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THE ABERCROMBIE CLASSIFICATIONS AND DETERMINING THE INHERENT DISTINCTIVENESS OF PRODUCT CONFIGURATION TRADE DRESS

INTRODUCTION

Trade dress is the total visual image of a product and the overall impression it creates.¹ “[It] is a complex composite of features” to be considered together,² including a product’s size, shape, color and graphics.³ A restaurant’s decorative design has even been held to constitute trade dress.⁴ The two general categories of trade dress are product configuration and product packaging.⁵ Product configuration is the visual design of the product itself rather than the container in which it is sold. Because many companies make significant efforts to create

¹ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 764 n.1 (1992); *Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1247 (8th Cir. 1990); see RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 16 cmt. a (1995) [hereinafter RESTATEMENT].

² *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136, 1141 (3d Cir. 1986) (quoting *SK&F Co. v. Premo Pharmaceutical Lab.*, 481 F. Supp. 1184, 1187 (D.N.J. 1979), *aff'd*, 625 F.2d 1055 (3d Cir. 1980)); see *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995) (stating the combination of design elements should be the focus of a trade dress distinctiveness inquiry).

³ *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 75 (2d Cir. 1985); *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983) (stating that trade dress includes “product’s size, shape, color or color combinations, texture, [or] graphics”).

⁴ See *Two Pesos*, 505 U.S. at 764 n.1 (“Taco Cabana’s trade dress may include the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior kitchen floor plan, the decor, the menu, the equipment used to serve food, the servers’ uniforms and other features reflecting on the total image of the restaurant.”); *Fuddrucker’s, Inc. v. Doc’s B.R. Others, Inc.*, 826 F.2d 837, 841 (9th Cir. 1987) (finding that plaintiff’s trade dress consisted of overall impression created by interior design, floor plan, furnishings and fixtures of restaurant, as well as method of food preparation and presentation).

⁵ See *Jeffrey Milstein*, 58 F.3d at 31.

recognizable products in order to increase consumer association between the product and the producer, trade dress protection is of great economic and legal importance.⁶

Trade dress and trademarks are grouped together as trade symbols.⁷ The principal purpose in protecting trade symbols is to provide consumers with reliable information about a product's source.⁸ By protecting distinguishing marks and designs that identify the producer of a product, trademark law reduces the cost consumers incur in finding quality merchandise,⁹ induces producers to provide quality goods and fosters competition between producers.¹⁰ Thus, the fundamental issue in trade symbol protection is whether the public purchases the article because of its perceived source.¹¹

Trade symbol protection is provided by the Lanham Act ("the Act").¹² Sections 2 and 32 of the Act protect registered trade symbols from infringement,¹³ and section 43(a) protects unregistered symbols.¹⁴ The Act aims primarily to prevent deception and unfair competition.¹⁵ For a trade symbol to be

⁶ See generally William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265 (1987).

⁷ While trademarks are symbols such as insignias, emblems and logos used to identify producers, trade dress is a broader concept that "includes the total look of a product and its packaging and even includes the design and shape of the product itself." 1 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 8.01[2], at 8-5 (3d ed. 1994).

⁸ *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918); *Pirone v. MacMillan, Inc.*, 894 F.2d 579, 581 (2d Cir. 1990).

⁹ *Qualitex Co. v. Jacobson Prods. Co.*, 115 S. Ct. 1300, 1303 (1995); 1 MCCARTHY, *supra* note 7, § 2.01[2], at 2-3; Landes & Posner, *supra* note 6, at 268-70.

¹⁰ *Qualitex*, 115 S. Ct. at 1303; *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985) (citing S. REP. NO. 1333, 79th Cong., 2d Sess., at 3-5 (1946) (citations omitted)).

¹¹ *Crescent Tool v. Kilborn & Bishop Co.*, 247 F. 299, 300-01 (2d Cir. 1917).

¹² Lanham Act, 15 U.S.C. §§ 1051-1128 (1994).

¹³ *Id.* §§ 1052, 1114.

¹⁴ Section 43(a) of the Act proscribes "false designation of origin" generally. *Id.* § 1125(a).

¹⁵ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767-68 (1992). Before *Two Pesos*, the circuits were split as to whether the owner of a product, in order to obtain legal protection for his or her design, needed to establish in all cases that his or her product's trade dress had acquired secondary meaning with the public.

Secondary meaning exists when consumers have come to associate the product's design with that specific producer. RESTATEMENT, *supra* note 1, at cmt. e; see *infra* notes 88-89 and accompanying text. For example, through continued exposure over time the public has come to perceive crackers and cookies in pack-

protected under the Act, it must be nonfunctional, distinctive and so similar to a defendant's trade symbol that consumer confusion as to the source of the defendant's product will likely result.¹⁶ In order for a trade symbol to be deemed distinctive, it either must be inherently distinctive or have acquired secondary meaning.¹⁷

In *Two Pesos, Inc. v. Taco Cabana, Inc.*, the Supreme Court endorsed use of the same test applied to trademarks to determine whether trade dress is inherently distinctive.¹⁸ But the application of this standard, first enunciated by Judge Friendly of the Second Circuit in *Abercrombie & Fitch Co. v. Hunting World, Inc.*,¹⁹ has provided more confusion than guidance to federal courts attempting to follow *Two Pesos*. In applying the *Abercrombie* test in the past, courts have held trade symbols to be inherently distinctive if they are suggestive, arbitrary or fanciful, but not if they are generic or descriptive.²⁰ In *Two Pesos*, the Supreme Court accepted without question the district court's use of these classifications to determine the inherent distinctiveness of the trade dress at issue.²¹

Subsequently, federal circuit courts have interpreted *Two Pesos* inconsistently. In *Duraco Products, Inc. v. Joy Plastic*

aging containing elves as coming from the Keebler Company. The Act uses the phrase "acquired distinctiveness" rather than secondary meaning. 15 U.S.C. § 1052(e)-(f).

Before *Two Pesos*, the Second Circuit required proof of secondary meaning in all trade dress protection cases. See, e.g., *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 974 (2d Cir. 1987). At the same time, the Fifth Circuit held that a showing of secondary meaning is not always required for trade dress protection. *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 702 (5th Cir. 1981), cert. denied, 457 U.S. 1126 (1982). The Supreme Court resolved this circuit split when it held that secondary meaning need not be established where trade dress is inherently distinctive. *Two Pesos*, 505 U.S. at 770.

¹⁶ *Two Pesos*, 505 U.S. at 769; *Prufrock Ltd., Inc. v. Lasater*, 781 F.2d 129, 132 (8th Cir. 1986).

¹⁷ RESTATEMENT, *supra* note 1, § 13; see *supra* note 15, *infra* notes 88-89 and accompanying text for a definition and discussion of secondary meaning.

¹⁸ See *Two Pesos*, 505 U.S. at 773 (stating that "[t]he Fifth Circuit was quite right in *Chevron*, and in this case, to follow the *Abercrombie* classifications consistently and to inquire whether trade dress for which protection is claimed under § 43(a) is inherently distinctive.").

¹⁹ 537 F.2d 4 (2d Cir. 1976).

²⁰ See *infra* notes 73-83 and accompanying text for a detailed description of the *Abercrombie* classifications.

²¹ *Two Pesos*, 505 U.S. at 768-70.

Enterprises, Ltd.,²² the Third Circuit held that the *Abercrombie* classifications apply only to packaging trade dress and devised a different test for product configuration trade dress.²³ However, the Eighth Circuit refused to adopt this distinction in *Stuart Hall Co. v. Ampad Corp.*, stating that the *Two Pesos* holding applied to all forms of trade dress.²⁴

The *Duraco* decision has met with mixed reviews from other courts.²⁵ Deciding on the proper test to determine the inherent distinctiveness of product configurations has even caused problems within the Second Circuit, the court which originally set forth the *Abercrombie* classifications.²⁶ Despite the resulting controversy, the Third Circuit's concerns over the applicability of these classifications to product configuration trade dress are well founded. Different forms of trade dress do vary in how effectively they designate a product's source.²⁷ Thus, product configurations should be required to pass a preliminary hurdle verifying their capacity to serve as source identifiers before the four-prong *Abercrombie* test is applied.

A test which adequately measures the degree to which trade dress designates source, however, does not require consideration of consumer association, as the Third Circuit has suggested in *Duraco*.²⁸ It is a trade symbol's originality which determines its inherent capacity to serve as producer identification, not the consumer's ability to associate the symbol with the producer.²⁹ There is no valid reason to change this rule for product configurations. Indeed, the Supreme Court held in

²² 40 F.3d 1431 (3d Cir. 1994).

²³ See *infra* Part II.A.2.

²⁴ 51 F.3d 780, 787 (8th Cir. 1995); see *infra* notes 146-147 and accompanying text.

²⁵ See *Mulberry Thai Silks, Inc. v. K & K Neckwear, Inc.*, 897 F. Supp. 789, 793-94 (S.D.N.Y. 1995) (acknowledging the disagreement between circuits and problems in applying the *Abercrombie* classifications to product configuration trade dress, yet choosing not to employ the three-prong *Duraco* test); *Health O Meter, Inc. v. Terraillon Corp.*, 873 F. Supp. 1160, 1170-71 (N.D. Ill. 1995) (choosing to apply the *Abercrombie* classifications), *appeal dismissed without opinion*, 52 F.3d 342 (Fed. Cir. 1995); cf. *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008 (2d Cir. 1995) (agreeing with the reasoning in *Duraco*, but not endorsing the Third Circuit's three-prong test for inherent distinctiveness).

²⁶ See *infra* Part II.C.

²⁷ *Mulberry*, 897 F. Supp. at 792.

²⁸ *Duraco Prods., Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1448-50 (3d Cir. 1994).

²⁹ *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 786 (8th Cir. 1995).

Two Pesos that consideration of consumer association is unnecessary to determine the inherent distinctiveness of trade dress.³⁰

Part I of this Note reviews the law governing trade dress infringement, including the Supreme Court's *Two Pesos* decision. Part II describes the recent split among the circuits applying *Two Pesos*, as well as the internal split within the Second Circuit. Part III analyzes the problems that have developed in applying the four-prong *Abercrombie* test to product configuration trade dress, and evaluates the Second and Third Circuits' alternative tests to determine inherent distinctiveness in these cases. Part IV proposes the addition of a preliminary test for product configurations that confirms their capacity to identify producers.

I. TRADE DRESS LAW

Trade symbols are protected primarily for economic reasons.³¹ The fundamental purposes of trademark law are to protect the public from being deceived as to a product's source, and to foster fair competition among producers.³² The Supreme Court recently elaborated on these goals in the context of the transaction costs involved, stating:

In principle, trademark law, by preventing others from copying a source-identifying mark, "reduces the customer's costs of shopping and making purchasing decisions," for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.³³

³⁰ See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 770-71 (1992).

³¹ See generally Landes & Posner, *supra* note 6; Some commentators suggest that morality is a key factor in protecting trade symbols. This view tends "to be based on the notion that people are entitled to something not as an incentive to work harder, but because it's right." Essentially, the reasoning is that individuals should have property rights in that which they create. Alex Kozinski, *Essay: Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 966-67 (1993).

³² *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 873 (8th Cir. 1994); *Truck Equip. Serv. Co. v. Freuhauf Corp.*, 536 F.2d 1210, 1215 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976).

³³ *Qualitex Co. v. Jacobson Prods. Co.*, 115 S. Ct. 1300, 1303 (1995) (quoting 1

Trademark law prohibits competitors from impersonating another producer in order to take advantage of the goodwill the other has developed, and thus promotes the production of quality goods.³⁴ By promoting fair competition, trademark law also fosters creativity among producers.³⁵

Because both trade dresses and trademarks are intended to distinguish the products of one producer from those of others, the two are generally defined by the same legal standards.³⁶ Currently, the federal courts are instructed to apply the same tests and analyses to both trademark and trade dress in order to determine if legal relief from infringement is warranted.³⁷

A. *Requirements for Protection*

Traditionally, courts apply a three-part test to determine whether to extend protection to a trade symbol. For the owner of a trade dress or mark to gain legal protection, his or her trade symbol must be: (1) nonfunctional;³⁸ (2) distinctive; and (3) likely to be confused by consumers with the defendant's imitative trade symbol, thus creating a misunderstanding as to the origin of the defendant's product.³⁹ Although the presence of each of these three elements is to be considered independently of one another, nonetheless they are interrelated concepts.⁴⁰

MCCARTHY, *supra* note 7, § 2.01[2], at 2-3).

³⁴ *Id.*

³⁵ See Willajeane F. McLean, *The Birth, Death, and Renaissance of the Doctrine of Secondary Meaning in the Making*, 42 AM. U. L. REV. 737, 739 (1993) (arguing that courts have relaxed the traditional requirements of trade symbol protection with regard to trade dress "[i]n order to foster creativity and promote competition").

³⁶ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); see *Aromatique*, 28 F.3d at 868 (stating that "the difference between trade dress and trademark is no longer of importance in determining whether trade dress is protected by federal law.").

³⁷ *Two Pesos*, 505 U.S. at 774.

³⁸ *Id.* at 769. Instead of requiring a plaintiff to establish that his or her trade symbol is nonfunctional, some jurisdictions view functionality as an affirmative defense. See *infra* notes 61-62 and accompanying text.

³⁹ *Two Pesos*, 505 U.S. at 769; *Prufrock Ltd. v. Lasater*, 781 F.2d 129, 132 (8th Cir. 1986).

⁴⁰ See *infra* pp. 849-50 and accompanying notes.

1. Functionality

A trade symbol must first be nonfunctional to obtain legal protection. The promotion of fair competition requires that functional features be denied trademark protection because providing such protection would impede the public's access to useful articles by limiting the number of producers who could provide the articles.⁴¹

A functional feature is one essential for a product to fulfill its purpose or one which "affects the cost or quality of the article."⁴² Courts consider a trade symbol to be functional, and thus unprotectable, if it "confers competitive advantages upon its user" in addition to identifying the producer.⁴³

Although the Supreme Court has defined functionality, the federal courts employ different tests to determine whether a trade symbol is functional.⁴⁴ Some circuits use what is known

⁴¹ *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 873 (8th Cir. 1994) (citing *In re Walter Gremlin Co.*, 635 F.2d 841, 844 (C.C.P.A. 1980)). When courts extend protection to trade symbols, they preclude competitors from copying or using the same symbol. Thus, if trade symbol protection is granted to the design of a functional feature—for example, the hook on the back of telephone handsets which eliminates the need to hold the handset while communicating—then the first producer will be provided with a potentially permanent monopoly on that useful feature. Consumers will be able to acquire that item only from that one producer and surely will have to pay a premium.

Instead, it is the role of patent law to provide limited protection to functional features and designs that are truly innovative.

⁴² *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982); see *Qualitex Co. v. Jacobson Prods. Co.*, 115 S. Ct. 1300, 1304 (1995); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938).

⁴³ Daniel J. Gifford, *The Interplay of Product Definition, Design and Trade Dress*, 75 MNN. L. REV. 769, 781 (1991) (stating that a design is not functional, and is therefore protectable, if it "performs an intended utilitarian function, but not significantly better than alternative designs"); see *Qualitex*, 115 S. Ct. at 1304.

For example, Fotomat's distinctive yellow roof and kiosk design has been provided trade dress protection even though it functions as shelter in addition to identifying the photo developer. *Fotomat Corp. v. Cochran*, 437 F. Supp. 1231, 1235 (D. Kan. 1977). Because Fotomat's roof was no better than any other at providing shelter and, therefore, conferred no competitive advantage on Fotomat, the roof design was deemed functional only in a de facto sense. In other words, the yellow roof design was protectable because its primary function was to identify Fotomat.

⁴⁴ See Beth F. Dumas, Note, *The Functionality Doctrine in Trade Dress and Copyright Infringement Actions: A Call for Clarification*, 12 HASTINGS COMM. & ENT. L.J. 471 (1990).

as the "important ingredient" test, where a product feature is regarded as functional if it is an important ingredient in the commercial success of the product.⁴⁵ According to this test, a trade symbol is nonfunctional if its primary purpose is to identify the producer rather than to improve the product's cost or quality.⁴⁶

However, the "important ingredient" test has met with much criticism.⁴⁷ Courts have interpreted this test to mean that the more visually attractive a trade symbol is, the less likely it is to identify its producer.⁴⁸ Thus, the "important ingredient" test works as a disincentive for the development of creative, attractive designs.⁴⁹ This test ignores the fact that trade symbols usually make products more attractive in addition to distinguishing manufacturers or brands from others.⁵⁰

The "important ingredient" test is closely tied to the concept of aesthetic functionality, which states that visual appeal can be an essential element of product quality.⁵¹ In jurisdic-

⁴⁵ The "important ingredient" test for de jure functionality was set forth in *Prufrock Ltd. v. Lasater*:

If the particular feature is an important ingredient in the commercial success of the product, the interests in free competition permits [sic] its imitation in the absence of a patent or copyright. On the other hand, where the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demand in connection with the product, imitation may be forbidden Under such circumstances, since effective competition may be undertaken without imitation, the law grants protection.

781 F.2d 129, 133 (8th Cir. 1986) (quoting *Truck Equip. Serv. Co. v. Freuhauf Corp.*, 536 F.2d 1210, 1217-18 (8th Cir.), cert. denied, 429 U.S. 861 (1976)).

⁴⁶ *Id.*

⁴⁷ See *Villeroy & Boch Keramische Werke K.G. v. THC Systems, Inc.*, 999 F.2d 619, 620-21 (2d Cir. 1993) (stating that the "important ingredient" test "is controversial and has been seriously limited by this circuit in recent cases").

⁴⁸ See *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 340-41 (7th Cir. 1985).

⁴⁹ *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 77 (2d Cir. 1985).

⁵⁰ *W.T. Rogers*, 778 F.2d at 340.

⁵¹ *LeSportsac*, 754 F.2d at 78 (stating that central to the question of the functionality of the sports bag design at issue was whether consumers were induced to purchase the LeSportsac bag because its design was more attractive or because the design distinguished the bag as a LeSportsac product; if the latter, the design is eligible for trade dress protection because it serves to identify the product's source); *Pagliari v. Wallace China Co.*, 198 F.2d 339, 343-44 (9th Cir. 1952) (stating that the china designs at issue were not eligible for trademark protection because they were "an important ingredient in the commercial success of the product . . . [and] not merely indicia of source").

tions recognizing aesthetic functionality, a product's design is deemed functional not only if it improves the product's utilitarian performance, but also if consumers are induced to purchase the product because of its appearance.⁶² These courts follow the rule that where a product's design induces purchase primarily due to its visual appeal, the product's trade dress is functional and therefore not protected.⁶³ Thus, trademark protection is denied to decorative features unless their primary purpose is to identify the product's source.⁶⁴ But like the "important ingredient" test, the doctrine of aesthetic functionality is not widely accepted and has been highly criticized.⁶⁵ In addition, those courts that recognize aesthetic functionality apply the doctrine in various ways.⁶⁶

The more widely adopted functionality test ensures that protection of the trade symbol at issue will not confer a competitive advantage on its owner. Courts using the "competitive advantage" test evaluate whether market competitors need the trade symbol at issue in order to compete effectively "or whether it is the kind of merely incidental feature which gives the brand some individual distinction but which producers of competing brands can readily do without."⁶⁷ In applying this test

⁶² Kozinski, *supra* note 31, at 965.

⁶³ *Pagliero*, 198 F.2d at 343-44.

⁶⁴ See MCCARTHY, *supra* note 7, § 7.06.

⁶⁵ See *Krueger Int'l, Inc. v. Nightingale, Inc.*, 915 F. Supp. 595, 606 (S.D.N.Y. 1996) (describing the doctrine of aesthetic functionality as "unnecessary and illogical").

⁶⁶ For an extensive review of the circuits which recognize the doctrine of aesthetic functionality and its application in each, see generally Ralph S. Brown, *Design Protection: An Overview*, 34 UCLA L. REV. 1341, 1364-74 (1987).

Of specific relevance to this Note is the Third Circuit's treatment of aesthetic functionality. Here, *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822 (3d Cir. 1981) serves as precedent. The Third Circuit declined to adopt the Ninth Circuit's "broad view" of aesthetic functionality enunciated in *Pagliero v. Wallace China Co.* The court criticized *Pagliero* as considering only the commercial desirability of the feature at issue without consideration of its utilitarian function, and thus providing a disincentive for development of imaginative and attractive design. Instead, the Third Circuit held that a design is eligible for trademark protection when it is not significantly related to the utilitarian function of the product. Brown, *supra*, at 1373.

Thus, the Third Circuit's "strict view" of aesthetic functionality makes eligible for trademark protection attractive designs which induce the product's purchase so long as they are not closely related to the product's utilitarian function.

⁶⁷ *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 346 (7th Cir. 1985); see *Fabrication Enters., Inc. v. Hygenic Corp.*, 64 F.3d 53, 58 (2d Cir. 1995) (stating that a trade

to product configurations, functional designs are those with features essential to effective competition, and thus commonly used, in their particular market.⁵⁸ Functionality is determined by the availability of alternative designs, names or symbols.⁵⁹ This "competitive advantage" test follows more closely the Supreme Court's definition of functionality.⁶⁰

In addition to applying different tests to determine functionality, the federal courts also disagree as to which party bears the burden of proving functionality or nonfunctionality. In some circuits, functionality is used as an affirmative defense.⁶¹ In other circuits, the plaintiff bears the burden of proving nonfunctionality.⁶²

2. Distinctiveness

Functionality is closely associated with distinctiveness, the second requirement for obtaining trade symbol protection. The distinctiveness requirement facilitates the fundamental purpose of trademarks—to identify product source—by ensuring that protected trade symbols be clearly distinguishable from others. A trade symbol is considered distinctive and thus protectable if it is either inherently distinctive or has acquired secondary meaning in the minds of the consuming public.⁶³

dress, "even one that contributes to the function of the product, may be protected under the Lanham Act unless the costs to competition of precluding competitors from using the [trade dress] are too high").

⁵⁸ *Landscape Forms, Inc. v. Columbia Cascade Co.*, 70 F.3d 251, 253 (2d Cir. 1995); *Krueger*, 915 F. Supp. at 605-06; see *W.T. Rogers*, 778 F.2d at 339.

⁵⁹ See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775 (1992) (recognizing as valid the Fifth Circuit's holding that "a design is legally functional, and thus unprotectable, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection"); *Stormy Clime Ltd. v. Progroup, Inc.*, 809 F.2d 971, 977-78 (2d Cir. 1987).

⁶⁰ See *supra* notes 42-43 and accompanying text.

⁶¹ See *Abbott Lab. v. Mead Johnson & Co.*, 971 F.2d 6, 20 (7th Cir. 1992) ("[F]unctionality . . . is actually an affirmative defense as to which [defendant] bears the burden of proof."); *W.T. Rogers*, 778 F.2d at 338; *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 76 (2d Cir. 1985).

⁶² See *Merchant & Evans, Inc. v. Roosevelt Bldg. Prods. Co.*, 963 F.2d 628, 633 (3d Cir. 1992); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989); *accord*, *Textron, Inc. v. United States Int'l Trade Comm'n*, 753 F.2d 1019 (Fed. Cir. 1985) (plaintiff has the burden of proving non-functionality once a prima facie case of functionality is made by an opponent).

⁶³ *Two Pesos*, 505 U.S. at 769 (citing RESTATEMENT, *supra* note 1, § 13, at 37-

Prior to *Two Pesos*, the circuits split on the issue of whether the owner of an inherently distinctive trade dress had to establish that his or her design had acquired secondary meaning.⁶⁴ Though the circuits increasingly accepted the concept of inherent distinctiveness, some continued to require a showing of secondary meaning up to the time of *Two Pesos*.⁶⁵ The Supreme Court resolved this dispute when it held that secondary meaning is not required where a trade dress is so uncommon, creative and unique that it may be presumed to identify the product's source.⁶⁶

Until 1981, the distinctiveness requirement could only be fulfilled by trade symbols that consumers had come to associate with specific producers. The concept that an owner may demonstrate the distinctiveness of a trade symbol without also demonstrating secondary meaning first arose at the federal level in *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*⁶⁷ Chevron claimed that the defendants copied the packaging design of its lawn and garden chemical products, but the district court rejected the claim for failure to establish that the packaging had acquired secondary meaning.⁶⁸ The Fifth Circuit reversed, holding that a plaintiff is required to show secondary meaning only when his or her trade symbol "is not sufficiently distinctive of itself to identify the producer."⁶⁹

The doctrine of inherent distinctiveness developed due to judicial concern over the financial inability of small producers to establish secondary meaning with consumers before competition arrived,⁷⁰ or to prove subsequently the existence of secondary meaning in court. The federal courts also have recog-

38 & cmt. a (Tentative Draft No. 2, 1990)); *Aromatique*, 28 F.3d at 869; see *supra* note 15 and *infra* notes 88-89 and accompanying text for a definition and discussion of secondary meaning.

⁶⁴ See *supra* note 15; see also *Aromatique*, 28 F.3d at 869 (citing *In re DC Comics, Inc.*, 689 F.2d 1042, 1050-51 (C.C.P.A. 1982) (Nies, J., concurring)).

⁶⁵ See *supra* note 15; see also *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1007 (2d Cir. 1995).

⁶⁶ See *Two Pesos*, 505 U.S. at 773-74.

⁶⁷ 659 F.2d 695 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126 (1982).

⁶⁸ *Id.* at 696.

⁶⁹ *Id.* at 702-03.

⁷⁰ See *Two Pesos*, 505 U.S. at 775; *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1007 (2d Cir. 1995).

nized inherent distinctiveness as a legal concept because protection of these trade symbols promotes entrepreneurship and innovation among producers.⁷¹

To determine the inherent distinctiveness of trade symbols, the courts have developed a classification system based on the degree to which the subject trade symbol describes the product.⁷² In *Abercrombie*, Second Circuit Judge Henry J. Friendly held that the distinctiveness of trademarks falls into one of the following categories: (1) generic; (2) descriptive; (3) suggestive; or (4) arbitrary or fanciful.⁷³ Courts consider trade symbols that fall into only the last two categories to be inherently distinctive and therefore protected without a showing of secondary meaning.⁷⁴

Generic trade symbols are those that "refer[] to the genus of which the particular product is a species."⁷⁵ That is, generic symbols use common descriptive names or designs utilized by others producing goods of the same type or class.⁷⁶ Generic trade symbols are never protected from imitation or copying, since doing so would unfairly limit competition.⁷⁷ Descriptive symbols designate or make reference to the characteristics, qualities, effects or features of the product,⁷⁸ and are protected only if shown to have acquired secondary meaning.⁷⁹

⁷¹ See *Brown*, *supra* note 56, at 1386 ("If the product is one that requires substantial investment, whether of capital or of talent, the investment may not be made if the prospect of profit, cloudy at best, is made more risky by the likelihood that competitors will enter, drive prices down to their marginal costs, and leave the originator with no return on her sunk costs, and with no hope of profits that will balance the risk of failure.")

⁷² *Durac Prods., Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1434 (3d Cir. 1994).

⁷³ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

⁷⁴ *Two Pesos*, 505 U.S. at 768-69.

⁷⁵ *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985) (citing *Abercrombie*, 537 F.2d at 9).

⁷⁶ For example, the phrase "orange juice" could never earn trademark protection because it is merely a common description of the product, rather than a unique phrase which stands out in the mind of the consumer as identifying the juice producer.

⁷⁷ See generally *Park 'N Fly*, 469 U.S. at 194.

⁷⁸ For example, the term "Orange Nectar" used on orange juice would be regarded as descriptive rather than generic because it makes reference to the color and nature of orange juice. Since the term is closely associated with the character of the product itself, it would only be protected after acquiring secondary meaning with consumers.

⁷⁹ See *supra* note 15, *infra* notes 88-89 and accompanying text defining and ex-

Suggestive, arbitrary and fanciful trade symbols are considered inherently distinctive because they make little or no reference to the products they identify.⁸⁰ Suggestive symbols require imagination to make a connection between the product and the symbol, though they are based on the product's characteristics to a very limited extent.⁸¹ Arbitrary symbols have a widely recognized significance in everyday life, but that significance is unrelated to the product to which the mark is attached.⁸² Fanciful symbols are those created by the producer and thus carry no previous meaning whatsoever.⁸³ These three types of symbols identify a product's source without reliance on consumer awareness or knowledge of the product itself, and therefore are considered distinctive without a showing of secondary meaning.

Many circuits apply the four-prong *Abercrombie* test within the context of the product market at issue.⁸⁴ Determining which of the classifications a trade symbol falls into cannot be done in a vacuum,⁸⁵ but must involve consideration of industry standards and customs.⁸⁶ Unless the trade symbol at issue

plaining secondary meaning.

⁸⁰ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

⁸¹ For example, the wrapper of Klondike ice cream bars has been held to be a suggestive trade dress, because the packaging contains images associated with a frigid environment but makes no descriptive reference to ice cream. *Ambrit, Inc. v. Kraft, Inc.*, 805 F.2d 974, 980 (11th Cir.), *opinion superseded*, 812 F.2d 1531 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041 (1987). "Coppertone" is regarded as a suggestive mark since it engenders notions of a dark skin color that consumers desire, yet makes no real reference to the tanning lotion itself.

⁸² For example, "Ivory" is considered an arbitrary mark because it possesses a common meaning but not with regard to soap.

⁸³ Examples of fanciful marks are "Kodak" for cameras and "Exxon" for gasoline since they are terms created by the producers and therefore have no prior significance.

⁸⁴ In *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, the Court of Customs and Patent Appeals explained the role of market context in determining inherent distinctiveness:

In determining whether a design is arbitrary or distinctive this court has looked to whether it was a "common" basic shape or design, whether it was unique or unusual in a particular field, [or] whether it was 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

568 F.2d 1342, 1344 (C.C.P.A. 1977).

⁸⁵ *Thompson Medical Co. v. Pfizer, Inc.*, 753 F.2d 208, 213 (2d Cir. 1985).

⁸⁶ See *Ambrit*, 812 F.2d at 1536 (applying the *Seabrook* test to product packaging); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 12 (2d Cir.

is "so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicia of origin,"⁸⁷ it will not qualify as inherently distinctive.

Where the trade symbol at issue is regarded as descriptive, and thus not inherently distinctive, to obtain protection owners must demonstrate that their symbol has acquired secondary meaning. Secondary meaning is defined as buyer association.⁸⁸ It is acquired over time after consumers begin to identify a product with its producer due to its design or packaging. To establish secondary meaning, producers must show that consumers have come to identify the trade symbol with the manufacturer rather than the product itself.⁸⁹ While such association or identification may be proven through many types of evidence,⁹⁰ it is usually very difficult to establish secondary meaning.⁹¹

1976) (agreeing with the trial court that "the word 'safari' in connection with wearing apparel is widely used by the general public and people in the trade," and therefore concluding the mark was generic).

⁸⁷ MCCARTHY, *supra* note 7, § 8.02[4].

⁸⁸ See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982) (explaining that secondary meaning is consumer association between a feature and the "source of the product rather than the product itself"); *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 168 (2d Cir. 1991) (explaining that secondary meaning exists when consumers associate a feature with a particular source); *McLean*, *supra* note 35, at 749-50; Gary Schuman, *Trademark Protection of Container and Package Configurations—A Primer*, 59 CHI-KENT L. REV. 779, 805-06 (1983); see also *supra* note 14.

⁸⁹ *Inwood Labs.*, 456 U.S. at 851 n.11.

⁹⁰ Forms of evidence used to establish secondary meaning include the following: "(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark's use." *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 1222 (2d Cir. 1987).

⁹¹ *McLean*, *supra* note 35, at 748-49 (citing *Coach Leatherware*, 933 F.2d at 169) (recognizing that "proof of secondary meaning entails vigorous evidentiary requirements"); William F. Gaske, Note, *Trade Dress Protection: Inherent Distinctiveness as an Alternative to Secondary Meaning*, 57 FORDHAM L. REV. 1123, 1135-37 (1989) (discussing difficult burden of proof for secondary meaning).

3. Likelihood of Confusion

After the owner of a product has established that his or her trade dress is nonfunctional and distinctive, the dress is regarded as protectable. In order to gain legal protection, the owner must then show that the trade dress of the defendant's product is likely to confuse consumers as to its origin.⁵² This final requirement is the primary test for unfair competition: whether the defendant's trade dress is likely to mislead consumers as to the source of his or her product.⁵³ Like secondary meaning, courts consider many factors when deciding whether a likelihood of consumer confusion exists,⁵⁴ but no definitive test or concrete formula exists to determine this.⁵⁵

The disparate tests utilized to determine functionality, distinctiveness and likelihood of confusion have created increasingly inconsistent results among the circuits in trade symbol infringement suits. The Supreme Court rarely grants certiorari to trademark appeals, but did so in *Two Pesos* in an effort to standardize the protection of trade symbols. Despite the Court's efforts, the *Two Pesos* decision has failed to meet this goal.

⁵² See 15 U.S.C. § 1125(a)(1) (1994); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 937 (7th Cir. 1989), cert. denied, 493 U.S. 1075 (1990). Likelihood of confusion must be shown to obtain injunctive relief, but the owner of a trade symbol must establish actual consumer confusion for an award of money damages. See *Resource Developers, Inc. v. Statue of Liberty—Ellis Island Found., Inc.*, 926 F.2d 134, 139 (2d Cir. 1991).

⁵³ 15 U.S.C. § 1125(a) (1994).

⁵⁴ For example, "(a) the similarity of the trade dress, (b) the similarity of the products to which those trade dresses are attached, (c) the area and manner of concurrent consumer use, (d) the degree of care likely to be exercised by consumers in making their purchasing decision, (e) the strength of plaintiff's trade dress, (f) actual confusion among consumers, and (g) the intent of the alleged infringer to palm off his product as that of another." *Health O Meter, Inc. v. Terrillon Corp.*, 873 F. Supp. 1160, 1174-75 (1995) (quoting *Smith Fiberglass Prods., Inc. v. Ameron, Inc.*, 7 F.3d 1327, 1329 (7th Cir. 1993)).

⁵⁵ See *McLean*, *supra* note 35, at 752-53; see also *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir. 1988) (holding that factors listed *supra* note 94 are flexible guide to help determine likelihood of confusion).

B. Two Pesos, Inc. v. Taco Cabana, Inc.

In *Two Pesos*, the Supreme Court faced the issue of whether, in an action for trade dress infringement, a plaintiff with an inherently distinctive trade dress also is required to establish that the trade dress has acquired secondary meaning.⁹⁶ The trade dress at issue in *Two Pesos* was the decorative design of two Mexican restaurants. Taco Cabana's trade dress included dining areas decorated with Mexican "artifacts, bright colors, paintings and murals," an indoor/outdoor patio which could be divided with overhead garage doors, a stepped exterior with a "festive and vivid color scheme using top border paint and neon stripes," and brightly colored awnings and umbrellas.⁹⁷

Taco Cabana was established in 1978. Two Pesos adopted a similar decorative design when it opened in 1985. The two restaurant chains entered into direct competition when Taco Cabana expanded its operations to Houston, Dallas and El Paso in 1986, where Two Pesos was already doing business. In 1987, Taco Cabana sued Two Pesos in the U.S. District Court for the Southern District of Texas for trade dress infringement.⁹⁸

The district court instructed the jury that Taco Cabana's trade dress was protected if it was either inherently distinctive or had acquired secondary meaning. The jury found that the restaurant design was inherently distinctive but had not acquired secondary meaning. A verdict in favor of Taco Cabana was entered, and Two Pesos appealed. The Fifth Circuit affirmed, rejecting the appellant's argument that a finding of no secondary meaning contradicted a finding of inherent distinctiveness.⁹⁹

The Supreme Court granted certiorari and heard argument on April 21, 1992. The Court held that because both trademark and trade dress protection are intended to prevent deception and unfair competition, both forms of trade symbols

⁹⁶ *Two Pesos*, 505 U.S. at 764-65.

⁹⁷ *Id.* at 765 (quoting *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1117 (5th Cir. 1991)).

⁹⁸ *Id.*

⁹⁹ *Id.* at 766-67.

should be held to the same standard.¹⁰⁰ Thus, inherently distinctive trade dress is also protectable under the Lanham Act without a showing of secondary meaning.¹⁰¹ *Two Pesos* was decided without dissent; Justice Scalia filed a concurring opinion,¹⁰² and Justice Stevens¹⁰³ and Justice Thomas¹⁰⁴ filed opinions concurring in the judgment.

1. *Abercrombie* Classifications Endorsed

In addition to its holding in *Two Pesos*, the Supreme Court accepted the district court's finding that Taco Cabana's restaurant decor was inherently distinctive, a finding reached by use of the classifications enunciated by the Second Circuit in *Abercrombie & Fitch Co. v. Hunting World, Inc.*¹⁰⁵ Thus, the Supreme Court endorsed the use of the *Abercrombie* classifications to determine the inherent distinctiveness of trade dress as well as trademark.¹⁰⁶

In *Abercrombie*, the plaintiff was a retailer using the word "safari" as a trademark for a line of clothing. Abercrombie & Fitch sued Hunting World for trademark infringement because the defendant used the term "safari" to sell hats, to name a section of its store, and in the title of a newsletter it issued.¹⁰⁷ After stating the four-prong test to determine inherent distinctiveness,¹⁰⁸ Judge Friendly concluded that the plaintiff's mark was generic, and therefore not protectable, because "safari" is commonly used to refer to apparel associated with jungle safaris. The court also held the mark to be generic when applied to the defendant's newsletter since it contained "bulletins as to safari activity in Africa."¹⁰⁹

The district court that initially decided *Two Pesos* used the Second Circuit's *Abercrombie* classifications to determine the inherent distinctiveness of Taco Cabana's restaurant decor,

¹⁰⁰ *Id.* at 774.

¹⁰¹ *Two Pesos*, 505 U.S. at 767.

¹⁰² *Id.* at 776.

¹⁰³ *Id.*

¹⁰⁴ *Id.* at 785.

¹⁰⁵ 537 F.2d 4 (2d Cir. 1976).

¹⁰⁶ *Two Pesos*, 505 U.S. at 773.

¹⁰⁷ *Abercrombie*, 537 F.2d at 7-8.

¹⁰⁸ See *supra* note 73 and accompanying text.

¹⁰⁹ *Abercrombie*, 537 F.2d at 12.

and the Supreme Court endorsed the district court's finding that the design was inherently distinctive.¹¹⁰ The Supreme Court in *Two Pesos* specifically upheld the Fifth Circuit's holding that Taco Cabana's inherently distinctive trade dress was entitled to protection even though there was no showing that it had acquired secondary meaning.¹¹¹ The Court set forth two arguments to support its uniform treatment of trademarks and trade dress. First, the Court stated that Section 43(a) of the Lanham Act does not distinguish between the two.¹¹² The statute mentions neither trademarks nor trade dress, but deals generally with all forms of unfair competition.¹¹³ Second, the Court asserted that requiring owners of inherently distinctive trade dress to prove secondary meaning would provide them with less protection than trademark owners. The Court concluded that such a result would run counter to the Lanham Act's goal of preventing deception and unfair competition. Preserving goodwill and good reputation is as important to a trade dress owner as to a trademark owner, the Court reasoned, and protecting these interests benefits the consumer equally in both instances.¹¹⁴

¹¹⁰ *Two Pesos*, 505 U.S. at 770.

¹¹¹ *Id.*

¹¹² *Id.* at 773.

¹¹³ The Lanham Act proscribes false designation of origin or false description in any form:

Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, *including words or other symbols* tending falsely to describe or represent the same, and shall cause such goods to be entered into commerce . . . shall be liable to a civil action . . . by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

15 U.S.C. § 1125(a) (1994) (emphasis added).

¹¹⁴ "Protection of trade dress, no less than of trademarks, serves the [Lanham] Act's purpose to 'secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.'" *Two Pesos*, 505 U.S. at 774 (quoting *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985) (citing S. REP. NO. 1333, 79th Cong., 2d Sess., at 3-5 (1946) (citations omitted))).

2. Consumer Recognition Irrelevant

In addition to endorsing the district court's use of the *Abercrombie* classifications, the *Two Pesos* Court stated that determining the inherent distinctiveness of a trade dress does not involve considering whether the consumer associates the product with the producer as a result of the trade dress. Rather, according to the Court, it is the trade symbol's capacity to identify the producer that is determinative.¹¹⁵ The Court noted that the purpose of protecting inherently distinctive trade symbols is to acknowledge "the owner's legitimate proprietary interest in its unique and valuable informational device, regardless of whether substantial consumer association yet bestows the additional empirical protection of secondary meaning."¹¹⁶

Though *Two Pesos* seemingly put to rest the issue of whether an owner of an inherently distinctive trade dress must prove secondary meaning to gain protection, it did not settle definitively the question of which test should be employed to determine the inherent distinctiveness of trade dress. While the Supreme Court endorsed application of the four-prong *Abercrombie* test, this was not the specific issue before the Court. The Supreme Court assumed that the jury's finding of inherent distinctiveness was valid.¹¹⁷ The Fifth Circuit upheld the jury's finding,¹¹⁸ and the Supreme Court conducted no further inquiry into the issue.¹¹⁹ Thus, *Abercrombie's* applicability to trade dress was not before the Court in *Two Pesos*.

II. THE CIRCUIT CONFLICT

Since *Two Pesos*, the circuits have split on whether the *Abercrombie* classifications can be used to determine the inherent distinctiveness of all forms of trade dress. In *Duraco Prod-*

¹¹⁵ See *id.* at 770-71.

¹¹⁶ *Id.* (quoting *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1120 n.7 (5th Cir. 1991)).

¹¹⁷ "The instructions were that, to be found inherently distinctive, the trade dress must not be descriptive." *Id.* at 766 n.3.

¹¹⁸ *Id.* at 767.

¹¹⁹ See *Two Pesos*, 505 U.S. at 766-67.

ucts, Inc. v. Joy Plastic Enterprises, Ltd.,¹²⁰ the Third Circuit held that the four-prong *Abercrombie* test cannot be used to determine the inherent distinctiveness of product configurations, though the test is fine for product packaging trade dress. The Third Circuit concluded that because the *Abercrombie* classifications are based on the degree to which the trade dress describes the product, they are inapplicable to product configurations since configurations cannot describe the products of which they are a part.¹²¹

The *Duraco* court stated that *Two Pesos* does not preclude such a distinction, because the only issue before the Supreme Court was whether the owner of an inherently distinctive trade dress must prove secondary meaning.¹²² In addition, the Third Circuit justified its holding by claiming that the trade dress at issue in *Two Pesos*, a restaurant's decorative design, was "more akin to product packaging than product configuration."¹²³

In *Stuart Hall Co. v. Ampad Corp.*,¹²⁴ however, the Eighth Circuit declined to follow *Duraco's* narrow interpretation of *Two Pesos*. The Eighth Circuit disagreed with the Third Circuit's conclusion that a restaurant's decor is more akin to packaging. The *Ampad* court stated that there exists no distinct line between packaging and configuration that would warrant different treatment.¹²⁵ Instead, the Eighth Circuit concluded that the Supreme Court treated trade dress as a single concept and intended *Two Pesos* to govern both product configuration and packaging.¹²⁶

A. *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*

In *Duraco*, the Third Circuit determined the inherent distinctiveness of a Grecian urn style plastic planter for use in gardens. *Duraco* claimed that Joy Plastic infringed its inherently distinctive trade dress by marketing a planter that was

¹²⁰ 40 F.3d 1431 (3d Cir. 1994).

¹²¹ *Id.* at 1434.

¹²² *Id.* at 1442 (citing *Two Pesos*, 505 U.S. at 767 & n.6).

¹²³ *Id.* at 1442.

¹²⁴ 51 F.3d 780 (8th Cir. 1995).

¹²⁵ *Id.* at 788.

¹²⁶ *Id.* at 787.

similar in shape and texture.¹²⁷ The Third Circuit held that though the district court properly denied protection to Duraco's planter design, it erred in applying the four-prong *Abercrombie* test to determine the inherent distinctiveness of the product's configuration.¹²⁸ Instead, the court held that in order for a product configuration to qualify as an inherently distinctive trade dress, it must be: (1) unusual and memorable; (2) conceptually separable from the product; and (3) likely to serve primarily as a designator of origin of the product.¹²⁹

1. *Two Pesos* Distinguished

In *Duraco*, the Third Circuit held that the Supreme Court's endorsement of the *Abercrombie* classifications applied to product packaging, but not to product configurations like Duraco's Grecian urn design. The *Duraco* court found this distinction necessary because a product's configuration is an inherent and inextricable part of the product itself and, thus, cannot be a "symbol" which signifies the product to any degree.¹³⁰ Therefore, the Third Circuit concluded that it would be inappropriate to apply the *Abercrombie* classifications to determine the inherent distinctiveness of product configuration trade dress.

Further, the *Duraco* court reasoned that because the perceived purpose of product configurations is different than that of trademarks and packaging, it would be improper to apply the *Abercrombie* classifications to configurations. Rather than source identification, "product designs are more likely to be seen merely as utilitarian or ornamental aspects of the goods."¹³¹ The Third Circuit explained that, on the other hand, courts presume imaginative trademarks and packaging to have developed consumer association since they have no prior meaning with consumers and their only apparent pur-

¹²⁷ *Duraco*, 40 F.3d at 1433.

¹²⁸ *Id.* at 1434. The district court held Duraco's planter design to be neither suggestive nor arbitrary and fanciful. *Duraco Prods., Inc. v. Joy Plastic Enters. Ltd.*, 822 F. Supp. 1202, 1209 (W.D. Pa. 1993).

¹²⁹ *Duraco*, 40 F.3d at 1448-49.

¹³⁰ *Id.* at 1434.

¹³¹ *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008 (2d Cir. 1995); *Duraco*, 40 F.3d at 1441.

pose is to identify producers.¹³² Thus, the court held that because the *Abercrombie* classifications are based on a presumption of consumer association, the four-prong test is inappropriate to determine whether product configurations are inherently distinctive; instead, the proper test must weigh the potential for consumer association.¹³³

The Third Circuit noted that *Two Pesos* allowed for this distinction since it concerned only the specific issue of whether the owner of an inherently distinctive trade dress must show secondary meaning to obtain legal protection.¹³⁴ The *Duraco* court did not decide "whether trade dress, and in particular trade dress in a product configuration, can actually ever be considered inherently distinctive."¹³⁵ In addition, the Third Circuit held that the Supreme Court's dicta regarding the application of the *Abercrombie* classifications to trade dress was not directed to product configurations, since the trade dress at issue in *Two Pesos* was a restaurant's decor, a form of trade dress "more akin to product packaging than product configuration."¹³⁶

Based on this interpretation, the *Duraco* court decided that the *Abercrombie* endorsement applied only to product packaging, and that the Supreme Court did not make a sweeping decision that all forms of trade dress are to be put to the same test to determine inherent distinctiveness. Instead, the Third Circuit read *Two Pesos* as leaving room for departure.

¹³² In addition to the use of packaging as a primary tool to identify a product with its source, the Third Circuit distinguished product configuration from product packaging based on the availability of alternative designs for each:

Product packaging designs, like trademarks, often share membership in a practically inexhaustible set of distinct but approximately equivalent variations, and an exclusive right to a particular overall presentation generally does not substantially hinder competition in the packaged good, the item in which a consumer has a basic interest. A product configuration, contrariwise, commonly has finite competitive variations that, on the whole, are equally acceptable to consumers.

Duraco, 40 F.3d at 1448 (citing RESTATEMENT, *supra* note 1, § 16 cmt. b (Tentative Draft No. 2, 1990)).

¹³³ *Id.* (stating that one of the circumstances indicating a product configuration is inherently distinctive is "where consumers are especially likely to perceive a connection between the product's configuration and its source").

¹³⁴ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 764-65 (1992).

¹³⁵ *Duraco*, 40 F.3d at 1440.

¹³⁶ *Id.* at 1442.

2. The Third Circuit's Three-Prong Test

The Third Circuit replaced the *Abercrombie* classifications with a three-part test for inherent distinctiveness in product configuration trade dress. To be inherently distinctive under *Duraco*, a product configuration must be: "(1) unusual and memorable; (2) conceptually separable from the product; and (3) likely to serve primarily as a designator of origin of the product."¹³⁷

The Third Circuit concluded that this test better addressed the issues it viewed as central to a determination of inherent distinctiveness for product configurations. The court emphasized that inherently distinctive configurations must bear a high probability of serving "a virtually exclusively identifying function for consumers."¹³⁸ The *Duraco* court also stated that for a finding of inherent distinctiveness, a court's concern over the "'theft' of an identifying feature or combination or arrangement of features and the cost to an enterprise of gaining and proving secondary meaning [must] outweigh concerns over inhibiting competition"¹³⁹

With this new standard, the Third Circuit essentially required that inherently distinctive product configurations possess the same qualities as inherently distinctive trademarks and packaging. The Third Circuit did not allow for the presumption of secondary meaning it saw being made in the application of the *Abercrombie* classifications.¹⁴⁰ But while the *Duraco* test thus was intended to ensure that inherently distinctive configurations serve primarily as designators of origin,¹⁴¹ the Third Circuit provided no guidance as to how this determination should be made.

By also requiring inherently distinctive product configurations to be unusual and memorable, the court added to the formula consideration of the potential for consumer association, though it did not require proof of actual secondary meaning.¹⁴² In addition, by requiring product configurations to be

¹³⁷ *Id.* at 1448-49.

¹³⁸ *Id.* at 1434, 1448.

¹³⁹ *Id.*

¹⁴⁰ See *supra* notes 132-133 and accompanying text.

¹⁴¹ See *supra* notes 130-133 and accompanying text.

¹⁴² *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 788 (8th Cir. 1995).

conceptually separable for a finding of inherent distinctiveness, the Third Circuit introduced a principle without foundation in trademark law.¹⁴³

B. Stuart Hall Co. v. Ampad Corp.

In *Ampad*, the Eighth Circuit faced the issue of *Abercrombie's* applicability to product configurations. There, the trade dress at issue was the design of specialized pre-bound pads and notebooks, commonly known as personal organizers. Stuart Hall claimed that Ampad infringed its inherently distinctive trade dress by marketing a line of organizers with a similar design. The products were unquestionably similar. In fact, Ampad's president admitted that the graphics and text of his product were copied directly from Stuart Hall's design.¹⁴⁴

The district court dismissed Stuart Hall's claim because its organizer design had not acquired secondary meaning and was not inherently distinctive. On appeal, the Eighth Circuit reversed this decision and remanded the case for retrial because the district court determined inherent distinctiveness by assessing whether the organizer's configuration was "*striking in appearance, or at least memorable.*"¹⁴⁵

In *Ampad*, the Eighth Circuit chose to employ the traditional *Abercrombie* classifications rather than the three-part test set forth in *Duraco*. In doing so, the Eighth Circuit criticized both the analysis and conclusions of the Third Circuit. The Eighth Circuit first took issue with the basic premise of the *Duraco* decision, that product packaging and product configuration are distinct and therefore deserve different treatment to determine inherent distinctiveness. The *Ampad* court

¹⁴³ Conceptual separability is a principle of copyright law. Pictorial, graphic and sculptural elements of useful articles must be separable from the utilitarian aspects of the articles to obtain copyright protection. While a clear majority of the circuits require that these elements be both physically and conceptually separable from the utilitarian aspects of the article, the Second Circuit requires either form of separability to be present. The Second Circuit has held that conceptual separability exists when the design elements of an article reflect aesthetic choices and are not dictated by the article's utilitarian function. *Carol Barnhart, Inc. v. Economy Cover Corp.*, 773 F.2d 411 (2d Cir. 1985).

¹⁴⁴ *Ampad*, 51 F.3d at 783.

¹⁴⁵ *Id.* (emphasis added).

concluded that product configuration and packaging are often difficult to distinguish, citing the restaurant decor at issue in *Two Pesos* as such a situation, and stated that "to create a distinction between the two artificially treats things that are alike differently."¹⁴⁶

Ampad rejected the Third Circuit's contention that *Two Pesos* allows for the distinction between product configuration and product packaging. The Eighth Circuit supported its conclusion by taking note of the language used in *Two Pesos*. The *Ampad* court recognized that the Supreme Court used only the term "trade dress" and gave no indication that the two forms of trade dress should be treated differently.¹⁴⁷ Thus, the Eighth Circuit declined to distinguish between packaging and configuration and decided to accord the same treatment to both in determining inherent distinctiveness.

The Eighth Circuit also took issue with the first prong of the *Duraco* test, the requirement that product configurations be "unusual and memorable" before they are deemed inherently distinctive. According to the *Ampad* court, this was simply the secondary meaning requirement with a lower burden of proof since it would require a showing of likely, rather than actual, consumer association.¹⁴⁸ The Eighth Circuit stated that any inherent-distinctiveness test which requires a showing of secondary meaning, even in the form suggested by the Third Circuit, would undermine *Two Pesos*.¹⁴⁹

In endorsing the use of the *Abercrombie* classifications, the Eighth Circuit concluded that consumer association cannot be considered in determining whether any trade dress—packaging or product configuration—is inherently distinctive. Rather, the proper question is to what degree the trade dress is "dictated by the nature of the product."¹⁵⁰ Therefore, whether consumers will remember a design and associate it with its source is irrelevant to inherent distinctiveness.¹⁵¹

¹⁴⁶ *Id.* at 788.

¹⁴⁷ *Id.* (quoting *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 772 (1992)).

¹⁴⁸ *Id.*

¹⁴⁹ *Ampad*, 51 F.3d at 788.

¹⁵⁰ *Id.* at 788.

¹⁵¹ *Id.* at 786-87.

C. *The Second Circuit's Internal Split*

The question of whether application of the *Abercrombie* classifications is appropriate to determine the inherent distinctiveness of product configuration trade dress has caused problems within the Second Circuit as well. In *Knitwaves Inc. v. Lollytogs Ltd.*, the Court of Appeals for the Second Circuit answered this question in the negative, adopting instead only the last prong of the *Duraco* test.¹⁵² The Second Circuit held that the test to determine the inherent distinctiveness of a product configuration is whether it is "likely to serve primarily as a designator of origin of the product."¹⁵³ The court indicated that configurations pass this test when their producers intend for them to serve a source-identifying function.¹⁵⁴

The *Knitwaves* decision has been followed closely by Second Circuit courts¹⁵⁵ except in *Krueger International, Inc. v. Nightingale, Inc.*¹⁵⁶ There, Judge Sotomayor of the Southern District of New York stated that the *Knitwaves* test "confuses the analytical requirements for inherent distinctiveness with those of secondary meaning."¹⁵⁷ In *Krueger*, the court instead employed the test set forth almost twenty years ago in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*,¹⁵⁸ wherein the *Abercrombie* classifications are applied within the context of the relevant market.¹⁵⁹ The Southern District's rare departure from "binding" precedent illustrates the difficulty courts have had in developing the proper test to determine the inherent distinctiveness of product configuration trade dress.

¹⁵² 71 F.3d 996, 1008-09 (2d Cir. 1995).

¹⁵³ *Id.* at 1008 (quoting *Duraco Prods., Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1449 (3d Cir. 1994)).

¹⁵⁴ *Id.* at 1008-09 (stating that the *Two Pesos* Court did not intend to do away with the statutory requirement that a trademark owner "use" or "intend to use" the mark to signify source, and holding that *Knitwaves's* sweater designs fail to qualify as inherently distinctive because they were not intended as source identification).

¹⁵⁵ *Judith Ripka Designs, Ltd. v. Penny Preville*, 935 F. Supp. 237, 1996 U.S. Dist. LEXIS 829, *60-61 (S.D.N.Y. 1996); *Banff Ltd. v. Express, Inc.*, 921 F. Supp. 1065, 1070-71 (S.D.N.Y. 1996).

¹⁵⁶ 915 F. Supp. 595 (S.D.N.Y. 1996).

¹⁵⁷ *Id.* at 602.

¹⁵⁸ 568 F.2d 1342, 1344 (C.C.P.A. 1977).

¹⁵⁹ *Krueger*, 915 F. Supp. at 603, 607; see *supra* notes 84-87 and accompanying text.

1. *Knitwaves Inc. v. Lollytogs Ltd.*

In *Knitwaves*, the Second Circuit decided whether a line of children's knitwear was inherently distinctive. In 1990, Knitwaves began manufacturing a collection of children's clothing with fall and ecological motifs, which it called its "Ecology Group." In 1992, Lollytogs introduced a competing line of children's clothing, which included a leaf sweater and a squirrel cardigan that were very similar to two of Knitwaves's designs. In fact, Lollytogs's design managers conceded that their designs were taken from the Knitwaves sweaters.¹⁶⁰

After learning of Lollytogs's similar line of clothing, Knitwaves obtained a preliminary injunction against Lollytogs on September 1, 1992, in the Southern District of New York.¹⁶¹ The district court concluded that Lollytogs "set out to knock [Knitwaves's sweater designs] off and they clearly did that."¹⁶² After a bench trial on June 1, 1994, the district court "adopted and reaffirmed the findings and conclusions made at the preliminary injunction hearing" and held, *inter alia*, that Lollytogs violated the Lanham Act by willfully copying Knitwaves's sweater designs.¹⁶³

On appeal, the Second Circuit reversed the Southern District's holding that Lollytogs violated the Lanham Act. Although the Second Circuit rejected Lollytogs's argument that Knitwaves's sweater designs were aesthetically functional,¹⁶⁴ it found that the designs did not qualify for trade symbol protection because they were not "used as a mark to identify or distinguish the source."¹⁶⁵ The court came to this conclusion

¹⁶⁰ See *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1000-01 (2d Cir. 1995).

¹⁶¹ *Id.* at 999.

¹⁶² *Id.* at 1001 (quoting Transcript of Proceedings of Sept. 1, 1992, at 2-3, *Knitwaves, Inc. v. Lollytogs Ltd.*, No. 92 Civ. 6285, 1994 U.S. Dist. LEXIS 7207 (S.D.N.Y. 1994)).

¹⁶³ *Id.*

¹⁶⁴ Lollytogs argued that granting trademark protection would preclude other manufacturers from using leaves and squirrels on children's fall sweaters, and thus would impede fair competition. The court reasoned that protection would not preclude use of such designs entirely, but only those that are "so similar as to create a likelihood of confusion." Therefore, the Second Circuit held that Lollytogs did not meet the market foreclosure requirement of functionality. *Id.* at 1005-06.

¹⁶⁵ *Knitwaves*, 71 F.3d at 1006.

after devising a new test to determine the inherent distinctiveness of product configurations.

Like the Third Circuit in *Duraco*, the Second Circuit in *Knitwaves* found the *Abercrombie* classifications inapplicable to product configuration. The court acknowledged that previously it had found use of the *Abercrombie* classifications appropriate to determine the inherent distinctiveness of trade dress.¹⁶⁶ However, the Second Circuit distinguished *Knitwaves* from these cases on the fact that the trade dress at issue here was a product configuration rather than product packaging.¹⁶⁷ The court concluded that the two types of trade dress were to be judged by different standards to determine inherent distinctiveness.¹⁶⁸

The Second Circuit found the *Abercrombie* classifications to be inapplicable with regard to product configurations for the same reasons set forth by the Third Circuit in *Duraco*. The *Knitwaves* court agreed with the Third Circuit that product configurations cannot "describe" products to any degree, and that consumers are unlikely to perceive a product's design as an indication of its source.¹⁶⁹

Although the Second Circuit agreed that product configuration and packaging should be treated differently to determine inherent distinctiveness, it did not agree with the three-prong test the Third Circuit set forth in *Duraco*.¹⁷⁰ Rather, the *Knitwaves* court held that a product configuration is inherently distinctive if it is "likely to serve primarily as a designator of origin of the product," adopting only the third prong of the *Duraco* test.¹⁷¹ The court found this to be the proper test, because rather than source identification, the primary purpos-

¹⁶⁶ *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 31-32 (2d Cir. 1995); *Paddington Corp. v. Attiki Importers & Distribs., Inc.*, 996 F.2d 577, 583-84 (2d Cir. 1993).

¹⁶⁷ The court, however, overlooked the fact that the trade dress at issue in *Jeffrey Milstein* was a line of greeting cards employing die-cut photographic designs, which it held to be generic. 58 F.3d at 33-34.

¹⁶⁸ *See Knitwaves*, 71 F.3d at 1007-09.

¹⁶⁹ *See id.* at 1007-08.

¹⁷⁰ The Second Circuit declined to adopt the first two prongs of the *Duraco* test, finding that they are "not rooted in the language of the Lanham Act." *Id.* at 1009 n.6.

¹⁷¹ *Id.* at 1008 (quoting *Duraco Prods., Inc. v. Joy Plastic Enters. Ltd.*, 40 F.3d 1431, 1449 (3d Cir. 1994)).

es of product configurations are likely to be functional or aesthetic.¹⁷² Applying this test, the Second Circuit held that Knitwaves's sweater designs were not inherently distinctive because the manufacturer did not *intend* for them to serve primarily as source identification.¹⁷³

2. *Krueger International, Inc. v. Nightingale, Inc.*

In *Krueger*, the U.S. District Court for the Southern District of New York determined whether a chair design was inherently distinctive. In 1976, Krueger began manufacturing its Matrix chair, a strong, stackable and lightweight chair used to accommodate large audiences. The design patent Krueger obtained for the Matrix chair expired in 1991.¹⁷⁴ In 1995, Nightingale began producing its Beetle chair, which it admittedly copied from Krueger's Matrix chair "down to the last detail."¹⁷⁵

Krueger filed a complaint against Nightingale on December 19, 1995, claiming trade dress infringement under section 43 of the Lanham Act, and requested a preliminary injunction.¹⁷⁶ Although the district court denied Krueger's motion for a preliminary injunction,¹⁷⁷ the court held that the Matrix chair design did in fact qualify as inherently distinctive.¹⁷⁸ However, in arriving at this determination, the Southern District chose not to employ the Second Circuit's *Knitwaves* test to determine the inherent distinctiveness of the chair configuration at issue.¹⁷⁹

¹⁷² *Id.*

¹⁷³ *Knitwaves*, 71 F.3d at 1009. In *Knitwaves*, the court summarily concluded that the plaintiff's intent in employing the sweater designs was primarily aesthetic rather than to provide source identification. *Id.* Thus, the Second Circuit provided no indication of what factors should be assessed to determine producer intent.

¹⁷⁴ *Krueger Int'l, Inc. v. Nightingale, Inc.*, 915 F. Supp. 595, 598 (S.D.N.Y. 1996).

¹⁷⁵ *Id.* at 598-600.

¹⁷⁶ *Id.* at 598, 600.

¹⁷⁷ The court held that because Krueger waited over six months after learning of Nightingale's plans before it sought legal protection, there was no "likelihood of irreparable harm or a balance of hardship tipping in [Krueger's] favor." Thus, while Krueger was able to show a likelihood of success on the merits, it did not meet the burden for preliminary relief. *Id.* at 612-13.

¹⁷⁸ *Id.* at 607.

¹⁷⁹ *Krueger*, 915 F. Supp. at 601-04, 606-07.

The *Krueger* court rejected use of the *Knitwaves* test for three reasons: First, *Knitwaves* contravenes the Supreme Court's view, as expressed in *Two Pesos*, that trade dress and trademark comprise a "single concept" . . . requiring a single test for inherent distinctiveness.¹⁸⁰ Second, the *Knitwaves* test confuses the requirements for inherent distinctiveness with secondary meaning by taking into consideration the potential for consumer association.¹⁸¹ Third, the *Knitwaves* court incorrectly presumed that a design's primary purpose cannot be both aesthetic and to serve as producer identification.¹⁸²

The Southern District began its criticism of the *Knitwaves* decision by finding fault with the distinction the Second Circuit made between product configurations and packaging. The court pointed out that the Supreme Court in *Two Pesos* sought to unify the law regarding trade dress and trademarks by resolving the circuit split over the question of whether secondary meaning need be shown to protect inherently distinctive trade dress.¹⁸³ In addition, the court agreed with the Eighth Circuit that the restaurant decor at issue in *Two Pesos* fell under product design rather than packaging, and that the Supreme Court "expressly approved" the trial court's use of the *Abercrombie* classifications to determine the inherent distinctiveness of the decor.¹⁸⁴ The *Krueger* court concluded that "balkaniz[ation of] this complex field into yet more subcategories," as the *Knitwaves* test would create, is not what the Supreme Court intended *Two Pesos* to produce.¹⁸⁵

The Southern District of New York then took issue with the requirements of the *Knitwaves* test itself. Like the Eighth Circuit in *Ampad*, the *Krueger* court concluded that by assessing the likelihood that a product configuration will serve as producer identification, the *Knitwaves* test requires consideration of the potential for consumer association or secondary

¹⁸⁰ *Id.* at 602 (citing *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 788 (8th Cir. 1995)).

¹⁸¹ *Id.* at 602-03.

¹⁸² *Id.* at 606.

¹⁸³ *See id.* at 602.

¹⁸⁴ *Krueger*, 915 F. Supp. at 602 (citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773-74 (1992)).

¹⁸⁵ *Id.*

meaning.¹⁸⁶ The court found such consideration inappropriate since inherently distinctive designs are those "capable of identifying a particular source" due to their intrinsic qualities alone.¹⁸⁷

The *Krueger* court also found consideration of producer intent to be irrelevant in determining inherent distinctiveness.¹⁸⁸ The Southern District criticized not only the Second Circuit's legal support for factoring producer intent into the calculus, but also the logic behind it. The court pointed out that the *Knitwaves* court relied on the Supreme Court's dicta from *Qualitex Co. v. Jacobson Products Co.*, a case which "hinged entirely on secondary meaning."¹⁸⁹ In addition, the court in *Krueger* questioned the presumption made in *Knitwaves* that the primary purpose of a design is either aesthetic or source identification, but cannot be both.¹⁸⁹ Because it found this presumption invalid and the legal support for an intent requirement flimsy, the Southern District of New York did not follow the test to determine the inherent distinctiveness of product configurations set forth by the Second Circuit.

Instead, the *Krueger* court employed a test for inherent distinctiveness which applies the *Abercrombie* classifications within the market context. The court stated that the test enunciated in *Seabrook*¹⁹¹ was consistent with both the Supreme Court's goal of holding all trade symbols to the same standard and the Second Circuit's case law before and after *Two Pesos*.¹⁹² More significantly, the *Seabrook* test "clarifies the importance of market context" in determining inherent distinctiveness.¹⁹³ It asks whether a product configuration "is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by

¹⁸⁶ *See id.*

¹⁸⁷ *Id.* (quoting *Two Pesos*, 505 U.S. at 771).

¹⁸⁸ *Id.*

¹⁸⁹ *Krueger*, 915 F. Supp. at 602 (citing *Qualitex*, 115 S. Ct. 1300, 1303 (1995)). The *Krueger* court also rebutted the Second Circuit's contention that its intent requirement was based in the Lanham Act itself, stating that "a close reading of *Qualitex* does not support the notion that the 'use or intended use' language of the Lanham Act provides a definition of inherent distinctiveness." *Id.* at 602-03.

¹⁹⁰ *Id.* at 606.

¹⁹¹ *See supra* notes 84-87 and accompanying text.

¹⁹² *Krueger*, 915 F. Supp. at 603-04 (citations omitted).

¹⁹³ *Id.* at 603.

customers as an indic[um] of origin."¹⁹⁴ Thus, the Southern District of New York held that the *Seabrook* test was more appropriate than the Second Circuit's *Knitwaves* test to determine the inherent distinctiveness of product configurations.¹⁹⁵

III. ANALYSIS

In *Duraco*, the Third Circuit identified a valid problem in applying the Second Circuit's *Abercrombie* classifications to determine the inherent distinctiveness of product configuration trade dress. Put simply, a design may qualify as inherently distinctive, according to the four-prong *Abercrombie* test, and still not identify the producer. In *Knitwaves*, the Second Circuit joined the Third Circuit in criticizing the application of the *Abercrombie* classifications to product configurations. However, the Third Circuit's solution to this problem is inappropriate in that it adds consideration of the potential for secondary meaning to the determination of inherent distinctiveness.¹⁹⁶ This addition is not only unnecessary, but it is in fact proscribed by *Two Pesos*. While sharing this deficiency, the Second Circuit's solution also is problematic because it requires consideration of producer intent to determine the inherent distinctiveness of product configurations.¹⁹⁷

A. *Abercrombie and Trade Dress*

The Third Circuit held that the four-prong *Abercrombie* test is inapplicable to product configurations because the four classifications are based on the degree to which the trade symbol describes the product, and product configurations cannot describe products to any degree since they are part and parcel of the products themselves.¹⁹⁸ In addition, the *Duraco* court concluded that because configurations do not make natural source identification tags, as do trademarks and packaging,

¹⁹⁴ 1 MCCARTHY, *supra* note 7, § 8.02[4]; see *Ambrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531 (11th Cir. 1986) (applying *Seabrook* test to design of product packaging), *cert. denied*, 481 U.S. 1041 (1987).

¹⁹⁵ *Krueger*, 915 F. Supp. at 606-07.

¹⁹⁶ See *supra* note 142 and accompanying text.

¹⁹⁷ See *supra* notes 171-173 and accompanying text.

¹⁹⁸ See *supra* note 130 and accompanying text.

applying the *Abercrombie* test to product configurations would result in protection of designs that do not identify their producers.¹⁹⁹ The Third Circuit was correct in these conclusions. The solution to the former problem is a simple reversal of the fact-finder's point of view. To correct the latter problem, however, product configurations should be required to pass a preliminary hurdle before the *Abercrombie* classifications are applied.

1. *Abercrombie* from a Different Perspective

The Third Circuit correctly noted that the *Abercrombie* classifications have been based on the extent to which a trade symbol describes the ingredients, qualities or characteristics of its product.²⁰⁰ Trade symbols that refer to the attributes of products too directly inform consumers about the products rather than their source and, thus, are usually not afforded protection.²⁰¹ The extent to which a trade symbol describes, and is therefore reliant on the characteristics of, the product differentiates inherently distinctive symbols from those that are generic or descriptive.

This type of reliance exists with product configurations as well. While a configuration cannot make reference to the attributes of the product, the configuration being an integral part of the product itself, the product's character may still dictate its configuration to various degrees.²⁰² For example, auto designs are in large part dictated by engineering constraints. But if a manufacturer introduced a model with a unique design that did not improve performance²⁰³ and only served to distinguish its auto from the rest, that configuration could theoretically qualify as inherently distinctive.

The four-prong *Abercrombie* test may be used to indicate the degree to which a product's configuration relies upon or is

¹⁹⁹ See *supra* notes 131-133 and accompanying text.

²⁰⁰ See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976).

²⁰¹ See *supra* notes 75-79 and accompanying text.

²⁰² See *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 786 (8th Cir. 1995).

²⁰³ Whereby the auto design would be deemed nonfunctional because it confers on the owner no competitive advantage over other manufacturers. See *supra* notes 57-60 and accompanying text.

dictated by the nature of the product. A generic design would be an unimaginative auto configuration closely tied to performance and the automotive class in which it falls. The design would be arbitrary or fanciful if it evoked no notions associated with the particular class of auto—i.e., speed and power for sports cars, elegance and comfort for luxury autos, durability and ruggedness for utility vehicles.²⁰⁴

Difficulty arises, however, in differentiating the suggestive configuration from the descriptive configuration. Judge Friendly utilized the following definitions in *Abercrombie*, where he was confronted with a trademark dispute: "A term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of goods. A term is descriptive if it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods."²⁰⁵ This distinction traditionally has been problematic when applied to trademarks and packaging. The measure is one of degree, which by its very nature is subjective, and court decisions often have been controversial.²⁰⁶ Applying the distinction to product configurations is even more difficult since a product's configuration is part and parcel of the product itself.

The basic principles of trade symbol protection are more helpful in resolving this problem. The doctrine of inherent distinctiveness was established to foster innovation and entrepreneurship by protecting imaginative trade symbols before their owners are able to establish secondary meaning.²⁰⁷ Courts have required a high level of creativity for a finding of inherent distinctiveness because such a finding provides the trade symbol owner with a potentially perpetual monopoly on the symbol's use.²⁰⁸ This high level of creativity must be maintained for product configurations to qualify as inherently distinctive. Because suggestive configurations are accorded

²⁰⁴ See *Ampad*, 51 F.3d at 786.

²⁰⁵ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976) (quoting *Stix Products, Inc. v. United Merchants & Manufacturers, Inc.*, 295 F. Supp. 479, 488 (S.D.N.Y. 1968)).

²⁰⁶ For example, the Eleventh Circuit's opinion in *Ambrit, Inc. v. Kraft, Inc.*, 805 F.2d 974 (11th Cir. 1986), where the packaging of Klondike ice cream bars was held to be a suggestive trade dress, was met with significant criticism.

²⁰⁷ See *supra* notes 70-71 and accompanying text.

²⁰⁸ With some rare exceptions, trade symbol protection lasts as long as the owner uses the symbol in commerce. See 15 U.S.C. § 1051 (1994).

trade symbol protection, they must be extremely imaginative and only remotely tied to the attributes of the product. In contrast, descriptive configurations, which will be protected only after establishing secondary meaning, are designs more clearly derived from the nature of the product.

Determining the originality of a design is concededly a difficult endeavor, one that eludes consistent application.²⁰⁹ Courts often face this problem in determining the inherent distinctiveness of trademarks and packaging. The task will be more difficult with regard to product configurations because these symbols are not natural tags. Yet, because a truly creative design can indicate product source just as well as any mark or package,²¹⁰ the increased effort is necessary to promote fair competition.

The four-prong *Abercrombie* test can be applied effectively to determine the originality of configurations as well as packaging and trademarks. Rather than completely ignore *Abercrombie*, as the Second and Third Circuits suggest, the traditional classifications may be employed with regard to product configurations simply by inverting the frame of reference. In other words, the degree to which the product dictates the configuration should be assessed, instead of the degree to which the configuration describes the product.

2. A Preliminary Hurdle Is Needed

The Third Circuit was correct in concluding that the four-prong *Abercrombie* test fails to confirm that a trade symbol identifies a product's source. Unlike product configurations, trademarks and packaging are natural labels identifying producers.²¹¹ Because the Second Circuit originally developed the *Abercrombie* classifications to determine the inherent distinc-

²⁰⁹ Compare *Villeroy & Boch Keramische Werke K.G. v. THC Systems, Inc.*, 999 F.2d 619, 621 (2d Cir. 1993) (defendant manufacturer of chinaware could not demonstrate that chinaware designs were in such short supply that it could not compete in the market for hotel china without copying plaintiff's design) with *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 80 (2d Cir. 1990) (plaintiff's baroque silverware design was functional, and thus not protectable, because effective competition in the silverware market required use of "essentially the same scrolls and flowers"), *cert. denied*, 499 U.S. 976 (1991).

²¹⁰ See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774-75 (1992).

²¹¹ See *supra* notes 131-132 and accompanying text.

tiveness of just trademarks, the test assumes that the trade symbol at issue acts as a source identifier. Since this is not always the case with product configurations, many configurations will qualify as inherently distinctive under *Abercrombie* and yet will not identify their producers.

Source identification is the principal reason for protecting trade symbols.²¹² If a product configuration does not identify the producer, it cannot be protected no matter how creative it may be. Thus, application of the *Abercrombie* classifications alone results in inadequate trade symbol protection with regard to product configuration trade dress.

Unlike trademarks, product configurations do not serve solely to identify producers; they also provide visual appeal. Packaging provides visual appeal as well while serving as a container, but it more readily acts as a signifier of source than does product configuration. Indeed, product packaging and trademarks are presumed to serve primarily as signifiers of source if they are nonfunctional.²¹³ Such a presumption, however, cannot be made in the case of product configurations.²¹⁴

Configurations of products that are highly dependent on visual appeal make particularly poor source signifiers. The more obvious examples of such products are clothing, table settings, furniture and eyewear. The commercial success of these goods is determined largely by the aesthetic appeal of the designs employed. Consumers purchase these products mainly because they are attractive; thus, their designs are less likely to identify their producers.

The four-prong *Abercrombie* test, though, does nothing to weed out creative designs that fail to identify the product's source. For example, an imaginative sweater design which evokes no notions of warmth or comfort would qualify as arbitrary or suggestive under *Abercrombie* even though it does not designate the sweater's manufacturer whatsoever.²¹⁵ In

²¹² See *supra* notes 8-11 and accompanying text.

²¹³ *Paddington Corp. v. Attiki Importers & Distribs., Inc.*, 996 F.2d 577, 583 (2d Cir. 1993) (finding the design of a liquor bottle to be inherently distinctive).

²¹⁴ *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008 (2d Cir. 1995) (stating that product features or designs cannot be presumed to serve a source-identifying function because their "primary purposes are likely to be functional or aesthetic").

²¹⁵ See *id.* at 1008-09 (declining to use *Abercrombie* classifications to determine the inherent distinctiveness of a sweater).

Knitwaves and *Duraco*, the Second and Third Circuits sought to cure this deficiency by setting forth new tests to determine the inherent distinctiveness of product configurations.

B. *Duraco and Knitwaves Do Not Provide Solutions*

After discussing the problems it saw in applying the *Abercrombie* classifications to product configurations, the Third Circuit in *Duraco* enunciated what it viewed as a more appropriate standard.²¹⁶ The Second Circuit in *Knitwaves* adopted only the third prong of the *Duraco* test, that a configuration be likely to serve primarily as a designator of origin of the product, as the standard by which the inherent distinctiveness of product configurations should be judged.²¹⁷

However, the *Duraco* test is inappropriate to determine inherent distinctiveness primarily because it requires that the potential for secondary meaning be considered, which the Supreme Court has held to be "superfluous."²¹⁸ In addition, *Duraco* provides no method to verify that a product configuration is likely to serve as a signifier of source. While the Second Circuit in *Knitwaves* sought to provide such a method by requiring that producers intend that their configurations serve a source signifying function, the court's legal support for imposing this requirement was quite thin.²¹⁹

The Supreme Court held in *Two Pesos* that, as with trademarks, it is unnecessary to establish secondary meaning when trade dress is inherently distinctive.²²⁰ Because the *Duraco* test requires that a design be unusual and memorable to consumers for a finding of inherent distinctiveness, those seeking protection for product configurations will have to prove that their designs are likely to develop secondary meaning.²²¹ But it is the intrinsic qualities of a product's design, rather than the potential for consumer association, which indicate the likelihood that it will serve as a signifier of source.²²² Indeed,

²¹⁶ See *supra* Part II.A.2.

²¹⁷ See *supra* notes 170-173 and accompanying text.

²¹⁸ See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773-74 (1992).

²¹⁹ See *supra* note 189 and accompanying text.

²²⁰ *Two Pesos*, 505 U.S. at 772-75.

²²¹ See *Stuart Hall, Inc. v. Ampad Corp.*, 51 F.3d 780, 788 (8th Cir. 1995).

²²² See *Two Pesos*, 505 U.S. at 768 (stating that marks "are deemed inherently

the Supreme Court stated that secondary meaning is irrelevant to a determination of inherent distinctiveness,²²³ and the Second Circuit in *Knitwaves* declined to adopt *Duraco's* "unusual and memorable" requirement because it is "not rooted in the language of the Lanham Act."²²⁴ The Third Circuit's requirement that a product configuration be unusual and memorable confuses inherent distinctiveness with secondary meaning, and undermines both *Two Pesos* and the Lanham Act by holding product configuration to a higher standard than trademark and packaging.²²⁵

The Second Circuit's *Knitwaves* test, requiring that producers intend configurations to serve as source signifiers, is also deficient in that its grounding in the law is suspect, and it ignores the fact that inherent distinctiveness depends on the intrinsic nature of the trade dress itself. The Second Circuit was correct in looking to the Lanham Act's definition of trademark for guidance,²²⁶ but this definition does not address the specific requirements for inherent distinctiveness. The court's reliance on dicta from *Qualitex Co. v. Jacobson Products Co.* is also questionable as this was a decision based on the existence of secondary meaning.²²⁷ The Second Circuit's introduction of a producer intent requirement to determine inherent distinctiveness is not only unsupported by the law, but is also in contravention to it. The determination of inherent distinctiveness requires examination of the intrinsic nature of the trade symbol at issue, not an assessment of extrinsic factors having little to do with the symbol itself.²²⁸

distinctive . . . because their intrinsic nature serves to identify a particular source of a product"); *Krueger Int'l, Inc. v. Nightingale Inc.*, 915 F. Supp 595, 602 (S.D.N.Y. 1996).

²²³ See *Two Pesos*, 505 U.S. at 773-74.

²²⁴ *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1009 n.6 (2d Cir. 1995).

²²⁵ *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 788 (8th Cir. 1995); see *Two Pesos*, 505 U.S. at 774 (stating that there exists no textual reason to treat "inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress").

²²⁶ See *Knitwaves*, 71 F.3d at 1008 (quoting 15 U.S.C. § 1127 (1994)).

²²⁷ 115 S. Ct. 1300, 1303 (1995); see *Krueger Int'l, Inc. v. Nightingale, Inc.*, 915 F. Supp. 595, 602 (S.D.N.Y. 1996).

²²⁸ See *Two Pesos*, 505 U.S. at 768 (stating that marks "are deemed inherently distinctive . . . because their intrinsic nature serves to identify a particular source of a product"); *Krueger*, 915 F. Supp at 602.

Nonetheless, the Second and Third Circuits were correct in requiring product configurations to pass a hurdle confirming their capacity to serve as source signifiers. The *Abercrombie* classifications, if taken alone, fail to verify this vital factor. But the *Duraco* test does nothing to help courts determine whether configurations identify their producers, and the *Knitwaves* test is grounded only tenuously in the law. A standard that is both manageable and mindful of prior trademark law is needed for consistent application.²²⁹ As stated above, determining the distinctiveness of trade symbols is by nature a subjective endeavor. Instructing courts to estimate the likelihood that the configuration serves as a source signifier, without providing a valid methodology to do so, only adds to this difficulty.

IV. A PROPOSED SOLUTION

In order to adequately determine the inherent distinctiveness of product configurations, the four-prong *Abercrombie* test must be supplemented with a preliminary test which measures a product configuration's capacity to identify its producer. Such a test in combination with the *Abercrombie* classifications will ensure that an inherently distinctive product configuration: (1) in fact distinguishes its source from others; and (2) is creative and not dictated by the product.

As with trademarks and packaging, the inherent distinctiveness inquiry here cannot be conducted in a vacuum, but must be carried out within the context of the market at issue.²³⁰ Thus, any measure of a design's capacity to identify its product must consider: (1) whether the configuration is functional; and (2) the degree to which the commercial success of the product at issue is dependent on the development of creative designs. Taken together these factors will aid courts in determining whether a product configuration serves to identify the producer.

While functionality and distinctiveness are discrete concepts, consideration of the relevant market plays a role in the determination of each.²³¹ It is now widely held that a product

²²⁹ See *supra* notes 86-87 and accompanying text.

²³⁰ See *supra* p. 825.

²³¹ In fact, the Second Circuit's *Knitwaves* test, requiring that a product configu-

configuration is functional if it employs design elements commonly used in the industry or market since competitors would then be precluded from using useful designs.²³² It follows from this definition that if a configuration is not functional in that it does not employ common design elements, then it is more likely to serve as a signifier of source.

The inquiry cannot end here, though, because product configurations in certain industries employ uncommon design elements and still do little or nothing to identify the producer. The nature of the product and industry at issue is also important in determining whether a product configuration serves to signify its source. Certain markets are highly dependent on the development of creative and innovative designs. In fact, at the extreme are products whose commercial success is determined largely by the continual introduction of imaginative designs. These include clothing, tableware, furniture and eyewear. It is less likely that the configuration of a product in markets such as these will act as a designator of source.

Consideration of the degree to which an industry is driven by the development of innovative designs is an extension of the role market context has played in determining functionality²³³ and inherent distinctiveness²³⁴ in the past. By determining whether innovative designs are commonplace in the industry, rather than limiting the inquiry to whether the specific design in question is widely used, one can determine more readily the likelihood that a creative design identifies its producer.

Assessing the functionality of a product configuration ensures that the design does not incorporate features commonly used in the market. Consideration of the marketplace's dependence on design gauges an innovative configuration's propensity to signify source. By combining these two measuring sticks, one may determine the likelihood that a product configuration identifies its producer. And by combining this test with the four-prong *Abercrombie* test—which determines the cre-

ration be "likely to serve primarily as a designator of origin of the product" for a finding of inherent distinctiveness, sounds strikingly similar to descriptions of some functionality tests. See *supra* notes 46, 54 and accompanying text.

²³² See *supra* notes 57-60 and accompanying text.

²³³ See *supra* notes 57-60 and accompanying text.

²³⁴ See *supra* notes 84-87 and accompanying text.

ativity of designs, marks and packaging equally well—the inherent distinctiveness of product configurations will be more readily ascertainable.

CONCLUSION

The Third Circuit in *Duraco* brought to light once again a serious deficiency in employing the Second Circuit's four-prong *Abercrombie* test to determine the inherent distinctiveness of product configurations. Product designs can conceivably qualify as inherently distinctive according to *Abercrombie* and still not identify their producers, because this test presumes that innovative trade symbols serve as source signifiers. However, unlike trademarks and packaging, even original product configurations may not identify producers in industries where the development of creative designs is customary and necessary to compete effectively.

Thus, the *Abercrombie* classifications must be supplemented with a test which verifies a product configuration's capacity to inform consumers of product origin. The proper preliminary test should consider the functionality of the design and the extent to which creative design determines commercial success in the industry. The combination of the four-prong *Abercrombie* test and this preliminary hurdle will ensure that inherently distinctive product configurations are not only creative, but also designate their source.

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