

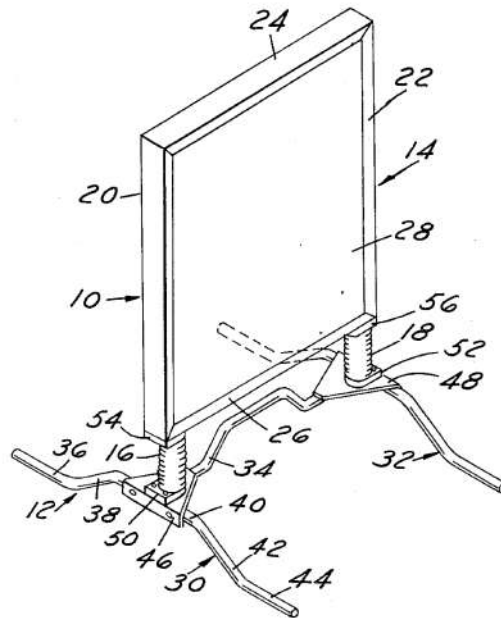


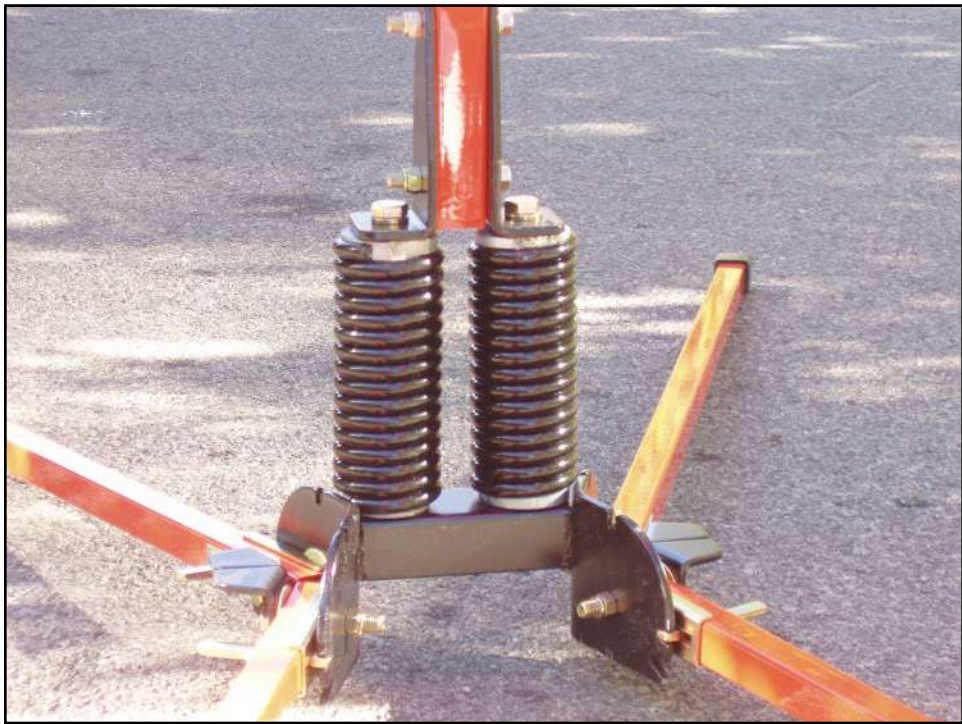
Functionality

Trademark & Unfair Competition
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What is functionality?

- The functionality doctrine, as we have said, forbids the use of a product's feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is "essential to the use or purpose of the article" or "affects [its] cost or quality." *Inwood Laboratories* – [Qualitex \(U.S. 1995\)](#)
- The functionality doctrine thus protects competitors against a disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features. – [Qualitex \(U.S. 1995\)](#)

What is functionality?

- For example, this Court has written that competitors might be free to copy the color of a medical pill where that color serves to identify the kind of medication (e.g., a type of blood medicine) in addition to its source. ... ("[S]ome patients commingle medications in a container and rely on color to differentiate one from another") – [Qualitex \(U.S. 1995\)](#)
- And, the federal courts have demonstrated that they can apply this doctrine in a careful and reasoned manner, with sensitivity to the effect on competition. Although we need not comment on the merits of specific cases, we note that lower courts have permitted competitors to copy the green color of farm machinery (because customers wanted their farm equipment to match) and have barred the use of black as a trademark on outboard boat motors (because black has the special functional attributes of decreasing the apparent size of the motor and ensuring compatibility with many different boat colors). – [Qualitex \(U.S. 1995\)](#)

What is functionality?

- The Restatement (Third) of Unfair Competition adds that, if a design's "aesthetic value" lies in its ability to "confe[r] a significant benefit that cannot practically be duplicated by the use of alternative designs," then the design is "functional." — *Qualitex (U.S. 1995)*
- The "ultimate test of aesthetic functionality," [the Restatement (Third) of Unfair Competition] explains, "is whether the recognition of trademark rights would significantly hinder competition." — *Qualitex (U.S. 1995)*

What is functionality?

- Both [lower] courts thus ruled that Taco Cabana's trade dress was not descriptive but rather inherently distinctive, and that it was not functional. None of these rulings is before us in this case, and for present purposes we assume, without deciding, that each of them is correct. — *Two Pesos (U.S. 1992)*
- The Court has allowed trade dress protection to certain product features that are inherently distinctive. *Two Pesos*, 505 U.S., at 774. In *Two Pesos*, however, the Court at the outset made the explicit analytic assumption that the trade dress features in question (decorations and other features to evoke a Mexican theme in a restaurant) were not functional. *Id.*, at 767, n. 6. The trade dress in those cases did not bar competitors from copying functional product design features. — *Traffix (U.S. 2001)*

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huh?

What is functionality?

- It was not sufficient, according to the Court of Appeals, that allowing exclusive use of a particular feature such as the dual-spring design in the guise of trade dress would “hinde[r] competition somewhat.” Rather, “[e]xclusive use of a feature must ‘put competitors at a significant non-reputation- related disadvantage’ before trade dress protection is denied on functionality grounds.” — *TrafFix* (U.S. 2001) (in overruling the 6th Cir.)

What is functionality?

- The principal question in this case is the effect of an expired patent on a claim of trade dress infringement. A prior patent, we conclude, has vital significance in resolving the trade dress claim. A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.” – *TrafFix* (U.S. 2001)

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This is not the first time I felt like SCOTUS was saying the same thing over and over with slightly different wording.
Let's try to cut it down to what would be most useful for a defendant ...

What is functionality?

- The principal question in this case is the effect of an expired patent on a claim of trade dress infringement. . . .
– *Traffix* (U.S. 2001)

By the way, why isn't the utility patent lock-solid PROOF that the claimed invention is functional vis-à-vis trade dress?

- —

What is functionality?

- Discussing trademarks, we have said “ ‘[i]n general terms, a product feature is functional,’ and cannot serve as a trademark, ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.’ ” *Qualitex*, 514 U.S., at 165 (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850, n. 10 (1982)). Expanding upon the meaning of this phrase, we have observed that a functional feature is one the “exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.” 514 U.S., at 165. The Court of Appeals in the instant case seemed to interpret this language to mean that a necessary test for functionality is “whether the particular product configuration is a competitive necessity.” 200 F.3d, at 940. See also *Vornado*, 58 F.3d, at 1507 (“Functionality, by contrast, has been defined both by our circuit, and more recently by the Supreme Court, in terms of competitive need”). This was incorrect as a comprehensive definition. As explained in *Qualitex*, supra, and *Inwood*, supra, a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device. The *Qualitex* decision did not purport to displace this traditional rule. Instead, it quoted the rule as *Inwood* had set it forth. It is proper to inquire into a “significant non-reputation-related disadvantage” in cases of esthetic functionality, the question involved in *Qualitex*. Where 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. In *Qualitex*, by contrast, esthetic functionality was the central question, there having been no indication that the green-gold color of the laundry press pad had any bearing on the use or purpose of the product or its cost or quality. – *Traffix* (U.S. 2001)

What is functionality?

- It's functional if
- _____
- [and? / or?]
- _____

Let's try to create a
blackletter formulation of
a test for functionality ...

What is functionality? #1 test

It's functional (& D wins)

- if it's a competitive need, *OR*
- if it affects the cost of the article, *OR*
- if it affects the quality of the article, *OR*
- if it puts competitors at a significant non-reputation-related disadvantage
(particularly applicable in cases concerning aesthetic functionality)

What is functionality? #2 test

It's functional (& D wins) if

- one of these is true
 - if it's a competitive need, *OR*
 - if it affects the cost of the article, *OR*
 - if it affects the quality of the article, *OR*
 - if it puts competitors at a significant non-reputation-related disadvantage **AND** the question is one of aesthetic functionality,
- **AND** if it puts competitors at a significant non-reputation-related disadvantage

What is functionality? #3 test

It's functional (& D wins)

- if it's a competitive need, *OR*
- if it affects the cost of the article, *OR*
- if it affects the quality of the article, *OR*
- if it puts competitors at a significant non-reputation-related disadvantage **AND** the question is one of aesthetic functionality,

What is functionality?

Groeneveld (6th Cir. 2013):

- This issue is not the availability of alternative designs (at least in this case)
- If the design is influenced by functional imperatives or preferences, that will clinch for defendant
- If all components are functional, then the overall design is functional (maybe fighting it out with *Filipino Yellow Pages* and *Best Cellars*)

Jay Franco (7th Cir. 2010):

- TM claimants can't block innovation by appropriating designs that undergird further improvements [← *seems like a powerful way to go for defendants*]
- "A design that produces a benefit other than source identification is functional" (← *seems to be in a big fight with Auto-Gold*)

What is functionality?

Groeneveld (6th Cir. 2013):

- functionality is an issue of fact for the jury
- judged for "clear error" on appeal
- a plaintiff can prove functionality with its own self-serving testimony (apparently, because the dissent sure saw it that way, and the majority didn't say that part was wrong)
- that a grease pump shows "good taste" compared to competitors that "look terrible" didn't undermine the trademarkability of the product configuration

Jay Franco (7th Cir. 2010):

- advertising functionality is pitfall for trade dress plaintiffs
- TraFFix seems to have influenced circuit courts as to the kind of factual context

What is functionality?

If these cases leave things unclear, then where do we go to get the authoritative resolution for these?

- standard for summary judgment
 - _____
- appropriate jury instructions
 - _____

Consider:

- *pattern jury instructions for the court/state/circuit*
- *leading treatise (McCarthy)*
- *Restatement of Unfair Competition*
- *local rules of court*
- *agency rulemaking*

What is functionality?

If these cases leave things unclear, then where do we go to get the authoritative resolution for these?

- standard for summary judgment
 - _____
- appropriate jury instructions
 - _____

This is an example of exactly the kind of ambiguity that lawyers deal with and within which they must **make arguments.**

What is functionality? #4 test

IT'S FUNCTIONAL IF ANY OF THE FOLLOWING CAN BE SAID TO BE TRUE:

- if it is essential to the use or purpose of the article, OR
- if it affects the cost or quality of the article, OR
- if exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage

AND NOTE: IT DOES NOT HAVE TO BE A COMPETITIVE NECESSITY

If aesthetic functionality is the question, then:

- It is proper to inquire into a “significant non-reputation-related disadvantage”

(BUT IS KENNEDY IMPLYING THAT'S EQUIVALENT TO “COMPETITIVE NECESSITY”? Is that what he's saying with “Where 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.” And what would “competitive necessity” even mean? I mean, at some level, e-scooters compete with cars.)









