

*Non-Functional Requirement for Trade Dress:
Does Your Circuit Allow Evidence of Alternative Designs?*¹

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Not all circuits have definitively addressed whether evidence of the availability of alternative designs may be considered in the trade dress functionality analysis. Of the circuits that have, only the Sixth Circuit (which was reversed in the seminal *TrafFix* case) refuses altogether to consider alternative designs. The circuits that will consider alternative designs generally take two different approaches, and will either: (1) consider alternative designs from the outset as part of the *Morton-Norwich* multifactor functionality test (Fourth, Seventh, Ninth, and Federal Circuits); or (2) consider alternative designs as the second step of a two-part test only if the trade dress is determined to be non-functional under the traditional *Inwood Labs* test (Third and Fifth Circuits).

I. Trade Dress Functionality Doctrines

In general terms, proposed trade dress in the United States is functional, and therefore cannot function as a trademark, if it fails either of two tests. The first test—the “utilitarian functionality” doctrine—is relevant to the protection overlap between trademark law and utility patent law. The second test—the “aesthetic functionality” doctrine—is relevant to the protection overlap between trademark law and both design patent and copyright law.³ A detailed discussion of the aesthetic functionality doctrine is outside the scope of this Article.

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³ The aesthetic functionality doctrine generally holds that a product feature is considered functional if denying a competitor access to that feature would put that competitor at a “significant non-reputational-related disadvantage.” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850, n.10 (1982)). Although inconsistently applied by courts, the aesthetic functionality doctrine generally holds that at some point the primary function of a design feature becomes aesthetics rather than source-identification, and precludes trade dress protection when this condition has been met. Said another way, the threshold for application of the aesthetic functionality doctrine is whether the product configuration is “primarily aesthetic”—rather than source-identifying—before the aesthetic functionality doctrine will entirely preclude trade dress protection.

The utilitarian functionality doctrine holds that a product feature is functional if it is “essential to the use or purpose of the article or if it affects the cost or quality of the article”.⁴ This “traditional” test is generally referred to as the “*Inwood Labs*” test in this Article, after the Supreme Court case in which it was first set forth.⁵ A feature is deemed to be “essential to the use or purpose of the article” when it is “the reason the device works,” as opposed to “an arbitrary flourish in the configuration of [the] product.”⁶ Even a showing of acquired distinctiveness will fail to save a proposed mark that is functional as a whole.⁷

The purpose of the utilitarian functionality doctrine is to prevent trademark law from inhibiting legitimate competition in the marketplace by allowing the producer of a product to control a useful product feature in perpetuity. This doctrine cements that utility patent law—which Constitutionally time-limits the exclusive control of a useful product feature—is the exclusive intellectual property regime for protecting *de jure* functional product configurations or features.⁸

However, where it is possible to separate a non-functional aspect of a product from its functional elements, said non-functional aspect may be protectable under trade dress law. For example, in the *Qualitex* case, the Supreme Court held that the green/gold color of the dry-cleaning press pad shown below was held to be protectable trade dress—despite that the shape and composition of the dry-cleaning pad were not protectable as failing the utilitarian functionality doctrine—since the selected green-gold color served no functional purpose.

⁴ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165, 34 USPQ2d 1161, 1163-64 (1995) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850, n.10, 214 USPQ 1, 4, n.10 (1982)).

⁵ *Inwood Labs*, *supra*.

⁶ *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32 (2001) (quoting *Qualitex*, 514 U.S. at 165).

⁷ 15 U.S.C. §1052(e)(5) and 15 U.S.C. §1052(f).

⁸ Although the United States Patent and Trademark Office (USPTO) no longer uses the terms “de jure” and “de facto” in assessing whether a proposed product configuration mark is functional, see TMEP § 1202.02(a)(iii)(B), an understanding of the differences between these two concepts remains critical. *De facto* functionality simply means that a product or product feature has a function, and a finding of *de facto* functionality does not necessarily defeat registrability. In *re Morton-Norwich Prods.*, *supra*. *De jure* functionality, on the other hand, means that the product has a particular shape “because it works better in this shape,” and a finding of *de jure* functionality will defeat registrability. In *re R.M. Smith, Inc.*, 734 F.2d 1482, 1484, 222 USPQ 1, 3 (Fed. Cir. 1984). In its *Qualitex* and *Traffix* opinions, the Supreme Court did not use the *de facto/de jure* language.



Green-gold dry cleaning press pad of Qualitex

Conversely, in the *Traffix* case, the Supreme Court held that the dual-spring arrangement shown below for keeping a temporary road sign upright during windy conditions could not serve as a source identifier because it was “the reason the device works,” and “not an arbitrary flourish in the configuration of [the] product.”⁹



Dual-spring road sign supporting structure of Traffix

In making a determination of whether asserted trade dress is functional, *most* circuits will consider the following four non-exclusive *Morton-Norwich* categories of evidence, named for the United States Court of Customs and Patent Appeals¹⁰ case in which they were first articulated:

⁹ *Traffix*, 532 U.S. at 34.

¹⁰ The C.C.P.A. was a federal appellate court that existed from 1909 to 1982 that had jurisdiction over appeals from *ex parte* patent and trademark matters originating from the USPTO. When abolished in 1982, its jurisdiction over these matters was transferred to the newly-created United States Court of Appeals for the Federal Circuit.

- (1) the existence of a utility patent disclosing the utilitarian advantages of the design;
- (2) advertising materials in which the originator of the design touts the design's utilitarian advantages;
- (3) **the availability to competitors of functionally equivalent designs**; and
- (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.¹¹

The Supreme Court has made it clear that if evidence such as statements in a related utility patent or the applicant's own promotional materials establishes that the design is functional, further inquiry into the existence of available alternative designs or whether there is a competitive necessity for the feature is unnecessary, stating specifically in *TrafFix* that “[w]here the design is functional under the Inwood formulation there is no need to proceed further to consider if there is a competitive necessity for the feature.”¹²

Thus, the Supreme Court in *TrafFix* made it clear that there is no *requirement* that all of the categories of evidence identified in *Morton-Norwich* appear in every case in order to find that asserted trade dress is functional,¹³ but the operative language used in the *TrafFix* opinion—i.e., “there is no need ... to consider”—does not explicitly *prohibit* a consideration of all categories of evidence. As a result, post-*TrafFix*, it should perhaps come as no surprise that the various circuits have formulated different tests for whether and when all of the *Morton-Norwich* categories of evidence will be considered in the utilitarian functionality test, in particular with respect to evidence relating to the availability of “functionally equivalent designs.”¹⁴

The primary purposes of this Article are to summarize the various ways in which the U.S. federal judicial circuits have interpreted the relevant language of *TrafFix* and to provide circuit-by-circuit looks at how the various circuits have addressed this issue. Graphical summaries of how the

¹¹ In re Morton-Norwich Prods., Inc., 671 F.2d 1332, 213 USPQ 9, 15-16 (CCPA 1982) (emphasis added).

¹² *TrafFix*, 532 U.S. at 33 (emphasis added); In re Becton, Dickinson and Co., 675 F.3d 1368, 102 USPQ2d 1372, 1378 (Fed. Cir. 2012) (“[S]ince the patent and advertising evidence established functionality, the Board did not need to analyze whether alternative designs exist.”).

¹³ In re Heatcon, Inc., 116 USPQ2d 1366, 1370 (TTAB 2015).

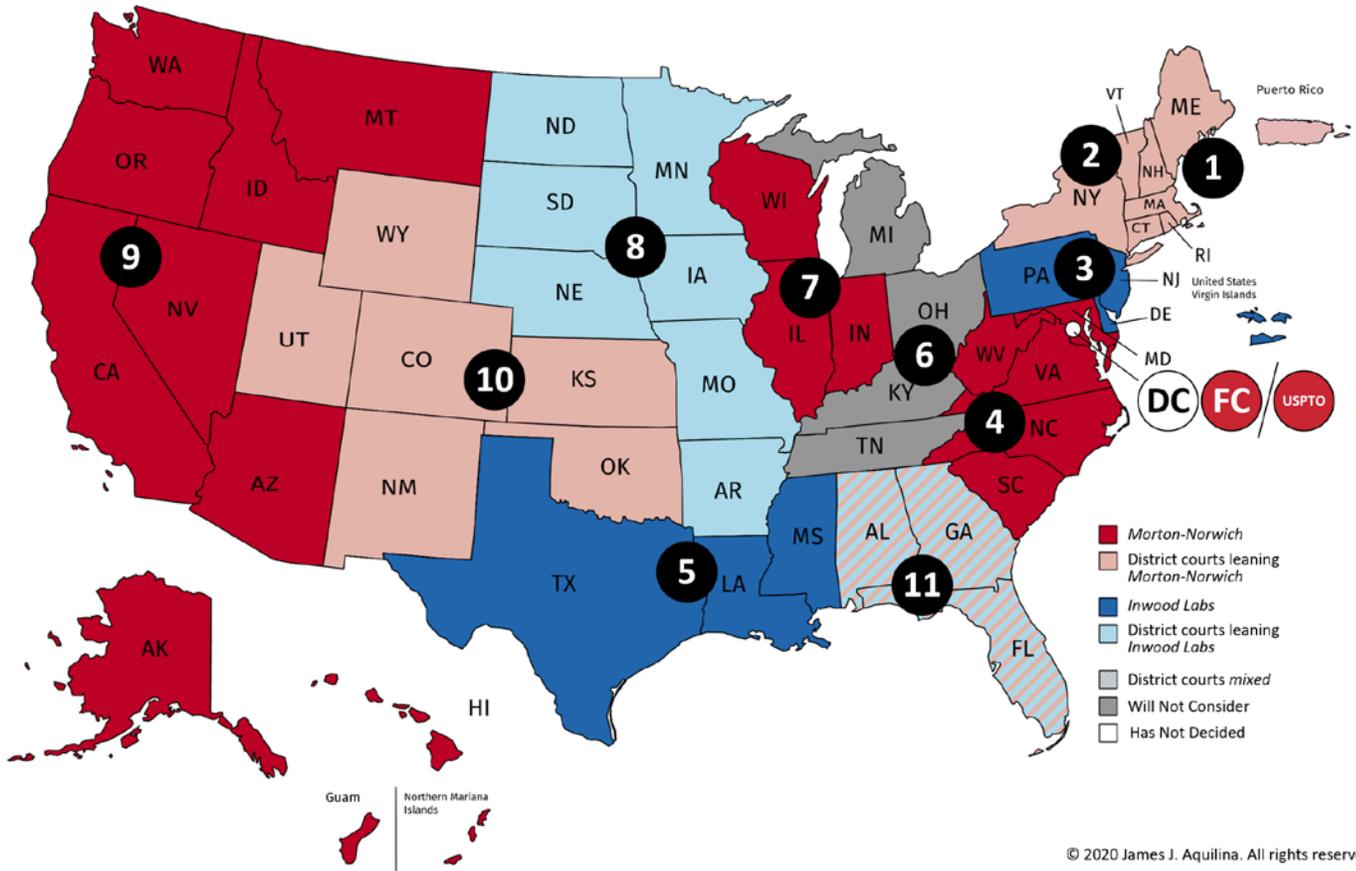
¹⁴ In re Morton-Norwich Prods., *supra*.

various circuits have treated the “availability [] of functionally equivalent designs” issue are provided in Section II and a detailed circuit-by-circuit breakdown of the relevant caselaw is provided in Section III, below.

II. Graphical Summaries of the Current Law on Consideration of Alternative Designs in the Trade Dress Functionality Analysis by the Various U.S. Federal Judicial Circuits

	First Circuit	Second Circuit	Third Circuit	Fourth Circuit	Fifth Circuit	Sixth Circuit	Seventh Circuit	Eighth Circuit	Ninth Circuit	Tenth Circuit	Eleventh Circuit	D.C. Circuit	Fed Circuit / USPTO
Will consider the availability of alternative designs in the first instance (<i>Morton-Norwich</i>)				X			X		X				X
Court of Appeals has not clearly decided, but district courts leaning <i>Morton-Norwich</i>	X	X								X			
Will consider the availability of alternative designs in a second step only if “the feature is [not] essential to the use or purpose of the product” and does not affect the “cost or quality of the product” (<i>Inwood Labs</i>)			X		X								
Court of Appeals has not clearly decided, but district courts leaning <i>Inwood Labs</i>								X					
Court of Appeals has not decided, and district courts mixed between <i>Morton-Norwich</i> and <i>Inwood Labs</i>											X		
Court of Appeals <u>will not</u> consider the availability of alternative designs						X							
Court of Appeals and district court(s) have not yet decided												X	

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III. Detailed Circuit-by-Circuit Summaries of the Current Law on Consideration of Alternative Designs in the Trade Dress Functionality Analysis

Detailed, circuit-by-circuit summaries of whether, and when, courts will consider alternative designs in the trade dress functionality analysis are provided below.¹⁵

FIRST CIRCUIT

The United States Court of Appeals for the First Circuit has not definitively ruled whether evidence of alternative designs may be considered in the trade dress functionality analysis, and has not cited to *TrafFix* in any published opinions.

¹⁵ Although the research provided below is believed to be current and accurate as of mid-April 2020, this Article is provided for educational purposes only, the accuracy of its contents are not guaranteed, and it does not constitute legal advice.

However, some district courts in the First Circuit have considered alternative designs as part of the functionality analysis by applying the *Morton-Norwich* factors in the first instance.¹⁶

SECOND CIRCUIT

The United States Court of Appeals for the Second Circuit has not definitively ruled on this issue, but its decisions suggest that it will consider alternative designs by applying the *Morton-Norwich* factors in the first instance. For example, in a case captioned *Schutte Bagclosures Inc. v. Kwik Lok Corp.*, it agreed with the district court's reasoning and functionality finding where the district court had considered evidence of alternative designs.¹⁷

District courts in the Second Circuit have also considered evidence of alternative designs when finding no functionality was present.¹⁸

THIRD CIRCUIT

The United States Court of Appeals for the Third Circuit recently affirmed a holding of one of its district courts, which had held that consideration of alternative designs is relevant only to the second part of a two-part test.

In the underlying case, the district court applied a two-part test, first evaluating “whether a particular feature of a product or service is substantially related to its value as a product or service, i.e., if the feature is part of the function served, or whether the primary value of a particular feature is the identification of the provider.”¹⁹ The district court found that the trade dress was functional under this part of the test and found it unnecessary to consider alternative designs under the second step of the test.²⁰ In its affirmance, the Third Circuit rejected the argument that alternative designs

¹⁶ See, e.g., *Hillside Plastics, Inc. v. Dominion & Grimm U.S.A., Inc.*, No. 3:17-CV-30037-MGM, 2018 WL 4537205, at *8 (D. Mass. Aug. 6, 2018).

¹⁷ 699 F. App'x 93, 94 (2d Cir. 2017).

¹⁸ See, e.g., *Steven Madden, Ltd. v. Yves Saint Laurent*, No. 18-CV-7592 (VEC), 2019 WL 2023766, at *9 (S.D.N.Y. May 8, 2019).

¹⁹ *Sweet St. Desserts, Inc. v. Chudleigh's Ltd.*, 69 F. Supp. 3d 530, 543 (E.D. Pa. 2014), aff'd, 655 F. App'x 103 (3d Cir. 2016).

²⁰ Id.

must be considered in determining functionality in the first instance, reasoning that if the trade dress is considered functional under the traditional/*Inwood Labs* analysis, there is no need to consider the availability of alternative designs.

FOURTH CIRCUIT

The United States Court of Appeals for the Fourth Circuit has adopted the *Morton-Norwich* four-factor test, and therefore considers the availability of alternative designs in the first instance, when analyzing the functionality of asserted trade dress. The Fourth Circuit has held that *TrafFix* did not alter its precedents that look to the availability of alternative designs.²¹ District courts in the Fourth Circuit have, predictably, followed the guidance of its court of appeals.²²

FIFTH CIRCUIT

The United States Court of Appeals for the Fifth Circuit will evaluate evidence of alternative designs only if the asserted trade dress satisfies the traditional/*Inwood Labs* test of functionality. If the trade dress fails to satisfy the traditional test, then the “availability of alternative designs is irrelevant.”²³

The Fifth Circuit uses a two-step, two-test approach. The initial test for determining functionality, the traditional / *Inwood Labs* test, is “whether the feature is essential to the use or purpose of the product or whether it affects the cost or quality of the product.”²⁴ If a feature is the “reason the device works,” then it is functional and the “availability of alternative designs is irrelevant.”²⁵

The second test for determining functionality, the “competitive necessity” test, looks to whether “the exclusive use of the feature would put competitors at a significant non-reputation-

²¹ *McAirlaids, Inc. v. Kimberly-Clark Corp.*, 756 F.3d 307, 312 (4th Cir. 2014).

²² *See, e.g., CTB, Inc. v. Hog Slat, Inc.*, No. 7:14-CV-157-FL, 2018 WL 4035945, at *9 (E.D.N.C. Aug. 22, 2018).

²³ *Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 357 (5th Cir. 2002).

²⁴ *Id.* at 356.

²⁵ *Id.* at 355.

related disadvantage.”²⁶ When applying this test, courts in the Fifth Circuit will consider whether the design yields a utilitarian advantage, whether alternative designs are available in order to avoid hindering competition, and whether the design achieves economies in manufacture or use.²⁷

SIXTH CIRCUIT

The United States Court of Appeals for the Sixth Circuit refuses to consider evidence of alternative designs. After being reversed by the Supreme Court in *TrafFix*, the Sixth Circuit stated that it will not “drift back into the error of inquiring about possible alternative designs.”²⁸

SEVENTH CIRCUIT

The United States Court of Appeals for the Seventh Circuit considers alternative designs, among other factors, in the first instance when analyzing the functionality of asserted trade dress. The factors considered by the Seventh Circuit in this evaluation are: “(1) the existence of a utility patent, expired or unexpired, that involves or describes the functionality of an item's design element; (2) the utilitarian properties of the item's unpatented design elements; (3) advertising of the item that touts the utilitarian advantages of the item's design elements; (4) the dearth of, or difficulty in creating, alternative designs for the item's purpose; (5) the effect of the design feature on an item's quality or cost.”²⁹ The Seventh Circuit considers none of these factors to be dispositive of the evaluation of trade dress functionality.³⁰

EIGHTH CIRCUIT

The United States Court of Appeals for the Eighth Circuit has not definitively ruled whether evidence of alternative designs may be considered in the trade dress functionality analysis. The Eighth Circuit has not cited to *TrafFix* in any published opinions.

²⁶ Id. at 356. (citation and quotation marks omitted).

²⁷ Id.; *Pearson's Inc. v. Ackerman*, No. 7:18-CV-00013-BP, 2019 WL 3413501, at *13 (N.D. Tex. July 29, 2019); *Jenny Yoo Collection, Inc. v. Watters Designs, Inc.*, No. 3:17-CV-3197-M, 2018 WL 3330025, at *2 (N.D. Tex. June 6, 2018).

²⁸ *Groeneveld Transp. Efficiency, Inc. v. Lubcore Int'l, Inc.*, 730 F.3d 494, 506–07 (6th Cir. 2013).

²⁹ *Bodum USA, Inc. v. A Top New Casting Inc.*, 927 F.3d 486, 492 (7th Cir.), *cert. denied*, 140 S. Ct. 675 (2019); *Ga.–Pac. Consumer Prods. LP v. Kimberly–Clark Corp.*, 647 F.3d 723, 727–28 (7th Cir. 2011).

³⁰ *Ga.–Pac. Consumer Prods.* at 728–31 (considering each factor separately to determine whether it weighs in favor of or against a finding of functionality).

At least one district court in the Eighth Circuit has recognized that evidence of alternative designs is relevant to the analysis, but explained that it is error to use the competitive necessity test as the sole gauge for functionality.³¹ The district court held that a two-step test should be applied: “First, the traditional nonfunctionality inquiry as stated in *Inwood* is made. If no functionality is found under it, a second inquiry is made as to whether competitors would nonetheless be at a significant non-reputation-related disadvantage.”³² In this case, the district court evaluated evidence of alternative designs under the first test, but because the trade dress holder’s only evidence to the first test was alternative designs, that evidence was insufficient to satisfy the first test.³³ If the other courts in the Eighth Circuit follow this same logic, it appears that evidence of alternative designs will be considered relevant to the first step, but would not on its own be sufficient to establish non-functionality of asserted trade dress.

NINTH CIRCUIT

The United States Court of Appeals for the Ninth Circuit has held that evidence of alternative designs is relevant to the trade dress functionality inquiry in the first instance, but applies its own two-step test.³⁴

In the first step of the test, the Ninth Circuit asks whether the feature is functional, meaning essential to the use or purpose of the article or affecting the cost or quality of the article. The Ninth Circuit has developed a four-factor test (called the *Disc Golf* test) to determine whether a product feature is functional, namely: “(1) whether the design yields a utilitarian advantage; (2) whether alternative designs are available; (3) whether advertising touts the utilitarian advantage of the design; and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture.”³⁵

³¹ *Honeywell Int’l Inc. v. ICM Controls Corp.*, 45 F. Supp. 3d 969, 997 (D. Minn. 2014).

³² *Id.* at 996.

³³ *Id.*

³⁴ *Moldex-Metric, Inc. v. McKeon Prod., Inc.*, 891 F.3d 878, 886 (9th Cir. 2018); *Millennium Labs., Inc. v. Ameritox, Ltd.*, 817 F.3d 1123, 1131 (9th Cir. 2016).

³⁵ *Millennium Labs.*, 817 F.3d at 1130.

Second, if the feature is non-functional under the first step, the court analyzes whether exclusive use of the product feature would put competitors at a significant non-reputation-related disadvantage.³⁶

TENTH CIRCUIT

The United States Court of Appeals for the Tenth Circuit has not definitively addressed consideration of the availability of alternative designs post-*TrafFix*. One district court in the Tenth Circuit has, however, suggested that its court of appeals would likely consider evidence of alternative designs in the first instance.³⁷

ELEVENTH CIRCUIT

The United States Court of Appeals for the Eleventh Circuit has not definitively addressed the consideration of the availability of alternative designs post-*TrafFix*. District courts in the Eleventh Circuit have considered evidence of alternative designs, but under different formulations. One district court has considered alternative designs in the first step of a functionality analysis.³⁸ Conversely, another district court in the Eleventh Circuit has analyzed the availability of alternative designs only under the second part of a two-part test.³⁹

D.C. CIRCUIT

Neither the United States Court of Appeals for the District of Columbia Circuit nor its district court have had any opportunity to address the question of whether evidence of alternative designs may be considered in the trade dress functionality analysis. The D.C. Circuit has not cited to *TrafFix* in any published opinions.

³⁶ Id. at 1131.

³⁷ Video Gaming Techs., Inc. v. Castle Hill Studios LLC, No. 17-CV-454-GKF-JFJ, 2018 WL 284991, at *8 (N.D. Okla. Jan. 3, 2018) (“Although the breadth of the *TrafFix* decision has not been addressed by the Tenth Circuit, the court is not persuaded that the Tenth Circuit would interpret *TrafFix* as holding that alternative designs are always irrelevant to functionality in a trade dress inquiry.”)

³⁸ Dixie Consumer Prod., LLC v. Huhtamaki Americas, Inc., 691 F. Supp. 2d 1372, 1378 (N.D. Ga. 2010) (“Although a consideration of alternative designs may not be appropriate in all trade dress cases, in light of the fact that the Eleventh Circuit has not yet spoken on the issue, the Court will address the alternative designs that Dixie proposes.”)

³⁹ Tempur-Pedic N. Am., LLC v. Mattress Firm, Inc., No. 8:18-CV-2147-T-33SPF, 2019 WL 2255022, at *6 (M.D. Fla. Jan. 11, 2019).

FEDERAL CIRCUIT

The United States Court of Appeals for the Federal Circuit considers evidence of alternative designs in the first instance, as part of the *Morton-Norwich* factors.⁴⁰ The Federal Circuit has identified the relevant factors as: “(1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.”⁴¹ The Federal Circuit has explicitly held that *TrafFix* did not change the suitability of the *Morton-Norwich* analysis.⁴²

USPTO

Since it is bound by the holdings of the United States Court of Appeals for the Federal Circuit, the United States Patent and Trademark Office will consider alternative designs as part of the *Morton-Norwich* factors.⁴³

MCCARTHY'S OPINION

In his authoritative treatise *McCarthy on Trademarks and Unfair Competition*, Professor J. Thomas McCarthy has also opined on the consideration of alternative designs in the trade dress functionality test post-*TrafFix*, reasoning:

In my view, the observations of the Supreme Court in *TrafFix* do not mean that the availability of alternative designs cannot be a legitimate source of evidence to determine in the first instance if a particular feature is in fact “functional.” I do not read the language of the Supreme Court opinion in *TrafFix*, as some have, to mean that evidence about alternative designs is totally irrelevant. Rather, the Court said that once a design is found to be functional under *Inwood*, it cannot then be given trade dress status merely because there are alternative designs available. That is, the Court said that the existence or nonexistence of “alternative designs” is not an independent criterion for determining the nonfunctionality or functionality of the alleged trade dress design.

⁴⁰ *Converse, Inc. v. Int'l Trade Comm'n*, 909 F.3d 1110, 1124 (Fed. Cir. 2018).

⁴¹ *In re Becton, Dickinson & Co.*, 675 F.3d 1368, 1374 (Fed. Cir. 2012).

⁴² *Valu Eng'g, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1276 (Fed. Cir. 2002).

⁴³ TMEP § 1202.02; *In Re Change Wind Corp.*, 123 U.S.P.Q.2d 1453 (T.T.A.B. 2017).

However, that is not the same thing as saying, which the Court did not, that alternative designs cannot be considered as one source of evidence, along with others, in the initial determination under the *Inwood* engineering-driven formulation. For example, under the *Inwood* formula, endorsed by the *Traffix* Court, one looks to see if the design in issue "is essential to the use or purpose of the article or if it affects the cost or quality of the article." Certainly, an expert scientific or engineering witness can opine on this question and, as in *Traffix*, prior utility patents can be examined to see if they bear on the issue. My point is that the finder of fact should also be permitted to consider the existence or nonexistence of alternative designs as part of the total evidentiary matrix to be weighed in reaching the conclusion of whether this design is in fact "essential" and whether it affects the "cost or quality of the article." Alternative designs or their absence can shed light on these questions.

The essentiality of the design may be evidenced by several types of evidence. For example, an expert can make a survey of whether alternatives are present either in the marketplace or in theory that would perform the function just as well. Based upon the evidence, the finder of fact could conclude that: "As part of my conclusion that this design is 'essential,' in addition to the evidence of engineering analysis, I also considered the evidence that revealed that there are no alternative designs that would equally carry out the function of the design as well as the design in question."⁴⁴

⁴⁴ 1 McCarthy on Trademarks and Unfair Competition § 7:75 (5th ed.)