Rounding the Corner on Trade Dress: A Tribute to the Jurisprudence of Judge Richard D. Cudahy

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Introduction

I am extremely pleased to have this opportunity to contribute a reflection on Judge Richard Cudahy’s intellectual property jurisprudence to this tribute issue. There is much that could be said about the way that Judge Cudahy’s corpus of intellectual property opinions reflects the qualities I observed in him during my clerkship and continue to admire, including his keen intellect, commitment to justice and fairness, and deep insight into the way law works on the ground. In this brief space, rather than attempt an overview, I will focus on his important 1993 dissent in the trademark case of Kohler Co. v. Moen Inc.1

† Professor of Law, New York University School of Law. During the 1994-95 term, I had the great privilege of clerking for Judge Cudahy on the United States Courts of Appeals for the Seventh Circuit. Clerking for Judge Cudahy was a truly wonderful experience and I am honored to contribute to this tribute issue. I acknowledge the generous support of the Filomen D’Agostino and Max E. Greenberg Research Fund during the writing of this Essay and am grateful to Mark McKenna for helpful comments and discussion. I also acknowledge Stephen Elkind for able research assistance.

1. 12 F.3d 632 (7th Cir. 1993).
Judge Cudahy’s dissents are a very important part of his jurisprudence, providing perhaps the clearest windows into his views. The Kohler dissent was prescient, foreshadowing a turn by the Supreme Court in this century away from an overly simplistic view of intellectual property as the engine of innovation, which often prevailed in the 1990s, to a renewed understanding of the interplay between intellectual property and competition as innovation drivers.

In Kohler, a Seventh Circuit majority concluded that trade dress coverage for unpatented product designs presented no conflict with the patent system. Judge Cudahy penned a well-known dissent, later described by commentators as “spirited,” “elegant,” and “forceful.” He argued that product design could not be the subject of trademark protection because of the potential for such protection to interfere with patent law’s careful balance between exclusive rights and the “right to copy” unpatented goods. To illustrate the point, he cited a trademark on a round beach towel design as a “horrible example” of allowing federal trademark registration to substitute for the grant of a design patent. The different conclusions reached by Judge Cudahy and his fellow panel members reflect different understandings of the relationship between innovation and competition. As I argue below, recent Supreme Court cases suggest that Judge Cudahy got it right. When trade dress protection interferes with the right to copy, it interferes with innovation policy, and hence with patent law’s realm, because it distorts the competitive baseline, where “ordinary creativity” responds to market demand, upon which patent law’s incentives build.

3. That said, I make no representation that Judge Cudahy will agree with everything I say here, or even with everything about the way I read his Kohler dissent. I suppose that judges must be surprised quite regularly by the things that readers see in what they write!
5. 12 F.3d at 644.
10. Barrett, supra note 6, at 158 n.287.
11. 12 F.3d at 651.
12. Id. at 647.
14. Id. at 427.
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In 1993, the tide of intellectual property protection was rising.\textsuperscript{15} The previous year had seen the inauguration of the U.S. Court of Appeals for the Federal Circuit, a court with national jurisdiction over patent cases and an implicit mission to increase both the availability and the strength of patent protection.\textsuperscript{16} In 1994, the Agreement on Trade-Related Aspects of Intellectual Property\textsuperscript{17} was negotiated, locking in “minimum standards”\textsuperscript{18} for copyright, patent, and trademark protection in signatory countries around the world.\textsuperscript{19} By 1996, legislative efforts were under way to provide intellectual property coverage for databases, which for the most part are not covered by copyright.\textsuperscript{20} In 1998, Congress strengthened copyright coverage by passing both the Copyright Term Extension Act\textsuperscript{21} and the Digital Millennium Copyright Act.\textsuperscript{22} That same year, the Federal Circuit interpreted patentable subject matter extremely broadly, ruling that business methods, long believed to be outside the scope of patent coverage, could be patented.\textsuperscript{23}

Trademark law was not immune from this trend. In 1992, the Supreme Court had issued its opinion in \textit{Two Pesos, Inc. v. Taco Cabana, Inc.},\textsuperscript{24} making it easier to obtain trade dress coverage. In 1995, the Court held, in \textit{Qualitex Co. v. Jacobson Products Co.}, that color could be registered as a trademark.\textsuperscript{25} Increasingly, trademarks came to be viewed as the property of trademark owners, rather than merely a means to assist consumers in identifying the sources of goods.\textsuperscript{26} In 1995, reflecting this view, Congress passed the Federal Trademark Dilution Act,\textsuperscript{27} which expanded federal trademark coverage for “famous” marks.\textsuperscript{28}

\textsuperscript{16} Id. at 2224.
\textsuperscript{20} These efforts were eventually abandoned around the turn of the millennium. See, e.g., Mark Davison, \textit{Database Protection: Lessons from Europe, Congress, and WIPO}, 57 CASE W. RES. L. REV. 829, 845-50 (2007).
\textsuperscript{23} State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1375 (Fed. Cir. 1998).
\textsuperscript{24} 505 U.S. 763, 767 (1992).
In light of the expansive tenor of the times, Judge Cudahy’s defense of the right to copy unpatented goods certainly must have seemed to be swimming against the tide. Over the longer run, however, Judge Cudahy’s Kohler dissent has proven prophetic. Though the Supreme Court has not gone so far as to adopt Judge Cudahy’s contention that product design is per se incognizable under trademark law, the Court has restricted the availability of trade dress coverage for product designs precisely because of the importance of the right to copy unpatented designs.\(^{29}\)

Part I of this Essay provides background to the dispute between Judge Cudahy and the Kohler majority. Part II argues that the majority opinion and Judge Cudahy’s dissent reflect different views of the relationship between competition and innovation and of the importance of the right to copy. Part III argues that the Supreme Court’s trade dress jurisprudence since the turn of this century increasingly has vindicated Judge Cudahy’s views, recognizing that competition and intellectual property are intertwined means to promote innovation. Part IV concludes.

I. The Context for the Kohler v. Moen Debate

Kohler involved a dispute between competitors in the market for kitchen fixtures, which began with Kohler filing an opposition to Moen’s federal trademark registrations for the appearance of its single-handle kitchen faucets.\(^{30}\) Eventually, the dispute arrived before the Seventh Circuit, posing the question: Are product designs registrable as trademarks?\(^{31}\) Judge Coffey’s majority opinion said yes,\(^{32}\) while Judge Cudahy dissented at length.\(^{33}\) To understand the significance of that dissent, a little background on trademark’s functionality doctrine and on the right to copy unpatented items is in order.

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29. Recent patent law cases also reflect an emphasis on the balance between patenting and competition in driving innovation. See, e.g., Bilski v. Kappos, 130 S. Ct. 3218, 3229, 3252 (2010) (noting, in part of the opinion joined by three Justices, that if the bar for patentable subject matter were insufficiently high, “patent examiners and courts could be flooded with claims that would put a chill on creative endeavor and dynamic change,” while four other Justices emphasized the “careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy” (citations omitted)); KSR Int’l Co. v. Teleflex Inc., 550 U.S. 398, 417, 427 (2007) (noting the importance of “design incentives and other market forces” in driving innovation and that “advances, once part of our shared knowledge, define a new threshold from which innovation starts once more. And as progress beginning from higher levels of achievement is expected in the normal course, the results of ordinary innovation are not the subject of exclusive rights under the patent laws. Were it otherwise patents might stifle, rather than promote, the progress of useful arts”).

31. Id. at 633.
32. Id. at 643.
33. Id. at 644.
A. Trademark Law and the Functionality Doctrine

The traditional raison d’être of trademark law is to promote a well-functioning market by ensuring that consumers can rely on company reputation in their purchasing decisions. To avoid confusing consumers, a trademark must be “distinctive,” either inherently or through an acquired “secondary meaning,” as a source signifier in consumers’ minds.

The umbrella of trademark law now covers a wide array of signs and symbols, well beyond the simple product or company name or logo. Trade dress may involve either product packaging or, as in *Kohler*, aspects of the good itself, such as color, form, and design. In *Two Pesos*, decided shortly before *Kohler* was argued, the Court had held that, in principle, the trade dress reflected in the motif of a restaurant could be inherently distinctive. The Court also expressed concern that small startup companies might not have time to build up secondary meaning before their trade dress was copied by competitors.

Because trademark rights necessarily impinge on uses that others might want to make of words, symbols, and designs, trademark law has developed various limiting doctrines. For example, a general name for a type of good cannot be a trademark. If a trademark comes, over time, to stand in the minds of consumers for a type of product rather than a particular source (as happened, for example, to “aspirin”) it may become “generic” and lose its enforceability. While trademarks facilitate a competitive market by providing information about company reputation, the genericism doctrine facilitates a market by ensuring that all purveyors of goods are able to use ordinary language to tell consumers about their products.

Trade dress protection also has the potential to constrain the competitive market. A product’s design often makes it desirable to consumers for reasons unrelated to the product’s source. The tension between product design’s potential role as a source identifier and its inherent value to consumers has been recognized for more than one hundred years and underlies the requirement of

34. See, for example, Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 466-71 (2005), for one of many discussions of this point.
36. See, e.g., *id. at 215* (discussing trade dress as involving both “product packaging” and “product design”).
Rather than deprive consumers of a competitive market for functional design features, the law forces producers to find nonfunctional means to mark product source. Despite the doctrine’s deep roots, courts have struggled to define what it means for product design to be functional. Ten years prior to Kohler, in Inwood Labs v. Ives Labs, the Supreme Court explained 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.” The Supreme Court did not return to the question of functionality until after Kohler was decided.

### B. The Right To Copy Unpatented Product Configurations

In 1964, the Supreme Court issued two seminal opinions concerning the right to copy unpatented product designs. The cases involved light fixtures that were covered by design and utility patents. Despite invalidating the patents, the district court had enjoined the defendants under state unfair competition law from copying the fixtures. The Supreme Court unanimously held that the state laws were incompatible with federal patent policy, because “[t]o forbid copying would interfere with the federal policy, found in Article I, Section 8, Clause 8 of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.” The Court found as insufficient to “furnish a basis for . . . prohibiting the actual acts of copying and selling” the following facts:

- That an article copied from an unpatented article could be made in some other way, that the design is “nonfunctional” and not essential to the use of either article, that the configuration of the article copied may have a “secondary meaning” which identifies the maker to the trade, or that there may be “confusion” among purchasers.

In 1989, the Supreme Court again struck down state law protection for unpatented product designs in Bonito Boats, Inc. v. Thunder Craft Boats, Inc., which involved a statute barring the unauthorized duplication of vessel hull designs using direct molding. The Court reaffirmed that “the efficient operation of the federal patent system depends upon substantially free trade in publicly

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43. 456 U.S. 844, 851 n.10 (1982).


46. Id. at 238.

47. 489 U.S. 141 (1989).
known, unpatented design and utilitarian conceptions" and that unpatented concepts "provide the baseline of free competition upon which the patent system’s incentive to creative effort depends." It emphasized the interplay between the patent system and the competitive market, observing that:

The attractiveness of [the patent] bargain, and its effectiveness in inducing creative effort and disclosure of the results of that effort, depend almost entirely on a backdrop of free competition in the exploitation of unpatented designs and innovations. . . . [F]ree exploitation of ideas will be the rule, to which the protection of a federal patent is the exception.

The Court highlighted the role copying plays in innovation:

The duplication of boat hulls and their component parts may be an essential part of innovation in the field of hydrodynamic design. . . . Reverse engineering of chemical and mechanical articles in the public domain often leads to significant advances in technology. . . . Moreover, . . . the competitive reality of reverse engineering may act as a spur to the inventor, creating an incentive to develop inventions that meet the rigorous requirements of patentability.

In an opinion upholding a similar statute, the Court took issue with the Federal Circuit’s reference to copiers as “unsavoury,” noting that copying unpatented functional attributes is “legitimate competitive activity.” In a final blow, the Court was “troubled” by and found “puzzling” the Federal Circuit’s statement that the patent laws say “nothing about the right to copy,” emphasizing that “[f]or almost 100 years it has been well established that in the case of an expired patent, the federal patent laws do create a federal right to ‘copy and to use’. Notwithstanding its ringing endorsement of the right to copy, the Court stressed that its precedent should not be read to “prohibit the States from regulating the deceptive simulation of trade dress or the tortious appropriation of private information” entirely.

II. The Kohler Majority Opinion and Judge Cudahy’s Dissent:
A Dispute over the Relationship Between Competition and Innovation

In 1985, prior to its opinion in Kohler, the Seventh Circuit considered product-design trade dress in W.T. Rogers Co. v. Keene, which involved a “molded plastic stacking office tray.” The court first concluded that, as long as non-functionality was required, there was no conflict between product-design

48. Id. at 156.
49. Id.
50. Id. at 151.
51. Id. at 161.
52. Id. at 163 (quoting Interpart Corp. v. Italia, 777 F.2d 678, 685 (Fed. Cir. 1985)).
54. Id. at 164-65 (quoting Interpart, 777 F.2d at 685).
55. Id. at 164.
56. Id. at 154.
57. 778 F.2d 334, 337 (7th Cir. 1985).
trade dress and patent policy: “The trademark owner has an indefinite term of protection, it is true, but in an infringement suit must also prove secondary meaning and likelihood of confusion, which the owner of a design patent need not do; there is therefore no necessary inconsistency between the two modes of protection.”

58 Turning to the functionality doctrine, the court reasoned that certain product-design features, such as the shape of a football, are ineligible for trademark coverage because they are such an integral part of what makes the product attractive to consumers that a seller cannot compete without them. Functionality thus should preclude trade dress coverage if “the design feature is so important to the value of the product to consumers that continued trademark protection would deprive them of competitive alternatives.”

59 If there were enough alternatives available, there was no functionality problem.

Kohler provided an opportunity for the Seventh Circuit to revisit the issue of trade dress protection for product design in light of the intervening Supreme Court opinions in Bonito Boats and Two Pesos. In Kohler, the majority reaffirmed the eligibility of product design for trade dress coverage, rejecting arguments that trade dress protection of product designs (1) conflicts with the patent system and (2) is anticompetitive, while Judge Cudahy dissented on both grounds. The two opinions reflected very different perspectives on the relationship between trademark law and the patent system.

A. The Majority Opinion

At issue in Kohler was the interpretation of the Lanham Act in light of the potential conflict between trade dress protection for product configurations and patent policy. However, the majority opinion never really engaged with this question. While pointing to the “fundamental rule” that statutes be construed, “if possible, in harmony with the Constitution and other applicable statutes,” the majority brushed aside the argument that the Constitution requires unpatented designs to be freely available for copying, once they are disclosed to the public. The majority confined the relevance of Sears, Compco, and Bonito Boats, to laws that “approximate the sweeping, perpetual patent-like state statutes that the Supreme Court found impermissible in [those cases].”
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According to the majority, trademark protection for product configurations does not “undermine[] product development”\(^{67}\); while “[p]atents encourage the type of innovation that advances the progress of ‘Science and the useful Arts,’” trademark law promotes “[i]nnovation in product design and marketing for the purpose of enhancing producer identity.”\(^{68}\) Comparing the policy justifications and doctrinal elements of trademark and patent protection, the majority concluded that “a product’s different qualities can be protected simultaneously, or successively, by more than one of the statutory means for protection of intellectual property.”\(^{69}\) The court then asserted, without analysis, that there is no conflict between trade dress and patent protection.\(^{70}\)

The majority also dismissed Kohler’s competition argument, relying on statements in Two Pesos that the functionality doctrine’s role was to “assure that competition will not be stifled by the exhaustion of a limited number of trade dresses.”\(^{71}\) Because Moen’s design would not be “found in all or most brands of the product even if no producer had any desire to have his brand mistaken for that of another,”\(^{72}\) the court concluded that others could compete by offering other types of faucet designs.\(^{73}\) Though Two Pesos mentioned neither patents nor monopolies, the majority interpreted it to imply that traditional trademark principles are sufficient to “avert the threat of a perpetual trademark ‘monopoly.’”\(^{74}\)

The majority opinion viewed patent and trademark as “distinct areas of law”\(^{75}\) addressing distinct concerns: promoting invention and aiding competition, respectively. From this perspective, patent law creates islands of exclusivity but has little interest in the sea of competition surrounding them. As long as trade dress protection of product designs is not “the equivalent of impermissible perpetual patent protection,”\(^{76}\) it is not a problem that trade dress protection provides some degree of exclusive rights to unpatented product configurations. Such rights may or may not add to the innovation incentives provided by the patent system, but they do not interfere with the patent system’s goals. Competition, by contrast, is the purview of trademark law, where exclusivity becomes problematic only if it removes so many options from competitors that sufficient economic substitutes are no longer available to maintain a competitive marketplace.

\(^{67}\) Kohler Co. v. Moen Inc., 12 F.3d 632, 643 (7th Cir. 1993).
\(^{68}\) Id. at 643.
\(^{69}\) Id. at 638.
\(^{70}\) Id. at 644.
\(^{71}\) Id. at 642 (quoting Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 775 (1992)).
\(^{72}\) Kohler Co. v. Moen Inc., 12 F.3d 632, 643 (7th Cir. 1993) (quoting W.T. Rogers v. Keene, 778 F.2d 334, 339 (7th Cir. 1985)).
\(^{73}\) Id. at 643.
\(^{74}\) Id. at 642.
\(^{75}\) Id. at 639.
\(^{76}\) Id. at 643.
B. Judge Cudahy’s Dissent: A Different View of the Relationship Between Intellectual Property and Competition

In dissent, Judge Cudahy took a very different view of the relationship between competition and the patent system. Urging renewed attention to “fundamentals,” he argued that:

[T]he constitutional right to copy after a patent expires or in the absence of a patent is the reciprocal of the constitutional right to prohibit copying for a limited term under the Patent Clause. To ignore this principle is to permit perpetual monopolies on product ideas or particular product designs and to inhibit product development.77

Because they were grounded in this fundamental principle, Sears, Compco, and Bonito Boats were relevant precedent, even though they concerned state unfair competition law rather than the Federal Lanham Act. Moreover, Judge Cudahy argued, the policy that requires that a patented invention move into the public domain at the expiration of the patent’s term applies equally to the subjects of utility and design patents, independent of whether they are “essential” to competition.78

As Judge Cudahy put it, the right to copy is “absolutely essential to the successful long-term operation of a free and competitive economy”79 because “[t]o ignore [the right to copy] is to permit perpetual monopolies on product ideas or particular product designs and to inhibit product development.”80 He discounted the majority’s reassurance that trademark protection is relatively weak and that “trademarks are not monopolies,”81 noting that “a restraint on competition need not be absolute to be effective;” as long as Moen’s design is protectable as trade dress, “Kohler cannot copy Moen’s unpatented faucet and handle unless it knows that Moen will be unable to prove a likelihood of confusion.”82 In the end, “Moen has no patent, yet remains free from effective competition in the market for a popular brand of faucet.”83

Judge Cudahy also rejected the possibility that trademark’s limiting doctrines would suffice to vindicate the right to copy. He pointed out that neither the functionality doctrine nor the “essential for competition” concept is grounded in the patent law, which is the source of the right to copy.84 Patents and product-design trade dress may conflict, even though they are defined by

78. See Mark McKenna, (Dys)Functionality, 48 HOUSTON L. REV. 823, 845 (2011) (citing Judge Cudahy’s Kohler dissent in a discussion of this point).
79. Kohler, 12 F.3d at 651 (Cudahy, J., dissenting).
80. Id. at 647.
81. Id. at 643.
83. Id.
84. Id. at 649.
different requirements. The federal right to copy is not extinguished by an article’s acquired distinctiveness or by lack of consumer confusion as to source.

In contrast to the majority opinion, Judge Cudahy’s dissent reflected a view that the patent system is concerned not only with the islands of exclusive rights it creates but also with the vast remaining sea of copyable material. This sea of copyable material serves more than the efficiency of the present marketplace, which is the primary concern of trademark law. This copyable material promotes the “long-term” success of the market and facilitates “product development” by providing a starting line for the vigorous competition that spurs creativity in the commercial sphere. While Judge Cudahy did not discount the goals of the trademark system, he prioritized the policy underlying the patent system, which is of explicit constitutional importance. Trademark rights in product designs are problematic when they restrain competition in useful articles and designs, even if present-day consumers are left with a sufficient number of options to avoid monopoly. Because the right to copy is patent policy, trademark’s functionality doctrine (particularly as interpreted by the Seventh and Federal Circuits at the time of Kohler) cannot be trusted to represent the patent law’s concerns.

III. Vindication for Judge Cudahy? An Incomplete Story

Nearly twenty years after Kohler, trade dress protection of product configurations continues to vex the courts. While Judge Cudahy’s call for a bright-line rule against trade dress protection for product design (whether ornamental or utilitarian) has not yet carried the day, the law has certainly evolved in his direction since the beginning of this century. The Supreme Court increasingly has stressed the importance of copying for innovation policy, has clearly disavowed the idea that trademark and patent law are merely distinct areas of law that can be applied in parallel without concern for their interaction, and has rein ed in trade dress protection accordingly. For utilitarian aspects of product design, the Court has not precluded trade dress coverage entirely, but it has put in place a tightly constraining functionality doctrine grounded in the right to copy unpatented products.

In 1995, the Supreme Court in Qualitex rejected an argument that colors were in such limited supply for aesthetic purposes that they should not be recognized as trademarks.85 The Court viewed any shortage of aesthetically-pleasing colors as an “occasional problem,” to be addressed by a competition-focused functionality doctrine:

The upshot is that, where a color serves a significant nontrademark function—whether to distinguish a heart pill from a digestive medicine or to satisfy the “noble instinct for giving the right touch of beauty to common and necessary things,” G. CHESTERTON, SIMPLICITY AND TOLSTOY 61 (1912)—courts will examine whether its use as a mark would permit one

competitor (or a group) to interfere with legitimate (nontrademark-related) competition through actual or potential exclusive use of an important product ingredient. 86

Tying functionality closely to “put[ting] a competitor at a significant disadvantage,” 87 the Court thus appeared to have adopted the view implicit in the W. T. Rogers opinion (which it cited) that the functionality doctrine was devoted solely to protecting static competition. Taken together, Two Pesos and Qualitex seemed to have established a permissive approach to trade dress protection of product designs.

In 2000, the tide began to turn. In Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 88 the Court surprised many observers by its skepticism about the trade dress function of product designs. The case involved the distinctiveness of Wal-Mart “knock-offs” of Samara’s children’s clothing “decorated with appliqués of hearts, flowers, fruits, and the like.” 89 The Court distinguished its decision in Two Pesos, holding that, even though product packaging can be inherently distinctive, product design cannot. 90 While Two Pesos had lauded the role of trade dress in “foster[ing] competition and the maintenance of quality,” 91 Samara was deeply skeptical of the role of trade dress for product designs. 92 Thus, while word marks and product packaging were used “most often to identify the source of the product,” for designs “consumer predisposition to equate the feature with the source does not exist” because “[c]onsumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.” 93 Because product designs are so likely to be functional and so unlikely to be inherently distinctive, the Court opined, even to permit producers to bring suits alleging inherent distinctiveness would harm consumers by “depriv[ing them] of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.” 94 Those who create truly original product designs, the Court maintained, should make use of design patents and copyrights. 95

86. Id. at 170.
87. Id. at 169.
89. Id. at 207.
90. Id. at 212-15 (explaining that product design “almost invariably serves purposes other than source identification,” whereas the décor of a restaurant, as in Two Pesos, is “akin to product packaging,” the purpose of which “is most often to identify the source of the product”).
92. 529 U.S. at 213-14.
93. Id. at 212-13.
95. Id. at 214.
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The Court further reined in the availability of trade dress coverage for product design almost exactly a year later in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 96 which considered the functionality doctrine in the context of an expired utility patent. Marketing Displays, Inc. (MDI) claimed trade dress protection for its temporary road-sign design, which included a patented “dual-spring” mechanism for keeping the sign upright in the wind.97 The Sixth Circuit, viewing the issue as one of assuring competition, had held that the dual-spring design was non-functional because there were sufficient design alternatives, such as hiding the dual-spring mechanism or using four springs.98 The fact that trade dress protection would “hinde[r] competition somewhat” was not enough to demonstrate functionality.99

The Supreme Court, by contrast, began its analysis squarely with patent law’s right to copy, which it tied directly to the advancement of technology:

Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products. In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. As the Court has explained, copying is not always discouraged or disfavored by the laws which preserve our competitive economy. . . . Allowing competitors to copy will have salutary effects in many instances. “Reverse engineering of chemical and mechanical articles in the public domain often leads to significant advances in technology.”100

As it had in *Qualitex*, the Court reiterated its *Inwood* rule that a feature is functional “when it is essential to the use or purpose of the device or when it affects the cost or quality of the device.”101 Here, however, the Court explicitly disavowed any link between this rule and “competitive necessity,” stating 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.”102 It then took an expansive approach to the *Inwood* requirements, noting that the “dual-spring design provides a unique and useful mechanism to resist the force of the wind.”103 Given this, “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.”104 There was “nothing
arbitrary about the components of [the] device or the way they are assembled.”

In other words, functionality under the Inwood rule did not require that the feature at issue be “essential” (i.e. have no close substitutes) in the market for the device or affect the cost or quality of the device to such a degree that competitors could not compete effectively using other designs. It was enough that the feature made this particular device work to keep signs from blowing over in strong winds. A prior patent is “strong evidence that the features therein claimed are functional,” though of course a prior patent is not generally evidence of competitive necessity. Having taken this view of functionality, the Court concluded that “[t]he Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.”

Despite this strong affirmation that functionality protects the right to copy unpatented product configurations, whether or not there is a “competitive necessity” to do so, the Court muddied the waters by stating in dicta that “[i]t is proper to inquire into a ‘significant non-reputation-related disadvantage’ in cases of aesthetic functionality” of ornamental designs, such as those in Qualitex. In doing so, the Court seemed to have forgotten its view in Samara (which, after all, involved ornamental designs) that “almost invariably” product design is intended “to render the product itself more useful or more appealing” (which would seem to suggest that it is almost invariably functional under the Inwood rule). The TrafFix opinion gives little reason for distinguishing utilitarian and ornamental designs and says nothing about the implications of expired design patents. In the wake of TrafFix, lower courts continue to analyze aesthetic functionality under a competition rubric and even, in some cases, to treat the existence of a design patent as evidence of non-functionality.

The story is not yet over, however. While it reined in trade dress coverage for ornamental designs in Samara, the Supreme Court has yet to grapple fully with the implications of the right to copy for unpatented ornamental designs, despite the right to copy’s roots in the Sears and Compco ornamental design cases.

In the meantime, recent cases from Judge Cudahy’s own Seventh Circuit demonstrate the extent to which the utilitarian functionality doctrine can be deployed to protect the right to copy. In 2003, for example, the Seventh Circuit upheld a district court’s refusal to preliminarily enjoin a competitor from

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105. Id. at 34.
106. Id.
107. Id. at 29.
109. Id. at 33.
copying Honeywell’s registered round thermostat trade dress. While expressing skepticism about the competitor’s aesthetic functionality argument, the court suggested three possible ways in which the shape might be functional on utilitarian grounds: the need to avoid clashes with architectural or decorative choices; the avoidance of injuries potentially caused by running into sharp corners; and the possibility that a round configuration might be easier for people with disabilities, such as arthritis, to use. The first of these, in particular, seems a bit of a stretch of the concept of “utilitarian” functions.

Coming full circle in several senses, the Seventh Circuit in 2010 considered the functionality of the very circular beach towel design that Judge Cudahy had decried in his Kohler dissent as a “horrible example[] of allowing federal trademark registration to substitute for the grant of a design patent.” The court invalidated the trademark in the circular beach towel on utilitarian functionality grounds because of the round shape’s benefits to “heliotropic sunbathers—tanners who swivel their bodies in unison with the sun’s apparent motion in order to maintain an even tan” and who did not want to have to “exert the energy to stand up and reposition their towels every so often.” The court also found aesthetic functionality in the circular shape because “there are only so many geometric shapes; few are both attractive and simple enough to fabricate cheaply.”

The court’s reasoning was well in line with the perspective on competition and innovation underlying Judge Cudahy’s Kohler dissent:

To put things another way, a trademark holder cannot block innovation by appropriating designs that under-gird further improvements. Patent holders can do this, but a patent’s life is short; trademarks can last forever, so granting trademark holders this power could permanently stifle product development. If we found Franek’s trademark nonfunctional, then inventors seeking to build an improved round beach towel would be out of luck. They’d have to license Franek’s mark or quell their inventiveness. That result does not jibe with the purposes of patent or trademark law.

Conclusion

Time will tell how the doctrinal story of functionality for ornamental product designs evolves. The evolution may depend on how the Supreme Court comes to view the role of copying in promoting innovation in ornamental design. The vindication of the general perspective expressed in Judge Cudahy’s Kohler dissent is already clear, however. The innovation policy embodied in

112. Jay Franco & Sons, Inc. v. Franek, 615 F.3d 855 (7th Cir. 2010).
114. Jay Franco, 615 F.3d at 859.
115. Id. at 861.
116. Id. at 859.
the patent laws encompasses both the exclusive protection of patented inventions and the freedom to copy unpatented products. Trade dress protection of product configurations should not be permitted to impinge upon the competitive baseline of innovation provided by the right to copy unpatented designs.