

Unit 15

Review

- False Designation of Origin
- Like TM infringement, but there's no registered mark
- *Thompson* factors:
 - P must demonstrate mark deserves protection;
 - then P must show likelihood of confusion, just like in a regular case
- *Two Pesos*: holds that
 - decor is protectable trade dress
 - Trade dress can be 'inherently distinctive' in which case no secondary meaning is needed, and evidence of lack of secondary meaning is not relevant.
- *Wal-Mart*: holds that product design trade dress is **not** inherently distinctive and thus **always** needs secondary meaning
- Aesthetic functionality - only protectable as trade dress is there's no utility -- and there's a lot of utility around (e.g. in cookbook production)

This Unit

Trade Dress Infringement, CB 538-568

(But first...)

Supp 51

Tie Tech inc. v. Kinedyne Corp (9th Cir. 2002)

Like the *Leatherman* case in the book, the case emphasizes that it is very hard to get a court to accept that trade dress is the entire appearance of the product if that is (1) functional or even (2) caused by its function(s). Note especially the rejection of the don't let them copy our "arrangement of functional parts" argument at [52].

Best Cellars Inc. v. Grape Finds at Dupont, Inc.,

90 F. Supp. 2d 431 (S.D.N.Y. 2000) [538]

Sweet, J., holds that trade dress of Best Cellars is

- 1) inherently distinctive and
- 2) not functional [Why not???] and
- 3) therefore the issue of secondary meaning is irrelevant and
- 4) there is a substantial likelihood of confusion (via *Polaroid* factors, cf. pp. 550-onwards)

This case has HEAVY overtones of bad faith:

- lawyer dad is disbarred
- CEO held not credible
- he copied, cut & pasted from Lexis™ stories about Best Cellars into his biz plan
- etc.

The concept of categorizing wine by taste and style, while it had not

previously been utilized in any retail wine store, has been utilized by various writers of books on wine. [542]

....

Defendants are correct that Best Cellars cannot protect under trade dress law its concept of selling wine by taste. However, protection is possible for the "concrete expression" of the concept in the trade dress that Best Cellars has developed. *Jeffrey Milstein*, 58 F.3d at 33. [549]

Query: in light of *Wal-Mart* -- (US 2000) [519] which held that product design trade dress is not inherently distinctive and thus always needs secondary meaning -- would this result stand without overtones of bad faith? Does *Qualitex* speak to this?

Query whether the "proximity" factor [551] isn't another 'curse of the wine' phenomenon.

Best Cellars v. Wine Made Simple (SDNY 2003) [supp @ 53]

Another case by BC against a wine shop that sorted wine into eight taste categories. Judge Lynch agrees that BC's trade dress is inherently distinctive...but isn't as clear whether D infringed it given the similarities and differences...there are basic, disputed, and uncertain issues of fact as to the degree of similarity especially as regards the "overall visual image"...hence the case must be tried rather than decided on summary judgment..

Note the reminder that a "marketing style" (a hardware store, a pet superstore) cannot be protected via a trade dress claim.

Can the case be explained simply by procedural posture? If not -- and I think it cannot -- what then?

Toy Manufacturers of America, Inc. v. Helmsley-Spear, Inc., 960 F. Supp. 673 (S.D.N.Y. 1997). [553]

Trade dress protection found to protect against landlord's registration of attendees at TOY FAIR ostensibly for security but actually to get a mailing list of attendees so as to use it for a competing toy fair he was helping set up.

Again, strong overtones of bad faith. But note 'false designation of origin'...

Consider the question on pp. 554-55.

CONOPCO, INC. v. MAY DEPT. STORES CO. CONOPCO, INC. v. MAY DEPT. STORES CO. CONOPCO, INC. v. MAY DEPT. STORES CO.
46 F.3d 1556 (Fed Cir. 1994), *cert. denied*, 115 S. Ct. 1724 (1995) [555]

This is a case in which a retailer markets a national brand product and at

the same time markets its own private label product in direct competition. The retailer packages its product in a manner to make it clear to the consumer that the product is similar to the national brand, and is intended for the same purposes. At the same time, the retailer clearly marks its product with its private logo, and expressly invites the consumer to compare its product with that of the national brand, by name.

With the rise of regional and national discount retailers with established names and logos, retailers who market both national brands and their own private label brands in direct competition, this form of competition has become commonplace and well-known in the marketplace. When such packaging is clearly labeled and differentiated – as was the case here, see the discussion in the next section – we are unwilling to attribute to the Eighth Circuit, absent clear precedent so requiring, a rule that would make such competition presumptively unlawful.

The District Court erred in concluding that under Eighth Circuit law actual confusion could be presumed from defendants' intent to copy the overall package design. Consequently, there is a complete absence of proof of actual confusion, the required element in plaintiff's claim for monetary relief. The court's award of monetary relief is thus not sustainable, and is reversed.

....

In *L.A. Gear*, this court, applying regional circuit law, reversed the judgment of the trial court that the overall appearances of several models of defendant's athletic shoes, admitted copies of plaintiffs' athletic shoe, were confusingly similar to the overall appearance of plaintiffs' shoe in contravention of section 43(a) of the Lanham Act. Although the rule, that intentional copying of trade dress creates a presumption of confusing similarity, was applicable, 988 F.2d at 1132, 25 USPQ2d at 1924, we found erroneous the district court's conclusion that the prominent placement of well-known trademarks on plaintiffs' and defendant's shoes did not dispel or overcome the presumption:

HOW IS THIS DIFFERENT FROM BEST CELLARS?

- 1) In *Best Cellars* the TM of allegedly infringing store wasn't famous
- 2) Products were not side-by-side

Is that enough? Why?

- Isn't this an odd result given that "proximity" is a *Polaroid* factor that supposedly ups the odds of likelihood of confusion?
- Isn't this an odd result given that strength of *infringers'* brand is not an input into the *Polaroid* test?

Hint: this isn't an odd result....but why?

CONTRA (?): **McNeil-PPC, Inc. v. Guardian Drug Co.**, 984 F. Supp. 1066 (E.D. Mich. 1997). [565]:

Case concerns a DCT finding of trade dress infringement of a lotion bottle [pix @ 570]. bottle was 'house brand' positioned to compete with national brand.

8th cir. requires actual confusion for monetary relief, likelihood of confusion for injunctive relief. Evidence of actual confusion must be more than "atypical" consumers.

Court reasons that there isn't even initial interest confusion since they bottles are clearly marked with different designs, trademarks.

Query: What's the "holding" here? That there can't be a likelihood [initial interest] confusion just from similar packaging, so long as there are also distinguishing marks? That, but only in the absence of significant actual confusion? Something else?

Dissent says likelihood of confusion is a factual question and the DCT wasn't clearly wrong about it....

McNeil-PPC v. Guardian Drug Co (ED Mich 1997) [565]

initial interest confusion suffices:

Because Defendant is mimicking Plaintiff's packaging and placing the products side-by-side on the shelf, the price comparison signs and advertising do not dispel customer confusion as to the source or origin of the Arbor product. The signs and advertising can be read as actually telling customers "Our Arbor product is the same product as the national brand, only cheaper." Furthermore, if Arbor's goal were truly to "compare" its product to the national brand, it would have made its package as distinct as possible from that of Plaintiff's product.

....

Defendant also argues that to prevail on its Lanham Act claim of trade dress infringement, it is not enough for Plaintiff to show that customers are likely to be confused at the initial stage where they are drawn in or when they reach for the product on the shelf, but rather that it must show likelihood of confusion at the actual point of sale. This argument is not supported by Sixth Circuit precedent. In *Esercizio v. Roberts*, the court explicitly rejected the "point of sale" argument. The Court reasoned, "Since Congress intended to protect the reputation of the manufacturer as well as to protect purchasers, the [Lanham] Act's protection is not limited to confusion at the point of sale." 944 F.2d at 1245.

Questions:

- Is this persuasive?
- Distinguishable from *Conopco*? Or in conflict with it?
- Harmful?

False designation of origin vs. standard TM infringement

Among the major differences:

- No *registered* TM needed
- Sweeps in some acts of unfair competition
- Protects against fraudulent even if not directly competitive appropriation of names and symbols for gain, even if not straight TM, or TM infringement (cf. AOL case).