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Article

AESTHETIC FUNCTIONALITY

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***156 I. Introduction**

The legal protection offered by trademark law has expanded significantly since the passage of the Lanham Act and threatens competition and values such as free speech.¹ Perhaps most troubling, this expansion has resulted in cumulative protection--a layer of protection built upon another layer and so on. For example, the subject matter of trademark protection has grown and at the same time so has the scope of protection. Meanwhile, some trademark defenses, at least in the context of dilution, have been circumscribed. This Article proposes that the functionality doctrine--and particularly aesthetic functionality--can limit the cumulative excesses of trademark law.

Functionality is perhaps the most convoluted of all of trademark's doctrines. As Professors Dinwoodie and Janis have noted, there is disagreement concerning the rationale for and the scope of the doctrine.² Indeed, despite the U.S. Supreme Court's apparent approval and signaling, lower courts still discount or ignore the aesthetic functionality doctrine. This Article reviews and analyzes the purpose of the doctrine, the leading Supreme Court cases attempting to clarify the doctrine, and the lower court cases that have confused the field. This Article agrees with the observation that the doctrine is muddled and proposes that the doctrine be expanded instead of reigned in.³ The rationale of protecting competition should be embraced ***157** and functionality should be used to ensure that trademark law does not inhibit competition to the detriment of consumers. This Article proposes that courts apply a consumer motivation test and a competitive necessity test based on alternatives, in analyzing aesthetic functionality. This Article also proposes that courts apply a presumption favoring aesthetic functionality where there is a factual ambiguity or close question.

This Article relies on several cases that demonstrate how aesthetic functionality can be used to suppress the cumulative excesses of trademark law. Based on those cases, this Article first proposes that functionality be used to police the boundary of copyright and trademark to prevent trademark protection of subject matter ordinarily protected by copyright law or in the public domain. Second, this Article asserts that aesthetic functionality is used in its defensive sense to relieve some alleged infringers or diluters from trademark infringement or dilution. Finally, this Article argues that functionality can be used as a policy lever to exempt certain subject matter from trademark protection in industries where that subject matter is fundamental to innovation in that field. Again, these three uses of functionality should be moored to the protection of competition.

The first section is a brief introduction. The second section discusses the troubling nature of trademark law and its cumulative excesses. The third section provides a discussion of the functionality doctrine with an emphasis on aesthetic functionality.

The fourth section analyzes three new roles for aesthetic functionality to restrain trademark law's cumulative excesses. Finally, a brief conclusion is offered.

II. Troubling Trademarks: Cumulative Excess

The scope of legal protection for trademarks has expanded greatly in the last century.⁴ From the recognition of new subject matter of trademarks to new causes of action, trademark owners have benefited from additional protection. Trademark owners have pursued this protection because of the increased importance of the brand in establishing and building goodwill, and expanding into new product, service, and geographic markets, particularly with the advent of globalization and use of the Internet.⁵ Diligent trademark owners--spurred by the structure and policy of trademark law and the value of the brand--are motivated to vigorously protect their trademarks through policing efforts and to stop the proliferation of counterfeit goods.⁶ Notably, many trademark owners are successful not only in the *158 marketplace, but also in obtaining additional trademark protection through new legislation.⁷ Scholars and courts have criticized the expanding nature of trademark protection, which may harm competition and impinge on socially important values, such as free expression.⁸

Attempts at reigning in the scope of trademark protection have been relatively unsuccessful,⁹ whether through the application of limiting doctrines such as the trademark use requirement to the scope of trademark causes of action or through legislated limitations to dilution. The law of dilution's recent expansion is troubling because of its relatively weak support in trademark theory such as the consumer search costs theory.¹⁰ One example of dilution's expansion includes recent case law eroding the requirement that a mark achieve wide recognition amongst the general consuming public, weakening the limiting provision in the Trademark Dilution Revision Act of 2006 (TDRA) designed to eliminate "niche fame."¹¹ The erosion of this requirement is troubling because dilution extends trademark protection beyond marks that are in competitive or related markets to those that may be in completely unrelated markets--essentially providing those marks with a right in gross in the trademark.¹² The family of marks doctrine *159 coupled with dilution may also provide multiple marks an even broader penumbra of protection over similar marks on goods or services.¹³ Another development in courts' interpretation of the TDRA is the elimination of a "near identical or identical" requirement between two marks when considering whether there has been blurring-type dilution.¹⁴ Moreover, at least one appellate court is applying a presumption of likelihood of dilution by tarnishment if the subject matter of the alleged diluter's use of the mark is of a sexual nature.¹⁵ Also, the TDRA has arguably narrowed some defenses concerning matters such as parody only to uses "otherwise than as a mark," thus limiting the circumstances in which express exclusions under the TDRA may apply.¹⁶ Finally, the Supreme Court previously interpreted the predecessor legislation to the TDRA, the Federal Trademark Dilution Act of 1995 (FDA), as only applying in cases of actual dilution and cast doubt on whether dilution by tarnishment existed under the FDA.¹⁷ The subsequent TDRA expressly requires a likelihood of dilution and includes a cause of action for tarnishment.¹⁸

Besides dilution, courts continue to apply sponsorship, association and other types of confusion in general likelihood of confusion matters, which expands the scope of protection of marks beyond competitive or related goods.¹⁹ Also, in infringement actions, a particularly strong or famous mark may receive protection well beyond the class of goods or services with which it was first used and even receive a prior use date over a similar mark used on somewhat related goods or services.²⁰ Moreover, confusion is assessed beyond the point of sale to include *160 post-sale and initial interest confusion.²¹ And, courts have recognized a right in the mark itself--a merchandising right.²² The creation of defenses to likelihood of confusion in some ways continues to be an ad-hoc exercise--for example, in the free speech arena there are multiple tests that courts apply across jurisdictions that fail to provide certainty to those who create or innovate using the trademarks of others.²³ The nominative fair use approach is only recognized in some jurisdictions and courts do not use it consistently.²⁴

The potential subject matter of trademark law has also expanded.²⁵ Additionally, substantial benefits are attached to federal registration--such as access to incontestability status, prima facie evidence of validity, and nationwide constructive use--and are expressly provided to word and design marks as well as trade dress.²⁶ Trade dress may include product design and packaging as well as color alone.²⁷

Potentially, subject matter protected by other areas of intellectual property could obtain unlimited trademark law protection.²⁸ For example, a patent receives *161 relatively limited protection--20 years from the filing date²⁹--but trademark protection lasts as long as the mark continues to be used and does not end unless there is a reason, such as abandonment, genericide, or functionality.³⁰ Similarly, the general term for copyright protection is life of the author plus 70 years.³¹ Thus, with a typical example, a particular iteration of a character can lose protection under copyright law because of an expiration of term, but conceivably receive protection under trademark law for a longer period of time.³² Trademark protection could extend into the

realm of copyright law and remove something from the public domain.³³ Perhaps this would be less troubling if trademark law was limited to a likelihood as to confusion of source, but with the availability of dilution protection as well as confusion as to sponsorship and association, the scope of trademark protection dangerously approaches in gross protection of the mark itself, giving the mark potential protection close to or beyond that provided by copyright law.³⁴

Unfortunately, the downside of the expansive nature of trademark law is not compartmentalized to the discrete issues raised before. A troubling aspect about trademark law is that the problems tend to be cumulative. Thus, once you extend the subject matter of trademarks expressly that subject matter receives the benefits of federal registration. Not only does it receive those benefits, but also it then receives potential protection under a broad infringement cause of action, including sponsorship and association confusion, not just source confusion. And, the trademark owner, subject to some eroding requirements such as fame, receives almost in gross rights in that trademark.³⁵ Finally, the trademark owner has the alleged infringer or diluter at a disadvantage because the defenses involved in a trademark action are either ill-defined or limited.³⁶

***162** Underlying those potential problems with trademark law is the fundamental issue with the reactive nature of trademark law.³⁷ The protection under trademark law tends to expand through the manipulation of consumer perception by the trademark owner.³⁸ As consumers begin to believe that licensing is necessary before someone can use another's trademark, there is more likely to be source or sponsorship and association confusion.³⁹ The stronger a trademark owner's mark becomes through advertising (and policing incentivized through the structure of trademark law),⁴⁰ the more likely consumers believe that licensing is needed.⁴¹ Trademark owners are thus, in large part, in control of the scope of protection of their marks and are able to obtain broad protection under trademark law through its relatively malleable standards, such as the likelihood of confusion or dilution tests.⁴² Inherently, the consumer search cost theory often raised as the justification for trademark law fails to provide meaningful limits--as consumer confusion remains possible, so must trademark protection expand.⁴³

III. The Functionality Doctrine

The functionality doctrine can be characterized in many ways, but few would call its scope and application clear. In fact, one leading trademark casebook notes ***163** that few scholars agree as to the doctrine's scope and purposes.⁴⁴ Recently, the U.S. Supreme Court addressed trade dress, a subject area where functionality doctrine ordinarily applies, and functionality directly and indirectly in several cases.⁴⁵ Many appellate courts and district courts have also applied the functionality doctrine in various contexts, whether with product packaging or design trade dress.⁴⁶ Parties have also raised functionality in the context of ordinary "word marks," "design marks," and even in subject matter areas where trademark law is rarely implicated.⁴⁷ In examining those cases, courts apply the functionality doctrine in either its utilitarian or aesthetic format.⁴⁸

In light of the expansion of trademark eligible subject matter, functionality--particularly aesthetic functionality--offers the promise of reigning in the excesses of trademark law. This section will examine trademark eligible subject matter and then the purposes of the functionality doctrine. Next, this section will analyze uses of the functionality doctrine with trade dress, including the recent U.S. Supreme Court cases addressing functionality.

A. Functionality Doctrine and Trade Dress: The Cases

This section discusses the broad and fluid nature of trademark eligible subject matter. This section also examines the purposes and evolution of the functionality doctrine, including the U.S. Supreme Court's treatment of functionality, with specific emphasis on the aesthetic functionality doctrine.

1. Trademark Eligible Subject Matter

Trademark eligible subject matter is exceptionally broad.⁴⁹ Consumers can attach a "trademark meaning" to almost any symbol or device.⁵⁰ Thus, any symbol or device that serves to identify and distinguish one entity's goods and services from another's and to indicate the source of the goods or services is capable of protection as a trademark.⁵¹ And, any entity desiring protection can attempt to ***164** imbue its mark with trademark protection by influencing consumer perception with advertising. Entities will attempt to do so even if that symbol or device is not what a consumer ordinarily considers a trademark. Consumers alone can give a particular symbol or device a trademark meaning.⁵² Notably, the value of some brands is in the billions of dollars⁵³ and unsurprisingly trademark holders desire to expand and protect the value of their brands. Therefore, the subject matter of trademark protection is broad and will continue to expand.

Scholars have noted the circular effect of the ability of trademark owners to influence the perceptions of consumers, thus creating the consumer expectation that a particular symbol or device is a trademark and that permission is required to use the supposed trademark.⁵⁴ This effect leads to an expansion of trademark scope and is reinforced by continued use and advertising.⁵⁵ And, because consumer perception is so critical to determining subject matter, it also has the effect of influencing the scope of trademark protection. This makes it very difficult to separate questions of what is trademark subject matter from what is the scope of trademark protection.⁵⁶ Indeed, there may be very little distinction between the actual subject matter of trademark--what can serve as a trademark--and the scope of protection one may receive for a trademark.⁵⁷ Logically, first you would ask whether something falls within trademark subject matter and then address scope, but the questions are intertwined given the nature of what a trademark can be and how scope may be determined. Moreover, there have been questions as to whether some unusual marks may be protected, such as sounds, smells or colors, and those questions have for the most part been answered affirmatively: those types of unusual marks can be protected by trademark law as long as they serve a trademark function.⁵⁸ However, the tests for likelihood of confusion and dilution define the boundaries of all marks.

***165** There are some express restrictions on subject matter that are limited in scope, particularly with respect to federal registration on the Principal Register. For example, immoral or scandalous marks may be denied registration,⁵⁹ as well as specific symbols such as national flags or names of presidents.⁶⁰ However, these restrictions are relatively narrow.⁶¹

While trademark eligible subject matter is broad and easily expanded for the stated reasons, there are other more utilized limitations. In order for a trademark to receive protection, it must be used in commerce.⁶² Foundationally, this provides the first opportunity for an entity to receive trademark protection because consumers can view the mark as a trademark--the psychological function of the mark is implicated and protection may arise for that mark.⁶³ Some symbols or devices may never receive trademark protection because they may be classified as generic when used on certain goods or services: a consumer will believe the mark is there to specify what the good or service is and competitors may need to use that mark to accurately identify their own goods or services.⁶⁴ Furthermore, marks may not be protected if they are categorized as deceptive in connection with goods or services.⁶⁵ Marks also may not be protected if they are merely descriptive of goods or services and secondary meaning is not present.⁶⁶ Thus, for many potential marks, trademark protection is fluid--it is not bounded by specific subject matter, but changes depending on the use of the mark in connection with specific goods and services. Unlike patent law, which excludes subject matter such as an abstract idea or natural phenomena--which alone should never be patentable⁶⁷--and copyright law, which prohibits copyright protection of methods of operation and processes,⁶⁸ trademark law generally does not limit subject matter in the same way, ***166** with perhaps one major exception.⁶⁹ The functionality doctrine can exclude a substantial amount of material from trademark protection. The next section discusses the evolution of the functionality doctrine and proposes that it should be used in many contexts as a restricting doctrine of trademark subject matter.⁷⁰

2. Functionality

a. The Purposes of Functionality

The purposes of functionality should be viewed within the context of the purposes of trademark law.⁷¹ Trademark law generally has two purposes: to protect consumers from confusion and to allow producers to protect their goodwill.⁷² The U.S. Supreme Court in *Qualitex* also noted that trademarks serve to reduce consumer search costs: they protect the ability of consumers to find and purchase goods and services they have enjoyed before.⁷³ Trademarks also incentivize providing goods and services of a consistent quality.⁷⁴ However, the overarching purpose of trademark law is to facilitate the market economy and thus enable robust competition.⁷⁵ The functionality doctrine, and its concerns with policing the boundaries of trademark and patent law and protecting robust competition, lies at the heart of this overarching concern.⁷⁶

The functionality doctrine is an important limitation on trademark law's two purposes because even if trademark law would provide protection, the functionality doctrine trumps concerns about preventing consumer confusion or protecting ***167** goodwill.⁷⁷ Thus, a mark is not protected even if consumer confusion would result from an infringing or diluting use of the supposed trademark and there would be an erosion of the goodwill of the mark owner.⁷⁸ Accordingly, the protection of the market economy and competition will override trademark law's other purposes once it is demonstrated that trademark protection will undermine the market economy, and thus the benefits of competition. There are other values implicated by trademark law that also concern functionality such as the protection of free expression, but those uses of the functionality doctrine are not frequently utilized. Moreover, as discussed below, the use of functionality to police the boundary between

copyright and trademark law is also questioned.⁷⁹

Historically there are two purposes of functionality: the separation of the subject matter for patent and trademark protection, and the protection of competition.⁸⁰ The first purpose is to prevent trademark law from undermining utility patent law by providing trademark protection for something that falls within patentable subject matter.⁸¹ This is particularly troublesome when a party claims trademark protection for trade dress that is subject to an expired utility patent.⁸² Here, the assertion of trademark protection is used to extend intellectual property protection beyond the time prescribed by patent law (20 years from the filing date).⁸³ The time period for patent protection is constitutionally limited and cannot be for perpetuity.⁸⁴ Patent protection is conditioned upon a Patent Office determination that the invention is novel, non-obvious, useful, and in compliance with the written description and enablement requirements.⁸⁵ However, a trademark can be protected so long as it is used in commerce, subject to some exceptions.⁸⁶ *168 Thus, functionality serves to police trademarkable subject matter or channel certain subject matter to utility patent law.⁸⁷

The second rationale is the protection of competition or the right to compete.⁸⁸ The protection of competition is a somewhat ambiguous rationale, and the tests that discern whether functionality achieves that purpose generally lack clarity in application.⁸⁹ Professor McKenna notes that the protection of competition norm is not well developed.⁹⁰ Even though the competition norm may not be well defined, the importance of it cannot be understated. For example, the Restatement (Third) of Unfair Competition explains the role and benefits of competition:

The freedom to engage in business and to compete for the patronage of prospective customers is a fundamental premise of the free enterprise system. Competition in the marketing of goods and services creates incentives to offer quality products at reasonable prices and fosters the general welfare by promoting the efficient allocation of economic resources. The freedom to compete necessarily contemplates the probability of harm to the commercial relations of other participants in the market.⁹¹ The protection of competition is particularly important when discussing trademark protection for designs because the supposed trademark holder could preempt a product market because there may be a limited number of designs--at least with word marks there may be more potential substitutes for the trademarked word.⁹²

Despite the ease in stating the purposes, courts have had difficulty applying them. In analyzing functionality doctrine's purposes, Professor McKenna has explained how courts have inconsistently applied those purposes.⁹³ He points to two different approaches to functionality that explains modern doctrine, particularly with respect to so-called "utilitarian" functionality.⁹⁴ Some courts focus on "the right of the public to copy unpatented articles."⁹⁵ This approach leads to a finding *169 of functionality in more cases, and "these courts regard patent rights as carefully circumscribed exceptions to a general right to copy the features of another's products."⁹⁶ Other courts follow a "need to copy" approach.⁹⁷ This approach finds functionality in fewer cases, and these courts "view functionality primarily as a safeguard against competitive harm."⁹⁸ Professor McKenna argues that the two approaches have roots in case law that illuminates the development of differing analyses by courts.⁹⁹

b. Functionality Doctrine Quagmire

One important limitation on what can serve as a trademark is functionality. Although the tests for functionality are easy to recite, understanding exactly what is and is not functional--whether utilitarian, aesthetic or something else--is no easy task.¹⁰⁰ In general terms, one could state that utilitarian functionality (a redundant phrase)¹⁰¹ attempts to prohibit trademark law from protecting symbols and devices with some utility; aesthetic functionality (a phrase contradicting itself)¹⁰² is directed at symbols and devices that do not have utility, but do have some good reason to prohibit trademark law from protecting them--usually related to protecting the interests of competitors (and consumers). Answering the question of what is functional is difficult because identifying which test and how to apply it is complicated.¹⁰³ In the last 25 years, functionality--as a doctrine, however defined--has attracted the attention of the U.S. Supreme Court, other courts, and scholars concerned with trademark law's potential to inhibit competition.¹⁰⁴

B. Recent U.S. Supreme Court Cases Related to Functionality

1. Qualitex, Wal-Mart, and Two Pesos

In *Qualitex v. Jacobson*, the U.S. Supreme Court addressed the question of whether color alone could be federally registered as a trademark.¹⁰⁵ This case is arguably a trade dress case. It concerns the appearance of the product itself--the color of it--not a discrete word or design on a product or associated with ***170** services.¹⁰⁶ As in many intellectual property law cases, the Supreme Court focused carefully on the language of the relevant statutory scheme, in this case the Lanham Act, to answer the issue.¹⁰⁷ The Court noted the rationale for trademark protection and, after concluding that protecting color alone was consistent with the Lanham Act, addressed several arguments Jacobson made against *Qualitex's* assertion that the green-gold color should be protected as a trademark.¹⁰⁸ One argument against protecting color alone was the so-called "color-depletion" argument¹⁰⁹: there are a limited number of colors available and thus it would inhibit competition to allow one entity to control or have trademark protection over a color through federal registration--there are not enough colors available.¹¹⁰ In rejecting this argument, the Court pointed to the functionality doctrine as a guard against problems with "color depletion."¹¹¹ In its first reference to the functionality test, the Court appeared to treat functionality as a unified test or a single inquiry, assuming that the "use or purpose or affects the cost or quality" test and non-reputation-related disadvantage are interchangeable.¹¹² However, the Court later recognized that color may be, depending on its use, utilitarian or aesthetically functional.¹¹³

The Court also suggested that the test for aesthetic functionality may be that trademark law should not put competitors at a non-reputation-related disadvantage.¹¹⁴ Another statement of this test could be that trademark holders can obtain a reputation-related advantage through trademarks, but not any other advantage. The question becomes what is a reputation-related disadvantage versus an acceptable reputation-related advantage. According to the Court, competitive necessity appears to be the key to answering that question.¹¹⁵

If the Court did apply the functionality doctrine to this case, it appears that the aesthetic version may be the relevant test. The claimed trade dress-- the color appearing on the product--does not implicate a function of the product itself because it is merely decorative. Though the Court did note that there may be a functionality argument based on the color of the product because it might hide stains.¹¹⁶ That assertion is directed at the heart of the purpose of this particular ***171** product defined broadly--to serve as a press pad for clothing. Accordingly, after this case, both the question of the correct test for functionality and the question of whether utilitarian and aesthetic functionality require different analyses remained unresolved.

In another U.S. Supreme Court case that indirectly addressed the functionality doctrine, *Wal-Mart v. Samara Brothers*, the Court analyzed whether product design trade dress could be protected without proof of secondary meaning.¹¹⁷ In answering that question with a no, the Court distinguished another Supreme Court case, *Taco Cabana v. Two Pesos*, which held that trade dress could be inherently distinctive.¹¹⁸ According to *Wal-Mart*, *Two Pesos* concerned product packaging or something else and not product design trade dress.¹¹⁹ The Court also rejected an argument by *Samara Brothers* that the functionality doctrine would protect competitors against any competition issues that may arise from providing trademark protection to product design without secondary meaning.¹²⁰ The Court reasoned that because it is unlikely consumers perceive product design as a trademark, competition is better served by requiring a supposed trademark owner to prove secondary meaning--that consumers viewed the product design as a trademark notwithstanding functionality.¹²¹ The Court noted that in close cases a court should presume that asserted trade dress is product design if it is unclear whether trade dress is product design or packaging.¹²² In adopting the presumption, the Court expressly rejected an inquiry into the motivations of a consumer to determine whether something is product design or packaging.¹²³

This case did little to clarify functionality doctrine. This case concerns product design trade dress.¹²⁴ It dealt with the particular patterns of appliques appearing on the product itself, an issue analogous to the color on the product at issue in *Qualitex*.¹²⁵ If functionality did apply to this case, it might be the aesthetic functionality doctrine because it concerns the appearance of the good and the claimed trade dress does not implicate the utility or function of the clothing. Aesthetic in this case may refer to particular patterns appearing on the clothing that are attractive to consumers--pleasing aesthetically. Thus, consumers may purchase the apparel at issue not because it may provide warmth or protection from the sun, for example, but because the design on the clothing is attractive. However, part of the problem is trying to discern exactly why a consumer may want to purchase the apparel--is it because of the design or maybe because of the ability of the garment ***172** to cover the wearer? The attempt to divine exactly what the motivation of the consumer may be in purchasing the good is a difficult one and not entirely unlike the issue of divining why a consumer may enter a particular search term in a search engine--to do research or to purchase a good or service at that time?¹²⁶

The resolution of the question of consumer motivation is factually intense and not easily subject to early resolution in an infringement or dilution case. Determining exactly whether something involves a utilitarian or aesthetic functionality analysis in the first instance is unclear.¹²⁷ Moreover, assuming aesthetic functionality analysis should be applied, there is the question

of whether the consumer is purchasing the apparel because the particular design indicates the source of the good--the trademark function--or because the apparel is pleasing to the eye. If the consumer's reason to purchase implicates the trademark function--perhaps an indication of source and maybe level of quality--the mark should not be aesthetically functional. But consumers may have many different reasons for purchasing the good or service. Courts could attempt to inquire into the primary motivation for purchasing the good. If it is reputation related, then the mark is not aesthetically functional. If it is not reputation related, the mark is aesthetically functional. Mixed motives, however, create some issues with the analysis and disputed fact questions are unlikely to be resolved with a summary judgment motion.

Moreover, that analysis presents the danger of conflating a question of functionality with one of distinctiveness. And, that analysis could conflate the issue of whether something is functional or ornamental. This problem is likely exacerbated by the fact that the same evidence may be used to determine distinctiveness and functionality.¹²⁸ If a trademark function is not implicated, then the mark does not serve as a trademark at all and should not be protected notwithstanding a functionality analysis. Assuming the mark did receive some trademark protection, the mark may not be protected if competitors would need to use that particular design to compete under a functionality analysis. Additionally, perhaps the most difficult question in functionality analysis asks what is the product or service market the mark implicates and what good or service the mark is used with. The product market in Wal-Mart could be children's clothing, one-piece seersucker outfits for children, or one-piece seersucker outfits with appliqués of hearts and fruit and the like. Assuming it is the last category, competitors may need to use the same design of appliqués to compete in that market. The question would *173 then turn on whether the product or service market is defined in a broad or narrow way.¹²⁹

Another example where aesthetic functionality could apply instead of utilitarian functionality is Two Pesos.¹³⁰ In that case the Supreme Court was specifically confronted with the question of whether trade dress may be inherently distinctive.¹³¹ The court answered affirmatively, although this holding has been limited by the Supreme Court in Wal-Mart to product packaging or some "tertium quid."¹³² In Two Pesos, the trade dress was the appearance of the restaurant itself, which had no purpose besides attracting consumers or, relatedly, providing some relevant and pleasing atmosphere.¹³³ Again, trying to determine if consumers are primarily motivated to purchase food or enjoy the festive décor of the restaurant may be difficult to resolve. As discussed below, lower courts have approached trade dress by asking whether there is some other purpose of the article.¹³⁴

2. Traffix and More Confusion

Finally, the latest Supreme Court case on functionality, Traffix Devices, Inc. v. Marketing Displays, Inc., attempts to clarify the law of functionality, but in some ways it creates more confusion.¹³⁵ The issue concerned the effect of an expired utility patent that covers parts of a product on the ability of those certain parts to serve as protected trade dress.¹³⁶ Essentially, the issue is whether a trademark holder can extend protection for claimed elements of its patented invention beyond the term of the patent with trademark law.¹³⁷ Before this case, the circuits were split on the impact of a utility patent on trade dress protection.¹³⁸ The Court decided that an expired utility patent that claims the asserted trade dress is "strong evidence" that the trade dress is functional.¹³⁹ The Court also found that the asserted trade dress, actually the "essential feature" of the trade dress, was the "central advance" claimed in the expired utility patent.¹⁴⁰ After resolving the *174 circuit split, the Court attempted to clarify the doctrine concerning functionality, which it believed led to confusion in the lower courts.¹⁴¹ Without explaining the rationales for functionality well, the Court explained that courts that relied upon the "competitive necessity" test and the consequential existence of alternatives to determine functionality were incorrectly applying Supreme Court precedent.¹⁴² Specifically, the Court stated that the test for determining functionality is in a footnote in the Inwood case: a product feature 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."¹⁴³ The Court noted there is no need to continue to ask whether there are alternatives if this test is satisfied.¹⁴⁴ The Court also stated that putting a competitor at a non-reputation-related disadvantage was a general statement of the test in Qualitex,¹⁴⁵ and that Qualitex was also a case about aesthetic functionality.¹⁴⁶ Thus, the Court appears to recognize two types of functionality: aesthetic and utilitarian functionality.¹⁴⁷ At the same time, the Court seemed to imply the two tests could be applied sequentially--first, determine if the Inwood test was satisfied, and if that test was satisfied then look to the competitive necessity test.¹⁴⁸ If the asserted trade dress fails either test, then it is functional and not protectable as a trademark.¹⁴⁹

After Traffix, courts have had some difficulty with applying the functionality doctrine.¹⁵⁰ There are many unresolved questions. Are there two separate tests or just one test?¹⁵¹ How do you prove functionality under the Inwood or competitive necessity test? What is relevant evidence for proving utilitarian or aesthetic functionality? Are the categories of evidence discussed by In re Morton-Norwich¹⁵² still relevant? How are cases referring to trade dress with aesthetic and utilitarian elements analyzed?¹⁵³ Another issue is whether functionality should be limited to trade dress--however that is defined. There

is also a question whether aesthetic functionality exists in some jurisdictions--even after its express recognition by the U.S. Supreme Court.¹⁵⁴ Moreover, if aesthetic functionality *175 exists, is it resolved by applying the Inwood test and the competitive necessity test, or do you apply only the competitive necessity test?

C. Aesthetic Functionality, the Lower Courts and Modest Proposals

The aesthetic functionality doctrine may have originated with the 1938 First Restatement of Torts.¹⁵⁵ The First Restatement of Torts apparently provides a test for utilitarian functionality: "A feature of goods is functional, under the rule stated in § 741, if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them; it is non-functional if it does not have any of such effects."¹⁵⁶ The test recited in section 741 does not appear to implicate "aesthetics."¹⁵⁷ However, the Comment of the First Restatement provides an example of aesthetic functionality and affirms the doctrine:

When goods are bought largely for their aesthetic value, their features may be functional because they definitely contribute to that value and thus aid the performance of an object for which the goods are intended. Thus, the shape of a bottle or other container may be functional though a different bottle or container may hold the goods equally well. A candy box in the shape of a heart may be functional, because of its significance as a gift to a beloved one, while a box of a different shape or the form in which a ribbon is tied around the box may not be functional. Or a distinctive printing typeface may be functional though the print from a different type may be read equally well. The determination of whether or not such features are functional depends upon the question of fact whether prohibition of imitation by others will deprive the others of something which will substantially hinder them in competition.

A feature is non-functional if, when omitted, nothing of substantial value in the goods is lost. A feature, which merely associates goods with a particular source, may be, like a trade-mark or trade name, a substantial factor in increasing the marketability of the goods. But if that is the entire significance of the feature, it is non-functional; for its value then lies only in the demand for the goods associated with a particular source rather than for goods of a particular design.¹⁵⁸ The examples seem to define product markets narrowly and therefore accept a broad definition of aesthetic functionality.¹⁵⁹ Thus, even if there is some "alternative" that performs a function equally well, aesthetic functionality allows the use of that item--the market is defined as a candy box shaped as a heart, not as all candy boxes. Moreover, the Comment does not make a sharp distinction between claimed marks that serve a trademark function and those that do not.¹⁶⁰ *176 Apparently, under the First Restatement, a mark that serves a trademark function can be aesthetically functional as long as its value is not the "entire significance of the feature."¹⁶¹

Over time, despite the guidance of the Restatement and perhaps because of it, courts have had a difficult time applying the doctrine and some courts have refused to recognize it.¹⁶² Part of the underlying problem with the original iterations of the aesthetic functionality doctrine in case law concerns the focus on consumer perception and motivation, which are inherently factual questions. As discussed previously, there is an issue as to how and why consumers use the particular trade dress. Is the trade dress merely ornamental, or perhaps is there some other reason the trade dress is particularly attractive to the consumer? If the trade dress is merely ornamental, then the trade dress does not serve as a trademark and should not be protected. Similarly, the trademark will not be distinctive and should be rejected for a lack of either inherent distinctiveness for product packaging or secondary meaning.¹⁶³ However, if the asserted trade dress serves a trademark function--not necessarily just as a source indicator, but maybe also as indicia of quality--is there some other reason for denying trademark protection based on how the consumer perceives the trade dress. This brings the analysis directly into the factual question.¹⁶⁴ The reason is the need to protect competition.¹⁶⁵ The problem is whether adequate protection for competition can be achieved without eviscerating trademarks. The answer is that an analysis of consumer motivations provides focus for the test, and ambiguities concerning factual evidence and close questions should be resolved in favor of protecting competition. The following discussion highlights the confusion amongst the courts and the need for a more robust aesthetic functionality test.

1. Pagliero

The Ninth Circuit's *Pagliero v. Wallace China, Co.*¹⁶⁶ decision is a controversial case at the root of many complaints concerning the aesthetic functionality doctrine. The court may have impliedly conflated the question of whether a particular aspect of a product or its packaging is merely ornamental and thus fails to serve as a trademark--a question that should be asked as to whether trade dress should receive protection in the first instance--and the question of *177 whether the asserted trade dress itself is functional.¹⁶⁷ The Pagliero court also failed to adequately distinguish between utilitarian functionality and

aesthetic functionality.¹⁶⁸ These two factors essentially led to the development of several lines of cases reinterpreting, rejecting, and distinguishing Pagliero.¹⁶⁹ Some courts failed to distinguish the ornamental, distinctiveness, or use as a trademark analysis from functionality--particularly aesthetic functionality--and other courts conflated utilitarian and aesthetic functionality into a single test.¹⁷⁰

In Pagliero, the court addressed whether several designs of vitrified hotel china were functional.¹⁷¹ The court, in deciding the asserted trade dress was functional, stated that the pattern on china was an “important ingredient in the commercial success of the product” and indeed had, at least in part, created the “demand” for the product.¹⁷² Thus, if the design is an “essential selling feature” of the product then the trade dress is functional.¹⁷³ Under this test, any design on a product will be functional if consumers are attracted to it, which makes determining when something is an “important” or “essential” reason someone purchases a good a difficult factual question.¹⁷⁴ Depending on what is “important” or “essential,” it may be difficult to conceive of something that is purely an “arbitrary embellishment.”¹⁷⁵ Additionally, the fact that a particular design may serve as a source identifier may be an important ingredient in the commercial success of the product.¹⁷⁶ The concern with free competition was the motivating concern *178 articulated by the court.¹⁷⁷ As Professors Schechter and Thomas have noted, there is no mention of an analysis of alternatives that may focus the test.¹⁷⁸ Even courts in the Ninth Circuit have criticized this approach.¹⁷⁹

Pagliero can be interpreted as a very broad test for aesthetic functionality, incorporating much more than just those marks without alternatives.¹⁸⁰ Thus, under Pagliero, less trade dress is protected and more asserted trade dress is functional. Arguably, this is not a desired outcome because it lessens the incentive to develop attractive trade dress and even provides an incentive to create unattractive trade dress.¹⁸¹ However, this argument is not very persuasive. First, there is still design patent protection and possibly copyright protection for designs.¹⁸² Thus, in analyzing the scope of functionality, an important consideration should include the relevance of other intellectual property regimes. Second, the market itself provides incentives to develop new trade dress as firms compete to sell products and services. Third, firms still have access to traditional word and design marks to identify and distinguish their goods and services from competitors.

Under Pagliero’s test, an inquiry into alternatives should be unnecessary, similar to utilitarian functionality analysis, despite the language of Qualitex and Traffix.¹⁸³ However, the question of whether something is important or essential is still an ambiguous one, but maybe no more ambiguous than the similar “ambiguous” language used in the Inwood test quoted in Traffix. Indeed, the guiding language provided by Pagliero is that if the “design . . . is a mere arbitrary embellishment” and thus unrelated to consumer demand, then it may be protected and not subject to the functionality doctrine.¹⁸⁴ This language is very similar to that used in Traffix. A focus on alternatives in aesthetic functionality cases could be used--and may be consistent with Traffix and Qualitex--in conjunction with Pagliero’s standard to ensure that trade dress protection is not used to inhibit competition.

*179 2. Cases Interpreting Pagliero

a. Wallace

As noted previously, many courts have rejected the Pagliero approach; however, some courts have embraced its approach or at least a modified version of it.¹⁸⁵ In Wallace International Silversmiths, Inc. v. Godinger Silver Art Co., Inc., the Second Circuit declined to follow Pagliero’s relatively broad test and focused the aesthetic functionality test on whether there were sufficient alternatives available to competitors so competition would not be impeded.¹⁸⁶ The Wallace court, in analyzing “Baroque style” silverware, adopted the reasoning of prior courts that there would not be an adequate incentive for the “development of pleasing designs” unless Pagliero was limited.¹⁸⁷ However, this court failed to adequately consider the incentives provided by design patents and copyright law. Moreover, trade dress law is directed toward the goals of trademark law, and notions of providing incentives for the creation of marks are likely unsupportable by the consumer search costs rationale.¹⁸⁸ The Supreme Court has explained that the rationale for trademark law has very little to do with “invention or discovery.”¹⁸⁹

Thus, the court misunderstood the nature of trademark law, and this reasoning infects other cases as well. The court did find that Wallace’s claimed trade dress was overbroad and therefore unprotectable by trademark law.¹⁹⁰ This holding apparently was based on reasoning that the concept of Baroque style would be preempted if trade dress protection was granted on the claimed trade dress by Wallace.¹⁹¹ This puts competitors at a disadvantage because they are unable to utilize the Baroque style in the Baroque-style silverware market. Under the court’s reasoning, Wallace could have received trade dress protection if the claimed trade dress was more specific and thus allowed competitors the ability to choose an alternative, non-infringing

version of Baroque-style silverware. If the Wallace court considered the facts of Pagliero, it is likely that Pagliero's claimed trade dress likely would still be unprotectable because that particular type of claimed trade dress would foreclose competition in that market.

*180 b. Ferrari

The Sixth Circuit, following the Second Circuit, in Ferrari indicated that Pagliero's "important ingredient" test was unworkable because if the asserted trade dress served as an indication of source, then the test would be met, and the purported trade dress would not be protected.¹⁹² While the Pagliero test could be read to encompass the trademark function of a design as an "important ingredient" of commercial success, the test could also be read to mean that asserted trade dress should be scrutinized carefully to determine if the asserted trade dress serves as a trademark and has other purposes. Indeed, the Ninth Circuit in *Job's Daughters* and *Vuitton* attempted to limit Pagliero by stating: "[f]unctional features of a product are features 'which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product.'" ¹⁹³ Moreover, courts could address the presence of alternatives to determine whether trademark protection over the asserted trade dress puts competitors at a non-reputation-related disadvantage; this serves as an additional test to help courts determine whether trademark protection over the asserted trade dress impedes competition.

c. Boston Professional Hockey

The Fifth Circuit in *Boston Professional Hockey Association* addressed the question of whether the use of the trademark of a hockey team on an emblem (patch) sold by the alleged infringer was a functional use.¹⁹⁴ The court distinguished Pagliero by reasoning that defendant's use of plaintiffs' marks created the demand for the product--the demand for the product was essentially the mark.¹⁹⁵ In *Boston Hockey*, according to the court, there was no demand created by the "attractiveness or eye-appeal" of the asserted emblem, unlike the design of the china in Pagliero.¹⁹⁶ This case appears to have separated the demand based on the trademark--or for reputation-related reasons--versus any demand based on other reasons, such as attractiveness of the design. However, there is arguably a distinction between the demand for a trademark because the purchaser wishes to express loyalty or support for a team by wearing the trademark--perhaps because the person grew up near the geographic location of the team--and demand for a *181 trademark because of the quality of the team. The former would seem to provide a reason for demand for the product outside of a reputation-related reason and the latter appears to be related to reputation. Moreover, demand based on the trademark itself may be narrower than a more general reputation-related reason. A person may wish to wear the trademark for purely aesthetic reasons because he or she may like the appearance of the trademark--the design of it-- notwithstanding any reputation attached to the trademark itself.¹⁹⁷ The problem with this line of inquiry is that it draws the court into asking what the motivation of the person purchasing the good or service is.¹⁹⁸ Reaching into the subjective state of mind of a particular purchaser is obviously fraught with difficulty.¹⁹⁹ However, courts could carefully scrutinize the evidence and make a finding as to the primary purpose of the consumer. Additionally, courts could apply a presumption that the primary motivation of the consumer is a non-trademark function in ambiguous cases, which would provide robust protection for competition. And, again, the court can inquire into alternatives to ascertain whether competition is adversely impacted. The objective search for alternatives is likely the easier and more certain test to apply, but both tests could be utilized. Using both inquiries ensures that the court uses all relevant information, including relevant evidence under the Pagliero test. The court could have disposed of the case under the use requirement, but that would enable anyone to sell the trademark itself. The extension of this principle to other goods would perhaps erode a promotional or merchandising right to sell other types of goods or services with the mark besides the "core" goods and services used with the mark.

d. Job's Daughters

On relatively similar facts, the Ninth Circuit arrived at a different result than the *Boston Hockey* case in *International Order of Job's Daughters v. Lindeburg & Co.*²⁰⁰ In *Job's Daughters*, the plaintiff, *Job's Daughters*, claimed that defendant *Lindeburg* infringed its trademark by manufacturing and selling jewelry with *Job's Daughters'* collective mark.²⁰¹ The Ninth Circuit held that *Lindeburg's* use of the collective mark was a functional use-- specifically an aesthetic functional use.²⁰² The court stated that, "[t]rademark law does not prevent a person from copying so- *182 called 'functional' features of a product which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product."²⁰³ The court relied upon the Pagliero case, but noted that this case was distinctive because, "in the context of this case, the name and emblem are functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship."²⁰⁴ The

court described the “intrinsic value”:

We commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naïve to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies.²⁰⁵

Thus, the court noted that the particular use of the collective mark by Lindeburg was not as a collective mark or trademark, but to demonstrate allegiance--a significant non-trademark function.²⁰⁶ The court also rejected Boston Hockey as providing too much legal protection for trademarks-- beyond the purposes of trademark law: “to protect consumers against deceptive designations of the origin of goods and, conversely, to enable producers to differentiate their products from those of others.”²⁰⁷ The problem with a broader analysis than Boston Hockey is that it focuses on how the particular consumers are using the mark and whether that specific use is a trademark use.²⁰⁸ The court later confusingly seemed to indicate that a trademark infringement action could lie even if the mark was used in an aesthetically functional way if there was a likelihood of confusion.²⁰⁹ Another *183 view of the court’s opinion could be that the court was cautioning that if there was some evidence that the defendant’s use indicated some sponsorship or endorsement then the use would not be aesthetically functional. Thus, courts would have to carefully review the usage by any alleged infringer to determine if a usage was functional or not. In many ways, this conflates the likelihood of confusion analysis with the functionality analysis.

e. Vuitton

In 1981, the Ninth Circuit again addressed aesthetic functionality.²¹⁰ In *Vuitton v. J. Young Enterprises*, the Ninth Circuit decided the issue of whether Vuitton’s mark, an “LV” surrounded by floral symbols, which covered luggage, handbags, and other items, is functional.²¹¹ The district court stated that, “[t]he repeated pattern fabric design used on plaintiff’s goods constitutes the primary decoration of those goods and is a factor in their consumer appeal and saleability and as such is a functional element of the goods” and cited *Pagliari* for support.²¹² The Ninth Circuit rejected the district court’s finding to the extent “it found that any feature of a product which contributes to the consumer appeal and saleability of the product is, as a matter of law, a functional element of that product. Neither *Pagliari* nor the cases since decided in accordance with it impel such a conclusion.”²¹³ The Ninth Circuit distinguished *Pagliari* because the mark covering Vuitton’s goods was a registered mark, “the design has been and is intended, at least in part, to indicate the origin of the products,” and it “satisfies its consumers’ tastes for beauty.”²¹⁴ The Ninth Circuit then attempted to clarify the functionality test by explaining: [The defendant] argues that if a design is “related to the reasons consumers purchase that product,” it is functional. However, a trademark is always functional in the sense that it helps to sell goods by identifying their manufacturer. The policy expressed in *Pagliari* and the cases decided under it is aimed at avoiding the use of a trademark to monopolize a design feature which, in itself and apart from its identification of source, improves the usefulness or *184 appeal of the object it adorns. Functional features of a product are features “which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product.” Furthermore, a trademark, which identifies the source of goods and incidentally serves another function may still be entitled to protection.²¹⁵ The Ninth Circuit remanded to the district court, noting that functionality was a factual question, to determine whether consumers are purchasing Vuitton goods because of the reputation of quality or prestige related to Vuitton’s goods--apparently a “legitimate function of a trademark; . . . identifying the source of the product”--or because they are aesthetically pleasing.²¹⁶ Notably, the court rejected the argument that “protection should also be extended to the trademark’s commercially more important function of embodying consumer good will created through extensive, skillful, and costly advertising . . . [because] courts . . . generally confine[] legal protection to the trademark’s source identification function for reasons grounded in public policy favoring a free, competitive economy.”²¹⁷ The court appears to divorce the protection of consumer goodwill from “quality,” which it seems to equate with identifying the source of the product. The distinction seems to rest on an understanding that the trademark protection is not “in gross,” protecting the mark from all misappropriation, and preventing the inhibition of competition trumps concerns with protecting producer goodwill. This case closes the door on the broad scope of the aesthetic functionality doctrine adopted by *Pagliari* and its progeny.

f. Au-Tomotive Gold

The Ninth Circuit recently addressed the aesthetic functionality doctrine, specifically the defensive use of aesthetic

functionality.²¹⁸ In *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, Au-Tomotive Gold was producing and selling license plates and key chains displaying Volkswagen and Audi trademarks.²¹⁹ The district court found that Au-Tomotive Gold's use of the marks was protected under the aesthetic functionality doctrine because they were not used as source indicators, and there is an aesthetic quality to the marks that purchasers are interested in having.²²⁰ The Ninth Circuit traced the development of the doctrine of aesthetic functionality from its supposed origin in the First Restatement of Torts to Pagliero, Job's Daughters, and Vuitton to the *Traffix* decision.²²¹ The court noted that in *Vuitton* they had limited Pagliero, and that the competitive necessity test from *Traffix* appeared to be the controlling inquiry in aesthetic functionality cases.²²² The court rejected Au-Tomotive Gold's argument "that the trademarks 'constitute[] *185 the actual benefit the consumer wishes to purchase'" and cited *Vuitton* for the proposition rejecting "the notion that 'any feature of a product which contributes to the consumer appeal and saleability of the product is . . . a functional element of that product.'" ²²³ The court then stated that other circuits had rejected the consumer appeal test and noted that the *Keene Corp. v. Paraflex Industries, Inc.* case rejected a broad view of aesthetic functionality because "it provides a disincentive for development of imaginative and attractive design."²²⁴ As noted previously, this reasoning should be rejected as a basis for limiting a broad aesthetic functionality defense. The court stated that this case was somewhat unique because prior cases had limited aesthetic functionality "to product features that serve an aesthetic purpose wholly independent of any source-identifying function."²²⁵ That particular statement attempts to turn functionality on its head. Functionality is designed to apply whether the mark serves a source identifying function or not.²²⁶ Professor McKenna persuasively argues that: It may be that VW logos are inescapably recognized as VW logos however they are used, but that does not mean that consumers regard them, when used to adorn key chains and license plate covers, primarily as indicators of the source of the key chains and license plate covers. The court's inability to see this distinction was driven by a combination of its mistaken view that aesthetic functionality is the opposite of source indication and the misimpression that differences in use context do not matter to the source indication question.²²⁷ The court further stated that in this particular case, "the use of [the] marks is neither aesthetic nor independent of source identification."²²⁸ "[T]he alleged aesthetic *186 function is indistinguishable from and tied to the mark's source-identifying nature."²²⁹ The court explained that:

[C]onsumers want "Audi" and "Volkswagen" accessories, not beautiful accessories. This consumer demand is difficult to quarantine from the source identification and reputation-enhancing value of the trademarks themselves. The demand for Auto Gold's products is inextricably tied to the trademarks themselves. Any disadvantage Auto Gold claims in not being able to sell Volkswagen or Audi marked goods is tied to the reputation and association with Volkswagen and Audi.²³⁰ According to the court, the "entire significance" of the trademarks "lies in the demand for goods bearing those non-functional marks."²³¹

In rejecting a broad interpretation of aesthetic functionality, the court noted that "[a]ccepting Auto Gold's position would be the death knell for trademark protection."²³² Au-Tomotive Gold's version of aesthetic functionality allowing "a competitor to trade on any mark simply because there is some 'aesthetic' value to the mark that consumers desire . . . distorts both basic principles of trademark law and the doctrine of functionality in particular."²³³

However, that argument seems to prove too much. Clearly, Audi and Volkswagen's use of the marks on competing goods and services--such as in the automobile market--would be precluded. However, the question is whether the creation of demand in the primary market also gives Au-Tomotive Gold the right to control other related markets. While there can be difficulty in defining the primary market, as discussed previously, the court could have defined the market to include a merchandising market for automotive manufacturers' key chains and license plates and asked whether competitors would be put at a non-reputation related disadvantage if they could not use the marks in that market. The answer to that question would be yes. Based on the result in *Au-Tomotive Gold*, all manufacturers of key chains and license plates using Audi and Volkswagen marks must obtain permission from the trademark holders. If they don't receive permission, they are foreclosed from competing in that particular market. Thus, consumers are denied the benefits of lower prices²³⁴ and more choice through competition,²³⁵ which *187 undermines one of the overarching purposes of functionality--to preserve competition. Indeed, mark holders are themselves harmed because their marks may not receive the same level of promotion.²³⁶ If you define the market broadly, as key chains or license plates for automobiles, then competitors presumably would not be put at a non-reputation related disadvantage because they could produce key chains and license plates--just without the trademarks.²³⁷ Courts could use antitrust principles to provide some certainty to market definition in trademark functionality cases.²³⁸

The use of Audi and Volkswagen's trademarks was necessary for Au-Tomotive Gold because consumers want to match their key chain with their automobile brand. This is similar to two other types of cases where courts have applied aesthetic functionality. In the first type of case, consumers need to match the color of similar or complementary products, so access to the trademarks is needed to provide interoperability between the goods. In the second type of case, consumers desire to

express their allegiance or loyalty to a particular brand.²³⁹ Importantly, Au-Tomotive Gold did provide disclaimers concerning its association with the mark holders on its packaging, thus, because the court found a likelihood of confusion, the case appears to rest on a post-sale confusion theory.²⁴⁰ While this decision provides some certainty in the application of aesthetic functionality, it sacrifices concerns with legitimate competition to achieve that goal.²⁴¹ A court could inquire into the primary motivation of the purchaser and attempt to separate out the trademark function and any other non-reputation related reason as discussed below.

*188 g. Jay Franco

In *Jay Franco & Sons, Inc. v. Franek*, Judge Easterbrook revived aesthetic functionality after the Ninth Circuit's opinion in *Au-Tomotive Gold*.²⁴² Franek claimed trademark protection in the round shape of a beach towel.²⁴³ After dismissing Franek's trademark as functional under the second prong of the *Inwood* test, Judge Easterbrook applied the aesthetic functionality doctrine to Franek's mark.²⁴⁴ In finding the mark aesthetically functional, Judge Easterbrook noted that Franek was attempting to obtain trademark protection for a "basic element of design" and that the more basic a particular design might be, the more likely it is to negatively impact competitors.²⁴⁵ The court reasoned that: "A circle is the kind of basic design that a producer like Jay Franco adopts because alternatives are scarce and some consumers want the shape regardless of who manufactures it. There are only so many geometric shapes; few are both attractive and simple enough to fabricate cheaply."²⁴⁶

Three other parts of the court's analysis merit additional attention. First, the court applied aesthetic functionality to a mark that was distinctive because of its incontestable status.²⁴⁷ Thus, according to the Seventh Circuit, a mark can be distinctive and still be aesthetically functional.²⁴⁸ Second, the court noted the importance of the option for Franek to get a design patent.²⁴⁹ Franek could have sought a design patent, but did not and thus risked not obtaining protection under trademark law.²⁵⁰ Finally, the court stated that Franek could ensure there is a lack of confusion in the marketplace by using a "distinctive verbal or pictorial mark on his [product]."²⁵¹

3. Proposal

Based on an analysis of the relevant case law, it is abundantly clear why commentators characterize this area of the law as confusing. However, as discussed previously, courts could alleviate some of the confusion by applying a test focused on consumer motivations as well as competitive necessity based on an inquiry into alternatives. If the primary motivation of the purchasing consumer is based on a non-trademark function, then aesthetic functionality should apply. If the primary motivation of the purchasing consumer is based on a trademark function and there are insufficient alternatives to the trade dress, then aesthetic functionality should apply. In ambiguous factual circumstances or questionable cases, the court should presume the mark is aesthetically functional. Through the use of both tests *189 and the proposed presumption, competition will be encouraged and the second purpose of the functionality doctrine will be achieved.

The proposed presumption operates to provide clarity in ambiguous cases--the problem identified by courts in addressing consumer motivation. As discussed previously, identifying the primary consumer motivation is a factual question. In close cases, the court should presume that the primary motivation is not related to a trademark function or reputation related reason, but that some other independent reason exists such as allegiance or loyalty to an organization. However, the court will examine the evidence to make the decision; and utilize the presumption only in close cases--notably the party with the burden for production and proof will have to provide evidence of a non-reputation related reason for the asserted usage of the mark.

For example, if the claimed trade dress is the appliques on children's clothing as in *Wal-Mart*,²⁵² and assuming the trade dress is not federally registered, the party claiming trade dress protection will have to produce evidence in the form of surveys or consumer testimony that the primary consumer motivation for purchasing the item is for a reputation-related reason or trademark function.²⁵³ The party claiming functionality can produce evidence in the form of surveys or consumer testimony that consumers purchase the clothing because of the appealing nature of the design. If the fact finder determines that both sets of evidence are credible--that the purchasers may be primarily motivated to buy for either reason, then the court will apply the presumption and the trade dress will be aesthetically functional. This approach weighs heavily in favor of protecting competition and ensuring competitors have access to materials necessary to compete.

Applying both tests is helpful because reliance on one may result in an incomplete analysis. For example, a problem with the first test is that it may be difficult to apply to the registration of new marks or early usage of marks because at that time there may be insufficient evidence of how consumers perceive the mark if the test for aesthetic functionality focuses on what is attractive to consumers at that point in time.²⁵⁴ However, an analysis focused on competitive alternatives may be more helpful

and easier to analyze early in the life cycle of a particular mark.²⁵⁵ The next section provides an analysis of how an expanded view of aesthetic functionality focused on protecting competition can be applied in three specific scenarios.

***190 IV. Potential New Applications of the Aesthetic Functionality Doctrine**

The potential new applications of the aesthetic functionality doctrine include the policing of the subject matter between copyright and trademark law; the use of the doctrine in defensive situations to allow protection for a trademark, but at the same time excuse certain third party uses; and use of the doctrine in non-defensive manners in industry specific contexts to allow broad use by competitors of particular types of trademarks. The following material discusses several cases and their facts to illustrate how aesthetic functionality could be applied in these contexts.

A. Policing the Subject Matter Between Copyright and Trademark Law

It is widely accepted that copyright and trademark protection may overlap.²⁵⁶ However, copyright law has a relatively low threshold for copyrightable subject matter.²⁵⁷ For example, copyright law may protect a drawing or image of a cartoon character.²⁵⁸ By contrast, assuming that the drawing or image of the cartoon character serves a trademark purpose--to identify and distinguish one person's goods and services from another or indicate the source of the goods and services--then the drawing or image may receive trademark protection.²⁵⁹ There are some rules in trademark law and copyright law that may prevent overlap between the two areas of law. For example, in trademark law, titles of copyrighted works may not receive trademark protection unless the title is part of a series of works.²⁶⁰ Similarly, in copyright law, a slogan cannot be protected, although it may be protected in trademark law assuming consumers would perceive it as a trademark.²⁶¹ However, as trademark subject matter has expanded, so have the opportunities for additional overlap between trademark and copyright protection.²⁶² Trademark protection is now allowed for sounds, motion images, holographs, odors, and colors.²⁶³ Even "[m]elodies and songs are good candidates for registration and enforcement."²⁶⁴ "For example, 'Sweet Georgia Brown,' the *191 Harlem Globetrotters' theme song . . . is registered for 'entertainment services in the nature of basketball exhibitions'"²⁶⁵ Trade dress offers the opportunity for additional overlap. A particular design or image on a product may receive copyright protection--such as the design on a sports drink can--and may receive trade dress protection at the same time.²⁶⁶

The aesthetic functionality doctrine could be extended to police the boundary between copyright and trademark law in many cases. Some subject matter, which might be protected by copyright law instead of trademark law, could be channeled from trademark to copyright law. Moreover, some subject matter that is no longer protected by copyright law and is in the public domain could be protected by trademark law. The previously proposed definition of aesthetic functionality could be applied to boundary cases that present a close call as to whether something is a traditional work of authorship protected by copyright law. The proposed definition may be particularly helpful when the work of authorship claimed as a trademark is in the public domain. The functionality doctrine would operate similarly as a boundary between trademark and patent law, and between trademark and copyright law. As Professor Bell notes:

Surely, no one doubts that both utility patents and copyrights constitute valuable monopolies and that competitors without such monopolies suffer considerable disadvantages. It seems reasonable to conclude that if courts bar trade dress claims that would interfere with Congress's carefully balanced scheme of utility patent rights, they ought likewise to bar trade dress claims that interfere with copyright law.²⁶⁷

1. Comparing Copyright and Patent Law, and an Examination of Trademark Law

A comparison of the two fields further illuminates whether functionality should be used to police the subject matter of copyright and patent law. Patent law and copyright law have similar purposes. As stated in the U.S. Constitution, Congress is empowered to create exclusive rights in writings and discoveries for limited times to promote the progress of science and the useful arts.²⁶⁸ Patents are directed toward providing an incentive to invent in order to promote the useful arts, and copyrights similarly provide an incentive to create and distribute to promote the progress of knowledge.²⁶⁹ Both patents and copyrights are for limited times; *192 although the base term for copyright law is much longer than patent law.²⁷⁰ Thus, patented inventions and copyrightable works pass into the public domain after the prescribed time period.²⁷¹ The threshold requirements for patentability and copyrightability are different as are the processes for obtaining a patent or copyright. In order to obtain a patent, one must apply for a patent with the United States Patent and Trademark Office and satisfy patent eligible subject matter, novelty, nonobvious, utility, and disclosure requirements.²⁷² Only after an examination will a patent

issue.²⁷³ However, copyright protection can exist with a modicum of creativity and independent creation as soon as the copyrighted work is fixed in a tangible medium of expression, subject to some exceptions.²⁷⁴

The subject matter of copyright law is specifically limited by section 102(b) of the Copyright Act and the idea-expression dichotomy.²⁷⁵ Copyright law only protects the expression of ideas and not the ideas themselves.²⁷⁶ Similarly, the subject matter of patents is broad, but does not include natural phenomena, abstract ideas, or laws of nature.²⁷⁷ A substantial difference between copyright and patent law is the presence of a robust fair use exception in copyright law.²⁷⁸ Fair use exempts certain uses of a copyrighted work from infringement based on a balancing of factors.²⁷⁹ Thus, a certain amount of copying is allowed assuming generally that the copying does not erode the market for the first work and thus take away the incentive to create.²⁸⁰ Patent law's statutory and common law experimental use exceptions are narrower.²⁸¹ Copyright doctrines concerning the idea-expression ***193** dichotomy and fair use are animated by concerns with allowing and not deterring follow-on creation, but are also driven by concerns related to free expression.²⁸² While there are similarities between the two areas of law, there are also significant differences. One important similarity concerns the protection and enrichment of the public domain, and an important difference is that copyright law concern has a greater concern with free expression than patent law.²⁸³

The fact that copyrighted works are protected without an examination and based on a relatively low threshold creates some practical problems with treating copyrighted works similarly to patented inventions. First, because the threshold for protection is so low, works with extremely low levels of creativity are protected. Even a simple design that could serve as a trademark can be protected. Thus, if a work is characterized as something that would fall within copyrightable subject matter, then most simple trademarks and some more elaborate trademarks would not be protected by trademark law. This can be avoided by limiting the application of the policing function of aesthetic functionality to traditional works of authorship such as characters, literary works and musical works. Second, there is a problem with proof. The function of policing the boundary between patents and trademarks is made easier because of the availability of documents created during the examination process and the patent itself. Those documents allow parties to assess whether or not the asserted trade dress is the central advance in the patent or referred to as providing some utilitarian benefit. But with copyright, it is unlikely such documentation exists. However, the concern is not with proving that something is "essential to the use or purpose";²⁸⁴ the concern is with determining if something falls within certain categories of copyrightable subject matter.

The passage of copyrightable works into the public domain raises problems concerning the usage of those works because of the law concerning derivative works. For example, although a particular work may enter the public domain another person may modify that work with minimal creativity and receive copyright protection in the derivative work.²⁸⁵ Even though the derivative work may not claim use of the public domain work as copyright infringement, a subsequent creator who uses the public domain work may still infringe the derivative work depending on how the public domain work is used. If trademark law is used to ***194** extend intellectual property protection to the public domain work, then the author of the public domain work will receive even more protection than the protection they might receive from creating a derivative work. The former copyright owner will be able to essentially claim trademark protection for copyrightable subject matter for an unlimited time period and not be subject to copyright law's limits.

Moreover, the doctrines that protect free expression and limit copyright law's application in some circumstances, such as the idea-expression dichotomy and fair use exception, are not present in trademark law. Thus, to the extent there is overlapping protection for trademark and copyright subject matter, it is possible that copyright law may not provide protection because of the fair use defense, but trademark law may provide protection. At least one commentator argues that the Constitution provides limits to federal legislation, such as the Lanham Act, in order to protect the public domain.²⁸⁶ Part of trademark law's problem in this instance is the limited and ambiguous nature of trademark defenses, particularly those directed toward free expression.²⁸⁷ There are several ways trademark law can account for free expression interests--this may signal that trademark law does an excellent job of protecting free expression, but in fact, this just muddies the waters.²⁸⁸ For example, a commercial use requirement for trademark law may limit the instances in which free expression interests may be impinged.²⁸⁹ Further, the traditional fair use defense or nominative fair use may operate similarly.²⁹⁰ However, traditional fair use may not apply to the extent the allegedly infringing mark is "used as a mark"²⁹¹ and nominative fair use is only applied in some jurisdictions.²⁹² And for federal dilution, there are exceptions for fair use, news reporting, commentary, and ***195** non-commercial use that may also protect free expression.²⁹³ However, the application of the fair use defense, which includes comparative advertising, parody, criticism, and commenting, is limited by statutory language to uses otherwise than as a mark.²⁹⁴ Interestingly, those doctrines all favor preventing dilution over free expression concerns because of the use other than as a mark requirement. The limitation of dilution exemptions to those marks that are used "other than as a designation of source"²⁹⁵ for fair use are particularly problematic as dilution provides "in gross" rights in a particular mark--and other limitations to dilution actions

have been eroded over time.²⁹⁶

Some courts have also applied a specific test for considering the intersection of free expression concerns and trademark law. For example, in the *Rogers v. Grimaldi* case, the court balanced the interest in free expression against the concerns animating trademark law and created a special test for examining whether titles to creative works would be subject to trademark infringement claims or not.²⁹⁷ This test has been applied in several cases and appears to be the leading test.²⁹⁸ In *Mutual of Omaha Insurance Co. v. Novak*, the court applied an “available alternatives” test to determine if free expression interests were properly considered in a trademark case.²⁹⁹ A third approach is to consider the free expression interest in determining a likelihood of confusion.³⁰⁰ All of these tests consider free expression, but again, along with the multitude of defenses, provide a confusing array of potential tests. Also, jurisdictions may apply these approaches differently leading to additional confusion. Thus, while there is some ambiguity in the choice and application of the tests, trademark law does consider free expression interests. However, none of these tests consider the concern that trademark law may essentially provide enhanced copyright protection and thus fail to promote knowledge.

2. Dastar and the A.V.E.L.A. Opinions

In *Dastar*, the Supreme Court considered the intersection of unfair competition law and copyright law.³⁰¹ In that case, a copyright owner made a *196 “false designation of origin” claim under section 43(a) of the Lanham Act.³⁰² The claim essentially was based on a failure to provide attribution to a copyright owner for the use of their work.³⁰³ The Supreme Court rejected the claim reasoning that “origin” under the statute must mean the “origin” of the product itself and not the underlying copyrighted work.³⁰⁴ The Supreme Court noted that it would be impractical to have every potential author receive credit on every product sold.³⁰⁵ In addressing the argument that the video tape set is a “communicative product”³⁰⁶ and that “origin of goods” in section 43(a) includes “not merely the producer of the physical item . . . but also the creator of the content that the physical item conveys,” the Supreme Court raised, in somewhat controversial language, concerns about the intersection of trademark law and copyright law:

The problem with this argument according special treatment to communicative products is that it causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically. The right to copy, and to copy without attribution, once a copyright has expired, like “the right to make [an article whose patent has expired]—including the right to make it in precisely the shape it carried when patented—passes to the public.” “In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying.” The rights of a patentee or copyright holder are part of a “carefully crafted bargain,” under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution. Thus, in construing the Lanham Act, we have been “careful to caution against misuse or over-extension” of trademark and related protections into areas traditionally occupied by patent or copyright. “The Lanham Act,” we have said, “does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.” Federal trademark law “has no necessary relation to invention or discovery,” but rather, by preventing competitors from copying “a source-identifying mark,” “reduce[s] the customer’s costs of shopping and making purchasing decisions,” and “helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.” Assuming for the sake of argument that *Dastar*’s representation of itself as the “Producer” of its videos amounted to a representation that it originated the creative work conveyed by the videos, allowing a cause of action under § 43(a) for that representation would create a species of mutant copyright law that limits the public’s “federal right to ‘copy and to use’” expired copyrights.³⁰⁷ This language does not definitively delineate the boundary between trademark and copyright law, or specify that trademark law concerns should be subsidiary to copyright law’s purposes. Despite this cautionary language, other courts have limited *Dastar* to cases attempting to use the Lanham Act to create a cause of *197 action for plagiarism.³⁰⁸ However, in a recent controversial opinion that was later withdrawn and replaced by another opinion, the Ninth Circuit examined whether a party claiming copyright and trademark ownership over the character “Betty Boop” could stop an alleged infringer from using the name and image of “Betty Boop” on various merchandise, including a “Betty Boop” doll.³⁰⁹ The Ninth Circuit rejected the claim based on a problem with the chain of title of the owner, but also rejected the claim for two additional reasons.³¹⁰ First, the Ninth Circuit decided that allowing the alleged trademark owner the ability to stop the use of “Betty Boop” runs afoul of the aesthetic functionality doctrine.³¹¹ The Ninth Circuit cited the *International Order of Job’s Daughters* decision, an example of the application of defensive aesthetic functionality, in support of its reasoning.³¹² Interestingly, the Ninth Circuit also cited Judge Kozinski’s Ninth Circuit opinion concerning the nominative fair use defense, *New Kids on the Block*, for the proposition that, “[T]he trademark laws do not give the New Kids the right to channel their fans’ enthusiasm (and dollars) only into items licensed or authorized by them.”³¹³ Second, the Ninth Circuit cited *Dastar* for the proposition that allowing the alleged trademark owner control over a copyrighted work through trademark law would frustrate the purposes of copyright law by not allowing a copyrighted work to enter the public domain.³¹⁴ The Ninth Circuit stated: “If we ruled that

A.V.E.L.A.'s depictions of Betty Boop infringed Fleischer's trademarks, the Betty Boop character would essentially never enter the public domain. Such a result would run directly contrary to *Dastar*.³³¹⁵ The Ninth Circuit noted that, "*Dastar* held that where a copyright is in the public domain, a party may not assert a trademark infringement action against an alleged infringer if that action is essentially a substitute for a copyright infringement action."³³¹⁶ This characterization of the holding of *Dastar* has been criticized as incorrect.³³¹⁷

***198** Several months later, the Ninth Circuit withdrew that opinion and substituted a new opinion that primarily relied upon an argument concerning the chain of title, but did not discuss aesthetic functionality or the *Dastar* opinion.³³¹⁸ Before that opinion issued, several parties, including the International Trademark Association, the Motion Picture Association, and Edgar Rice Burroughs, Inc., filed briefs in support of a rehearing en banc, essentially arguing that the Ninth Circuit's first opinion could mean the death of merchandise licensing.³³¹⁹ The International Trademark Association argued that aesthetic functionality was severely limited in the Ninth Circuit and that the court misapplied *Dastar*.³³²⁰ However, claims that the original A.V.E.L.A. case would mean the end of merchandising are a little overblown considering that intellectual property owners could still claim copyright protection over their works.³³²¹

***199** Moreover, if the Ninth Circuit decided to follow *Vuitton* and *Au-Tomotive Gold*, then a fact intensive question as to consumer motivation may still exist in the A.V.E.L.A. case. Professor LaFrance has explained this issue: [I]t can be argued that A.V.E.L.A.'s use of the public domain cartoon image would qualify as functional under Ninth Circuit standards [in the *Vuitton* and *AuTomotive-Gold* cases]. Even if the Betty Boop image developed enough secondary meaning to qualify as a mark, it would still (for a long time, probably) retain its other identity as an aesthetically appealing character image that was once protected by copyright. Consumers who purchase Betty Boop merchandise might do so because they are drawn to the attractive Betty Boop image, not because that image is connected with a particular line of merchandise (as in *Vuitton* and *AuTomotive-Gold*) or even a particular organization or institution (as in *Job's Daughters*). Thus, a court evaluating the functionality question would probably have to address, as a question of fact, the true motivation of purchasers, as it did in *Vuitton*. Since this issue was not raised by the parties in *Fleischer*, there was no factual record as to purchaser motivation, and thus no way to reach a conclusion on the functionality question.

If the evidence shows that consumers are drawn to the Betty Boop image (or any other character image) because it is inherently appealing, then a second question arises: If consumers find the image appealing not simply because it is cute or otherwise inherently pleasing, but because they associate it with cartoons or other works of authorship that have depicted the character, should this "association" be treated as an indication of source or sponsorship, and thus a trademark use? The Ninth Circuit has yet to resolve this crucial distinction.³³²² Thus, under one interpretation of *Vuitton* and *Au-Tomotive Gold*, a factual question remains. However, *Au-Tomotive Gold* could stand for the proposition that if the character serves a trademark function, then there is no inquiry into aesthetic functionality.

While the Ninth Circuit's first opinion may have been flawed based on prior case law in the Ninth Circuit concerning aesthetic functionality and its interpretation of the *DaStar* case, the concerns expressed by the court in that opinion and under those particular facts are important. As explained previously, an ***200** expansion of the scope of the aesthetic functionality doctrine could result in greater protection of the public domain with less of an opportunity for trademark law to frustrate the purposes of copyright law.³³²³ A counter argument is that because trademark law and copyright law concern different purposes--essentially that copyright law provides an incentive to distribute and create works of authorship and trademark law serves to reduce consumer deception--trademark law does not provide the same protection as copyright law.³³²⁴ This is an argument accepted by many, but ignores the practical effect of how trademark law is used. Trademark law is used to argue that there will be confusion or dilution any time the mark is utilized, thereby creating copyright-like protection. And, it is copyright-like protection without the benefit of a broad fair use exception.

While there could be consumer confusion, aesthetic functionality could be construed not to apply to words such as "Betty Boop," and the usage of an "officially licensed" designation without permission of the trademark holder of the "Betty Boop" word mark could be prohibited.³³²⁵ Thus, to use the word mark "Betty Boop," a party may still need a license of the trademark or that party is infringing. The traditional fair use defense or nominative fair use defense could still apply to assess whether the confusing use is not in good faith or falsely suggests some sponsorship or association with the source of the "Betty Boop" merchandise. If use of the word mark is allowed by a fair use doctrine, then the "officially licensed" designation could be used only by the trademark holder or a licensee of the copyrighted work as long as the work was not in the public domain. There is a risk of post-sale confusion if the mark is not used on the good or the labels are removed. However, post-sale

confusion is a criticized doctrine because no lost sales are involved.³²⁶

The test for whether aesthetic functionality applies in this context could turn on the type of subject matter claimed as a trademark. If that subject matter is *201 traditionally the subject of copyright, then aesthetic functionality will apply and there will not be trademark protection for the asserted mark. Thus, the aesthetic functionality doctrine, resting on a justification of policing the boundary of copyright and trademark, could preclude trademark protection for subject matter traditionally protected by copyright, such as characters, literary works, or musical works, even if there is a likelihood of consumer confusion or an erosion of the producer's goodwill.³²⁷ In *EMI Catalogue Partnership v. Hill, Holliday, Connors, Cosmopolos Inc.*, a case predating the Supreme Court's opinion in *Dastar*, the Second Circuit held that the plaintiff could not claim trademark protection in a musical composition protected by copyright law.³²⁸ The court noted that the plaintiff could claim trademark protection in the title of the musical composition, assuming secondary meaning was proven, but that:

[A] musical composition cannot be protected as its own trademark under the Lanham Act. . . . While there are many cases in which both claims are appropriate, cases involving trademark infringement should be those alleging the appropriation of symbols or devices that identify the composition or its source, not the appropriation or copying or imitation of the composition itself. Concluding that a song can serve as an identifying mark of the song itself would stretch the definition of trademark--and the protection afforded under § 43(a)--too far and give trademark law a role in protecting the very essence of the song, an unwarranted extension into an area already protected by copyright law.³²⁹

Under the proposed definition of aesthetic functionality, a court could find that the claimed mark--a mark in a musical composition--is one that is prohibited by aesthetic functionality because it is a traditional copyrighted work. The Second Circuit appears to reason that there is a distinction between the work and the symbol;³³⁰ however, there are cases, such as *A.V.E.L.A.*, where the work is the *202 symbol.³³¹ Moreover, the copyrighted work--a musical composition--could serve as a symbol or device to identify one person's goods or services from another's. Indeed, sound marks are routine. The Second Circuit could have argued that the musical composition is not distinctive, but it did not do that. It purported to apply a blanket rule respecting musical compositions narrowly, or perhaps to copyrighted works broadly.³³² There could be difficult cases at the margin. However, similarly to the previously proposed two-prong rule, courts could presume that when a mark qualified as a copyrighted work and is not in the public domain, the aesthetic functionality doctrine will apply.

The proposed use of aesthetic functionality would allow others to use copyrighted works without any encumbrance by trademark law.³³³ Although, courts could still apply the two-prong test proposed previously.

B. Defensive Aesthetic Functionality

Generally, aesthetic functionality bars trademark protection for a mark in all circumstances. As discussed above, a finding of functionality can trump a likelihood of consumer confusion or dilution, or a concern with protecting producer goodwill. Defensive aesthetic functionality operates in a different way. Instead of barring all trademark protection for a particular mark, defensive aesthetic functionality focuses only on an alleged infringer's particular use. For example, if an alleged infringer is using mark "X" in a way that makes defensive aesthetic functionality applicable, then the mark "X" is still a valid mark, but the alleged infringer's use of that mark is not considered an infringement.³³⁴ The first part of this section discusses merchandising and a recent case where defensive aesthetic functionality could apply. The second part discusses problems with market definition.

1. Merchandising and University of Alabama Board of Trustees

Defensive aesthetic functionality can be used in cases involving promotional or merchandising uses of trademarks--perhaps the most criticized expansion of *203 trademark liability for sponsorship, association, and affiliation confusion.³³⁵ In these cases, the defense would find that a particular use--such as the use of a mark on a t-shirt--would be excused, but the trademark would remain valid. An example of the use of defensive aesthetic functionality could include the *A.V.E.L.A.* case and the recent *University of Alabama Board of Trustees* case.³³⁶ In *University of Alabama Board of Trustees*, the court was confronted with the question of whether a famous painter was liable to the University of Alabama for trademark infringement for painting pictures of famous University of Alabama football scenes with players wearing the University of Alabama colors on their uniforms.³³⁷ The district court rejected the University of Alabama's claims for several reasons, including a First Amendment defense.³³⁸ Although the district court did not primarily rely upon the aesthetic functionality doctrine, it could have done so and thus avoided addressing a constitutional issue.³³⁹ Notably, the importance of functionality was not lost upon

a large group of amici universities who argued that aesthetic functionality should not apply to the case.³⁴⁰ Aesthetic functionality could have been used to indicate that artists creating artistic works utilizing the trademarks of others are not liable for any trademark violation. Artists would be ***204** almost completely preempted from creating works evoking University of Alabama football players if they were unable to use the uniform and the crimson and white of Alabama.³⁴¹

Notably, the district court discussed other uses of the University of Alabama uniforms and colors with other promotional and merchandising type goods.³⁴² The district court found that those uses could be prohibited on those types of goods, thus perhaps not implicating the same level of First Amendment concern.³⁴³ This is an interesting distinction by the district court because it seems to rest on the type of medium in which the mark is expressed.³⁴⁴ Thus, traditional types of promotional or merchandise goods are protected by trademark law, but use of the mark is not protected if it appears on canvas or some other “traditional” art medium. Both types of uses would seem to include the same meaning despite the difference in medium. The aesthetic functionality defense could be used to excuse uses on promotional and merchandising goods as a whole, and avoid a constitutional inquiry concerning the First Amendment. This may be helpful because the ***205** justifications for expanding trademark liability to promotional and merchandising uses is relatively weak despite the value of those uses to trademark holders.

Importantly, numerous commentators have criticized the expansion of trademark protection to include merchandising and promotional uses. Professor Bone has offered a very critical analysis of promotional and merchandising uses arguing that even if there is a likelihood of confusion concerning sponsorship or association in those cases “there is little in the way of trademark-related harm in merchandising cases, and the substantive policies favoring trademark protection are not strongly implicated.”³⁴⁵ Professor Bone also argues that, “there is no strong enforcement cost rationale for extending protection as far as courts do.”³⁴⁶ Professor Bone provides the following convincing example:

[A] firm that sells caps displaying the BOSTON RED SOX name and logo without permission from the Boston Red Sox organization. A straightforward application of the “digits of confusion” test supports a finding of substantial likelihood of sponsorship confusion on these facts because Boston Red Sox fans interested in buying the cap might believe that the Boston Red Sox organization has sponsored or endorsed the defendant’s activity.

However, except possibly for a few fans that want an authorized Boston Red Sox cap, most people are unlikely to be harmed by the confusion. Red Sox fans want a cap that displays the team name and logo, and they can verify by sight that the defendant’s cap does that. . . . Moreover, the incentives of the Boston Red Sox organization to develop goodwill in BOSTON RED SOX as a source identifier are not likely to be impaired by the defendant’s use.³⁴⁷

This example concisely and clearly points out the fact that there is little trademark harm involved in merchandising and promotional cases, even though confusion may exist.³⁴⁸ Thus, merchandising and promotional rights should not be protected by trademark law despite the enormous value captured by trademark holders through merchandising. Defensive aesthetic functionality could be used to separate merchandising and promotional cases from the cases involving sponsorship or association that may involve some trademark harm.

2. Market Definition

One of the traditional purposes of the aesthetic functionality doctrine is to promote robust competition by ensuring that competitors have access to marks that may be necessary to compete. The natural question following this statement is what is the relevant market that the mark is necessary for competition to occur in. It is difficult to know whether competitors need the mark if the market in which competition may be hindered cannot be clearly identified. Ordinarily, the market would be the market in which the good or service is sold using that mark; however, this question has become much more complicated with the influence of modern ***206** marketing, merchandising, and the expansion of trademark law. An example of where defensive aesthetic functionality could apply and a problem with defining markets might arise would be in the context of children’s toys that are designed to resemble adult-oriented items.³⁴⁹ A simple illustration is a toy truck made in the image of a “real” truck.³⁵⁰ In *General Motors v. Lanard Toys*, the Sixth Circuit upheld a district court’s finding that a toy manufacturer’s Hummer replica was infringing and that General Motors’ grille design was non-functional.³⁵¹ The court stated that the defined trade dress, “the exterior appearance and styling of the vehicle design which includes the grille, slanted and raised hood, split windshield, rectangular doors, squared edges, etc.,” does not serve any function.³⁵² The court in that case did not apply aesthetic functionality.³⁵³ However, if defensive aesthetic functionality applied, the asserted trade dress would be protected from infringement in the market for adult automobiles; however, the doctrine would not protect the asserted trade dress in the children’s toy market because to do so would foreclose competition in that market and prevent toy manufacturers

from participating in the market for Hummer replica toys. Here, the court should have defined the market as Hummer toy vehicles. “[W]here the claimed trade dress is actually a type of product, one supplier may not monopolize the configuration to the exclusion of others.”³⁵⁴ While consumers may expect that a toy manufacturer needs a license to produce toy replica vehicles, enforcing “officially licensed” designations could modify consumers’ expectations. A more difficult example involves the marketing practices of LEGO, which involves the related markets of entertainment goods and services for children. The prior example involved goods directed generally at two different markets: toy vehicles for children and vehicles for adults. The company LEGO has traditionally made plastic bricks as children’s toys. This arguably was the primary market the LEGO mark was used in connection with. LEGO now also sells video games featuring LEGO characters (and the copyrighted and trademarked characters of others) and DVDs with LEGO characters, and operates a LEGO theme park. The first and most difficult issue is to identify whether the alleged infringer is competing against the mark owner in the mark owner’s primary market or a merchandising market.³⁵⁵ As discussed before, this is a very difficult issue to resolve because it can be unclear what the mark owner’s primary markets are *207 because of modern marketing practices, but courts could rely on antitrust principles.³⁵⁶

In a seminal article, Professor Bell explains the differences between “virtual trade dress” and traditional trade dress and the problems with market definition:

Virtual trade dress arises when a court gives trade dress protection to exactly the same commodity that consumers value. Real trade dress has little intrinsic value. Consumers value virtual trade dress for its own qualities, purely for the aesthetic experience that it provides. Consumers value real trade dress primarily because it reveals the otherwise hidden qualities of a good or service, whereas virtual trade dress points to other qualities only incidentally, if at all.³⁵⁷

Thus, virtual trade dress is the actual thing the consumers want to purchase. Professor Bell provides the example from *Hartford House, Ltd. v. Hallmark Cards, Inc.* where the court found that Hartford House’s design of a greeting card was protected trade dress.³⁵⁸ Professor Bell notes that in analyzing the functionality of “virtual trade dress, what counts as an ‘alternative’ design depends on the definition of the relevant market.”³⁵⁹ If the market is defined broadly to include greeting cards, then the trade dress is nonfunctional.³⁶⁰ If the market is defined narrowly to include “nonoccasion, emotionally expressive greeting cards characterized by a hand-crafted appearance and free verse,” the trade dress should be functional and not protected.³⁶¹ But, that is not what the court did.³⁶² Thus, assuming a broad market definition, what the court protects is an actual product line itself.³⁶³ That cannot be the correct result and essentially results in copyright protection.³⁶⁴ An example of a court applying a narrow definition of a product market occurred in *Dippin’ Dots, Inc. v. Frosty Bites Distribution, LLC*.³⁶⁵ In that case, the Eleventh Circuit analyzed whether the color, shape, and size of Dippin’ Dots ice cream was aesthetically functional.³⁶⁶ The Eleventh Circuit found that the asserted trade dress was functional by characterizing the market narrowly as the “flash-frozen ice cream *208 business” as opposed to the broader definition of “ice cream business.”³⁶⁷ The Court reasoned that:

[T]he color, shape, and size of dippin’ dots are “aesthetic functions” that easily satisfy the competitive necessity test because precluding competitors like FBD from copying any of these aspects of dippin’ dots would eliminate all competitors in the flash-frozen ice cream market, which would be the ultimate non-reputation related disadvantage. Therefore, DDI’s argument that FBD could still compete in the ice cream market by producing, e.g., soft-serve ice cream, which would not have many of the same functional elements as dippin’ dots and thus would not infringe upon DDI’s product trade dress, is unavailing. FBD does not want to compete in the ice cream business; it wants to compete in the flash-frozen ice cream business, which is in a different market from more traditional forms of ice cream.³⁶⁸

In this case, there was evidence that the particular size and shape of the dippin’ dots was necessary to produce a certain taste and preserve the ability of the ice cream not to stick together--to “facilitate[] the product’s free flowing nature.”³⁶⁹ However, the court relied upon that evidence to demonstrate utilitarian functionality under the traditional *Inwood* test.³⁷⁰ That evidence is relevant to the determination of aesthetic functionality because it helps define the market narrowly to include a particular type of ice cream--flash frozen ice cream.³⁷¹ Thus, the Eleventh Circuit arguably collapsed utilitarian functionality into its analysis of aesthetic functionality with the competitive necessity test.³⁷² Interestingly, if the product did not have the same “utility” for that market, would the Eleventh Circuit have found the trade dress to be aesthetically functional? If there was evidence that the product size, color, and shape were attractive to customers independent of “utility”--customers prefer the look of small round balls of ice cream--the court could, under prior case law, find that the alleged trade dress was aesthetically functional in the flash frozen ice cream market that serves ice cream of a similar size. Notably, the Eleventh Circuit cited the treatise *Callmann on Unfair Competition, Trademarks and Monopolies* for the proposition that,

“functionality . . . is not to be determined within the broad compass of different but interchangeable products; the doctrine of functionality is intended to preserve competition within the narrow bounds of each individual product market.”³⁷³ Despite this language, courts still define individual product markets in a broader fashion depending upon the particular type of product and the likelihood of product submarkets and, as discussed before, antitrust law may provide some *209 guidance.³⁷⁴ The positive point in favor of use of defensive aesthetic functionality is that it provides the benefit of flexibility for courts to account for the negative impact of the use of trade dress protection on competition.

C. Non-Defensive Aesthetic Functionality in Industry Specific Contexts

The last type of usage of the aesthetic functionality doctrine could be in industry specific contexts. For example, a particular type of mark may be necessary to compete in an industry and foreclosing the usage of that type of mark in an entire industry may stifle innovation in that industry. In the patent field, Professors Burk and Lemley have proposed that the courts utilize “policy levers” to calibrate the law to the idiosyncrasies of innovation in different industries.³⁷⁵ For example, because biotechnology innovation may proceed differently than innovation in the computer software industry, courts could use doctrines like obviousness, utility, or infringement standards to optimize innovation in each field.³⁷⁶ The requirement of nonobviousness and infringement standards could be used to allow narrow patents with narrow scope.³⁷⁷ This may prevent a patent holder from impeding innovation in a field where the patent holder’s contribution is minimal. The authors do not, however, advocate for industry specific statutory patent law because of issues concerning influence by industry groups and the high level of detail that would be involved in any such legislative scheme.³⁷⁸

In trademark law, the aesthetic functionality doctrine could be viewed as a “policy lever” used by courts to ensure that competitors are able to compete in a particular industry. Similarly to patent law, a way to avoid or lessen industry lobbying for industry specific trademark law would be to allow courts to determine when competitors should be allowed to use certain subject matter in particular industries. A recent district court did just that in *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*³⁷⁹ In that case, the designer of expensive women’s shoes used the color red on a sole of a shoe as a trademark.³⁸⁰ Indeed, the color became well known in the industry and amongst consumers for that particular type of good.³⁸¹ A competitor later used the same particular shade of red, the so-called “Chinese Red” on the soles and outsoles of its shoes, prompting the designer of the *210 shoes to sue the competitor for trademark infringement among other causes of action.³⁸² The district court decided that competitors would be disadvantaged in the fashion industry if only one particular participant could use the color to impede others from competing.³⁸³ The district court noted how the color red served several purposes including matching clothing and, as the mark owner pointed out, attracting men to women who wear shoes with the red soles.³⁸⁴ Competitors are put at a non-reputation related disadvantage without use of that particular mark and since colors are so important in this particular industry, the court appeared to go so far as to indicate that colors could never be protected.³⁸⁵ Specifically, in analyzing functionality the court stated:

Louboutin’s claim to “the color red” is, without some limitation, overly broad and inconsistent with the scheme of trademark registration established by the Lanham Act. Awarding one participant in the designer shoe market a monopoly on the color red would impermissibly hinder competition among other participants. YSL has various reasons for seeking to use red on its outsoles—for example, to reference traditional Chinese lacquer ware, to create a monochromatic shoe, and to create a cohesive look consisting of color-coordinating shoes and garments. Presumably, if Louboutin were to succeed on its claim of trademark infringement, YSL and other designers would be prohibited from achieving those stylistic goals. In this respect, Louboutin’s ownership claim to a red outsole would hinder competition not only in high fashion shoes, but potentially in the markets for other women’s wear articles as well. Designers of dresses, coats, bags, hats and gloves who may conceive a red shade for those articles with matching monochromatic shoes would face the shadow or reality of litigation in choosing bands of red to give expression to their ideas.

The effects of this specter--the uncertainty and apprehension it generates--are especially acute in the fashion industry because of its grounding on the creative elements discussed above. Fashion is dependent on colors. It is subject to temporal change. It is susceptible to taste, to idiosyncrasies and whims and moods, both of designers and consumers. Thus, at any moment when the market and the deities of design, by whatever fancy they decide those things, proclaim that “passion” is in for a given season and must be expressed in red in the year’s various collections, Louboutin’s claim would cast a red cloud over the *211 whole industry, cramping what other designers could do, while allowing Louboutin to paint with a full palette. Louboutin would thus be able to market a total outfit in his red, while other designers would not. And this impediment would apply not just with respect to Louboutin’s registered “the color red,” but, on its theory as pressed in this litigation, to a broader band of various other shades of red which would be available to Louboutin but which it could bar others from using.³⁸⁶ The reasoning of the court could be extended to include combinations of colors as well as colors alone.³⁸⁷ The usage of aesthetic

functionality by the court could be viewed as the use of a policy lever in trademark law to ensure that competitors in an industry can use a particular type of mark.³⁸⁸

Unfortunately, there are problems with defining the industry. For example, LEGO produces t-shirts and, although that is not its primary market, it arguably competes in the “fashion” industry. If LEGO claimed the colors red and yellow as marks in connection with t-shirts, under an aesthetic functionality doctrine that prohibited colors as trademarks in the fashion industry, LEGO would not be able to exclude others from utilizing red and yellow with clothing related to building blocks. For example, a competitor could use the colors red and yellow along with a different shaped building block on the t-shirt even though there could be some consumer confusion. Another difficult market definition question involves whether the “fashion” industry only involves clothing to be worn by a person or does it include other accessories--or types of related goods as well, such as handbags. And, the question exists as to what is an accessory.

The Louboutin district court analogized the fashion industry to the fine art industry.³⁸⁹ Thus, the fine art industry may be another area where aesthetic functionality could clear usage of a particular type of mark such as color. Notably, *212 some courts have held that an artist cannot protect a particular style of art under trademark law,³⁹⁰ although other cases appear to take the contrary view.³⁹¹ The use of aesthetic functionality as a policy lever for industry specific use may ensure that competition is not hindered.

V. Conclusion

The functionality doctrine is a mess. However, within that mess, the aesthetic functionality doctrine promises to provide much needed breathing space for the public domain, innovation, and competition. While the proposals in this Article are somewhat radical and run against the grain, the continued expansion of trademark law should not be allowed to cabin the public domain, suppress innovation or inhibit competition. Trademark law is not patent or copyright law and should not be used to stifle competition.

Footnotes

^{a1} Professor of Law, University of the Pacific, McGeorge School of Law. The author is grateful for comments from the participants, including William H. Brewster, T. Robert Rehm, Jr., Simone Rose and Jeff Slattery, of the March 2012 Wake Forest University Journal of Business and Intellectual Property Law Symposium “Avenue of the Arts: Connecting Creativity, Economics and the Law” on an early version of this Article. The author is also thankful for the comments from Gary Pulsinelli, and the editors of the Texas Intellectual Property Law Journal, including Matthew Tanner and Jill Harris.

¹ See Glynn S. Lunney, Jr., Trademark Monopolies, 48 Emory L.J. 367, 368-71 (1999) (explaining trademark expansion); Kenneth L. Port, The Expansion Trajectory: Trademark Jurisprudence in the Modern Age, 92 J. Pat. & Trademark Off. Soc’y 474, 476 (2010) (discussing expansion, including availability of federal incontestability status and intent to use applications; expanded section 43(a) liability; dilution; and anti-cybersquatting law).

² See Graeme B. Dinwoodie & Mark D. Janis, Trademarks and Unfair Competition: Law and Policy 158 (3d ed. 2010) (discussing the role that the balancing of interests plays in defining functionality).

³ Cf. Robert Unikel, Better by Design: The Availability of Trade Dress Protection for Product Design and the Demise of “Aesthetic Functionality,” 85 Trademark Rep. 312, 332 (1995) (“The ‘penumbra of protection’ created by the classification of product design as protectable trade dress and the redefinition of aesthetic functionality, is judicially and economically advantageous, as this penumbra prevents consumer confusion as to source, promotes creativity in product design, preserves producers’ accumulated good will without precluding either product or price competition, and comports with the policies underlying federal patent law.”).

⁴ See Lunney, supra note 1, at 368-71 (explaining trademark expansion).

⁵ See, e.g., Jerre B. Swann, Sr. et al., Trademarks and Marketing, 91 Trademark Rep. 787, 807 (2001) (“[S]trong brands...(ii) make

advertising less expensive or more impactful (or both);... (v) provide a more efficient and credible means of extending into related goods, and give rise to licensing opportunities;... and (viii) constitute an asset--brand equity--that is frequently a company's most valuable single property.”).

6 See Michael S. Mireles, Jr., *Towards Recognizing and Reconciling the Multiplicity of Values and Interests in Trademark Law*, 44 *Ind. L. Rev.* 427, 439, 461 (2011) (showing that when marks are not policed by trademark owners, these rights become limited).

7 See, e.g., *Federal Trademark Dilution Act of 1995*, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. §1125(c) (2006)) (increasing rights of trademark owners against uses that dilute even when likelihood of confusion and anti-competition are absent); *Anticybersquatting Consumer Protection Act*, Pub. L. No. 106-113, 113 Stat. 1501 (1999) (codified as amended in scattered sections of 15 U.S.C.) (creating a cause of action to protect against domain names that are confusingly similar); *Trademark Dilution Revision Act of 2006*, Pub. L. No. 109-312, 120 Stat. 1730 (codified as amended at 15 U.S.C. §1125(c)) (allowing trademark owners to show likelihood of dilution instead of actual dilution).

8 See, e.g., Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of the Trade Symbols*, 1982 *Wis. L. Rev.* 158, 159-60 (discussing the possibility of conflict between trademark law and the First Amendment due to trademark law expansion).

9 But see William McGeveran, *Rethinking Trademark Fair Use*, 94 *Iowa L. Rev.* 49, 51 (2008) (“[F]inal decisions in trademark cases that raised legitimate free speech issues over the last decade or so usually favor defendants who use trademarks for purposes of expression. Courts ultimately get these cases right under existing law.”).

10 See, e.g., Barton Beebe, *The Continuing Debacle of U.S. Antidilution Law: Evidence from the First Year of Trademark Dilution Revision Act Case Law*, 24 *Santa Clara Computer & High Tech. L.J.* 449, 464 (2007-2008) (“There are several fundamental problems with [the search costs theory supporting] antidilution law, not the least of which is how it accounts for dilution by ‘tarnishment’ or why it should be provided only to famous marks.”); Robert G. Bone, *A Skeptical View of the Trademark Dilution Revision Act*, 11 *Intell. Prop. L. Bull.* 187, 189-93 (2007) (discussing major policy arguments for dilution theory). For Judge Richard Posner’s articulation of how the search cost theory supports antidilution law, see *Ty Inc. v. Perryman*, 306 F.3d 509, 511-12 (7th Cir. 2002).

11 *Dall. Cowboys Football Club, Ltd. v. America’s Team Props., Inc.*, 616 F. Supp. 2d 622, 636 (N.D. Tex. 2009) (finding the “America’s Team” mark famous amongst the general consuming public); *Univ. of Kan. v. Sinks*, 644 F. Supp. 2d 1287, 1306-07 (D. Kan. 2008) (finding numerous marks concerning the University of Kansas famous). See also Beebe, *supra* note 10, at 450-51 (noting that courts “have largely failed so far to embrace certain important reforms contained in the TDRA, such as its revised definitions of dilution by ‘blurring’ and ‘tarnishment’ and its heightened standard for trademark fame”).

12 But see Beebe, *supra* note 10, (noting that cases finding infringement tend to find dilution though there are no differences in remedies, and cases that find no-infringement also find no dilution); Clarisa Long, *Dilution*, 106 *Colum. L. Rev.* 1029, 1031 (2006) (noting lackluster judicial enforcement of dilution).

13 *Quality Inns Int’l, Inc. v. McDonald’s Corp.*, 695 F. Supp. 198, 212 (D. Md. 1988) (“A family of marks may have a synergistic recognition that is greater than the sum of each mark.”).

14 *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1159 (9th Cir. 2011); *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 107 (2d Cir. 2009); *Nike, Inc. v. Maher*, 100 U.S.P.Q.2d 1018, 1029 (T.T.A.B. 2011).

15 *V Secret Catalogue, Inc. v. Moseley*, 605 F.3d 382, 388 (6th Cir. 2010).

16 15 U.S.C. §1125(c)(3)(A) (2006) (“The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection: (A) Any fair use...of a famous mark by another person other than as a designation of source for the person’s own goods or services....” (emphasis added)). See also *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 266 (4th

Cir. 2007) (“We begin by noting that parody is not automatically a complete defense to a claim of dilution by blurring where the defendant uses the parody as its own designation of source, i.e., as a trademark.”).

17 See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 434 (2003) (requiring actual dilution and questioning existence of tarnishment cause of action under the Federal Trademark Dilution Act).

18 15 U.S.C. §1125(c).

19 See Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 Va. L. Rev. 2099, 2120 (2004) (“[T]he most controversial development involves extending protection into distant product markets.”).

20 *Virgin Enter. Ltd. v. Nawab*, 335 F.3d 141, 146 (2d Cir. 2003) (holding that despite the district court finding “that the defendants were the first to use the VIRGIN mark in telecommunications, and the first to attempt to register VIRGIN for telecommunications and retail telephone sales,” the plaintiff was first to use the mark for wireless services because plaintiff used the mark before defendant’s first use for “huge, famous stores selling, in addition to music recordings, a variety of consumer electronic equipment”).

21 See Beebe, *supra* note 10, at 463 (noting that “anti-infringement protection has expanded so dramatically in subject matter, scope, and mode (e.g., initial interest confusion, post-sale confusion) over the past decades that it offers at least as extensive a level of protection as does antidilution protection” (citing Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 *Notre Dame L. Rev.* 1839, 1913-14 (2007))).

22 See Christopher A. Cotropia & James Gibson, *The Upside of Intellectual Property’s Downside*, 57 *UCLA L. Rev.* 921, 967 (2010) (“Over the past several decades, trademark law has expanded beyond its traditional role as the regulator of deceptive trade practices; it now gives a rightsholder the ability...to merchandise its mark as a free standing good (rather than as an indicator of source or quality)”).

23 Some circuits use the two-prong test formulated in *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989), which asks first, if the mark has artistic relevance, and if there is not artistic relevance, then no First Amendment protection, and second, if it does have artistic relevance, does it explicitly mislead? Other circuits apply other tests. See *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099-1101 (9th Cir. 2008) (applying Rogers); *Parks v. LaFace Records*, 329 F.3d 437, 448-59 (6th Cir. 2003) (applying Rogers); *Dr. Seuss Enters. L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997) (applying likelihood of confusion test); *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959, 970 (10th Cir. 1996) (applying likelihood of confusion test); *Anheuser-Busch, Inc. v. Balducci Publ’ns*, 28 F.3d 769, 776-77 (8th Cir. 1994) (applying alternative avenues test); *Frisch’s Rests., Inc. v. Elby’s Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982) (applying likelihood of confusion test); *Dall. Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (applying alternative avenues test); *American Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 733-34 (D. Minn. 1998) (applying alternative avenues test).

24 See *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 218 (3d Cir. 2005) (outlining differing approaches to nominative fair use).

25 See Bone, *supra* note 19, at 2119 (“One expansion is in the direction of recognizing more types of symbols as protectable marks. Today, any kind of symbol can qualify for trademark protection if it can serve as a source identifier and meet the other requirements.”).

26 See 15 U.S.C. §1057(b)-(c) (2006) (registration is prima facie evidence of validity and nationwide constructive use); *Id.* §1065 (incontestable status).

27 See Bone, *supra* note 19, at 2156 (“Trade dress...includes elements of the packaging or features of the product itself.”).

- 28 See *Frederick Warne & Co. v. Book Sales, Inc.*, 481 F. Supp. 1191, 1196 (S.D.N.Y. 1979) (“Dual protection under copyright and trademark laws is particularly appropriate for graphic representations of characters.”).
- 29 35 U.S.C. §154(a)(2) (2006).
- 30 See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164-65 (1995) (analyzing functionality); *Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 905-06 (9th Cir. 2007) (reviewing genericide); *Glover v. Ampak, Inc.*, 74 F.3d 57, 60 (4th Cir. 1996) (discussing abandonment).
- 31 17 U.S.C. §302(a) (2006).
- 32 See *Frederick Warne & Co.*, 481 F. Supp. at 1196 (“The fact that a copyrightable character or design has fallen into the public domain should not preclude protection under the trademark laws so long as it is shown to have acquired independent trademark significance, indentifying in some way the source or sponsorship of the goods.”).
- 33 See Laura A. Heymann, *The Trademark/Copyright Divide*, 60 *SMU L. Rev.* 55, 83 (2007) (“The usual argument for why trademark law cannot have a place at the table post-copyright is because permitting such intrusion would restrict copyright’s public domain.”).
- 34 See *Libbey Glass, Inc. v. Oneida Ltd.*, 61 F. Supp. 2d 700, 716 (N.D. Ohio 1999) (considering trade dress dilution claim).
- 35 See, e.g., Ann Bartow, *The True Colors of Trademark Law: Greenlighting a Red Tide of Anti Competition Blues*, 97 *Ky. L.J.* 263, 287 (2008-2009) (“The *Qualitex* Court’s belief that the many visually observable colors in the world afford an almost unbounded trademark palette did not anticipate the limiting difficulties that the trademark dilution would soon pose by according almost absolute trademark rights to qualifying mark holders.”).
- 36 *McGeveran*, supra note 9, at 61 (“‘[B]ack end’ defenses...are delineated less clearly, and they require lengthier litigation.”).
- 37 See Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 *Hous. L. Rev.* 885, 889-90 (2004) (“[S] hould trademark law be structured reactively to protect whatever consumer understandings or producer goodwill develops, or should it proactively seek to shape the ways in which consumers shop and producers sell or seek to acquire rights, thus shaping how the economy functions?”).
- 38 See Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 *Notre Dame L. Rev.* 1839, 1916 (2007) (“Producers are able to frame just about any argument for broader protection in terms of consumer expectations, which they are in position to influence systematically through marketing. Moreover, once courts and Congress began to expand trademark law and committed it to consumer understanding, expansion became self-reinforcing broader protection begets consumer expectations of greater control, which begets even broader protection.”).
- 39 See James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 *Yale L.J.* 882, 907 (2007) (explaining why licensing markets emerge when no licenses are needed); Michael A. Johnson, *The Waning Consumer Protection Rationale of Trademark Law: Overprotective Courts and the Path to Stifling Post-Sale Consumer Use*, 101 *Trademark Rep.* 1320, 1355 (2011) (“The proliferation of product placements, cease and desist letters from mark owners in response to unauthorized post-sale uses, and overly protectionist court decisions have all shaped consumer expectations so that consumers now believe that virtually any post-sale use of a mark must be authorized.”).
- 40 See Mireles, supra note 6, at 439 (“[T]he structure of trademark law itself, given the focus of trademark law on consumer perception, results in the vigorous enforcement and policing of trademark rights by trademark holders.”).

- 41 But see Rebecca Tushnet, *Why the Customer Isn't Always Right: Producer-Based Limits on Rights Accretion in Trademark*, 116 *Yale L.J. Pocket Part* 352, 352-54 (2007) (arguing that numerous trademark law doctrines, such as descriptive fair use, functionality, genericity, nominative fair use, and the *Rogers v. Grimaldi* test, aid against rights accretion).
- 42 See Mireles, *supra* note 6, at 460-63 (arguing that the more a mark is policed the stronger it becomes).
- 43 See Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 *U. Ill. L. Rev.* 773, 821 (“[M]odern trademark law, deeply influenced by the search costs rationale, regards consumer confusion as a problem in and of itself. Not surprisingly, consumer understanding therefore pervades trademark law.”).
- 44 See Dinwoodie & Janis, *supra* note 2, at 159 (discussing the differing justifications of the functionality doctrine).
- 45 See, e.g., *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 26 (2001); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210 (2000); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 766 (1992).
- 46 See, e.g., *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 626 (6th Cir. 2002); *Publ’ns Int’l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 339 (7th Cir. 1998); *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 831 (11th Cir. 1982).
- 47 See, e.g., *Autodesk, Inc. v. Dassault Sys. Solidworks Corp.*, 685 F. Supp. 2d 1001, 1008 (N.D. Cal. 2009) (“Defendant moves for summary judgment on the ground that the DWG word mark is functional and therefore unprotectable as a trademark.”).
- 48 See, e.g., *id.* at 1008-10 & n.2 (discussing utilitarian and aesthetic functionality).
- 49 See, e.g., Jerome Gilson & Anne Gilson LaLonde, *Cinnamon Buns, Marching Ducks and Cherry-Scented Racecar Exhaust: Protecting Nontraditional Trademarks*, 95 *Trademark Rep.* 773, 774 (2005) (discussing expansive nature of trademark subject matter).
- 50 See *Abercrombie & Fitch Stores, Inc.*, 280 F.3d at 630 (“Because we can conceive of no ‘thing’ inherently incapable of carrying meaning, any ‘thing’ can come to distinguish goods in commerce and thus constitute a mark within the meaning of the Lanham Act.”).
- 51 15 U.S.C. §1127 (2006).
- 52 See, e.g., *Coca-Cola Co. v. Busch*, 44 F. Supp. 405, 408 (E.D. Penn. 1942) (“Further the testimony shows conclusively that soft drinks such as ‘Coca-Cola’ are purchased by spoken word in a vast number of instances and when a ‘Coca-Cola’ is wanted, resort is made to the abbreviation ‘koke (coke)’ which has come to be the nickname for ‘Coca-Cola.’”).
- 53 See *Best Global Brands, 2012*, Interbrand.com, <http://interbrand.com/en/best-global-brands/2012/Best-Global-Brands-2012.aspx> (last visited Oct. 25, 2012) (listing some brands valued in the billions of dollars).
- 54 See McKenna, *supra* note 38, at 1916.
- 55 *Id.*
- 56 See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 168-69 (1995) (addressing the relationship between protectable subject

matter and scope of protection).

57 See Brief for Law Professors as Amici Curiae Supporting Defendants-Counter-Claimants-Appellees at 12, *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206 (2d Cir. 2011) (No. 11-3303-cv), 2012 WL 59424, at *12 (“Trademarks, unlike patents, do not have distinct boundaries. Their scope is defined by confusing (or diluting) similarity as determined by consumer reactions (as well as, in practice, by the threats that trademark owners make to deter competitors). As such, a functionality determination should take into account the scope of the claimed trademark; among other things, that scope affects what the supposed alternatives to the mark are.” (internal citations omitted)).

58 See *Qualitex*, 514 U.S. at 174 (finding that color alone is protected by trademark law); *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 831 (11th Cir. 1982) (finding trade dress protection in marketing technique involving adoption papers and birth certificate accompanying dolls); *In re Clarke*, 17 U.S.P.Q.2d 1238, 1239-40 (T.T.A.B. 1990) (finding that fragrance functions as a trademark); *In re Gen. Electric Broad. Co.*, 199 U.S.P.Q. 560, 562-64 (T.T.A.B. 1978) (Lefkowitz, J.) (finding that sound can function as a trademark).

59 15 U.S.C. §1052(a) (2006).

60 *Id.* §1052(b)-(c).

61 See, e.g., U.S. Patent & Trademark Office, *Trademark Manual of Examining Procedure* §1204.01(b) (8th ed. 2011) [hereinafter *Trademark Manual*] (“Marks containing elements of flags in a stylized or incomplete form are not refused under §2(b). The mere presence of some significant elements of flags, such as stars and stripes (U.S. flag) or a maple leaf (Canadian flag), does not necessarily warrant a refusal.”).

62 15 U.S.C. §1127.

63 *Mishikawa Rubber & Woolen Mfg. Co. v. S. S. Kresge Co.*, 316 U.S. 203, 205 (1942).

64 See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976) (defining generic marks).

65 15 U.S.C. §1051(a)(3)(D). For a discussion of geographic marks, including geographically deceptive marks, see Robert Brauneis & Roger E. Schechter, *Geographic Trademarks and the Protection of Competitor Communication*, 96 *Trademark Rep.* 782 (2006).

66 *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 790-92 (5th Cir. 1983).

67 See *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012) (stating that abstract ideas and natural phenomena are not patent eligible subject matter).

68 17 U.S.C. §102(b) (2006).

69 See *Haagen-Dazs, Inc. v. Frusen Gladje Ltd.*, 493 F. Supp. 73, 75 (S.D.N.Y. 1980) (“[I]t would be unreasonable to suggest that since plaintiff was the first to market a premium ice cream product by employing a ‘Scandinavian Flair’, it be permitted to use such a marketing technique in the relevant product market to the exclusion of all others.”). This is arguably similar to patent and copyright law’s prohibition against the protection against abstract ideas.

70 There are other limitations to trademark protection that are not express restrictions on subject matter: an alleged infringer’s or diluter’s use of a symbol or device may need to be “as a trademark” or as a commercial use of a trademark, or there may be a defense available to the alleged infringer or diluter. See 15 U.S.C. §1125(c)(1) (setting forth “in commerce” requirement);

Rescuecom Corp. v. Google Inc., 562 F.3d 123, 127-28 (2d Cir. 2009) (discussing use in commerce requirement); Bosley Med. Inst., Inc. v. Kremer, 403 F.3d 672, 676-80 (9th Cir. 2005) (discussing commercial use requirement).

71 See Publ'ns Int'l, Ltd. v. Landoll, Inc., 164 F.3d 337, 338 (7th Cir. 1998) (“Trade dress...serves the same function as trademark, and is treated the same way by the Lanham Act and the cases interpreting it.”).

72 See S. Rep. No. 79-1333, at 3 (1946) (“The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trademark owner.”).

73 Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163-64 (1995).

74 Id. at 164.

75 See Margreth Barrett, Trademarks and Digital Technologies: “Use” on the Net, 13 J. Internet L., no. 11, Feb. 2010, at 1, 1 (“Trademark rights promote an efficient, competitive marketplace.”).

76 See Kellogg Co. v. Nat'l Biscuit Co., 305 U.S. 111, 119-20 (1938) (noting the importance of competition, and the intersection of trademark and patent law).

77 See TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 33 (“Functionality having been established, whether MDI’s dual-spring design has acquired secondary meaning need not be considered.”).

78 Id.

79 See Mark P. McKenna, (Dys)Functionality, 48 Hous. L. Rev. 823, 825 (2011) (discussing some courts’ view that functionality determines where there is a need to copy articles not protected by copyright).

80 See Harold R. Weinberg, An Alternate Functionality Reality, 17 J. Intell. Prop. L. 321, 323 (2010) (“The functionality doctrine is intended to preserve competition in the market for a product incorporating a design feature that allegedly is protected by trade dress law, and to avoid conflicts between trade dress law and patent law.”). But see Tom W. Bell, Virtual Trade Dress: A Very Real Problem, 56 Md. L. Rev. 384, 416 (1997) (“Despite their various formulations, all functionality tests aim at the same fundamental policy goal: balancing monopoly rights against public access.”).

81 See TrafFix, 532 U.S. at 29-30 (explaining that “[a]llowing competitors to copy will have salutary effects in many instances” and that unless something is protected by patent or copyright law, it will be subject to copying).

82 Id.

83 35 U.S.C. §154(a)(2) (2006).

84 See U.S. Const. art. I, §8, cl. 8.

85 See Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 150-51 (1989) (discussing patentability requirements).

- 86 See Andrew Beckerman-Rodau, *The Problem with Intellectual Property Rights: Subject Matter Expansion*, 13 *Yale J.L. & Tech.* 36, 84 (2011) (“And, in contrast to copyright law, a trademark can provide rights potentially forever.”).
- 87 See McKenna, *supra* note 79, at 848 (describing how some courts see “functionality in structural terms, as a doctrine intended to channel protection for certain features to the patent system”).
- 88 See 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §7:63 (4th ed. 2008) (describing the second rationale for functionality as “preserving free and effective competition by ensuring that competitors can copy features that they need to compete effectively”).
- 89 See *id.* §7:65 (“In previous editions of this treatise, the author opined that while the ‘right to compete’ is an important policy goal of the functionality doctrine, it is much too vague to serve as the courtroom test of what is or is not ‘functional.’ In its 2011 *Traffix* decision, the U.S. Supreme Court agreed, cautioning that this policy rationale is not to be used as a legal definition of what features are to be deemed to be ‘functional.’”).
- 90 See McKenna, *supra* note 79, at 825 (“[T]he fractured state of modern doctrine reflects deep and persistent disagreement about the level at which trademark law’s relationship to competition should be worked out.”).
- 91 Restatement (Third) of Unfair Competition §1 cmt. a (1995).
- 92 See Graeme B. Dinwoodie, *The Death of Ontology: A Teleological Approach to Trademark Law*, 84 *Iowa L. Rev.* 611, 633 (1999) (“The grant of trademark rights in a verbal mark typically does not make it significantly more difficult for a competitor to produce a rival product; restricting the words by which the competitor may identify its product does not limit the ways in which the competitor may design its product.”).
- 93 McKenna, *supra* note 79, at 834-43.
- 94 *Id.*
- 95 *Id.* at 838.
- 96 *Id.* at 859.
- 97 *Id.* at 833.
- 98 *Id.* at 859.
- 99 See McKenna, *supra* note 79, at 836-43 (discussing the antecedents of the “right to copy” and “need to copy” disagreement).
- 100 See McCarthy, *supra* note 88, §7:69 (outlining various definitions of functionality by courts); Jessica Litman, *The Problem of Functional Features: Trade Dress Infringement Under Section 43(a) of the Lanham Act*, 82 *Colum. L. Rev.* 77, 97 (1982) (noting that functionality tests are too flexible to use to determine liability and recommending use of functionality in injunction analysis).
- 101 See McCarthy, *supra* note 88, §7:69 (discussing courts’ definitions of functionality).

¹⁰² See id. §7:81 (referring to aesthetic functionality as an “oxymoron”).

¹⁰³ See Mitchell M. Wong, Note, The Aesthetic Functionality Doctrine and the Law of Trade-Dress Protection, 83 Cornell L. Rev. 1116, 1132-52 (1998) (discussing various tests applied by courts concerning functionality).

¹⁰⁴ See, e.g., Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 213-14 (2000); Bone, supra note 19, at 2119-20; McKenna, supra note 79, at 848.

¹⁰⁵ Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 160-61 (1995).

¹⁰⁶ Id.

¹⁰⁷ Id. at 162.

¹⁰⁸ Id. at 166-74.

¹⁰⁹ Id. at 168.

¹¹⁰ See id. (explaining that “in the context of a particular product, only some colors are useable”).

¹¹¹ Qualitex, 514 U.S. at 168-70.

¹¹² See id. at 165 (“This Court consequently has explained that, ‘[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,’ that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.” (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 850 n.10 (1982))).

¹¹³ Id. at 169-70.

¹¹⁴ Id.

¹¹⁵ See id. at 170 (“The ‘ultimate test of aesthetic functionality’...‘is whether the recognition of trademark rights would significantly hinder competition.’” (quoting Restatement (Third) of Unfair Competition §17 cmt. c (1995))).

¹¹⁶ Id. at 166.

¹¹⁷ See Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 207 (2000) (deciding under what circumstances a product’s design is distinctive).

¹¹⁸ Id. at 214-15.

¹¹⁹ Id.

- 120 See *id.* at 214 (expressing concerns about anti-competitive strike suits).
- 121 *Id.* at 212-13.
- 122 *Id.* at 215.
- 123 *Wal-Mart*, 529 U.S. at 215.
- 124 *Id.* at 212-13.
- 125 See *id.* at 207, 212 (comparing *Qualitex* and *Wal-Mart*).
- 126 See Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 *Emory L.J.* 507, 566 (2005) (“Searchers’ objectives cannot be inferred from the keywords they employ.”).
- 127 See *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 826 (3d Cir. 1981) (“The luminaire itself is essentially a utilitarian product, used to light exterior area. However, because it is a wall-mounted luminaire...part of its function includes its architectural compatibility with the structure or building on which it is mounted. Thus its design configuration, rather than serving merely as an arbitrary expression of aesthetics, is intricately related to its function.”).
- 128 See *Publ’ns Int’l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 340 (7th Cir. 1998) (“[F]unctionality and distinctiveness are intertwined issues.”).
- 129 See *infra* Part IV.c.
- 130 *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 763 (1992).
- 131 *Id.* at 776.
- 132 *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 215 (2000).
- 133 *Two Pesos*, 505 U.S. at 765-66. One of the elements of the trade dress in *Taco Cabana* included garage doors which opened the interior of the restaurant to the exterior patio. *Id.* The garage doors served a utilitarian purpose by exposing the indoor seating of the restaurant to fresh air. *Id.*
- 134 See *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 918 (9th Cir. 1980) (“[I]n the context of this case, the name and emblem are functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship.”).
- 135 See, e.g., Theodore H. Davis, Jr., *Directing Traffix: A Comment on the Construction and Application of Utility Patent Claims in Trade Dress Litigation*, 54 *Fla. L. Rev.* 229, 266 (2002) (criticizing the Court for failing to provide a detailed explanation of how to analyze utility patents in trade dress cases); Weinberg, *supra* note 80, at 323-24 (“[T]here is broad critical consensus that Traffix made the functionality doctrine inconsistent, confusing, and opaque.”).
- 136 *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 28 (2001).

137 See *id.* (discussing the issue in the case).

138 *Id.*

139 *Id.* at 29-30.

140 *Id.* at 30.

141 See *id.* at 32-33 (explaining why the Court of Appeals' analysis was incorrect).

142 *TrafFix*, 532 U.S. at 32-34.

143 *Id.* at 32.

144 *Id.* at 33.

145 *Id.*

146 *Id.*

147 *Id.*

148 *TrafFix*, 532 U.S. at 33.

149 *Id.*

150 See, e.g., Weinberg, *supra* note 80, at 329-34 (discussing two functionality bars: "the 'high bar' forbid[ing] alternatives analysis for useful design features [and the] 'low bar' permit[ting] alternatives analysis for aesthetic design features").

151 See Bone, *supra* note 19, at 2165 (noting ambiguity in the apparent *TrafFix* two test approach).

152 *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1337-41 (C.C.P.A. 1982).

153 See Weinberg, *supra* note 80, at 332-33 ("Some of the bow maker's design elements...were 'clearly functional,' while other elements...were 'ornamental' and did not affect the device's operation.").

154 See *TrafFix*, 532 U.S. at 33 ("It is proper to inquire into a 'significant non-reputation-related disadvantage' in cases of aesthetic functionality, the question involved in *Qualitex*.").

155 See Restatement (First) of Torts §742 (1938) (explaining aesthetic functionality).

- 156 Id.
- 157 Id.
- 158 Id. §742 cmt. a.
- 159 Id. But see McCarthy, *supra* note 88, §7:65 (“In determining whether conferring trade dress protection would unduly restrict ‘competition,’ the court should not define the market as being identical with plaintiff’s product, for, by definition, an injunction would prevent others from imitating, and hence ‘competing’ as to that design defined in the injunction. Rather, ‘competition’ should be defined more broadly to include reasonable alternatives for the same purpose, as is done in antitrust law.”).
- 160 See Anthony L. Fletcher, *Defensive Aesthetic Functionality: Deconstructing the Zombie*, 101 *Trademark Rep.* 1687, 1692 (2011) (explaining that “the test still begs the question of what is aesthetically functional. The inability of Kellogg to use WHEATIES for its wheat flakes cereal... certainly was a competitive disadvantage, yet it was permissible, because WHEATIES is a trademark. However, if its exclusive use by General Mills substantially hindered Kellogg in competing with it, as apparently it did, WHEATIES would be functional and not a trademark, except, of course, it was, and remains, a trademark.”)
- 161 Restatement (First) of Torts §742 cmt. a.
- 162 *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 540 n.6 (5th Cir. 1998) (“This circuit has rejected the doctrine of aesthetic functionality.”).
- 163 See *Trademark Manual*, *supra* note 61, §1202.02(a)(vi) (noting that an aesthetic functionality rejection for registration of a mark is possible, but should not be confused with a rejection based on the fact the mark is merely ornamental or subject to utilitarian functionality doctrine).
- 164 See *Wong*, *supra* note 103, at 1167 (arguing that aesthetic functionality should apply if the asserted trade dress serves any purpose besides source indicia).
- 165 Id.
- 166 198 F.2d 339 (9th Cir. 1952).
- 167 But see *id.* at 344 (noting that Plaintiff Wallace would have to also prove secondary meaning).
- 168 See *id.* at 343-44 (noting the demand for separate aesthetic and utilitarian functionality tests, but failing to adequately distinguish the two tests).
- 169 See, e.g., *Fabrica Inc. v. El Dorado Corp.*, 697 F.2d 890, 895 (9th Cir. 1983) (“[T]his court has specifically limited application of the Pagliero functionality test to product features and has refused to apply the test to cases involving trade dress and packaging.”); *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769, 773 (9th Cir. 1981) (“The designs at issue in Pagliero...were neither trademarked, copyrighted, nor patented.”).
- 170 See Supreme Assembly, *Order of Rainbow for Girls v. J. H. Ray Jewelry Co.*, 676 F.2d 1079, 1083 n. 5 (5th Cir. 1982) (noting that the district court, citing *J. Thomas McCarthy, Trademarks and Unfair Competition* §7:26 (1973), asserted that “[l]ikelihood of confusion and functional purpose, while separate doctrines, are related to the extent that the more functional a feature is, the less

likely it is that buyers will view it as unique or a distinctive symbol of origin.”); William P. Kratzke, *The Supreme Court and Trade Dress--A Short Comment*, 24 *Hastings Comm. & Ent. L.J.* 73, 106-07 (2001) (“A problem in Section 43(a) jurisprudence is the tendency of courts to view various elements of a claim as opposites, i.e., counterpoises, of each other....Nor does non-functionality preclude the possibility that a feature has no identificatory and informational power and as such is not a valid trademark. Distinctiveness does not preclude the possibility that a product feature is functional.”).

171 Pagliero, 198 F.2d at 340.

172 *Id.* at 343.

173 *Id.*

174 *Id.* at 343-44. See also Bradford J. Duft, “Aesthetic” Functionality, 73 *Trademark Rep.* 151, 188 (1983) (“The difficulties inherent in determining aesthetic quality, source indicating quality, and measuring the likely level of each to determine the motivation of the ‘average’ purchaser are staggering.”).

175 Pagliero, 198 F.2d at 343.

176 See Duft, *supra* note 174, at 178 (“Many trademarks, however, by virtue of their source identification status become, in one sense ‘an important ingredient in the commercial success of the product.’”).

177 See Pagliero, 198 F.2d at 343 (“If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation”).

178 Roger E. Schechter & John R. Thomas, *Intellectual Property: The Law of Copyrights, Patents and Trademarks* 618 (2003).

179 See, e.g., *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1072 (9th Cir. 2006) (rejecting the notion that “any feature of a product which contributes to the consumer appeal and saleability of the product is, as a matter of law, a functional element of that product”).

180 See Erin M. Harriman, *Aesthetic Functionality: The Disarray Among Modern Courts*, 86 *Trademark Rep.* 276, 281-82 (1996) (noting that the functionality test in Pagliero is “overbroad” and that courts should follow the Restatement (Third)’s focus on alternatives).

181 See *Keene Corp. v. Paraflex Indus.*, 653 F.2d 822, 825 (3d Cir. 1981) (“The more appealing the design, the less protection it would receive.”).

182 See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 214 (2000) (noting option of obtaining copyright or design patent protection).

183 See *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32-34 (2001) (discussing the need to retain the “competitive necessity” or alternatives test in cases of aesthetic, but not utilitarian, functionality); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 168 (1995) (“When a color serves as a mark, normally alternatives will likely be available for similar use by others.”).

184 *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952).

185 See *Clicks Billiards Inc. v. Sixshooters Inc.*, 251 F.3d 1252, 1260 (9th Cir. 2001) (“Nor has this circuit adopted the ‘aesthetic

functionality' theory, that is, the notion that a purely aesthetic feature can be functional."); *Univ. of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711, 719 (W.D. Pa. 1983) (citing *Pagliari* and *Job's Daughters* with approval).

186 916 F.2d 76, 80 (2d Cir. 1990).

187 *Id.* ("By allowing the copying of an exact design without any evidence of market foreclosure, the *Pagliari* test discourages both originators and later competitors from developing pleasing designs." (citing *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 824-25 (3d Cir. 1981))).

188 See *Bone*, *supra* note 19 (citing criticism of courts that protect trade dress when there is no risk of consumer harm).

189 *In re Trade-mark Cases*, 100 U.S. 82, 94 (1879) ("The ordinary trade-mark has no necessary relation to invention or discovery.").

190 *Wallace Int'l Silversmiths*, 916 F.2d at 81-82.

191 *Id.* See also *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995) ("[J]ust as copyright law does not protect ideas but only their concrete expression, neither does trade dress law protect an idea, a concept, or a generalized type of appearance.").

192 *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1247 (6th Cir. 1991) (citing *LeSportsac, Inc. v. K-Mart Corp.*, 754 F.2d 71, 77 (2d Cir. 1985)).

193 *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769, 775 (9th Cir. 1981) (quoting *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980)).

194 *Bos. Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1013 (5th Cir. 1975). This Court also determined that use of the mark on the patch itself--apparently covering the entire patch--was a use in connection with the goods because the good itself was the patch even though the court later stated that the reason customers purchased the patch was because of the trademark. *Id.* at 1011, 1013.

195 *Id.* at 1013. Numerous other circuits have rejected the *Pagliari* standard. See, e.g., *Villeroy & Boch Keramische Werke K.G. v. THC Sys., Inc.*, 999 F.2d 619, 620-21 (2d Cir. 1993); *Am. Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136, 1143 (3d Cir. 1986); *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 428 (5th Cir. 1984).

196 *Bos. Prof'l Hockey Ass'n*, 510 F.2d at 1013.

197 *Cf. Eco Mfg. LLC v. Honeywell Int'l Inc.*, 357 F.3d 649, 654 (7th Cir. 2003) (discussing how a definition of aesthetic functionality that includes "consumers prefer[ing] its look...would destroy protection for trade dress [because i]t would always be possible to show that some consumers like the item's appearance; then the corner jewelry store could emulate the distinctive Tiffany blue box, which would lose its ability to identify origin").

198 See *Deborah J. Krieger, Note, The Broad Sweep of Aesthetic Functionality: A Threat to Trademark Protection of Aesthetic Product Features*, 51 *Fordham L. Rev.* 345, 378 (1982) ("A functionality analysis under this approach requires an examination as to what motivates consumers to buy a particular product, and thus involves rather difficult determinations regarding consumers' taste and personal preference. Consequently, a court may be required to make subjective judgments as to artistic merit, taste and aesthetic appeal.").

199 See *id.* (calling this task "inherently impractical").

200 633 F.2d 912, 918 (9th Cir. 1980).

201 *Id.* at 914.

202 *Id.* at 920.

203 *Id.* at 917.

204 *Id.* at 918.

205 *Id.*

206 See *Job's Daughters*, 633 F.2d at 918 (noting that, “the name ‘Job’s Daughters’ and the Job’s Daughters insignia are indisputably used to identify the organization, and members of Job’s Daughters wear the jewelry to identify themselves as members. In that context, the insignia are trademarks of Job’s Daughters.”).

207 *Id.* The Court stated: “A trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the trademark owner’s goods.” *Id.* at 919. The court distinguished *Boston Hockey* as “an extraordinary extension of the protection heretofore afforded to trademark owners.” *Id.*

208 See Mark A. Kahn, *May the Best Merchandise Win: The Law of Non-Trademark Uses of Sports Logos*, 14 *Marq. Sports L. Rev.* 283, 303, 309 (2004) (criticizing *Boston Hockey* because, “the counterfeit logo is not being used to provide consumers with assurance as to the quality of the underlying products[, and] ... trademark owners can set prices much higher without affecting demand significantly because rabid fans of a given team will still want the merchandise featuring the team logo”).

209 *Job's Daughters*, 633 F.2d at 919. In *Bd. of Governors of the Univ. of N.C. v. Helpingstine*, 714 F. Supp. 167, 173 (M.D.N.C. 1989), the court followed *Job's Daughters* and reasoned that:

[T]he court is skeptical that those individuals who purchase unlicensed tee-shirts bearing UNC-CH’s marks care one way or the other whether the University sponsors or endorses such products or whether the products are officially licensed. Instead...it is equally likely that individuals buy the shirts to show their support for the University.

This case appears to recognize that the issues with merchandising can be addressed by relying on the likelihood of confusion test. However, this is an intensely factual question. A broad use of defensive aesthetic functionality could eliminate merchandising rights and avoid this factual question. Judge Posner writing for the majority in *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 340 (7th Cir. 1985), rejected *Job's Daughters*, noting:

[I]t would be unreasonable to deny trademark protection to a manufacturer who had the good fortune to have created a trade name, symbol, or design that became valued by the consuming public for its intrinsic pleasingness as well as for the information it conveyed about who had made the product, unless the feature in question had become generic, and therefore costly to engineer around

210 *Vuitton et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769, 774-75 (9th Cir. 1981).

211 *Id.* at 772.

212 *Id.* at 773.

213 *Id.*

214 Id. at 774. The court noted that understanding the subjective motivations of a consumer and attempting to determine what “factors...make up the appeal of products such as luggage and handbags” is difficult. Id.

215 Id. at 774-75 (internal citations omitted).

216 Vuitton, 644 F.2d at 776.

217 See id. (quoting *Smith v. Chanel, Inc.*, 402 F.2d 562, 566 (9th Cir. 1968)).

218 *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1064 (9th Cir. 2006).

219 Id.

220 Id. at 1066.

221 Id. at 1067-72.

222 Id. at 1069, 1072.

223 Id. at 1073 (quoting *Vuitton et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769, 773 (9th Cir. 1981)).

224 *Au-Tomotive Gold*, 457 F.3d at 1073 (quoting 653 F.2d 822, 825 (3d Cir. 1981)). See also Peter E. Mims, Note, *Promotional Goods and the Functionality Doctrine: An Economic Model of Trademarks*, 63 *Tex. L. Rev.* 639, 662 (1984) (“Variety in trade dress lowers consumer search costs by making particular goods stand out in the marketplace. A doctrine that discourages variety thus raises search costs and undercuts the effectiveness of trademarks.” (footnote omitted)).

225 *Au-Tomotive Gold*, 457 F.3d at 1073. Notably, the Third Circuit stated that, there is “nothing inconsistent between a finding that a distinctive design has become sufficiently identified with its original producer to serve as an indication of its source and a finding that the design is nonetheless not insignificantly related to its utilitarian function.” *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 827 (3d Cir. 1981).

226 One commentator notes that Judge Easterbrook followed this approach in *Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855 (7th Cir. 2010), by finding aesthetic functionality applied even though a mark had achieved incontestable status. See Charles E. Colman, *A Red-Leather Year for Aesthetic Functionality*, *Landslide*, Nov.-Dec. 2011, at 26, 28. In their *Amicus Curiae* brief in *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, the Law Professors argued: “The Supreme Court...repeatedly stated that functional features are not protectable regardless of secondary meaning, and it has never differentiated between utilitarian and aesthetic functionality in those statements, even when it addressed the evidentiary role played by an expired utility patent in proving utilitarian functionality....” Brief of Law Professors as *Amicus Curiae* Supporting Defendants-Counter-Claimants-Appellees and Urging Affirmance at 8, *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012) (No. 11-3303-CV), 2012 WL 59424.

227 McKenna, *supra* note 79, at 856 (emphasis in original). Professor McKenna believes that “what prevented the court from appreciating the differences in context was its sense of what follows from a functionality finding: functional features do not enjoy trademark protection--at all.” Id. at 856-57.

228 Au-Tomotive Gold, 457 F.3d at 1073.

229 Id. at 1074.

230 Id. (citations omitted). In the context of university merchandise, the Fifth Circuit followed Au-Tomotive Gold’s reasoning and its precedent, *Boston Hockey*, to reject the aesthetic functionality defense and stated that even if it existed in that jurisdiction it would not apply because the demand was tied to the mark itself. See *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 488 (5th Cir. 2008).

231 Au-Tomotive Gold, 457 F.3d at 1074.

232 Id. at 1064.

233 Id. See also *Eco Mfg. LLC v. Honeywell Int’l Inc.*, 357 F.3d 649, 654 (7th Cir. 2003) (rejecting a standard based on whether the asserted trade dress is pleasing in appearance to some consumers).

234 See *Mims*, supra note 224, at 665 (“Courts should always allow junior users to sell promotional goods similar to promotional goods that the trademark owner is already selling. If the junior user cannot sell these goods, the trademark owner will have a monopoly on a product that consumers desire....If other producers were allowed to copy the goods, the price would fall and output would increase; consumers would benefit accordingly.” (footnote omitted)).

235 See *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 640 (6th Cir. 2002) (“[C]opying preserves competition, which keeps downward pressure on prices and encourages innovation.”).

236 See *Mims*, supra note 224, at 665 (“Allowing numerous producers to produce similar jerseys displaying the equipment manufacturer’s trademark actually increases the prevalence of the mark in the marketplace and thus benefits the manufacturer.”).

237 See *Gateway, Inc. v. Companion Prods., Inc.*, Civ. 01-4096-KES, 2003 U.S. Dist. LEXIS 21461, at **29, **55 (D.S.D. 2003) (cautioning against the using trade dress to protect a type of product).

238 See Anna F. Kingsbury, *Market Definition in Intellectual Property Law: Should Intellectual Property Courts Use an Antitrust Approach to Market Definition?*, 8 Marq. Intell. Prop. L. Rev. 63, 70 (2004) (“This Article argues that antitrust market definition could be usefully imported into [the functionality] area of trademark law.”).

239 Cf. *Chi. Bears Football Club, Inc. v. 12th Man/Tenn. LLC*, 83 U.S.P.Q.2d 1073, 1084 (T.T.A.B. 2007) (“We cannot conclude that applicant has any right to register its mark simply because it attempts to market its goods to a fan who wants ‘to communicate his allegiance and support of his team.’ The trademark owner has a right to market its promotional items to those fans and to prevent others from marketing promotional items to the same fans by using a confusingly similar mark.”).

240 *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1077-78 (9th Cir. 2006).

241 For additional discussion of Au-Tomotive Gold, see Andrew F. Halaby, “The Trickiest Problem with Functionality” Revisited: A New Datum Prompts a Thought Experiment, 63 N.Y.U. Ann. Surv. Am. L. 151 (2007).

242 615 F.3d 855, 861 (7th Cir. 2010).

243 Id. at 856.

244 Id. at 860-61.

245 Id. at 860.

246 Id. at 861.

247 Id. at 857, 60.

248 Jay Franco, 615 F.3d at 857, 60.

249 Id. at 861.

250 Id.

251 Id.

252 Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 207 (2000).

253 15 U.S.C. §1125(a)(3) (2006) (“In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”).

254 See Annette Kur, Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality, in Max Planck Institute for Intellectual Property and Competition Law Research Paper Series 1, 1-2 (2009) (discussing European trademark version of aesthetic functionality).

255 Id.

256 McCarthy, supra note 88, §6:18. Moreover, trade dress and design patent protection may overlap. Fuji Kogyo Co. v. Pac. Bay Int’l, Inc., 461 F.3d 675, 683 (6th Cir. 2006) (“The existence of design patent does not preclude the same product from protection as a trademark under the Lanham Act either simultaneously or successively.”).

257 Feist Publ’ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991) (“To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice.”).

258 McCarthy, supra note 88, §10:42.

259 Id. Advertising featuring the Marlboro Man and a western theme is an example of a character that received trademark protection. Philip Morris Inc. v. Star Tobacco Corp., 879 F. Supp. 379, 383 (S.D.N.Y. 1995).

260 Trademark Manual, supra note 61, §1202.08.

261 37 C.F.R. §202.1(a) (2012) (stating that slogans cannot be registered and are not subject to copyright protection); Trademark Manual, supra note 61, §1213.05(b) (“A registrable slogan is one that is used in a trademark sense.”).

262 Beckerman-Rodau, supra note 86, at 35, 73, 84-87.

263 Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 159 (1995) (holding that color alone can be protected by trademark law); In re Clarke, 17 U.S.P.Q.2d 1238, 1239 (T.T.A.B. 1990) (holding that fragrance functions as a trademark); In re Gen. Elec. Broad. Co., 199 U.S.P.Q. 560, 562-64 (T.T.A.B. 1978) (Lefkowitz, J.) (holding that sound can function as a trademark).

264 Gilson & LaLonde, supra note 49, at 803.

265 Id.

266 See Hansen Beverage Co. v. Nat’l Beverage Corp., No. CV 06-5470 ER., 2006 WL 4606300, at *1 (C.D. Cal. Oct. 5, 2006) (noting that Monster’s trade dress is entitled to some protection); MONSTER ENERGY CAN ART, Registration No. VA0001727577 (filed on Oct. 2, 2010) (copyright); STARBUCKS COFFEE SIREN LOGO, Registration No. VA0000875932 (filed on Mar. 9, 1998) (copyright); STARBUCKS COFFE, Registration No. 3,907,157 (trademark). See also Yurman Design, Inc. v. Golden Treasure Imps., Inc., 275 F. Supp. 2d 506, 513, 516 (S.D.N.Y. 2003) (recognizing copyright and trade dress claims in jewelry design).

267 Bell, supra note 80, at 417 (emphasis added).

268 U.S. Const., art. I, §8, cl. 8.

269 See John Grady & Steve McKelvey, Trademark Protection of School Colors: Smack Apparel and Sink Decisions Trigger Color-Ful Legal Debate for the Collegiate Licensing Industry, 18 J. Legal Aspects Sport 207, 211 (2008) (“Unlike copyright and patent laws designed to provide an economic incentive for creativity and invention, trademark law is not intended to convey a property interest for the mark-holder; it is instead premised on pro-competitive goals.”).

270 Compare 35 U.S.C. §154(a)(2) (2006) (“[S]uch grant shall be for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States...”), with 17 U.S.C. §302(a) (2006) (“Copyright in a work created on or after January 1, 1978, subsists from its creation and...endures for a term consisting of the life of the author and 70 years after the author’s death.”).

271 Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984) (“[Copyright and patent law are] intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.”).

272 Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 148-50 (1989) (discussing patentability requirements).

273 35 U.S.C. §131.

274 17 U.S.C. §102(a). See also Feist Publ’ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991) (explaining the creativity requirement).

275 17 U.S.C. §102(b). See also Baker v. Selden, 101 U.S. 99, 104 (1879) (allowing protection for the expression (a book) but not the idea (an accounting system) that was at issue).

- 276 17 U.S.C. §102(b); Baker, 101 U.S. at 104.
- 277 Mayo Collaborative Servs. v. Prometheus Labs., Inc., 132 S. Ct. 1289, 1293 (2012) (holding abstract ideas and natural phenomena are not patent eligible subject matter).
- 278 See Katherine J. Strandburg, Patent Fair Use 2.0, 1 U.C. Irvine L. Rev. 265, 266 (2011) (calling copyright law's fair use exception a "robust judicial policy lever").
- 279 17 U.S.C. §107.
- 280 Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 591 (1994) ("[W]hen, on the contrary, the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred.").
- 281 See Merck KGaA v. Integra Lifesciences I, Ltd., 545 U.S. 193, 202 (2005) ("[W]e think it apparent from the statutory text that §271(e)(1)'s exemption from infringement extends to all uses of patented inventions that are reasonably related to the development and submission of any information under the FDCA. This necessarily includes preclinical studies of patented compounds that are appropriate for submission to the FDA in the regulatory process." (internal citation omitted)). See also *Madey v. Duke Univ.*, 307 F.3d 1351, 1355 (Fed. Cir. 2002).
- 282 See *Eldred v. Ashcroft*, 537 U.S. 186, 219-20 (2003) (discussing the fair use defense as a traditional First Amendment safeguard).
- 283 See Dan L. Burk, *Patenting Speech*, 79 Tex. L. Rev. 99, 137 (2000) (discussing the different levels of concern copyright and patent laws have with the First Amendment).
- 284 *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 849 n.10 (1982).
- 285 See 17 U.S.C. §101 ("A 'derivative work' is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted.").
- 286 Theodore H. Davis, Jr., *Copying in the Shadow of the Constitution: The Rational Limits of Trade Dress Protection*, 80 Minn. L. Rev. 595, 596-97 (1996) ("Feist merely reaffirmed the Court's prior holdings in cases involving product configurations that the Intellectual Property Clause creates and defines a public domain that trumps all federal intellectual property legislation...[T]he boundaries of the right to copy set by this constitutional public domain extend in the trade dress context to the purely functional aspects of plaintiffs' designs."). But see *Golan v. Holder*, 132 S. Ct. 873, 891 (2012) (stating that "the text of the Copyright clause and the historical record scarcely establish that 'once a work enters the public domain,' Congress cannot permit anyone--'not even the creator--[to] copyright it[,] and nothing...warrants exceptional First Amendment solicitude for copyrighted works that were once in the public domain" (internal citation omitted)).
- 287 McGeveran, *supra* note 9, at 61-64 (discussing how the lack of clarity has a chilling effect).
- 288 Cf. Rebecca Tushnet, *Trademark Law as Commercial Speech Regulation*, 58 S.C. L. Rev. 737, 744 (2007) ("Currently, however, with the exception of nominative fair use, [descriptive fair use, comparative advertising and likelihood of confusion] exist to balance consumer protection with free competition rather than to implement First Amendment norms.").
- 289 See *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 677 (2005) (holding that there was no infringement because the defendant's website, which was linked to a discussion group, was non-commercial).

290 See *Int'l Stamp Art, Inc. v. U.S. Postal Serv.*, 456 F.3d 1270, 1274-77 (11th Cir. 2006) (applying traditional fair use defense); *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 307-09 (9th Cir. 1992) (applying nominative fair use).

291 *Int'l Stamp Art*, 456 F.3d at 1274.

292 See, e.g., *Lorillard Tobacco Co. v. S & M Brands, Inc.*, 616 F. Supp. 2d 581, 588-89 (E.D. Va. 2009) (declining to adopt nominative fair use analysis).

293 15 U.S.C. §1125(c)(3)(A)-(C) (2006).

294 *Id.* §1125(c)(3)(A)(i)-(ii).

295 *Id.* §1125(c)(3)(A).

296 See *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1172 (9th Cir. 2011) (holding that 15 U.S.C. §1125(c) does not require plaintiffs to show that a defendant's mark is "nearly identical" or "substantially similar" in order to get relief).

297 *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

298 *E.S.S. Entm't 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099-1101 (9th Cir. 2008) (applying *Rogers*); *Parks v. LaFace Records*, 329 F.3d 437, 448-59 (6th Cir. 2003) (applying *Rogers*); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 901-02 (9th Cir. 2002) (applying *Rogers*).

299 836 F.2d 397, 402-03 (8th Cir. 1987).

300 *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997) (including free expression in a likelihood of confusion test); *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 970 (10th Cir. 1996) (applying likelihood of confusion test).

301 *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003).

302 *Id.* at 27-29.

303 *Id.* at 27.

304 *Id.* at 31-32.

305 *Id.* at 35-36.

306 The court explained that a "communicative product" is "one that is valued not primarily for its physical qualities, such as a hammer, but for the intellectual content that it conveys, such as a book or, as here, a video." *Id.* at 33.

307 *Dastar*, 539 U.S. at 33-34 (internal citations omitted).

308 See *Huebbe v. Okla. Casting Co.*, No. CIV-06-306-D, 2009 WL 3245404, at *9 (W.D. Okla. Sept. 30, 2009) (“Unlike the plaintiff in *Dastar*, Plaintiff in this case does not appear to seek §43(a) protection for this ideas; he directs his claim at the goods manufactured and sold by Defendants.”); *Bach v. Forever Living Prods. U.S., Inc.*, 473 F. Supp. 2d 1110, 1118 (W.D. Wash. 2007) (“This is not a case like *Dastar* or *Shaw* where the plaintiffs were attempting to use trademark law to prosecute plagiarism of their creative work.”).

309 *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115, 1123 (9th Cir. 2011), withdrawn and superseded by *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958 (9th Cir. 2011).

310 *Id.* at 1122-25.

311 *Id.* at 1124.

312 *Id.* at 1122-24.

313 *Id.* at 1124 (quoting *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 307-09 (9th Cir. 1992)).

314 *Id.* at 1124-25.

315 *A.V.E.L.A.*, 636 F.3d at 1124.

316 *Id.*

317 See *Anne Gilson LaLonde, Ninth Circuit Misunderstands Aesthetic Functionality and Dastar, to the Detriment of Trademark Owners*, 2011 Emerging Issues 5681, 1 (2011) (“The Court also misunderstood the Supreme Court’s holding in the *Dastar* case; it interpreted *Dastar* to mean that when a copyright runs out on an image that indicates source, that image automatically enters the public domain without protection from trademark law.”).

318 *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958 (9th Cir. 2011). Notably, several commentators, including the esteemed Anthony Fletcher, are concerned that the court failed to outright reject the aesthetic functionality doctrine. See Fletcher, *supra* note 160, at 1690 (“Because the doctrine, such as it is, offers the only defense to counterfeiting and to certain kinds of trademark infringement that can muster any intellectual support whatever, it seems likely to rise again.”); Nancy Clare Morgan, *Aesthetic Appeal*, 34 *L.A. Law.* 34, 38 (2012) (“Should the reasoning of *Fleischer I* make its way into another opinion, it could jeopardize the continued protection of characters and other popular trademarks and otherwise turn the licensing business on its head. The doctrine of aesthetic functionality likely will be invoked more frequently in the future, because defendants will hope to give the Ninth Circuit another chance to apply it again.”).

319 *Edgar Rice Burroughs is the owner of the trademark and copyright in John Carter of Mars and Tarzan. See Brief for Edgar Rice Burroughs, Inc. as Amicus Curiae Supporting Appellant Fleischer Studios, Inc.’s Petition for Panel Rehearing or, in the Alternative Rehearing En Banc, Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115 (9th Cir. 2011) (No. 09-56317), 2011 WL 3281850. See, e.g., *id.* at 8 (“Merchandising of entertainment properties is a major component of the financial viability of the entire [entertainment] industry: licensing of *Tarzan* represents a significant part of *Burroughs’* operations, and the same is undoubtedly true for other owners of character trademarks. Any ruling that ignores these realities, in addition to being legally unsupportable, could have a calamitous effect on operations of such businesses.”); See also *Brief for Motion Picture Ass’n of Am., Inc. as Amicus Curiae Supporting Plaintiff-Appellant’s Petition for Panel Rehearing or, in the Alternative, Rehearing En Banc at 4, Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115 (9th Cir. 2011) (No. 09-56317), 2011 WL 3281853 (“The majority’s ruling is an unprecedented expansion of the theory of ‘aesthetic functionality’ and threatens to subvert settled law and merchandising practices in the entertainment industry.”).

- 320 Brief for Int'l Trademark Ass'n as Amicus Curiae Supporting Rehearing or Rehearing En Banc at 1-2, *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115 (9th Cir. 2011) (No. 09-56317), 2011 WL 3281851.
- 321 Notably, on remand, the district court found that the use of the word mark "Betty Boop" was aesthetically functional under the *Au-tomotive Gold* and *Job's Daughter's* standards. See *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 2012 WL 5969649, at *1755-56 (C.D. Cal. November 14, 2012). The district court reasoned that:
These same considerations show that Defendants' use of the Betty Boop word mark is aesthetically functional within the parlance of *Au-Tomotive Gold*. The Court assumes that Defendants' use of the word mark Betty Boop is not functional in the utilitarian sense because Defendants' goods would still function the same way without those words: their t-shirts would still be wearable, and their dolls would still be toys were they stripped of the words "Betty Boop."
The Court therefore turns to whether the mark is nevertheless aesthetically functional. Because, as noted above, Defendants' use of the mark is a decorative feature of their merchandise and is not source-identifying, "protection of the feature as a trademark would impose a significant non-reputation-related competitive disadvantage" on Defendants. Were Defendants to market their goods bearing the image of Betty Boop or Betty Boop movie posters without the words Betty Boop to identify the character, that would make their products less marketable than the same product that included the BETTY BOOP name. This is because the words Betty Boop serve to name the famous character depicted on those goods and are part and parcel of the movie posters printed on Defendants' merchandise....Removing the words BETTY BOOP from these items would render the textual aspect of the poster reproductions incomplete and the remaining words would be nonsensical. It would be obvious to the average consumer that such merchandise would be missing something....[B]arring Defendants from using those words would "impose a significant non-reputation-related competitive disadvantage."
For the foregoing reasons, there is no triable issue of fact as to whether Defendants' use is a trademark use; instead, as a matter of law, Defendants' use of the Betty Boop mark is an aesthetically functional use, and not a source-identifying trademark use; such uses are not infringing. *Id.*
- 322 *Mary LaFrance, Mary LaFrance on the Ninth Circuit's Revised Opinion on Character Merchandising: Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 2011 U.S. App. LEXIS 17220 (August 19, 2011), 2011 Emerging Issues 5898, 5-6 (2011).
- 323 Notably, the legislative history concerning section 301 of the Copyright Act, relating to preemption, states: "Section 301 is not intended to preempt common law protection in cases involving activities such as false labeling, fraudulent representation, and passing off even where the subject matter involved comes within the scope of the copyright statute." H.R. Rep. No. 94-1476, at 132 (1976).
- 324 See *Tristar Pictures, Inc. v. Del Taco, Inc.*, No. CV 99-07655DDPEX, 1999 WL 33260839, *3 (C.D. Cal. Aug. 31, 1999) ("While a particular item might implicate both trademark and copyright issues, the two doctrines address and protect different aspects of that item. Trademark addresses and protects the item's ability to identify its origin. Copyright protects the maker's original creative expression included in the item."); *Frederick Warne & Co. v. Book Sales Inc.*, 481 F. Supp. 1191, 1196 (S.D.N.Y. 1979) ("The fact that a copyrightable character or design has fallen into the public domain should not preclude protection under the trademark laws so long as it is shown to have acquired independent trademark significance, identifying in some way the source or sponsorship of the goods.").
- 325 Cf. *Bone*, supra note 19, at 2182-83 (proposing use of disclaimers as the only remedy in merchandising cases); Mark P. McKenna, *Back to the Future: Rediscovering Equitable Discretion in Trademark Cases*, 14 *Lewis & Clark L. Rev.* 537, 551 (2010) ("Courts could simply forbid unlicensed sellers from saying their goods are 'official' or 'licensed,' or from using any kind of certification mark.").
- 326 See *Jeremy N. Sheff, Veblen Brands*, 96 *Minn. L. Rev.* 769, 773-76 (2012) (proposing the abolishment of post-sale confusion because the three theories of injury underling it are flawed).
- 327 There is an important distinction between what can be a trademark because it may serve as one and prohibiting something that is a trademark from obtaining legal protection as a trademark because of concerns with preserving competition. This point appears to be ignored by some. See, e.g., Brief for *Edgar Rice Burroughs, Inc. as Amicus Curiae Supporting Appellant Fleischer Studios, Inc.'s Petition for Panel Rehearing or, in the Alternative Rehearing En Banc, Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115 (9th Cir. 2011) (No. 09-56317), 2011 WL 3281850 ("Initially, the application of any notion of 'aesthetic functionality' to

ignore the role of a character's image in indicating the origin of a product makes no sense. The mere fact that an image is aesthetically pleasing does not negate its source identifying role or answer the question of whether such indication of origin should be legally disregarded; indeed, the presence of virtually any such image on a t-shirt has in fact and judicially been recognized to have that effect. If that appearance of character is associated in the mind of a consumer as indicating source or origin, then it is a trademark and represents not only the character itself but also the 'commercial signature' of its manufacturer or licensor." (internal citations omitted)). One commentator argues that there are other harms associated with the initial A.V.E.L.A. decision: "If aesthetic functionality becomes an accepted defense to infringement, there would be little incentive to build a successful brand around an appealing image. The decision also invites the possibility of increased counterfeiting and upsets settled expectations among many industries and consumers alike." Deborah S. Cohn, *Mere Ornamentation and Aesthetic Functionality: Causing Confusion in the Betty Boop Case?*, 101 *Trademark Rep.* 1218, 1222 (2011). The first point ignores the existence of copyright protection for many appealing images. The second point ignores the fact that counterfeiting is determined by the law--if competitors can utilize the images under the law after the copyright expires, then there is no counterfeiting.

328 228 F.3d 56, 64 (2d Cir. 2000).

329 *Id.*

330 *Id.* at 62-64.

331 *Fleischer Studios, Inc. v. A.V.E.L.A. Inc.*, 636 F.3d 1115, 1124 (9th Cir. 2011), withdrawn and superseded by *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958 (9th Cir. 2011).

332 See *EMI*, 228 F.3d at 64 ("Concluding that a song can serve as an identifying mark of the song itself would stretch the definition of trademark-- and the protection afforded under §43(a)--too far and give trademark law a role in protecting the very essence of the song, an unwarranted extension into an area already protected by copyright law."). Notably, the Second Circuit did not address First Amendment issues because the record was not well developed. *Id.* at 68.

333 This is distinguishable from defensive aesthetic functionality because it focuses on the alleged mark holder's asserted trademark.

334 The Fourth Circuit apparently rejected a "defensive" utilitarian functionality analysis in a case involving the alleged infringement of trademarks used in Google's AdWords program. See *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 162 (4th Cir. 2012) ("The functionality doctrine simply does not apply in these circumstances. The functionality analysis below was focused on whether Rosetta Stone's mark made Google's product more useful, neglecting to consider whether the mark was functional as Rosetta Stone used it.").

335 "Merchandising cases involve the use of brands not to identify the source or quality of goods, but instead as desirable products in and of themselves." McKenna, *supra* note 325, at 551. Cases recognizing a so-called "merchandising right" include: *Bos. Athletic Ass'n v. Sullivan*, 867 F.2d 22, 34 (1st Cir. 1989) ("Given the undisputed facts that (1) defendants intentionally referred to the Boston Marathon on its shirts, and (2) purchasers were likely to buy the shirts precisely because of that reference, we think it fair to presume that purchasers are likely to be confused about the shirt's source or sponsorship."); *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535 (11th Cir. 1985); *Univ. of Notre Dame du Lac v. J.C. Gourmet Food Imps. Co.*, 703 F.2d 1372 (Fed. Cir. 1983); *Univ. of Pittsburgh v. Champion Prods. Inc.*, 686 F.2d 1040 (3d Cir. 1982); *Bos. Prof'l Hockey Ass'n, Inc. v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1013 (5th Cir. 1975).

336 *Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 677 F. Supp. 2d 1238 (N.D. Ala. 2009), *aff'd in part, rev'd in part*, 683 F.3d 1266, 1283 (11th Cir. 2012).

337 *Id.* at 1244.

338 *Id.* at 1250-52. The court also relied upon artistic expression and fair use as defenses. *Id.* at 1250, 1252.

- 339 The court did state that, “[f]ootball uniform colors clearly perform a function. They help avoid confusion as to team members for the benefit of officials, opposing team members and spectators.” *Id.* at 1249.
- 340 Brief for Univ. of Ark. et al. as Amici Curiae Supporting Appellee/Cross-Appellant at 18, *Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 683 F.3d 1266 (11th Cir. 2012) (Nos. 09-16412, 10-10092), 2010 WL 6560459 (“The aesthetic functionality doctrine has not stood the test of time because it is bad public policy--it promotes confusion of consumers and allows one who would trade on the goodwill of another to be unjustly enriched-- concepts that are antithetical to the purposes of the trademark and unfair competition laws.”). The Amici’s views on trademark law are made clear by their statement concerning their view of the “Fundamental Principle of Trademark Law:...A bedrock principle of trademark law is an owner’s right to control the use of its marks.” *Id.* at 5. Owners of marks have no such right in gross. In fact, the fundamental principle of trademark law is that owners of marks do not have rights in gross in their marks--even dilution is limited by exemptions. See, e.g., Brief for Intellectual Prop. Law Professors as Amici Curiae Supporting Appellant/Cross-Appellee at 4 n.4, *Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 683 F.3d 1266 (11th Cir. 2012) (Nos. 09-16412, 10-10092) (“Notwithstanding their desire to control all uses of their marks, trademark owners have never had such plenary control. Setting aside dilution, which is not at issue here, mark owners are entitled only to control uses of a mark that are likely to confuse consumers about the source of another’s goods.”).
- 341 Daniel Moore, the artist in the University of Alabama case, noted that “licensing would limit his freedom to choose subjects and require approval of university officials as well as perhaps anyone whose likeness he used, including referees.” Daniel Grant, *Free Speech vs. Infringement in Suit on Alabama Artwork*, N.Y. Times, Jan. 30, 2012. Moreover, a potential anticommons issue lurks in the background if artists have to obtain trademark clearances for their work or face possible suit. Mr. Moore noted that his legal fees have reached the hundreds of thousands of dollars, and the dispute has been ongoing for over seven years. *Id.* There are likely few new artists, or those who generate a relatively small income, who can afford litigation.
- 342 *Univ. of Ala. Bd. of Tr.*, 677 F. Supp. 2d at 1250 (“This court sees a total distinction between cases involving fine artistic creations and cases involving cards, T-shirts, cups, mugs, posters, mini prints, calendars, etc. This court’s opinion approves only paintings and prints treated as art without the use of any symbols, logos, etc. of the University of Alabama depicted thereon.” (internal footnote omitted)).
- 343 The Eleventh Circuit affirmed in part, reversed in part, and remanded the district court’s decision. *Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 683 F.3d 1266, 1283 (11th Cir. 2012). The Eleventh Circuit split its analysis between the artist’s paintings, calendars and prints, on one hand, and other merchandise including mugs, on the other hand. *Id.* at 1272, 1279. The Eleventh Circuit also determined that factual issues remained concerning the other merchandise and remanded on that issue. *Id.* at 1280-82.
- 344 This viewpoint was criticized by the Amici American Society of Media Photographers and Alabama Press Association: While the district court properly determined that Moore’s paintings were constitutionally protected against suppression by Appellee’s trademark claims, it stopped too short when it determined that the First Amendment did not extend its protection to calendars with Moore’s artwork or other items depicting his artwork that the district court characterized as “mundane.” The district court apparently reasoned that when artwork is produced on an object that also has another, mundane purpose, the First Amendment no longer protects it.... Calendars, small prints and other articles bearing Moore’s art have “expressive elements.” ...A trip to almost any art museum will reveal the artistic images appearing on crockery, chalices, vases, or other vessels....Coffee mugs bearing Moore’s artistic renderings of Alabama football are no different than these pieces of art from earlier ages. Brief for Am. Soc’y of Media Photographers, Inc. & Ala. Press Ass’n as Amici Curiae Supporting Defendants-Appellants/Cross Appellees at 20-22, 683 F.3d 1266 (11th Cir. 2011) (Nos. 09-16412, 10-10092).
- 345 Bone, *supra* note 19, at 2155.
- 346 *Id.* Professor Bone argues that a concern with enforcement costs may justify the courts’ focus on likelihood of confusion instead of actual trademark harm because enforcement costs in determining trademark harm may be very high in sponsorship and association confusion cases. *Id.*
- 347 *Id.* at 2154 (internal footnotes omitted).

348 See also Mark A. Lemley & Mark McKenna, Irrelevant Confusion, 62 Stan. L. Rev. 413 (2010).

349 Notably, these toys or adult-oriented vehicles could have elements protected by copyright law. To the extent that these elements are protected by copyright law, the aesthetic functionality doctrine could also prevent their protection as trade dress after copyright protection has expired as discussed supra Part IV.a.

350 Gen. Motors Corp. v. Lanard Toys, Inc., 468 F.3d 405, 410 (6th Cir. 2006).

351 Id. at 417.

352 Id.

353 Id.

354 Antioch Co. v. W. Trimming Corp., 347 F.3d 150, 159 (6th Cir. 2003).

355 Professor McKenna proposes that “[c]ourts could...find[] a feature aesthetically functional whenever the defendant uses a feature primarily for its non-source-related function, even if that feature also indicates source.” McKenna, supra note 79, at 858.

356 Courts generally do not engage in market definition analysis in addressing functionality and tend to characterize the product market broadly thus enabling more trademark protection. Bone, supra note 19, at 2177-81. Professor Bone argues that this is because of the high costs of determining the market using similar approaches to antitrust cases. Id. at 2178.

357 Bell, supra note 80, at 391-92.

358 Id. at 393 (citing Hartford House Ltd. v. Hallmark Cards Inc., 647 F. Supp. 1533, 1544 (D. Colo. 1986), aff’d, 846 F.2d 1268 (10th Cir. 1988)).

359 Id. at 394.

360 Id. at 394-95.

361 Id. at 395.

362 Hartford House, 647 F. Supp. at 1541.

363 Bell, supra note 80, at 395. The importance of defining the product market and who gets to define it is critical to a functionality analysis. See Brief for Law Professors as Amici Curiae Supporting Defendants-Counter-Claimants-Appellees at 14, Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., 696 F.3d 206 (2d Cir. 2012) (No. 11-3303-CV), 2012 WL 59424 (“In one way, [the Louboutin case raises] a question about who gets to define the relevant aim of the product at issue.”).

364 Bell, supra note 80, at 397. As discussed in the prior section, aesthetic functionality could be used to police the boundaries of copyright and trademark and may provide relief in this instance.

365 369 F.3d 1197, 1203 n.7 (11th Cir. 2004).

366 Id. at 1203-06.

367 Id. at 1206.

368 Id. at 1203 n.7 (internal citations omitted).

369 Id. at 1206.

370 Id. at 1207.

371 Dippin' Dots, 369 F.3d at 1203 n.7.

372 See id. ("Likewise, the color, shape, and size of dippin' dots are 'aesthetic functions' that easily satisfy the competitive necessity test because precluding competitors like FBD from copying any of these aspects of dippin' dots would eliminate all competitors in the flash-frozen ice cream market, which would be the ultimate non-reputation-related disadvantage.").

373 Id. (quoting 3 Louis Altman & Malla Pollack, Callmann on Unfair Competition, Trademarks & Monopolies §19:7 (4th ed. 2003)).

374 See McKenna, supra note 79, at 831-32 ("[The Dippin' Dots court's analysis] only begs the question: how do we know that the market for flash-frozen ice cream is a discrete one, distinct from the market for other types of ice cream?...The opinion offers no methodology for defining relevant markets generally.").

375 Dan L. Burk & Mark A. Lemley, Policy Levers in Patent Law, 89 Va. L. Rev. 1575, 1581 (2003). For additional discussion of Professor Burk and Lemley's theory, see Dan L. Burk & Mark A. Lemley, The Patent Crisis and How the Courts Can Solve It (2009).

376 Policy Levers in Patent Law, supra note 375, at 1641-68.

377 Id. at 1648-58.

378 Id. at 1578-79.

379 778 F. Supp. 2d 445 (S.D.N.Y. 2011), aff'd in part, rev'd in part, 696 F.3d 206 (2d Cir. 2012).

380 Id. at 447-48. The shoes range in price "from \$395 for espadrilles to as much as \$6,000 for a 'super-platform' pump covered in crystals." *Louboutin v YSL: Lay Off My Red-Soled Shoes: Can a Colour be a Trademark?*, *The Economist* (Aug. 20, 2012), <http://www.economist.com/node/21526357/print>.

381 *Louboutin*, 778 F. Supp. 2d at 447-48.

382 Id. at 455. One commentator notes that the issue could have been framed in two ways: First, "can other companies fairly and effectively compete for prospective consumers without using red on the soles of their shoes?" Second, "can other companie[s]

compete without using red on the soles of their shoes as an accent color distinct from the color of the upper portion of the shoe?” Anne Gilson LaLonde, *Tripping on the Red Carpet? Color Trademarks and the Fashion Industry in Louboutin v. Yves Saint Laurent*, 2011 *Emerging Issues* 5994, 4 (2011). The court asked the first issue. *Id.*

383 Louboutin, 778 F. Supp. 2d at 454.

384 *Id.* at 453-55. Notably, the court’s analysis of the cost of the shoe is novel because it states that using the asserted trade dress raises the cost of the shoe which is desirable in the fashion industry and thus impacts competition negatively. See Katie M. Morton, “Sole” Searching: Christian Louboutin’s Fight Against Yves Saint Laurent--and the Aesthetic Functionality Doctrine--to Own the Color Red, 12 *Wake Forest J. Bus. & Intell. Prop. L.* 293, 309-10 (2012) (“If affirmed, the Second Circuit will step outside the majority rule set forth in case law on the subject, and find that a higher cost of production yields a functional, unprotectable mark because of its hindrance on fair competition. The current legal landscape is in favor of the opposite finding: a design is non-functional and thus protectable if it complicates and increases the cost of manufacture.”).

385 Louboutin, 778 F. Supp. 2d at 457. One commentator notes that district court “incorrectly cited the utilitarian functionality standard [and the] visual appeal of the bright red sole is not utilitarian.” LaLonde, *supra* note 382, at 3.

386 Louboutin, 778 F.Supp.2d at 454-55.

387 The Second Circuit affirmed in part and reversed in part the district court’s opinion. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206, 229(2nd Cir. 2012). Specifically, the Second Circuit refused to follow the district court’s reasoning that there is a *per se* rule prohibiting trademark protection for color alone in the fashion industry because such a rule would conflict with the Supreme Court’s opinion in *Qualitex*. *Id.* at 223-24. And, even if *Qualitex* allowed the *per se* rule, an aesthetic functionality analysis that is “carefully applied” and focuses on “hindrances to legitimate competition” makes such a rule unnecessary. *Id.*

388 See Brief for Law Professors as Amicus Curiae Supporting Defendants-Counter-Claimants-Appellee at 9-10, *Christian Louboutin S.A. v. Yves Saint Laurent*, 696 F.3d 206 (2012), (No. 11-3303-CV), 2012 WL 59424 (“The District Court properly considered both the overall context of high fashion (field-specific context) and the particular situation where the color of YSL’s red outsole harmonizes with the remainder of the visible portions of the shoe and/or the designers entire clothing collection (use-specific context).”).

389 One commentator notes: “The fashion industry, like many artistic fields, is built upon borrowing. According to Ilse Metchek, president of the California Fashion Association, ‘[e]verything in fashion was done before.’ Fashion design is a form of visual art that is known for continuous borrowing form other time periods, designs, cultures, and trends.” Brandy G. Barrett, *Contrasting Levi v. Abercrombie with Louboutin v. Yves St. Laurent: Revealing Appropriate Trademark Boundaries in the Fashion World*, 13 *N.C. J.L. & Tech. (Online Edition)* 1, 20-21 (2011) (quoting L. J. Jackson, *The Genuine Article: Some Designers Say Their Work Deserves Copyright Protection; Others Say It Would Harm the Industry*, *A.B.A. J.* (July 1, 2011, 4:30 AM), http://www.abajournal.com/magazine/article/the_genuine_article/).

390 See *Galerie Furstenberg v. Coffaro*, 697 F. Supp. 1282, 1290 (S.D.N.Y. 1988); *Leigh v. Warner Bros., a Div. of Time Warner Entm’t Co.*, 10 F. Supp. 2d 1371, 1380 (S.D. Ga. 1998), *aff’d in part, rev’d on other grounds sub nom. Leigh v. Warner Bros., Inc.*, 212 F.3d 1210 (11th Cir. 2000) (“There has been a debate over the use of trademark law to protect the rights of artists in their visual style. The better rule appears to be that the protection an artist receives against infringement of his work arises under copyright law, not the Lanham Act.”).

391 *Hartford House Ltd. v. Hallmark Cards Inc.*, 647 F. Supp. 1533, 1540 (D. Colo. 1986), *aff’d*, 846 F.2d 1268 (10th Cir. 1988); *Romm Art Creations Ltd. v. Simcha Int’l, Inc.*, 786 F. Supp. 1126, 1141 (E.D.N.Y. 1992).