

WAL-MART STORES, INC. V. SAMARA BROS.

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For years courts have struggled over how to determine if trade dress can be inherently distinctive and thus eligible for protection under the Lanham Act without a showing of secondary meaning. In the words of Justice Sandra Day O'Connor: "it's hard to know how to define inherently distinctive . . . it's sort of like pornography: I know it when I see it."¹ With the landmark decision in *Wal-Mart Stores, Inc. v. Samara Bros.*² the Supreme Court ostensibly clarified this elusive concept by excluding an entire category of trade dress from inherent distinctiveness eligibility: product design.³

The *Wal-Mart* decision suitably advances many policies underlying intellectual property law. Though product designs can no longer be inherently distinctive, trade dress protection is still obtainable for designs that have acquired secondary meaning; some designs can also be protected under other intellectual property regimes.⁴ Moreover, in contrast with its 1992 decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*,⁵ where the Court appeared to offer increased protection to unique product packages and designs, the Court in *Wal-Mart* shifted the balance toward encouraging competition.⁶

Doctrinally, however, *Wal-Mart* falls short of setting forth constructive precedent in trade dress law. The Supreme Court did not delineate how to distinguish between product design and packaging; instead it left this burden to the lower courts. The Court also failed to clearly reconcile *Wal-Mart* with its seemingly conflicting opinion in *Two Pesos*. Despite these

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1. Transcript of Record at 4, *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000) (No. 99-150).

2. 529 U.S. 205 (2000).

3. *See id.* at 212 ("It seems to us that design, like color, is not inherently distinctive.").

4. *See id.* at 214 (stating that design patents and copyrights could be alternative forms of protection for product designs).

5. 505 U.S. 763 (1992).

6. *See* Julius Rabinowitz, '*Wal-Mart*' Clarifies Product Appearance Trade Dress, *High Court Added a Condition to Lanham Act Protectability: Proof of Secondary Meaning*, 22 NAT'L L.J., May 1, 2000, at C4 (noting that the *Two Pesos* Court focused on protecting small businesses, while the *Wal-Mart* Court had the opposite concern).

doctrinal flaws, from a policy standpoint the Supreme Court decided correctly in opting to promote competition.

I. BACKGROUND

A. Trade Dress Protection and the Lanham Act

Historically, the foremost goal of trade dress protection was to prevent a manufacturer from dressing his product like that of another manufacturer, thus deceiving consumers into mistakenly purchasing goods from the wrong maker.⁷ By the late nineteenth century, courts had expanded this form of protection to encompass product packaging and unique product shapes.⁸ Trade dress law had two main purposes. First, it protected consumers from confusion by allowing them to distinguish between differently dressed products and to associate the dress with a particular producer.⁹ Second, trade dress protection benefited producers by allowing them to protect the good will invested in their products.¹⁰ Producers could uniquely dress their products, thereby allowing consumers to distinguish between competing products and continue to purchase a favored brand of product.¹¹

The Lanham Act,¹² enacted in 1946, provided broad federal protection against unfair competition.¹³ Section 43(a) offered protection against “deceptive marking, packaging, and advertising of goods” that could poten-

7. See STEPHEN F. MOHR ET AL., U.S. TRADE DRESS LAW: EXPLORING THE BOUNDARIES 1 (Int'l Trademark Ass'n eds., 1997).

8. See *id.*

9. See Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1994) (protecting consumers against use of words, terms, names, symbols or devices that are “likely to cause confusion . . . as to the origin, sponsorship, or approval” of goods).

10. See J. THOMAS MCCARTHY, 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2.15 (2000) (describing a trademark as a mere “symbol of the good will of the owner’s goods or services”).

11. See *id.* § 2.18 (explaining that buyers tend to stick with a product or service found acceptable in the past and trademarks are the symbols that advertise the goodwill that producers have invested in these products). Producers are also encouraged to “maintain a high quality product” if they are assured that “any goodwill associated with their products is not misappropriated by competitors.” *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 999 (2d Cir. 1997) (stating that “Congress recognized that a trademark aids competition in the marketplace because it helps a consumer distinguish among competing products”).

12. 15 U.S.C. § 1125(a) (1994 & Supp. IV 1998).

13. JEROME GILSON, GILSON ON TRADEMARK PROTECTION & PRACTICE § 7.02 (2000).

tially mislead a consumer with regard to a product's true source.¹⁴ In 1988, Congress amended the Act to provide broader protection and codified what had become a well-recognized rule of case law that both registered and unregistered marks and trade dress were protectable.¹⁵ Traditionally, trade dress law protected the overall image of containers and labels used in product packaging, but by the early 1980s, courts had further extended trade dress law to protect "the shape and design of the product itself."¹⁶

B. Inherent Distinctiveness in the Context of Trade Dress

Most courts examine three main criteria when considering trade dress infringement: nonfunctionality, likelihood of confusion, and distinctiveness.¹⁷ First, a design or package cannot be protected unless it is nonfunctional.¹⁸ Extending trade dress protection to functional package or design features would hinder competition by allowing only one producer to employ these necessary features.¹⁹ Second, it must be likely that the similar design or packaging will cause consumers to confuse the infringing product with the product for which protection is sought.²⁰ Third, the trade dress must possess either inherent or acquired distinctiveness. Trade dress is inherently distinctive if it immediately causes consumers to recognize that the product comes from a single source or producer.²¹ Trade dress has acquired distinctiveness when it has secondary meaning in the minds of con-

14. See MOHR ET AL., *supra* note 7, at 13 (quoting 20th Century Wear, Inc. v. Sanmark-Stardust, Inc., 747 F.2d 81, 91 (2d Cir. 1984)).

15. See 4 MCCARTHY, *supra* note 10, § 5.9.

16. *Id.* § 8.1.

17. See *id.* § 7.53.

18. See *id.* § 7.54.

19. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982) ("[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 some courts, a design must also not be "aesthetically functional," meaning that visually attractive features must not solely serve the non-trademark function of making the product aesthetically pleasing rather than helping consumers associate the product with its source. See ROBERT P. MERGES ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 745 (2d ed. 2000); see also 4 MCCARTHY, *supra* note 10, § 7.79 (discussing the theory of "aesthetic functionality"). But see § 7.81 for a criticism of the doctrine of "aesthetic functionality" as an "unwarranted and illogical expansion of the functionality policy."

20. See 4 MCCARTHY, *supra* note 10, § 7.54.

21. See JEROLD A. JACOVER & KATHLEEN E. BRENNAN, *Trade Dress and Product Configuration Law*, in *PROTECTING TRADE DRESS* 21, 27 (Robert C. Dorr & Christopher H. Munch eds., 1992). For a product feature to be inherently distinctive, the public need not be able to identify the specific source that created the product; the public must only recognize that a single producer made the product. See *id.*

sumers.²² Secondary meaning is established when the trade dress has been used exclusively and the product has been advertised to such an extent that consumers have come to recognize the trade dress as designating the product's source.²³

With regard to the distinctiveness factor, the circuit courts disagree over how to determine inherent distinctiveness, resulting in various tests. Many courts initially applied a test that was announced by Judge Friendly in *Abercrombie & Fitch Co. v. Hunting World, Inc.*²⁴ The *Abercrombie* test separates trademarks into the following spectrum of distinctiveness in order of the strongest type of mark to the weakest: (1) arbitrary or fanciful marks; (2) suggestive marks; (3) descriptive marks; and (4) generic marks.²⁵ Arbitrary, fanciful, and suggestive marks are always inherently distinctive since they give little or no clue as to the product type and consumers can immediately associate these marks with a product source.²⁶ Descriptive marks can only be protected after they have acquired secondary meaning since they describe a type of product.²⁷ Generic marks can never be protected as trademarks because they refer to a category of products rather than the source.²⁸

Though the *Abercrombie* test was useful in determining which trademarks were inherently distinctive, some courts ruled that it could not be properly applied to trade dress.²⁹ Two years after the *Abercrombie* test was developed, the Court of Customs and Patent Appeals articulated an alternative test in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*³⁰ Under this test, a court determines:

22. See ADAM L. BROOKMAN, TRADEMARK LAW: PROTECTION, ENFORCEMENT AND LICENSING § 6.04 [B] (2000).

23. See *id.* (commenting that secondary meaning is established through "long and exclusive use of the dress in connection with the product or service").

24. 537 F.2d 4 (2d Cir. 1976).

25. See *id.* at 9; see also 4 MCCARTHY, *supra* note 10, §§ 11.1-2.

26. See *Abercrombie*, 537 F.2d at 11; see also 4 MCCARTHY, *supra* note 10, §§ 11.1-2 (discussing the spectrum of distinctiveness categories); *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 791 (5th Cir. 1983) (mentioning "Kodak" as an example of a fanciful mark and "Coppertone" as an example of a suggestive mark).

27. See *Abercrombie*, 537 F.2d at 10; see also 4 MCCARTHY, *supra* note 10, §§ 11.1-2; *Zatarains*, 698 F.2d at 790 (noting that "Alo" is an example of a descriptive mark that might refer to products containing the gel of the aloe vera plant).

28. See *Abercrombie*, 537 F.2d at 9; see also 4 MCCARTHY, *supra* note 10, §§ 11.1-2; *Zatarains*, 698 F.2d at 790 (discussing cellophane and aspirin as examples of generic terms that are not protectable as trademarks).

29. See *Duraco Products, Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1440-42 (3d Cir. 1994) (rejecting the *Abercrombie* test for product designs).

30. 568 F.2d 1342 (C.C.P.A. 1977).

(1) whether the particular dress consists of a common basic shape or design; (2) whether it is unique or unusual in a particular field; and (3) whether it is a 'mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.'³¹

Rather than just putting trade dress into a spectrum of distinctiveness, as in *Abercrombie*, the *Seabrook* test distinguishes distinctive from nondistinctive trade dress by focusing directly upon whether the trade dress is unique or common.³² Courts differed over which test to apply to trade dress as well as over whether trade dress could ever be inherently distinctive.

In *Two Pesos v. Taco Cabana*,³³ the Supreme Court resolved the conflict over whether trade dress, like trademarks, could be inherently distinctive. The Court found that the overall image of a Mexican restaurant, including décor and festive color schemes, was inherently distinctive. Since the Court failed to specify whether this restaurant image constituted packaging or design,³⁴ the lower courts remained in conflict over whether product designs could ever be inherently distinctive and which tests to apply.

Two years after *Two Pesos*, the Third Circuit, in *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*,³⁵ questioned whether a product design could ever be inherently distinctive.³⁶ The court rejected the application of the *Abercrombie* test for product design cases and formulated its own test.³⁷ Under the *Duraco* test, a product design is afforded protection if it is: "(1) unusual and memorable; (2) conceptually separable from the product; and (3) likely to serve primarily as a designator of origin of the product."³⁸ The Second Circuit, in *Knitwaves, Inc. v. Lollytogs, Ltd.*,³⁹ also rejected the *Abercrombie* test and formulated its own test employing only

31. GILSON, *supra* note 13, § 7.02 (quoting *Seabrook Foods*, 568 F.2d at 1344).

32. For example, the First Circuit applied this test in *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998), since it found that other factors, along with those in the *Abercrombie* test, should be considered in determining distinctiveness. *See id.* at 39-41.

33. 505 U.S. 763 (1992).

34. *See id.*

35. 40 F.3d 1431 (3d Cir. 1994).

36. *See id.* at 1442-48.

37. *Id.* at 1441 (rejecting the *Abercrombie* test as being inapplicable to product features, since it was difficult to effectively separate such features into categories within the spectrum of distinctiveness).

38. *Id.*

39. 71 F.3d 996 (2d Cir. 1995).

the third prong of the *Duraco* test.⁴⁰ In contrast, a few courts continued to apply the *Abercrombie* test to product designs after *Two Pesos*, interpreting it to hold that both packaging and design can be inherently distinctive.⁴¹

In *Wal-Mart Stores, Inc. v. Samara Bros.*⁴² the Supreme Court resolved the issue of inherent distinctiveness for product designs, but failed to explain how to distinguish between design and packaging. The Court also did not articulate which inherent distinctiveness test should be applied in product packaging cases.

II. CASE SUMMARY

A. Facts

Samara Bros. ("Samara") designs and manufactures children's clothing.⁴³ The heart of Samara's business is a clothing line composed primarily of spring and summer one-piece seersucker outfits, displaying appliques of hearts, fruits, teddy bears, flowers, and other such shapes.⁴⁴ In 1995, Wal-Mart Stores, Inc. ("Wal-Mart"), a well-known retailer, contracted with Judy-Philippine, Inc., one of its suppliers, to produce a line of children's clothing patterned after photographs of Samara's applique garments with only minor modifications.⁴⁵ In June 1996, a buyer at J.C. Penney, one of the stores that sold Samara's garments under contract, informed Samara that its designs were being sold by Wal-Mart at a lower price than permitted by J.C. Penney's contract.⁴⁶ Samara soon discovered

40. See *id.* at 1008-09. The court refused to employ the three-part *Duraco* test explaining that it was not rooted in the Lanham Act's language. See *id.* at 1009 n.6.

41. The Eighth Circuit, in *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995), confirmed its adherence to the *Abercrombie* test and interpreted *Two Pesos* to hold that trade dress encompasses both product packaging and design. *Id.* at 787-88. A district court within the Ninth Circuit, in *DCNL, Inc. v. Almar Sales Co.*, 47 U.S.P.Q.2d 1406 (N.D. Cal. 1997), expressed agreement with these views of the Eighth Circuit and stated that *Two Pesos* was "just as much a product configuration case as a product packaging case." *Id.* at 1413 (discussing *Stuart Hall*, 51 F.3d at 787). Similarly, the Fourth Circuit, in *Ashley Furniture Industries, Inc. v. Sangiacomo N. A., Ltd.*, 187 F.3d 363 (4th Cir. 1999), held that the *Abercrombie* test should be applied when considering inherent distinctiveness in product design issues. *Id.* at 371. The court stated that *Two Pesos* "clearly contemplated trade dress protection for inherently distinctive product configurations." *Id.* at 373.

42. 529 U.S. 205 (2000).

43. *Id.* at 207.

44. *Id.*

45. *Id.*

46. *Id.* at 208.

that Wal-Mart was manufacturing and selling copies of Samara's clothes and sued for infringement of unregistered trade dress under section 43(a) of the Lanham Act.⁴⁷

B. The District Court Decision

After the jury found Wal-Mart liable, Wal-Mart moved for judgment as a matter of law.⁴⁸ The district court denied Wal-Mart's motion, holding that though certain nondistinctive elements of Samara's designs could not be protected, the jury could have reasonably found that the "combination of these elements was distinctive and thus protectable."⁴⁹ Wal-Mart appealed this judgment to the Second Circuit.⁵⁰

C. The Second Circuit Decision

On appeal, the Second Circuit affirmed the denial of Wal-Mart's motion.⁵¹ Referring to its opinion in *Landscape Forms, Inc. v. Columbia Cascade Co.*⁵² and applying the third prong of the *Duraco* test,⁵³ the court found that the "overall look" of a product and a distinctive combination of design elements could indicate a product's source.⁵⁴ The court held that Samara's clothing involved a distinctive combination of elements, and so

47. *Id.* Samara sued various retailers, including K-Mart, Caldor, Hills, and Goody's as well as Judy-Philippine, Inc., but all of these defendants settled except Wal-Mart. *See Samara Bros. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 123 (2d Cir. 1998), *vacated by* 529 U.S. 205 (2000). The jury found Samara's trade dress to be protectable, and found that Wal-Mart had willfully infringed Samara's 13 copyrights and willfully infringed Samara's trade dress. *See Samara Bros. v. Judy-Philippine, Inc.*, 969 F. Supp. 895, 896 (S.D.N.Y. 1997), *aff'd.* 165 F.3d 120 (2d Cir. 1998), *vacated by* 529 U.S. 205 (2000).

48. *Samara Bros.*, 969 F. Supp. at 897. Wal-Mart also moved for a new trial and Samara moved for injunctive relief with respect to the trade dress claim. *See id.*

49. *Id.* at 898. Wal-Mart's motion for a new trial was denied and Samara's motion for injunctive relief was granted, but only to the extent of enjoining Wal-Mart from "infringing on Samara's trade dress by manufacturing, purchasing, selling, or otherwise distributing any garments" that were copied from Samara garments or that bore appliques from Samara's garments. *Id.* at 901. The court refused to grant Samara's broader motion for an injunction enjoining Wal-Mart from infringing any of seven categories of Samara's trade dress. *Id.* at 900.

50. *Samara Bros.*, 165 F.3d at 122. Wal-Mart also sought a new trial claiming that the district court erred when instructing the jury. *Id.* at 122.

51. *Id.* at 132.

52. 113 F.3d 373 (2d Cir. 1997) (holding that the design of outdoor furniture was not inherently distinctive, thus could not be protected under the Lanham Act without a showing of secondary meaning).

53. *See Samara Bros.*, 969 F. Supp. at 898. The third prong of the *Duraco* test asks whether the trade dress was "likely to be . . . an indicator of the product's source." *Duraco Products, Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1441 (3d Cir. 1994).

54. *Samara Bros.*, 165 F.3d at 122 (discussing *Landscape Forms*, 113 F.3d at 378).

could be inherently distinctive.⁵⁵ The Supreme Court granted certiorari on the question of “what must be shown to establish that a product’s design is inherently distinctive.”⁵⁶

D. The Supreme Court Decision

In a unanimous opinion, the Supreme Court held that unregistered product design trade dress could not be inherently distinctive because consumers do not typically associate the product design with the product’s source.⁵⁷ Thus, product designs can only be protected upon a showing of secondary meaning.⁵⁸ The Court reversed the Second Circuit’s decision and remanded for proceedings consistent with its opinion.⁵⁹

Writing for the Court, Justice Scalia first compared product designs to color.⁶⁰ The Court recalled its discussion of trademarks in *Qualitex Co. v. Jacobson Products*,⁶¹ where it held that colors, while able to serve as trademarks, could never be inherently distinctive. Analogizing to *Qualitex*, the Court found that product designs, like colors, do not immediately cause a consumer to think of a brand or product source.⁶² Thus, both colors and product designs require a showing of secondary meaning in order to qualify for protection under the Lanham Act. The Court further explained that even a unique product design is not inherently distinctive since it is typically intended to make a product more appealing and not to identify a brand.⁶³ As an example, the Court considered a cocktail shaker shaped like a penguin.⁶⁴ The Court explained that consumers know that even this unusual design “is intended not to identify the source, but to render the product itself more useful or more appealing.”⁶⁵

In the Court’s view, applying the inherent distinctiveness principle to product designs might harm consumers by depriving them of the chance to

55. *Id.* at 127. The court also affirmed on Samara’s Copyright Act claim, denied Wal-Mart’s motion for a new trial, and reversed the district court’s grant of an injunction to Samara. *See id.* at 132. The court remanded the case so the district court could “refashion an injunction” corresponding with the Second Circuit’s opinion. *Id.*

56. *Wal-Mart Stores, Inc. v. Samara Bros.*, 528 U.S. 808 (1999).

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

58. *Id.* at 216.

59. *Id.*

60. *See id.* at 211-12.

61. 514 U.S. 159 (1995) (holding that the green and gold color of a brand of dry cleaning pads could be protected as a trademark, but only after a showing of secondary meaning).

62. *See Wal-Mart*, 529 U.S. at 211-12 (discussing *Qualitex*, 514 U.S. 159 (1995)).

63. *Id.*

64. *Id.*

65. *Id.*

benefit from aesthetic designs of competing products.⁶⁶ Consumers should not be deprived of competition by a “rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.”⁶⁷ Competition would be deterred by the mere threat of a successful suit.⁶⁸ “[G]iven the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness . . . [is] not worth the candle.”⁶⁹ The Court noted that the availability of other methods of protection, such as patents and copyrights, offsets any harm a producer may suffer from the requirement that secondary meaning be shown before product design can be protected under trade dress law.⁷⁰

The Court also discussed its decision in *Two Pesos v. Taco Cabana*,⁷¹ where it held that trade dress, at least in the form of restaurant décor, could be inherently distinctive. The Court clarified that *Two Pesos* “unquestionably establishes the legal principle that trade dress can be inherently distinctive.”⁷² Nonetheless, the Court concluded that the *Two Pesos* holding was “inapposite” to the *Wal-Mart* holding, since *Two Pesos* involved product packaging or “some *tertium quid* that is akin to product packaging,” while *Wal-Mart* involved product design.⁷³

Finally, the Court recognized that the lower courts would have some difficulty drawing lines between product design and product packaging.⁷⁴ The Court suggested the classic Coca-Cola bottle as an example of a product feature that could either be considered packaging (for the soda) or design (for people who collect the bottles).⁷⁵ By way of guidance, the Court simply commented that lower courts should lean toward classifying ambiguous cases as product design rather than packaging.⁷⁶

III. DISCUSSION

Although the Court’s conclusion appropriately advances the policies underlying intellectual property law, it leaves unresolved a number of contentious issues that will continue to plague the lower courts. The Court

66. *See id.*

67. *Id.*

68. *Id.* at 214.

69. *Id.*

70. *See id.*

71. 505 U.S. 763 (1992).

72. *Wal-Mart*, 529 U.S. at 215.

73. *Id.*

74. *Id.*

75. *Id.*

76. *Id.*

should have provided more guidance on how to distinguish between product design and packaging, and should have reconciled its *Two Pesos* opinion with the *Wal-Mart* decision.

A. The Court Reached the Correct Conclusion, from a Policy Perspective

The Court reached the correct result as a policy matter, for two main reasons. First, *Wal-Mart* will likely benefit consumer's interests since it promotes competition in the marketplace. Second, *Wal-Mart* does not leave product designs unprotected, but instead requires proof of secondary meaning and encourages designers to seek protection under patent or copyright law.⁷⁷

1. Promoting Competition and Consumer Interests

The competitive interest in duplicating product designs is stronger than the interest in imitating packaging. Packaging only acts as an encasement for the actual product prior to sale and is normally the portion of a product that will probably be discarded upon purchase. Thus, competition is unlikely to be threatened by allowing trade dress protection for a packaging style without a showing of secondary meaning. In contrast, design is intertwined with the product. Therefore, a producer with trade dress rights to a product design will have rights to the product itself, and not just the product's disposable packaging.⁷⁸ Permitting exclusive trade dress rights to an actual product (absent any showing of secondary meaning) may jeopardize competition, particularly since trade dress protection is unlimited in duration.⁷⁹

77. *See id.* (suggesting design patents and copyrights as alternative protections and holding that a design is protectable only upon a showing of secondary meaning).

78. *See Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 380 (2d Cir. 1997) (stating that "granting trade dress protection to an ordinary product design would create a monopoly in the goods themselves"). In *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998), Judge Boudin, in his concurring opinion, expressed concern regarding whether the public interest in replicating a product design can be outweighed by the need to offer protection for a designer's investment in his trade dress. *See id.* at 53 (Boudin, J., concurring).

79. *See id.* ("[T]he threat to the public interest, ordinarily countered by the time limit on patent protection, is acute where a permanent protection is offered not to a word or symbol but to the design of an article of manufacture."). Trade dress protection, however, is not necessarily limited in duration; protection can be lost through abandonment of a trade dress or trademark and also through genericide. *See GILSON, supra* note 13, § 2.02 (discussing how a change in the meaning of a trademark in the public's mind can cause a trademark to deteriorate into a generic name, thereby losing its protection under the Lanham Act); *see also id.* § 3.05 (noting that trademark abandonment, resulting in loss of

By holding that product design cannot be inherently distinctive, the Court furthered the interests of consumers and promoted competition.⁸⁰ The *Wal-Mart* decision will make it more difficult for producers to prove that a design deserves trade dress protection.⁸¹ To show inherent distinctiveness, a producer must demonstrate that his design is immediately source identifying.⁸² To prove secondary meaning, however, the producer must make the costly and laborious showing that over time consumers have come to recognize the trade dress as originating from a single source.⁸³ As a result, it will be more difficult for producers to acquire exclusive trade dress rights to product designs.⁸⁴ This will encourage competitors to create cheaper knockoffs of these unprotected designs, and thereby provide consumers with more options in the marketplace.

The Supreme Court held correctly in limiting trade dress protection for product designs, even if the decision results in some loss of design diver-

trademark protection, can occur “through nonuse of the trademark for an extended period, coupled with an intent by the trademark owner to relinquish its legal rights” or “when, because of conduct of the trademark owner, the trademark ceases to function as a designation of origin and no longer distinguishes the owner’s goods from those of others”).

80. See, e.g., Lisa I. Fried, *High Court Makes Guarding Product Design Harder Trademark Case*, N.Y. L.J., Mar. 30, 2000, at 5 (arguing that *Wal-Mart* potentially will promote the consumer’s choice, and, thus, the heightened competition resulting from the decision will be beneficial to consumers).

81. See Fried, *supra* note 80, for a discussion contending that *Wal-Mart* “could make it significantly harder for owners of designs to protect their creations.” Since *Wal-Mart* requires an owner of a product design to “affirmatively prove that the public associates the design with its maker, the High Court has imposed a difficult and costly burden on manufacturers of clothing, appliances and other goods.” *Id.*

82. See Ralph J. Gabric et al., *Trade Dress and Product Configuration Law*, in TRADE DRESS LAW § 2.03[B][1] (Robert C. Dorr & Christopher H. Munch, eds. 2000).

83. See, e.g., 4 MCCARTHY, *supra* note 10, §15.5; BROOKMAN, *supra* note 22, § 6.04 [B]. Courts will consider secondary meaning factors such as the advertising expenditures by trade dress owners, surveys of consumers who associate the trade dress with a single source, how long the trade dress was used, and whether use was exclusive. See *id.* § 6.04 [B][1]. Thus, a producer will often be limited to protecting only designs that have existed for a while and will be forced to spend a great deal of money on advertising and surveys to prove that the design deserves trade dress protection. With modern media and technology, however, it may be possible for a producer to publicize a design quickly and sufficiently to cause consumers to recognize the design source, thus warding off competitors. See Craig S. Mende, *How the High Court Sliced the Safety Net against Knockoffs*, BRANDWEEK, Aug. 21, 2000, at 30.

84. See *supra* note 79; see also Mende, *supra* note 83 (arguing that *Wal-Mart* has made it harder for a producer to stop someone from making a product similar to his, giving the example that the design of a children’s shirt can be copied unless the design has already become so well recognized that consumers assume that the same producer has made another shirt with the same design).

sity in the marketplace. Limiting trade dress protection of designs could result in retailers like Wal-Mart choosing to produce lower quality knock-offs of popular designs rather than investing resources to create their own innovative designs.⁸⁵ Consumers who are interested in diversity in products (rather than cheap, but similarly designed knockoffs) could lose the benefit of making choices between creative designs. Thus, the need for some form of product design protection is apparent, but trade dress law may be an inappropriate vehicle for this protection. The purpose of trade dress law is to prevent consumer confusion as to a product's source and not to promote marketplace diversity.⁸⁶ Most of the time, however, consumers probably will not automatically associate a new product design with a source. In *Wal-Mart*, Justice Scalia stated that since product designs rarely will be immediately source-identifying, it is worthwhile to put forth a rule declaring that product design can never be inherently distinctive.⁸⁷ Otherwise, competition would be deterred by the "game of allowing suit based upon alleged inherent distinctiveness."⁸⁸ Though a successful suit would be very unlikely, just the threat of such a suit may hinder competition, and this would be more detrimental to consumers than the initial loss of protection for those few designs that might really be inherently distinctive.⁸⁹ Hence, in the interests of promoting competition, the Court's decision to require secondary meaning for product designs was probably a wise one, though it may make trade dress protection of designs a more challenging feat.

2. *Design Patents, Copyrights, and Secondary Meaning*

Wal-Mart does not eliminate all trade dress protection for product designs, but rather encourages producers to develop secondary meaning in their designs. Proving secondary meaning, however, may be an onerous chore, given that such proof is costly and time-consuming.⁹⁰ Requiring proof of secondary meaning may leave some designs initially unprotected

85. See, e.g., 4 MCCARTHY, *supra* note 10, § 2.4 (discussing the idea that trademarks give a manufacturer an "incentive to improve the quality of his product" and without such protections, "a manufacturer would gain little or nothing from improving his product's quality").

86. See *id.* § 8.1 (explaining that "unlike patent and copyright law, trade dress law does not exist as a reward for innovation or creativity," but instead it "exists only if it can be proven that the trade dress identifies and distinguishes" the product source).

87. See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 215 (2000).

88. *Id.*

89. See *id.*

90. See Part III.A.1 and note 83, *supra*, for a discussion of the difficulties associated with proving secondary meaning.

until consumers develop an association between the design and the product source. Clothing designers, for example, change their styles or create new designs so frequently that they would seldom be able to protect the designs if a showing of secondary meaning is required.⁹¹

Despite these problems, however, the Court was correct in requiring a showing of secondary meaning for trade dress protection of product designs. By requiring secondary meaning, *Wal-Mart* simply mandates a higher showing of proof regarding distinctiveness. Thus, only those designs proven to identify source will be sheltered from competitor imitation under the Lanham Act. Trade dress protection, which is unlimited in duration, may not be the appropriate form of intellectual property protection for product designs that are not yet source identifying and do not cause consumer confusion (e.g., rapidly evolving clothing designs).⁹²

Wal-Mart also encourages producers to turn to other methods of design protection. As the Court in *Wal-Mart* clarifies, a “producer can ordinarily obtain protection for a design that *is* inherently source identifying . . . but that does not yet have secondary meaning, by securing a design patent or a copyright.”⁹³ Producers who cannot show secondary meaning for their designs should seek protection under these intellectual property regimes, rather than under trade dress law. Some problems exist, however, with the use of design patents or copyrights to protect designs.⁹⁴ For instance, design patents are expensive and may take a long time to obtain.⁹⁵ Additionally, copyrights do not provide full protection, because they protect only sketches and patterns, not entire clothing items.⁹⁶

The Supreme Court did not clearly address these shortcomings in intellectual property protection for product designs that have not developed

91. See Fried, *supra* note 80, (stating the view of Raymond Dowd, a partner with New York firm, Dowd & Marotta, who represents fashion designers who modify clothing so frequently, that many do not register their designs, and designers “regularly see their runway fashions copied before they even hit the stores”).

92. See *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989) (holding that the general public has the right to copy product designs, which are not protected by a patent or copyright, if there is no consumer confusion or deception regarding the design).

93. *Wal-Mart*, 529 U.S. at 215; see also Dolores K. Hanna, *Maximizing Trade Dress Protection*, in TRADE DRESS LAW § 9.02[C], [D] (discussing both copyrights and design patents as effective means of protecting trade dress).

94. See Fried, *supra* note 80 (discussing how “design patents are difficult and expensive to attain, and copyright law does not provide full protection either”).

95. See *id.*

96. See *id.* (“While patterns and sketches are copyrightable, the dress or shirt itself is not.”).

secondary meaning. Nonetheless, the fact that trade dress, patents, and copyrights fail to protect some product designs may mean that a new form of intellectual property protection is necessary to offer such protection.⁹⁷

B. Doctrinal Problems with the Supreme Court's Decision

Though the Court seems to have reached a correct decision from a policy standpoint, two main doctrinal problems are apparent in the Court's method of reaching its conclusion. First, the Court in *Wal-Mart* burdened lower courts with the task of distinguishing between packaging and design without explaining how this distinction should be made. Second, the Court failed to reconcile its seemingly conflicting *Two Pesos* opinion with its current reasoning in *Wal-Mart*.

1. Distinguishing between Packaging and Design

The *Wal-Mart* decision is beneficial in that the lower courts no longer have to consider the confusing issue of whether or not a product design is inherently distinctive.⁹⁸ In creating its bright-line rule, however, the Court may have complicated trade dress law. Although the Court removed the issue of whether a design is inherently distinctive, the Court failed to explain how to deal with an equal or even greater problem: distinguishing between product packaging and design. *Wal-Mart* may have shifted the producer's battle from arguing that his designs are inherently distinctive to contending that his designs constitute packaging.⁹⁹ The lower courts will

97. Perhaps product designs that do not meet the requirements for protection under any of the existing intellectual property regimes should be left unprotected.

98. See Part I.A., *supra*, for a discussion of the lower courts' various tests in trying to determine inherent distinctiveness. By holding that product designs can never be inherently distinctive, the Court seems to have created a more efficient bright-line rule. The Court, however, did not examine any situations in which product designs actually do appear to be inherently distinctive, such as the design of some motor vehicles. The shape and design of the Volkswagen Beetle or the Lamborghini Countach are so unique that they are likely to automatically cause consumers to recognize that they originate from a single source. Furthermore, a few courts have recognized the designs of vehicle features to be inherently distinctive. *See, e.g.*, *Ferrari s.p.a. v. Roberts*, 944 F.2d 1235, 1239-40 (6th Cir. 1991) (holding that the shape and appearance of the Ferrari could be protected as a product configuration case); *Rolls-Royce Motors Ltd. v. A & A Fiberglass, Inc.*, 428 F. Supp. 689, 698 (N.D. Ga. 1977) (holding that the Rolls-Royce grille was protected as a type of product configuration trade dress). Though some product designs may fail to fit within the Court's bright-line rule, as long as the rule properly classifies *most* designs, it will likely increase efficiency in trade dress law. *See, e.g.*, *Bowen v. Massachusetts*, 487 U.S. 879, 927 (1988) (finding that it is efficient to have a bright-line rule for dealing with challenges to Medicaid disallowance decisions).

99. Fried, *supra* note 80, (arguing that "the High Court has paved the way for plaintiffs to argue that their designs are not designs at all, but really packaging," so the Court

have to establish, without much guidance from the Supreme Court, a whole new method for distinguishing between design and packaging; the courts may apply different and conflicting tests, just as they do for determining inherent distinctiveness.¹⁰⁰ If after applying these new tests, the feature is found to be packaging, then a court must once again muddle through the same old group of inherent distinctiveness tests to decide whether the packaging is inherently distinctive. The Supreme Court failed to explain which inherent distinctiveness test should be applied in this situation, and it failed to provide a definition of or test for distinguishing between packaging and design.

The Court itself recognized that in some situations the lower courts might have difficulty distinguishing between packaging and design.¹⁰¹ The Court discussed the classic glass Coca-Cola bottle as an example. At first glance, the classic Coke bottle appears to be product packaging, meant only as dressing for the actual product—the soda. For a collector, however, the bottle may be the actual product of interest, and the soda just an added feature of a collectible good. If the bottle is the product, then it is the product's design that courts will examine for distinctiveness.¹⁰² Thus, packaging and design can be indistinguishable, depending on the product that one is buying (the soda or the classic bottles of Coca-Cola) and even depending on the buyer (a soda buyer or a classic bottle collector).

Two Pesos v. Taco Cabana provides another example of packaging that could also be characterized as product design.¹⁰³ The Court found that the overall image of a Mexican restaurant, including décor, festive atmosphere, and dining and patio areas decorated brightly with murals, paintings, and artifacts, was inherently distinctive.¹⁰⁴ Yet, restaurant décor ar-

may have “shifted the battle” from asking if something is inherently distinctive to asking whether it is packaging or design). For an example, see *Continental Lab Products v. Medax Int'l*, 114 F. Supp. 2d 992, 997-98 (S.D. Cal. 2000), where a plaintiff initially argues that his product design is inherently distinctive, but later (after the *Wal-Mart* decision issues) claims that his trade dress qualifies as packaging.

100. See Part I.A, *supra*, for a discussion of the different tests used by the courts to decide if a product feature is inherently distinctive.

101. See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 215 (2000). See *McKernan v. Burek*, 118 F. Supp. 2d 119 (Mass. Dist. Ct. 2000), as one example of a recent case, where the court faced the difficulty of deciding whether an ornamental bumper sticker constituted packaging or design since the “packaging and the product are so intertwined that distinguishing between them may be regarded as a scholastic endeavor.” *Id.* at 123-24.

102. See *Wal-Mart*, 529 U.S. at 215.

103. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

104. See *id.*

guably has elements of both packaging and design.¹⁰⁵ If consumers visit the Mexican restaurant for the dining ambiance, then the restaurant room and its furnishings are the actual product. The festive style of the restaurant makes up the design of the product, or the restaurant ambiance. If, however, the food is the restaurant's product, then the festive atmosphere may be considered a package meant to dress up the product in an appealing manner.

The *Wal-Mart* Court provided only a weak explanation of how the lower courts should deal with product features that could be either design or packaging, and did not follow its own suggestion when discussing *Two Pesos*.¹⁰⁶ Referring to the Coca-Cola bottle example, the Court concluded that in cases where it is difficult to decide if the product feature is packaging or design, "courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning."¹⁰⁷ Yet, in *Two Pesos*, which is arguably a close case between packaging and design, the Court found the restaurant interior design to be inherently distinctive.¹⁰⁸ Indeed, the lower courts had difficulty deciding whether to treat *Two Pesos* as a packaging or a design case because the Supreme Court had generically referred to the décor as trade dress.¹⁰⁹ In *Wal-Mart*, the Court only vaguely described the *Two Pesos* restaurant décor as packaging or "some *tertium quid* that is akin to product packaging."¹¹⁰ Troublingly, the Court declared *Two Pesos* to be a packaging case immediately before it directed the lower courts to err on the side of finding

105. See, e.g., *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 787-88 (8th Cir. 1995) (discussing *Two Pesos* and suggesting that restaurant décor could be akin to configuration as well as packaging; the product of the restaurant is the restaurant experience, including the room, furnishings, and the food).

106. See *Wal-Mart*, 529 U.S. at 215 (clarifying that the *Two Pesos* restaurant décor did not constitute product design).

107. *Id.*

108. See *Two Pesos*, 505 U.S. at 776.

109. The Third Circuit interpreted *Two Pesos* to involve packaging, while the Eighth and Fourth Circuits interpreted it as a product design case. See Deborah F. Buckman, *When Is Trade Dress "Inherently Distinctive" for Purposes of Trade Dress Infringement Actions Under § 43(a) of Lanham Act (15 U.S.C.A. § 1125(a))—Cases After Two Pesos*, 161 A.L.R. FED. 327, § 2(a) (2000) (discussing the Third Circuit's interpretation that *Two Pesos* was a product packaging case, while the Eighth Circuit understood the Court to be eliminating any distinction between packaging and design trade dress and interpreted *Two Pesos* to be a product configuration case); see also Symposium, *Trade Dress Protection: The Issue of Distinctiveness and Potential Conflicts*, 7 N. KY. L. REV. 1041, 1048 (also discussing the same views of the Third and Eighth Circuits along with the Fourth Circuit's view that *Two Pesos* was a design case).

110. *Wal-Mart*, 529 U.S. at 215.

close cases to be product design.¹¹¹ The Court gave no explanation for why *Two Pesos* is a packaging case or why the Court chose not to err on the side of calling it a design case.

2. *Failure to Reconcile Wal-Mart and Two Pesos*

By refusing to overrule *Two Pesos*, the Court has left as applicable law a case that arguably conflicts with the rule it adopted in *Wal-Mart*. The *Wal-Mart* decision represents a distinct retreat from the *Two Pesos* holding. The *Two Pesos* opinion focused primarily on the producer's interests, including a producer's right to the goodwill of his business, his right to maintain a competitive position, and the burdens his company would face if he were required to demonstrate secondary meaning.¹¹² *Two Pesos* seemed to be broadening unregistered trade dress protection. In contrast, the consumer-oriented *Wal-Mart* decision considered how product design suits based on inherent distinctiveness issues might deprive consumers of the benefits of competition.¹¹³

Additionally, the *Wal-Mart* Court seems to have modified its application of the Lanham Act. In *Two Pesos*, the Court emphasized the lack of textual basis in section 43(a) of the Lanham Act for "treating inherently distinctive . . . trademarks differently from inherently distinctive trade dress," to support its conclusion that unregistered trade dress could be inherently distinctive.¹¹⁴ Since the Lanham Act did not treat trademarks and trade dress differently, there would be no reason for the Court to do so.¹¹⁵ Interestingly, however, the Lanham Act also lacks a textual basis for treating product packaging differently from product design; the Act only refers to protection, in general, to avoid consumer confusion.¹¹⁶ The *Wal-Mart* Court failed to address this issue. This change in Lanham Act interpretation may complicate how the lower courts choose to read the Lanham Act,¹¹⁷ and it suggests that if the Lanham Act does not support treating

111. *Id.*

112. *See Two Pesos*, 505 U.S. at 774-76.

113. *See Wal-Mart*, 529 U.S. at 212-13.

114. *Two Pesos*, 505 U.S. at 774.

115. *See id.*

116. *See* Lanham Act § 43(a), 15 U.S.C. § 1125(a) (2000). The court, in *Ashley Furniture Industries, Inc. v. Sangiacomo N.A. Ltd.*, 187 F.3d 363 (4th Cir. 1999), discussed the *Two Pesos* Court's emphasis on the language of the Lanham Act that supported treating trade dress and trademark the same, and noted that "the creation of a new rule to be applied only to product configuration would comport neither with the language of the statute nor with the Court's preference for uniformity." *Id.* at 371.

117. When interpreting the Lanham Act, the lower courts will be faced with choosing whether or not to look to the literal text of the Lanham Act, as the Supreme Court did in *Two Pesos*, as opposed to using the much looser *Wal-Mart* interpretation.

packaging and design differently, perhaps the Court should not have done so either, from a doctrinal standpoint. At the very least, the Court should have clarified why its "lack of textual basis" interpretation was not applicable in *Wal-Mart*.¹¹⁸

In addition to changing its application of the Lanham Act, the Court may have modified its definition of inherent distinctiveness. In *Two Pesos*, for example, the Court clarified that trade dress is inherently distinctive if it is "capable of identifying products or services as coming from a specific source."¹¹⁹ In *Wal-Mart*, however, the Court suggested that a product feature is inherently distinctive if a producer intends the feature to represent a source.¹²⁰ Instead of focusing solely on whether a product feature will automatically represent the source or is capable of identifying the source, the Court considered whether a feature is *intended* to represent the source.¹²¹ The Court discussed a penguin-shaped cocktail shaker as an example of a design that is not inherently distinctive; consumers will know the design is "intended not to identify the source, but to render the product itself more useful or more appealing."¹²² Customers may, however, perceive a design as indicating the source even though it was intended only to be an attractive ornamentation. Even a design or package that was not intended to indicate the product source may result in consumer confusion if copied, and the Lanham Act should protect such consumers against confusion, regardless of producer intent.¹²³ Hence, from a doctrinal view, this flaw may suggest that the Court used an improper analysis to reach its conclusion.

The Court should have strengthened its opinion from a doctrinal standpoint by resolving these problems. At the very least, the Court should have addressed the inconsistencies between *Wal-Mart* and *Two Pesos*. More appropriately, the Court should have treated the *Two Pesos* restaurant décor as a form of product design and overruled *Two Pesos*.¹²⁴

118. See *Two Pesos*, 505 U.S. at 774.

119. *Id.* at 773.

120. See *Wal-Mart*, 529 U.S. at 212-13.

121. *Id.* at 213.

122. *Id.*

123. See JACOVER & BRENNAN, *supra* note 21, at 27 (explaining that the "stated purpose of the Lanham Act is to protect consumers from deceitful practices"). This protection from confusion, however, is restrained by the functionality doctrine, which sacrifices the chance of some consumer confusion in exchange for allowing functional product features to be copied. See MOHR ET AL., *supra* note 7, at 85.

124. This Note does not contend that *Two Pesos* was incorrect in demonstrating that some types of trade dress can be inherently distinctive. Instead, this Note contends that,

Though this alternative would not remove the need for a manageable test to distinguish between packaging and design, it would have at least resolve the inconsistencies between *Two Pesos* and *Wal-Mart*.

IV. CONCLUSION

Although *Wal-Mart* may be disquieting for the lower courts that must distinguish between product packaging and design, as a policy matter, the Supreme Court came to the correct result. This decision will likely promote both consumer interests and competition. *Wal-Mart* also does not greatly harm designers since there are still other, though possibly imperfect, methods of protecting designs. The opinion does, however, demonstrate some doctrinal flaws. The Court did not provide the lower courts with an explanation of how to deal with the burdensome issue of distinguishing between packaging and design. Moreover, the Court failed to reconcile *Two Pesos* and *Wal-Mart*. In the interest of promoting favorable precedent in trade dress law, the Court should have provided a test to distinguish between packaging and design and should have chosen to overrule *Two Pesos*.

in light of *Wal-Mart*, the *Two Pesos* Court was incorrect in holding that the Mexican restaurant décor at issue was inherently distinctive.

