAW

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This article reviews selected noteworthy trademark and unfair competition decisions reported in United States Patents Quarterly, Second Series, Volume 33, Number 8 (February 20, 1995) through Volume 35, Number 9 (August 28, 1995).

I. Trademark Protection for Color: *Qualitex Co. v. Jacobson Products Co.*[1]

In a unanimous decision, the Supreme Court held that color alone can qualify for trademark protection under the Lanham Act, settling a split among the circuits.[2]

***88** The opinion by Justice Breyer began with the language of the Lanham Act, which provides that trademarks "includ[e] any word, name, symbol, or device, or any combination thereof."[3] Since anything can be considered a symbol or device that

carries meaning, the language of the statute is not restrictive. The Court noted that shape, sound, and scent previously have been granted trademark protection.[4]

In addition, color can satisfy the statutory definition that a trademark be used to identify and distinguish goods from those of others. Although "color is unlike a 'fanciful,' 'arbitrary,' or 'suggestive' word or design, which automatically tell a customer that they refer to a brand," color can, over time, attain secondary meaning and come to identify and signify the goods for which it is used.[5] To qualify for protection, the color must not be functional. As the Court pointed out, "[t]he fact that sometimes color is not essential to a product's use or purpose and does not affect cost of quality-- indicates that the doctrine of 'functionality' does not create an absolute bar to the use of color alone as a mark."[6]

Applying this analysis to the green-gold color of Qualitex's press pads, the Court found that the color served as a symbol, identified the source of the pad through secondary meaning developed over time, and served no other function.[7] Thus, the color was protectable as a trademark.

II. Trade Dress Protection for Product Configuration

Issues involving trade dress protection for product configuration have been the topic of several recent conflicting decisions in various circuits. This area appears ripe for a Supreme Court decision to settle the split among the circuits.

A. Likelihood of Confusion or Possibility of Confusion?: *Versa Products Co. v. Bifold Co. (Manufacturing);*[8] *Imagineering, Inc. v. Van Klassens, Inc.*[9]

In *Versa Products Co. v. Bifold Co.,* the Third Circuit Court of Appeals noted that "product configurations in general are not reliable as source indicators" and suggested, but did not adopt, a "high probability of confusion" standard for product configuration ***89** trade dress cases.[10] In *Versa,* the district court found that Bifold had infringed the trade dress of Versa's directional control valve, a device used to facilitate emergency shutdown of offshore oil-drilling rigs.[11] The district court had held that "the threshold for likelihood of confusion is lower when a newcomer (or 'second comer') violates a long-established trade dress."[12]

The Third Circuit expressly rejected this theory. It began with the assumption that "unfair competition law regarding product configurations will diverge substantially in its incidents from the law regarding product packaging."[13] It then reviewed the arguments behind the "keep clear" policy, which requires a second comer to stay away from the original mark, and lowers the showing for trademark infringement to a possibility (rather than a likelihood) of confusion. The primary reasons for this lowering of the measure of confusion "are the general lack of legitimate reasons for copying a competitor's mark and the high degree of reliance by consumers on trademarks as indicators of the source of products."[14] The significance of these factors is "greatly diminished" when applied to the realm of product configurations.[15] The court stated that inherently distinctive product configurations are rare, and that since consumers are used to seeing substantially identical products sold under different names, they are accustomed to relying on product packaging rather than configuration to determine the source of the product.[16] Therefore, a lower standard was not warranted. Indeed, the court suggested that perhaps a *higher* standard (a "high probability of confusion") be applied to similar product configurations.[17]

Since the test for likelihood of confusion, set forth in the Third Circuit in *Scott Paper Co. v. Scott's Liquid Gold, Inc.,*[18] was developed for trademark infringement and unfair competition cases, and not for product configuration cases, the court held that not all of the factors are appropriate for product configuration trade dress cases.[19] In particular, the court held:
***90** 1. substantial similarity of trade dress in product configuration does not by itself strongly suggest a likelihood of confusion;[20]

2. the trademark distinctiveness scale to determine strength of the mark is ill-suited for application to product configuration; rather "strength" of the product configuration should be found only if consumers rely on the product's configuration to identify the producer of the good;[21]

3. the attention expected of consumers takes on an enhanced importance;[22]

4. defendant's intent weighs in favor of likelihood of confusion only if intent to confuse or deceive is demonstrated by clear and convincing evidence, and only where the product's labeling and marketing are also affirmatively misleading;[23]

5. marketing considerations should be treated as necessary, but insufficient, conditions for showing a likelihood of confusion.[24]
Balancing these factors, the Third Circuit held that Versa had failed to show a likelihood of confusion between Bifold's valves and its own.[25]

In marked contrast to the Third Circuit's decision in *Versa,* the Federal Circuit held that the likelihood of confusion factors developed for trademark cases apply equally to trade dress cases. In *Imagineering, Inc. v. Van Klassens, Inc.,*[26] the Federal Circuit, applying Second Circuit law, used the likelihood of confusion factors set forth in *Polaroid Corp. v. Polarad Electronics Corp.*[27] in considering whether defendant's furniture designs infringed the trade dress of plaintiff's WEATHEREND furniture.[28]

Following the Supreme Court's decision in *Two Pesos, Inc. v. Taco Cabana, Inc.,*[29] the Federal Circuit in *Imagineering* upheld the jury's finding that plaintiff's trade dress was inherently distinctive, and as such, qualified for protection.[30] It also considered whether Imagineering had made an adequate showing of a likelihood of confusion, considering each of the eight likelihood of confusion factors set forth in ***91** *Polaroid.*[31] The court, concluding that analysis of the factors supported the jury's conclusion of trade dress infringement, affirmed the decision.[32]

B. Inherent Distinctiveness of Trade Dress: *Stuart Hall Co. v. Ampad Corp.*[33]
Unlike the Third Circuit in *Versa,* the Eighth Circuit in *Stuart Hall* restated its view that product configuration can be arbitrary or fanciful or suggestive, and thus inherently distinctive.[34] The district court had found that Stuart Hall's trade dress of its notebooks was not inherently distinctive because it was not "striking in appearance, or at least memorable."[35] In essence, the district court's holding replaced the test for inherent distinctiveness with the test for secondary meaning. The Eighth Circuit rejected this "striking or memorable" test, deciding that the proper test of whether the trade dress is inherently distinctive involves the relation of the trade dress to the product, rather than the relation of the consumer to the product.[36]

Further, the Eighth Circuit read *Two Pesos* as presuming that "trade dress" is a single concept encompassing both product configuration and packaging.[37] Consequently, the court concluded that the *Two Pesos* analysis applies equally to product packaging and product configuration.[38] Therefore, product configuration can be inherently distinctive.

C. Is Trade Dress Protection Available After Expiration of a Utility or Design Patent?

Another unsettled question of law involving product configuration is whether patent law prevents trade dress protection for a patented design or invention after the expiration of the patent.

In *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.,*[39] the Tenth Circuit Court of Appeals held that patent law prevents trade dress protection for a product ***92** configuration that is part of a claim in a utility patent.[40] Vornado manufactured and obtained a patent for a household fan with multiple features, including a spiral grill.[41] Duracraft later introduced a fan which used a grill that was copied from Vornado's.[42] Vornado sued for trade dress infringement, and the district court granted Vornado an injunction on the basis that consumers were likely to be confused.[43] Duracraft appealed on the ground that Vornado's trade dress claim was barred by patent law.[44]

The Tenth Circuit did not address the issue of whether every useful or potentially patentable product feature is excluded from trade dress protection. Instead, it focused on whether patented product configurations can serve as trade dress. Following pre-Lanham Act Supreme Court precedent, the court held that patent law's public domain principle took precedence over unfair competition concerns about consumer confusion caused by copying product shapes.[45]

By contrast, the U.S. District Court for the Southern District of New York held that the expiration of a design patent does not preclude trade dress protection for the product configuration under the Lanham Act.[46] The district court held that trade dress protection and design patent protection can coexist, and that trade dress protection is not unavailable as a matter of law to products for which design patents have expired.[47] While acknowledging that a party cannot claim trade dress protection for the entire design which was the subject of the design patent, the district court held that the expiration of the design patent does not preclude a party from trade dress protection of its products if it can demonstrate the required elements of a Lanham Act claim.[48] Thus, defendant's motion to dismiss plaintiff's Lanham Act claims was denied.[49]

Similarly, in *Thomas & Betts Corp. v. Panduit Corp.,*[50] the Seventh Circuit held that upon expiration of a patent, non-functional elements of the product's design may be protected as trademarks. At trial, Panduit had been enjoined from selling a two-piece cable tie which used the same oval exterior head shape that was characteristic of ***93** Thomas & Betts's previously patented product.[51] Because the oval head could qualify for trade dress protection, the Seventh Circuit denied Panduit's application for stay of injunction pending appeal.[52]

III. False Advertising

A. Standing for False Advertising Claims: *Barrus v. Sylvania*[53]

In *Barrus v. Sylvania,* the Ninth Circuit reiterated and clarified its holding in *Waits v. Frito-Lay, Inc.,*[54] regarding standing to bring a false advertising claim under section 43(a) of the Lanham Act.[55] Plaintiff/appellants filed a class action lawsuit against Sylvania "on behalf of consumers who purchased Sylvania Energy Saver light bulbs before July 14, 1993."[56] Appellants claimed that Sylvania made false and misleading advertisements regarding the benefits of the Energy Saver light bulbs. The district court held that appellants, as consumer plaintiffs, lacked standing to sue under section 43(a) and dismissed the claim.[57]

The Ninth Circuit explained that section 43(a) has two parts, each of which has a different standing requirement. Under the "false association" prong of section 43(a), "the plaintiff need only allege commercial injury based upon the deceptive use of a trademark or its functional equivalent."[58] No "actual competition" between the litigants is required to establish standing.[59] However, under the "false advertising" prong of section 43(a), in order to have standing, "the plaintiff must allege commercial injury based upon a misrepresentation about a product, and also that the injury was 'competitive,' i.e., harmful to the plaintiff's ability to compete with the defendant."[60] Although *Waits* was a false association case, the discussion of false advertising was not mere dicta, since the court needed to reconcile the two prior holdings in order to reach a ***94** decision in that case. Since plaintiff/appellants brought their claim under the false advertising prong, they lacked standing under it, as the injury was not competitive.[61]

B. Misrepresentations Made in an Article in Trade Journal Can Constitute False Advertising: *Semco, Inc. v. Amcast, Inc.*[62]

In *Semco Inc. v. Amcast Inc.,* the Sixth Circuit Court of Appeals held that alleged misrepresentations in an article in a trade journal can constitute actionable false advertising.[63] A trade journal, DIE CASTING ENGINEER, solicited the president of Amcast to submit an article on manufacturing beryllium-copper plunger tips.[64] The submitted article allegedly contained misrepresentations of Amcast's products. Semco, a competitor of Amcast, brought suit for false advertising under section 43(a) of the Lanham Act. The district court granted Amcast's motion for summary judgment, holding that the Semco did not state a claim under section 43(a) since the alleged misrepresentations appeared only in the DIE CASTING ENGINEER article.[65]

The question raised was whether publication of an article constitutes "commercial advertising or promotion" under the Lanham Act. Commercial advertising or promotion is not defined in the Lanham Act, and the legislative history indicates that the Senate and House interpreted the phrase differently. The House apparently intended to limit application of the Lanham Act to "commercial speech" as defined in the Supreme Court's constitutional jurisprudence as in such cases commercial speech receives narrower First Amendment protection than other speech.[66] The Senate, on the other hand, meant for the language to apply to any speech except political speech.[67] The Sixth Circuit did not decide which definition was intended in the Act, since it held that Amcast's alleged misrepresentations fit either definition.[68] The article was not political speech; therefore, it met the Senate's definition. Though it is more difficult to meet the House's definition, the Sixth Circuit held that the article was similar to educational pamphlets held to be commercial speech in *Bolger v. Youngs Drug Products Corp.*[69] Although no consideration was paid in connection with the publication of the article, the article contained promotions about Amcast products ***95** which did not contribute to its intellectual or technical value. Therefore, the court concluded that the article constituted commercial speech actionable under the Lanham Act.[70]

IV. First Sale Doctrine and Collective Membership Marks: *Sebastian International, Inc. v. Longs Drug Stores Corp.*[71]

In *Sebastian International Inc. v. Longs Drug Stores Corp.,*[72] the Ninth Circuit held that nothing in the Lanham Act exempts articles sold under collective marks from the "first sale" doctrine. The first sale doctrine provides that the right of a producer to control distribution of its trademarked product does not extend beyond the first sale of the product; resale of the product under the producer's trademark does not constitute trademark infringement or unfair competition.

Sebastian, a maker of hair care products, created an organization called the "Sebastian Collective Membership Program" (the Collective).[73] Sebastian only sold its products to professional salons and distributors who were members of the Collective and required members to agree to resell only to other members of the Collective or to salon clientele. Sebastian registered a collective membership mark, consisting of the words "Sebastian Collective Salon Member," which it affixed to containers of its product. Longs Drug Stores, not a member of the Collective, purchased and sold Sebastian's products. Sebastian sued, claiming Longs was falsely representing that it was authorized by Sebastian to sell Sebastian's products.[74]

Sebastian argued that the first sale rule was not applicable to articles sold under a collective membership mark. The Ninth Circuit rejected this argument, noting that nothing in the language of the Lanham Act, its legislative history, or a half century of case law since its enactment indicates such legislative purpose.[75] Sebastian also argued that the first sale doctrine does not apply when resale by the first purchaser creates a likelihood of consumer confusion, as it would in this case where the presence of the certification mark would lead consumers to believe that Longs was a member of the Collective. The court rejected this argument as well, "[b]ecause Sebastian itself placed the collective mark on its products, it is primarily responsible for any confusion that ***96** resulted from the mark's assertion of affiliation, and that confusion cannot be used to support a charge of infringement against Longs."[76]

V. Equitable Tolling: *Bull S.A. v. Comer*[77]
The Commissioner of Patents and Trademarks is required, under the principles of equitable tolling, to waive the statutory renewal deadline in favor of the incorrect deadline information the PTO previously communicated to a registrant.[78]

Bull obtained a U.S. trademark registration for the mark BULL on May 15, 1951.[79] It filed a timely application for renewal in 1971, which was not granted until May 2, 1972. The Certificate of Renewal sent by the Commissioner stated that the renewed registration would remain in force 20 years from May 15, 1972. In 1992, Bull applied to renew its registration and was informed that its renewal ran not from 1972 to 1992, but from 1971 to 1991. The Commissioner refused to renew the registration.[80]

The District of Columbia Circuit held that under the Trademark Act, the Commissioner has no authority to issue nonconsecutive renewals.[81] Therefore, Bull's registration could be renewed only for the periods ending in 1971, 1991, 2001, and so on. However, "the Commissioner does have [the] authority to toll the period in which [the] renewal must be sought on equitable grounds."[82] The principles of equitable tolling excuse the failure to meet a statutory deadline if the failure is "the result of justifiable reliance on the advice of [a] government officer."[83] The court viewed the renewal period as a statute of limitations, and held that Bull was justified in relying on the date set forth in the Certificate of Renewal.[84] Therefore, the court found that the principle of equitable tolling required the Commissioner to grant a renewal dating back to the statutory deadline of May 15, 1991.[85]

***97 VI. Constitutionality of the Trademark Counterfeiting Act: *United States v. Bohai Trading Co.*[86]**
The First Circuit upheld the constitutionality of Section 2320[87] of the Trademark Counterfeiting Act in *United States v. Bohai Trading Co.*[88] The "authorized use" exception, set forth at section 2320(d), exempts manufacturers or producers from liability for trademark counterfeiting if authorized to use the mark "at the time of the manufacture or production" of the allegedly counterfeit goods.[89] Bohai argued that the phrase "at the time of the manufacture or production" (especially the word "production") was unconstitutionally vague, leaving the reader helpless to understand at what point in the production process the trademark holder's authorization is necessary.[90] The court of appeals gave short shrift to this argument, holding that the plain language of the statute makes it sufficiently clear that the exception is limited to "those goods or services for which authorization existed during the *entire* period of production or manufacture."[91]

Footnotes

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1 115 S. Ct. 1300, 34 U.S.P.Q.2d (BNA) 1161 (1995).

2 *Id.* at 1308, 34 U.S.P.Q.2d at 1167.

[3] *Id.* (quoting Lanham Trademark Act of 1946 § 45, 15 U.S.C. § 1127(a) (1988 & Supp. V 1993)).

[4] *Id.* at 1303, 34 U.S.P.Q.2d at 1162.

[5] *Id.*

[6] *Id.* at 1304, 34 U.S.P.Q.2d at 1164.

[7] *Id.* at 1305, 34 U.S.P.Q.2d at 1164.

[8] 50 F.3d 189, 33 U.S.Q.P.2d (BNA) 1801 (3d Cir. 1995).

[9] 53 F.3d 1260, 34 U.S.P.Q.2d (BNA) 1526 (Fed. Cir. 1995).

[10] Versa, 50 F.3d at 201, 33 U.S.P.Q.2d at 1809 (citing Duraco Prods., Inc. v. Joy Plastic Enters., Ltd., 40 F.3d 1431, 1441, 32 U.S.P.Q.2d (BNA) 1724, 1730-31 (3d Cir. 1994)).

[11] *Id.* at 199, 33 U.S.P.Q.2d at 1807.

[12] *Id.*

[13] *Id.* at 200, 33 U.S.P.Q.2d at 1808.

[14] *Id.* at 201, 33 U.S.P.Q.2d at 1809.

[15] *Id.*

[16] *Id.*

[17] *Id.*

[18] 589 F.2d 1225, 1229, 200 U.S.P.Q. (BNA) 421, 425 (3d Cir. 1978).

[19] *Versa,* 50 F.3d at 202, 33 U.S.P.Q.2d at 1810.

[20] *Id.*

[21] *Id.* at 203, 33 U.S.P.Q.2d at 1811.

[22] *Id.* at 204, 33 U.S.P.Q.2d at 1811-12.

[23] *Id.* at 208, 33 U.S.P.Q.2d at 1815.

[24] *Id.*

[25] *Id.* at 209, 33 U.S.P.Q.2d at 1816.

[26] 53 F.3d 1260, 34 U.S.P.Q.2d (BNA) 1526 (Fed. Cir. 1995).

[27] 287 F.2d 492, 495, 128 U.S.P.Q. (BNA) 411, 413, *cert. denied,* 368 U.S. 820, 131 U.S.P.Q. (BNA) 499 (1961).

[28] *Imagineering,* 53 F.3d at 1264, 34 U.S.P.Q.2d at 1529.

[29] 112 S. Ct. 2753, 23 U.S.P.Q.2d (BNA) 1081 (1992).

[30] *Imagineering,* 53 F.3d at 1267, 34 U.S.P.Q.2d at 1532.

[31] *Id.* at 1264-65, 34 U.S.P.Q.2d at 1529-30.

[32] *Id.* at 1267, 34 U.S.P.Q.2d at 1532.

[33] 51 F.3d 780, 34 U.S.P.Q.2d (BNA) 1428 (8th Cir. 1995).

[34] *Id.* at 785, 34 U.S.P.Q.2d at 1431.

[35] *Id.* at 783, 34 U.S.P.Q.2d at 1430 (emphasis omitted).

[36] *Id.* at 788, 34 U.S.P.Q.2d at 1432 (citing Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 189 U.S.P.Q. (BNA) 759 (2d Cir. 1976) and Two Pesos, Inc. v. Taco Cabana, Inc., 112 S. Ct. 2753, 123 U.S.P.Q.2d (BNA) 1081 (1992)).

[37] *Stuart Hall,* 51 F.3d at 787, 34 U.S.P.Q.2d at 1433.

[38] *Id.* at 788, 34 U.S.P.Q.2d at 1434.

[39] 58 F.3d 1498, 35 U.S.P.Q.2d (BNA) 1332 (10th Cir. 1995).

[40] *Id.* at 1510, 35 U.S.P.Q.2d at 1342 (The court declined to decide whether utility patents should be viewed differently than design patents.).

[41] *Id.* at 1500, 35 U.S.P.Q.2d at 1300.

[42] *Id.* at 1500-01, 35 U.S.P.Q.2d at 1333-34.

[43] *Id.* at 1501-02, 35 U.S.P.Q.2d at 1334-35.

[44] *Id.,* 35 U.S.P.Q.2d at 1335.

[45] *Id.* at 1504-05, 35 U.S.P.Q.2d at 1337-38.

[46] Hubbell, Inc. v. Pass & Seymour, Inc., 1995 U.S. Dist. LEXIS 11050 (S.D.N.Y. Aug. 4, 1995).

[47] *Id.* at *11.

[48] *Id.*

[49] *Id.* at *13.

[50] 34 U.S.P.Q.2d (BNA) 1607 (7th Cir. 1994).

[51] *Id.* at 1608.

[52] *Id.*

[53] 55 F.3d 468, 34 U.S.P.Q.2d (BNA) 1859 (9th Cir. 1995).

[54] 978 F.2d 1093, 23 U.S.P.Q.2d (BNA) 1721 (9th Cir. 1992), *cert. denied,* 113 S. Ct. 1047 (1993).

[55] *Barrus,* 55 F.3d at 469-70, 34 U.S.P.Q.2d at 1860 (discussing Lanham Trademark Act of 1946 § 43(a), 15 U.S.C. § 1125(a) (1988 & Supp. V 1993)).

[56] *Id.* at 469, 34 U.S.P.Q.2d at 1859.

[57] *Id.* at 470, 34 U.S.P.Q.2d at 1860.

[58] *Id.* at 469-70, 34 U.S.P.Q.2d at 1860.

[59] *Id.* at 470, 34 U.S.P.Q.2d at 1860.

[60] *Id.*

[61] *Id.*

[62] 52 F.3d 108, 34 U.S.P.Q.2d (BNA) 1635 (6th Cir. 1995).

[63] *Id.* at 114, 34 U.S.P.Q.2d at 1639.

[64] *Id.* at 110, 34 U.S.P.Q.2d at 1636.

[65] *Id.* at 111, 34 U.S.P.Q.2d at 1636-37.

[66] *Id.,* 34 U.S.P.Q.2d at 1637.

[67] *Id.* at 111-12, 34 U.S.P.Q.2d at 1637.

[68] *Id.* at 112, 34 U.S.P.Q.2d at 1637.

[69] *Id.* at 112-13, 34 U.S.P.Q.2d at 1638 (citing Bolger v. Young Drug Prods. Corp., 463 U.S. 60, 66-67 (1983)).

[70] *Id.* at 114, 34 U.S.P.Q.2d at 1639.

[71] 53 F.3d 1073, 34 U.S.P.Q.2d (BNA) 1720 (9th Cir. 1995).

[72] *Id.* at 1077, 34 U.S.P.Q.2d at 1724.

[73] *Id.* at 1074, 34 U.S.P.Q.2d at 1721.

[74] *Id.,* 34 U.S.P.Q.2d at 1721-22.

[75] *Id.* at 1075, 34 U.S.P.Q.2d at 1722-23.

[76] *Id.* at 1077, 34 U.S.P.Q.2d at 1724.

[77] 55 F.3d 678, 35 U.S.P.Q.2d (BNA) 1144 (D.C. Cir. 1995).

[78] *Id.* at 683, 35 U.S.P.Q.2d at 1148.

[79] *Id.* at 679, 35 U.S.P.Q.2d at 1145.

[80] *Id.*

[81] *Id.*

[82] *Id.*

[83] *Id.* at 681, 35 U.S.P.Q.2d at 1147 (quoting Jarrell v. United States Postal Serv., 753 F.2d 1088, 1092 (D.C. Cir. 1985)).

[84] *Id.* at 681-82, 35 U.S.P.Q.2d at 1147.

[85] *Id.* at 682, 35 U.S.P.Q.2d at 1148.

[86] 45 F.3d 577, 33 U.S.P.Q.2d (BNA) 1625 (1st Cir. 1995).

[87] 18 U.S.C. § 2320 (1994).

[88] *Bohai,* 45 F.3d at 582, 33 U.S.P.Q.2d at 1629.

[89] *Id.* at 580, 33 U.S.P.Q.2d at 1628.

[90] *Id.,* 33 U.S.P.Q.2d at 1627.

[91] *Id.,* 33 U.S.P.Q.2d at 1628 (emphasis in original).