

United States of America

Q148

Three-dimensional marks: the borderline between trademarks and industrial designs

I. National or case-law

1. Is in your country legislation, or other sources of law, to protect shapes of goods, packages and other 3D signs as industrial designs and/or as trademarks?

Yes. Under U.S. law, new, original and ornamental designs of an article can be protected by a design patent under federal statutory law.(1) Distinctive shapes of products, packages and 3D designs can also be registered and enforced in the courts as trademarks (often called "trade dress" in U.S. legal terminology when they refer to 3D product shapes; the terms are generally referred to interchangeably herein as "trademark/trade dress") under federal statutory law(2) as well as the common law of unfair competition.

2. If so, what are the conditions and minimum requirements to protect them as:

i) Industrial Designs,

ii) Trademarks.

i) Applicable U.S. law uses the terminology "design patent" rather than "industrial design." For a three-dimensional design to be protected by a valid design patent, it must be: (1) new, (2) original, (3) ornamental, (4) non-obvious to a person of ordinary skill in the art, and (5) not primarily for functional or utilitarian purposes.

ii) For a 3D sign to be registered or protected as a trademark, it must be (a) primarily non-functional, and (b) distinctive. As noted above, 3D trademarks consisting of the overall look of a product or its packaging are called "trade dress" in the United States.

A 3D sign is primarily non-functional if it serves no utilitarian need, or if it is only *de facto* functional, as distinguished from *de jure* functional. A *de facto* functional design performs some function as a matter of fact, but the design is not dictated primarily by the function. For example, the design of a spray bottle is *de facto* functional in the sense that it holds and sprays liquid, but a particular spray bottle design can be a trademark if aspects of it are not solely dictated by function.(3)

A 3D sign, however, cannot be registered as a trademark if it is *de jure* functional, i.e., functional as a matter of law. If the design feature is essential to the operation of the product, or is superior in function or efficiency to other available designs, and thus, provides a competitive advantage to the user, the configuration will be considered *de jure* functional and unprotectable as a trademark/trade dress.(4)

To be protectable as trademark/trade dress, a 3D sign must also be distinctive. In this regard, it can possess either inherent distinctiveness, or acquired distinctiveness through long, extensive and exclusive advertising, promotion and usage (called "secondary meaning").

3. Is there a specific rule that precludes trademark protection for a shape of an object protected or previously protected, as an industrial design or under another modality of industrial property (e.g., utility models or patents)?

Under U.S. law, the rights pertaining to design patent and trademark/trade dress protection exist independently.(5) The existence or termination of either right, i.e., design patent or trademark, has no legal effect on the availability or continuance of the other.(6) However, if a U.S. utility patent (as a distinguished from a design patent) covers a 3D product feature, that fact may be relevant to the possible functionality and consequent unprotectability of that feature as a trademark.(7) Over the years, some U.S. courts have gone

further to hold trademark/trade dress rights in a 3D product feature are unavailable if that feature is claimed or appears in the specifications or drawings of a subsisting or expired U.S. utility patent. However, the recent decision of the U.S. Court of Appeals for the Federal Circuit in **Midwest Industries, Inc. v. Karavan Trailers, Inc.**,⁽⁸⁾ disagreed with those prior decisions and held no per se limitation on or preclusion from trademark or trade dress rights arises merely from the fact of coverage of the subject 3D feature in a subsisting or expired utility patent.

The U.S. Group also notes that Article 15(1) of the TRIPs Agreement provides for very broad eligibility of signs for trademark protection

Any sign, or combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colors as well as any combination of signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.

Although this provision, as well as TRIPs Agreement Article 15(2) which addresses Paris Convention objections, does provide certain exemptions from trademark protection, there is no per se exemption for 3D trademarks which happen to be the subject of patent protection. Accordingly, the TRIPs Agreement favors trademark protection for distinctive signs, whether one, two or three-dimensional and without apparent regard to whether they are subject to other forms of intellectual property protection.

4. If there is no specific legal disposition under 3, can it be understood from national case law that this possibility is excluded?

Not applicable.

5. Is it possible to accumulate protection on the same shape as an industrial design and as a trademark?

Yes. There have been instances under U.S. law where a design has been protected by a utility patent and/or a design patent and as a trademark/trade dress.⁽⁹⁾

6. Is it possible to claim priority of an industrial design in trademark application or vice versa, can priority of a trademark application be claimed in an industrial design application?

No. The two areas of law are independent and the filing of one type of application does not provide for a claim of priority in applying for the other.

7. Can a shape or packaging used in combination with a word mark acquire distinctiveness through use to be protected as a 3D trademark without the word mark?

Yes. However, an applicant must demonstrate the design itself is not de jure functional and has acquired its own distinctiveness independently of the word mark.

8. Is there any distinction between the protection afforded by a Trademark (trade dress) and by a Design (design patent)? In particular:

8.1 Is there a distinction between what constitutes an infringement and in the remedies available?

Yes. Design patent infringement is in the nature of trespass upon property rights and trade dress⁽¹⁰⁾ infringement a tort of deception. Likelihood of confusion of potential customers is an essential element of trade dress infringement. Under design patent law, the mere unauthorized making, use, sale, offer to sell or importation of a patented design constitutes infringement⁽¹¹⁾ - confusion or deception of the public is not an element of the offense. Trademark law also prohibits the manufacture, use, sale, offer to sell and importation of unauthorized reproductions, counterfeits, copies or colorable imitations of products embodying protected trade dress⁽¹²⁾. but the essence of trade dress infringement is that a likelihood of confusion. mistake or

deception in the marketplace must be shown to arise from these activities.

Design patent infringement requires that (1) the allegedly infringing design must be "substantially the same" as the patented design, and (2) the accused design must appropriate the "novelty" that distinguished the patented design from the prior art.(13)

Trade dress infringement requires a plaintiff to make two showings. First, the plaintiff must show that 1) its product's trade dress features serve primarily to indicate the source or origin of its product. The trade dress must be either "inherently distinctive" because its nature is automatically perceived by consumers as a symbol of source(14), or the trade dress must be shown to have become distinctive through acquisition of "secondary meaning", so that its primary significance in the public mind is as an indication of source, rather than merely a feature of the product itself.(15) Secondly, a plaintiff must show that there is a "likelihood of confusion" on the part of potential consumers, who are likely to mistakenly believe that the defendant's trade dress is affiliated, connected or associated with the plaintiff, or that the defendant's goods originated with or are sponsored or approved by the plaintiff.(16)

Both trade dress and design patent infringements give rise to civil actions under U.S. federal law and remedies of injunctive relief and monetary damages. There are some additional remedies under the common laws and statutes of the various states for trade dress infringement, but design patent actions and remedies are exclusively provided by federal law. There is a minimum damage amount mandated by federal statute for design patent infringement(17) but none for trade dress infringement. While the remedies of profits, damages, costs of the action, attorneys fees and treble damages are available in both trade dress infringement(18) and design patent infringement(19) cases, state unfair competition law may provide for additional remedies for trade dress infringement. States may place limited regulations on the circumstances in which designs are used in order to prevent consumer confusion as to source, but such state regulations and remedies are subject to federal review and must not be inconsistent with federal patent law.(20) In design patent infringement cases, a court has little choice but to order the defendant to stop manufacturing and selling the infringing product.(21) In contrast, in a trademark infringement action the judge has somewhat greater flexibility in fashioning equitable injunctive relief. For instance, the judge may decide it is not necessary to completely enjoin distribution of the accused products, and may allow further distribution if distinguishing marks, labels or disclaimers of affiliation are added to the product by the defendant. But the court in egregious trade dress cases may also order more oppressive measures, such as recalls of products and corrective advertising.

8.2 Is it possible to forbid the two dimensional reproduction of a 3D (23) object protected by an Industrial Design (design patent) or Trademark (trade dress) registration of such 3D object?

Under U.S. design patent law, it is not possible to forbid a two dimensional reproduction (such as a photograph) of a three dimensional object covered by a design patent. Design patents are issued on "articles of manufacture" and infringement requires that the accused "article of manufacture" be "made, used or sold, or offered for sale."(22) The design patent statute also provides that it is an infringement to apply the patented design, or a colorable imitation thereof, to any article of manufacture for purposes of sale.(23)

Under U.S. trademark/trade dress law, it is possible to forbid the two dimensional reproduction of a three dimensional object protected by a design patent, if the overall product configuration of the product is protectable as trade dress and the use of the accused two dimensional reproduction creates a likelihood of consumer confusion, mistake or deception.(24) Courts, however, are hesitant to extend such trade dress protection to functional three dimensional objects, such as buildings, golf courses and horse racing courses, and to prevent two dimensional reproductions of this trade dress in two dimensional forms that are merely ornamental, or have an artistic or utilitarian purpose, such as posters, t-shirts, and cups.(25)

Trademark/trade dress registration of a three dimensional object protected by a design patent will be denied if the trade dress does not serve primarily the trademark function of identifying origin and distinguishing the source of the goods or services, or if it is a primarily utilitarian, functional, or aesthetically desirable feature which there is a competitive need to use, and for which there are no competitive alternatives.(26) If competition would be hindered by extending trade dress protection, then the trade dress will not be held protectable.(27) If the trade dress is essential to the use or purpose of the product, or affects its cost or quality.

it will be deemed primarily functional, and not protectable.(28) The mere fact that a design patent has been obtained for the product or feature in question will not guarantee trade dress protection, although a design patent may be relevant evidence of non-functionality.(29) A registration of trade dress as a trademark may be cancelled at any time on the ground that the registered design or feature is or has become generic.(30)

8.3 Can the use of a sign as an Industrial Design (design patent) lead to the loss of distinctivity of this sign as a Trademark (trade dress), so that this sign could no longer be registered as a Trademark (trade dress) or, if registered, cause the registered Trademark (trade dress) to become invalid?

There is some case law authority that suggests the use of a sign as an industrial design may lead to its loss of distinctiveness as a trademark/trade dress and prevent its registration as a trademark. In exceptional cases, trade dress registration of a patented design is not allowed when such trade dress protection would frustrate competitors' legitimate efforts to produce an equivalent product once the design patent has expired.(31) If the design has so dominated the market that it virtually defines it, the design may be generic or functional and thus ineligible for protection.(32) A design patent, therefore, can neither guarantee nor preclude trade dress protection.

In order to be eligible for registration, the trade dress feature or features embodied in the design patent must meet the rigorous test of inherent distinctiveness or secondary meaning. The design patent feature that is claimed as a trademark/trade dress must be non-functional, and used as a trademark to indicate the source or origin of the product. Often the existence of a design patent will support a claim of non-functional trade dress. Since a design patent is granted only for non-functional designs, it may be presumptive evidence of non-functionality and thus support a trade dress claim.(33) In order to protect the aesthetic look of a product, the proprietor's design must not be essential to the product's use. If a proprietor uses a design feature to enhance the performance of a product or improve any aspect of its use, such a design will be deemed to be functional.(34) The failure to advertise and promote the design as a trademark, or advertising and promotion touting its functional features(35) may result in the conclusion that the trade dress is merely a functional aspect of the product itself, and not indicative of source or origin, and thus ineligible for trade dress protection. Moreover, the absence of advertising which points to the alleged trade dress may make it difficult to support a claim of acquired distinctiveness to qualify for trade dress protection.

8.4 What kind of measures can be taken by the proprietor to avoid that a sign loses its distinctive character as a consequence of the use of the corresponding design made by third parties?

To protect the distinctiveness of one's trade dress, the proprietor should advertise its products as extensively as possible, all the time emphasizing in such advertising that the public should "look for" the trade dress features to identify the proprietor's authentic products. To avoid loss of distinctiveness through unauthorized use by third parties, the proprietor should also vigorously enforce its exclusive trade dress rights by monitoring unauthorized uses in the marketplace and suing unauthorized users for infringement.(36) Evidence that the proprietor has aggressively policed third party uses of its protected trade dress by sending cease and desist letters and other correspondence to third party users demanding that they discontinue use of the trade dress, and the proprietor's entry into license agreements to control third party use of the protected trade dress will assist in preserving the proprietor's rights.(37)

II. What is their opinion regarding the adoption of general rules on the following questions:

1. The need to establish clear criteria when a 3D object may be legally protected as an Industrial Design and as a Trademark.

In the United States, there is not much difficulty in reconciling trade dress law with design patent law, but there is considerable difficulty in reconciling trade dress law and utility patent law. A party may protect as a trademark or trade dress the configuration of a product as long as the configuration is distinctive and is not functional, which has been defined as something necessary to enable a competitor to "compete effectively," although the definition varies among the different circuit courts of appeal within the United States.(38) The courts have not been consistent in stating rules about whether a 3D object which is or has been the subject of, or otherwise disclosed in, a utility patent may be protected as a trademark.(39) Thus, there is a need to clarify

if, and when, the existence of a utility patents may preclude trademark protection for a 3D object. As this uncertainty exists within the United States itself, a corresponding uncertainty presumably exists among the various countries and resolution of the uncertainty would be desirable.

2. To make proposals to clarify these criteria and, if any, the distinction to be made between Trademarks and Designs.

The U.S. Supreme Court has held that on expiration of a patent, the public becomes entitled to make the invention in the form in which it was made during the life of the patent.(40) The Supreme Court also has elaborated, in dicta, that descriptive matter from the specifications, drawings or claims of a utility patent may not later be protected as a trademark.(41)

The U.S. district and appellate courts, however, have addressed the issue in divergent ways. One federal appellate court has followed the Supreme Court's view as set forth above.(42) Another has held that if an alleged trademark is "part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention," the patent law prevents according it trademark protection even if the configuration is nonfunctional.(43) And most recently, two courts of appeal have held that a court reviewing a claim of trademark infringement of a product configuration, where a patent is raised as a defense to trademark infringement, must make a traditional trademark functionality review to determine whether the existence of the patent precludes trademark protection.(44)

While there has not been much debate over decisions allowing trademark rights in a configuration formerly protected by a design patent, assuming all the criteria for a trademark are satisfied,(45) there has been with respect to the impact of utility patents on trademark claims. As explained above, United States courts have not been consistent in addressing this issue in the case of utility patents. It is believed that the bar also reflects this divergence of view. The issue is one ripe for review by the United States Supreme Court.

3. To establish the circumstances when an object protected by an Industrial Design (or another modality of Industrial Property, such as utility models and patents) should also be permitted protection as a Trademark.

[This is covered in the answer to Question 4, *infra*.]

4. The possibility to accumulate protection on the same shape, as a Trademark and as an Industrial Design

Under United States law, design patent coverage of a 3-dimensional product feature does not preclude or limit trademark/trade dress protection for that feature in any way. However, it is more difficult to assess the effect of a utility patent, and different U.S. courts have expressed different opinions on whether a utility patent precludes trademark/trade dress protection. Recognizing this uncertainty, the U.S. group believes a 3-dimensional object covered by a utility patent, or described or depicted in the specifications or drawings of a utility patent, should **not** be automatically disqualified from trademark/trade dress protection. Rather, it should be subjected to the traditional functionality analysis to determine whether it is ineligible for trademark/trade dress protection on the ground that the feature is primarily functional. Moreover, if the 3D feature is presently covered, or was previously covered, in a subsisting or expired utility patent, that fact may be very relevant to the functionality issue.