NOTE

THE AESTHETIC FUNCTIONALITY DOCTRINE AND THE LAW OF TRADE-DRess PROTECTION

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Introduction

As a general rule, under trade-dress law, product features can be protected from imitation in the market. This protection allows manufacturers to advertise their "brand names" through their products' designs without fear of competitors passing off imitation goods as originals. However, the courts have held that the "functional" features on a product can never be protected under trade-dress law.

1 The Supreme Court defines "trade dress" as "the total image of a product which may include features such as size, shape, color, or color combinations, textures, graphics, or even particular sales techniques." Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 764 n.1 (1992) (quoting John H. Harland Co. v. Clarke Checks, Inc., 711 F.2d 966, 980 (11th Cir. 1983)). Thus, in the strictest sense, the term "trade-dress law" refers to the protections reserved for the designs or features on a product or on its packaging, while "trademark law" refers to the protections granted for words or phrases. See Duraco Prods. v. Joy Plastic Enters., 40 F.3d 1431, 1438-42 (3d Cir. 1994) (clarifying the distinction between trade-dress and trademark law).

For purposes of this Note, however, the term "trademark" will be used to refer to the general class of perpetual protection allotted to both trademarks and trade dress. In addition, the terms "trade-dress" law and "trademark law," as used in this Note, will also cover the corresponding statutory and common-law forms of relief provided by the various states and American territories. See infra note 64.

2 See, e.g., Keds Corp. v. Renee Int'l Trading Corp., 888 F.2d 215, 221 (1st Cir. 1989) ("[A]bsent other factors, functional shapes are not subject to appropriation by manufacturers." (emphasis added to demonstrate that this is not a bright-line rule)). But see American Greetings Corp. v. Dan-Dee Imports, Inc., 807 F.2d 1136, 1141 (3d Cir. 1986) ("Nevertheless, if the functional feature or combination is also found to have acquired secondary meaning, the imitator may be required to take reasonable steps to minimize the risk of source confusion."). Fisher Stoves, Inc. v. All Nighter Stove Works, Inc., 626 F.2d 193, 195
The functionality limitation upon trade-dress protection is a judicial expression of two basic policy considerations. First, the functionality doctrine prevents suppliers of a product from monopolizing the indispensable features of the product. Thus, the original manufacturer cannot diminish supply-side competition over the market for the product by making it legally impossible to create different brands of that particular product. Second, the functionality bar prevents trade-dress law from permanently securing designs that are more properly guarded by transitory species of intellectual-property law, such as patents or copyrights. Thus, for example, in the early cases concerning functionality, courts held that manufacturers could not preclude competitors from copying such designs as the features on a clamp or the shape of a drill bit, because the monopolization of those designs would exclude competitors from the market for those kinds of clamps and drill bits respectively, and also because those features could be protected by patents.

Questions regarding functionality became increasingly difficult for courts to resolve as the focus of disputes turned from utilitarian designs to ornamental ones. More recently, for example, the courts have been confronted with the question of whether aesthetic characteristics such as china patterns, lamp designs, or totebag features are functional. The bench has offered no clear response, and consequently, this "aesthetic functionality" problem remains one of the most troublesome issues in trademark law.
A primary reason for the uncertainty in the case law stems from the simple fact that, despite its importance to trademark law, the functionality doctrine is one of the least understood concepts in intellectual property. Indeed, there is not even a workable definition for "functionality." Although the Supreme Court has held that a feature is functional if it is "essential to the use or purpose of the article or if it affects the cost or value of the article," this definition has not proven usable in practice. For most jurisdictions, it is not even possible to say with certainty whether any particular test or paradigm for functionality is favored.

The purpose of this Note is fourfold. First, this Note attempts to trace the conceptual lineages of the various progeny descended from the Court's definition of "functionality." Until now, commentators in this area have almost uniformly eschewed describing the mechanics behind the various tests for functionality in favor of addressing underlying theoretical concerns. Such discussions, however, seldom examine the practical dimensions of trade-dress law. Thus, before engaging the abstract, this Note surveys the entire corpus of federal appellate case law, explores the operation of functionality's various tests, and elicits the distinctions between them.

11 Courts and commentators alike have bemoaned the chaotic development of this doctrine. For particularly notable lamentations, see Ralph S. Brown, Design Protection: An Overview, 34 UCLA L. Rev. 1341, 1359-74 (1987) (surveying various approaches to functionality and bleakly noting that "[a] complete canvass [of the several competing views on the meaning of functionality] would take one through most of the circuit courts of appeal."); A. Samuel Oddi, The Functions of "Functionality" in Trademark Law, 22 Hous. L. Rev. 925, 951-63 (1985) (surveying the history of aesthetic functionality and concluding that "[f]rom the outset, 'aesthetic functionality' has proved to be a most controversial and ill-defined concept"); Beth F. Dumas, Note, The Functionality Doctrine in Trade Dress and Copyright Infringement Actions: A Call for Clarification, 12 HASTINGS COMM. & ENT. L.J. 471, 480-89 (1990) ("[T]he courts rarely set forth a clear, summary definition of functionality. Instead, the courts engage in discussions sprinkled with case law quotations and policy platitudes.").

12 See Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417, 422 (5th Cir.) ("Other circuits have provided differing definitions of functionality that have resulted in nonuniform application of the doctrine."); reh'g denied, 736 F.2d 1526 (5th Cir. 1984); Elizabeth A. Overcamp, The Qualitex Monster: The Color Trademark Disaster, 2 J. INTELL. PROP. L. 595, 600 (1995) ("All the circuits recognize the doctrine of utilitarian functionality, but define functionality in different ways.").


14 See Lisa T. Oratz, User Interfaces: Copyright vs. Trade Dress Protection, COMPUTER LAW., January 1996, at 5 (commenting that the Supreme Court's definitional "language by itself does not really provide much guidance").

15 Although a number of commentators have divided the body of functionality case law along jurisdictional lines, see, e.g., 1 J. THOMAS MCCARTY, MCCARTY ON TRADEMARKS AND UNFAIR COMPETITION § 7:80, at 7-167 to -176 (4th ed. 1997), only one other author has attempted to identify the tests in a conceptual manner. See Dumas, supra note 11. However, this Note's breakdown of the tests for functionality diverges from the analysis presented in her piece.
Second, this Note suggests that the Court's definition is difficult to apply because it contains two divergent conceptions of functionality. As mentioned above, the Court has defined a functional feature to be one that is "essential to the use or purpose of the article or if it affects the cost or value of the article." One understanding of functionality that this Note uncovers (which this Note will call the "identification theory") focuses on the "affects the cost or value" portion of the Court's definition. Under the identification theory, a functional feature is one that imparts any value or utility to the product beyond identification of the source or manufacturer. The other concept of functionality (the "competition theory") is expressed in the "essential to the use or purpose" language in the Court's definition. Consequently, and in contrast to the identification theory, the competition theory regards features as functional only if they inhibit competition.

Third, this Note argues that the disagreement between the identification theory and the competition theory over a general understanding of functionality gives rise to the aesthetic functionality problem. A feature that is "essential to the use or purpose" of a product is almost certain to "affect[ ] the cost or value" of that article; yet, a feature that "affects the cost or value" of an article is not necessarily "essential to [its] use or purpose." Thus, a conflict between the identification theory and the competition theory occurs whenever a feature "affects the cost or value" of a product, but is not "essential to [its] use or purpose." Decorative, as opposed to utilitarian, features fall squarely within this unsettled area, thereby framing the aesthetic functionality problem.

Finally, this Note concludes that the aesthetic functionality problem can best be resolved by employing only the tests under the identification theory. Positing that the functionality requirement exists to protect competition and to isolate trademark law from other forms of intellectual-property protection, this Note argues that the tests under the identification theory are more effective at fulfilling these purposes and therefore, should be preferred over the tests under the competition theory.

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17 Qualitex, 514 U.S. at 165 (quoting Inwood Lab., 456 U.S. at 850 n.10).
18 See infra Part II.
19 See infra Part III.
20 See infra Part IV.A.
21 See infra Part IV.B.
22 See infra Part IV.C.
Resolving the confusion over aesthetic functionality is important for two significant reasons. First, clarity in this area of the law will better enable manufacturers to determine whether imitation of a competitor's successful product designs is permissible.\(^\text{23}\) Second, the scope of the functionality doctrine implicates the breadth of trademark protection, which, in turn, fundamentally affects the roles that the copyright and patent laws play in our system of intellectual property.\(^\text{24}\)

Part I of this Note reviews the purposes and the statutory law of trademark protection. Parts II and III present the various tests employed in determining whether a feature is functional, respectively categorizing these tests under the identification-theory and competition-theory paradigms developed in this Note. Part IV describes the relationship between the two theories and the resultant aesthetic functionality problem. A conclusion summarizes the findings contained herein.

I

THE LAW OF TRADE-DRESS PROTECTION

A. Purposes of Trade-Dress Law

Before discussing the black-letter law of trade-dress protection, it is useful to explore the purposes of trademark law in general. It is now a commonplace presumption in economics that consumers often cannot ascertain the quality of any given product they intend to buy before they buy it.\(^\text{25}\) A consumer knows the product's quality with certainty only after the product has been experienced (which often occurs after the product has been consumed). Consequently, before experiencing the good, the consumer is unable to determine accurately how much he would be willing to pay for the product. Trademarks help to remedy this informational problem by providing the consumer with some reputational expectations about the quality of the product.

The role of trademarks as information-providers may be more readily understood through an example.\(^\text{26}\) Suppose a consumer is shopping for coffee beans in a world without such things as brand-

\(^{23}\) See Jay Dratler, Jr., Trademark Protection for Industrial Designs, 1988 U. ILL. L. REV. 887, 888 & nn. 5-7 (quantifying the potential magnitude of this problem on industry).

\(^{24}\) See infra Parts IV.B.2 & IV.C.2.

\(^{25}\) One of the classic treatments of the incomplete-information problem is given in A. Michael Spence, Market Signaling: Informational Transfer in Hiring and Related Screening Processes (1974).

names, warranties, or free “trial samples.” (To keep this example simple, there are only two kinds of coffee in this world: good and bad.) All coffee is therefore sold in unmarked bins with each bin containing coffee from a specific manufacturer. Although the consumer could inspect the coffee beans for attributes such as color or size, he cannot discern important attributes such as taste. Moreover, even if he could accurately predict the taste of coffee by inspection, it may be prohibitively costly or inconvenient for him to rummage through countless bins of coffee beans in an attempt to locate one of the coveted batches of good coffee.

In other words, prior to the purchase, it may be impossible or impracticable for the consumer to know whether he is about to purchase good coffee. Assuming all other desiderata (e.g., color and bean size) are identical, a rational consumer would be willing to pay more for good-tasting coffee than bad-tasting coffee. Unfortunately, because he would not be able to tell whether the coffee he has selected is good or bad, he would be unable to determine how much he would be willing to pay for the coffee before he purchases (and consumes) it. Thus, the consumer would never be willing to pay good-coffee prices because the coffee he actually purchases might turn out to be of the bad-tasting variety. Assuming (as is likely to be the case) that it costs more to supply good coffee than bad coffee, when profit-maximizing manufacturers realize the consumer’s dilemma, they would not market good coffee because they know that no one would be willing to pay good-coffee prices for them. The end result is a world with only bad coffee.

In order to prevent such a market failure, manufacturers have created various mechanisms to assure consumers of value. For example, warranties assure consumers that, even if they unknowingly purchase a low-quality product, they can either get their money back or receive a high-quality product in exchange. Because the consumer knows that he will ultimately receive a satisfactory product, the consumer is willing to “risk” paying high-quality prices for the warranted product. Moreover, the warranty suggests to consumers that

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27 For further thoughts on the distinction between attributes that could be evaluated by inspection ("search goods") and those which could only be evaluated by consumption ("experience goods"), please see one of the earliest articles in which this pivotal distinction appeared, Phillip Nelson, Information and Consumer Behavior, 78 J. POL. ECON. 311 (1970).

28 The inability of a product to be commodified due to informational constraints is presumed prima facie by economists to be undesirable. See Akerlof, supra note 26. This author finds no countervailing factors that rebut such a presumption in this example. But see Josef Joffe, History in a Hazelnut Shell, N.Y. TIMES, Sept. 1, 1997, at A15, reprinted as Good Coffee May Doom Us—Why a Great Empire Needs to Drink Swill, SACRAMENTO BEE, Sept. 7, 1997, at F1 (theorizing that the hard hand of bad java drove some of the world’s greatest civilizations to expand in search of more temperate refreshments).

29 See Akerlof, supra note 26, at 499.
the warranted product is good because the consumers can see that the manufacturer would have to expend resources for the product's repair or replacement if the product were of poor quality.\textsuperscript{30}

Another method designed to prevent market failure is sampling.\textsuperscript{31} Food vendors sometimes provide free samples of their products to potential consumers in order to "educate" those consumers about the exact quality of their goods.\textsuperscript{32} For more durable goods, such as cars or computers, salespeople often permit "test drives."\textsuperscript{33} Sampling gives consumers a clearer picture of the product they are purchasing, which helps the consumer make a more informed purchasing decision.

Lastly, the trademark is one of the most common transmitters of commercial information. As the coffee example demonstrates, in the absence of trademarks, many goods would be indistinguishable. Thus, in a world without trademarks, a seemingly endless array of similar-looking choices would confront coffee purchasers. Trademarks permit consumers to readily identify a good with a particular reputation and to make purchasing decisions based on that reputation.\textsuperscript{34} In short, trademarks simplify the task of associating products with certain expectations.

This Note identifies four specific goals of trademark law consistent with the elemental purposes of trademark protection. First, trademark law attempts to protect a firm's reputation. Second, trademark law protects firms from unjust enrichment by imitators. Third, trademark law facilitates meaningful consumer choice in the market. Last, trademark law encourages the production of high-quality products.

\begin{itemize}
  \item \textsuperscript{31} See William A. Robinson, Best Sales Promotions 311 (6th ed. 1987) ("'If you have a good product that fills specific consumer needs better than the competition, sampling is the best way to create a new consumer franchise.'" (quoting Ed Meyer, Sampling Builds Business, Advertising Age, July 12, 1982, at M22)).
  \item \textsuperscript{32} See, e.g., id. at 110-16 (describing how free, Nutrasweet-flavored gumballs were mailed to households across America in an effort to promote the artificial sweetener).
  \item \textsuperscript{33} See, e.g., id. at 168-71 (identifying the Apple Computers Corporation's 1984 invitation to "[t]ake Macintosh out for a test drive" overnight for free as a sampling mechanism).
  \item \textsuperscript{34} See, e.g., Vuitton et Fils S.A. v. J. Young Enters., 644 F.2d 769, 776 (9th Cir. 1981) ("If the Vuitton mark increases consumer appeal only because of the quality associated with Vuitton goods, or because of the prestige associated with owning a genuine Vuitton product, then the design is serving the legitimate function of a trademark; it is identifying the source of the product . . .").
\end{itemize}
1. Protection of Firms from Misassociation

Trademark law protects a firm’s reputation from undesirable associations. For example, an imitator who markets inferior goods under the guise of another firm might diminish the public’s confidence in the original producer by confusing the public about the quality of the original producer’s goods.

In addition, an infringer who associates the trademark of another firm with socially repugnant ideas could ruin that firm’s goodwill. For example, in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, the defendant filmmaker produced “a gross and revolting sex film” depicting fictitious members of the Dallas Cowboys Cheerleaders “engag[ing] in various sex acts while clad or partially clad in the [Cheerleaders’] uniform.” In holding that both the Cheerleaders’ trademark (the Dallas Cowboys Cheerleaders’ name) and its trade dress (the uniforms) had been infringed, Judge Van Graafeiland explained:

“The gist of [a trademark] action is that the plaintiff has a property interest in the [mark], built up at great expense, and that it and its products are favorably known as a result of its use of this property right and that the defendant . . . [may] bring direct financial loss to the plaintiff, both by reason of confusing the source of the defendant’s product, and by reason of the peculiarly unwholesome association of [other] ideas . . . .”

By permitting the owner of a trademark to hold exclusive rights in the use of that mark, trademark law enables a party to protect its reputation from the interference of others. In more theoretical terms,
trademark law reserves the property right to destroy or damage reputation exclusively for the reputation-holder.\textsuperscript{41}

2. \textit{Prevention of Goodwill Misappropriation}

Just as trademark law prohibits the destruction of another firm's goodwill, it also prevents the misappropriation of that goodwill.\textsuperscript{42} This form of protection arms the trademark holder with a claim for unjust enrichment,\textsuperscript{43} the most common cause of action in trademark cases. Trademark law enjoins a firm from stealing the good reputation of a competitor and passing off its own goods as those of the competitor.\textsuperscript{44} Conversely, trademark law prevents a firm that has become known for producing superior goods from being robbed of its hard-earned reputation by competitors.\textsuperscript{45} Thus, a trade-

\textsuperscript{41} Internet Subcommittee of the International Trademark Association, \textit{INTA White Paper} (version 2.1, last modified Nov. 18, 1997) \texttt{<http://www.inta.org/wptoc.htm>}.  
\textsuperscript{42} See \textit{Fabrication Enters., Inc. v. Hygenic Corp.}, 64 F.3d 53, 58 (2d Cir. 1995) ("[T]he extent that the product feature or design at issue enhances the distinctiveness of the product, there is a risk that failure to protect the feature or design will cause confusion and allow competitors to benefit unfairly from the original manufacturer's investment in its product's appearance" (emphasis added)); see also, e.g., \textit{Upjohn Co. v. Schwartz}, 246 F.2d 254, 258 (2d Cir. 1957) (Where defendant imitated plaintiff's red heart-shaped design for a pill, the court held that "[the plaintiff's] purpose was to benefit from the favorable repute which plaintiff had established for its products.").  
\textsuperscript{43} See, e.g., \textit{Keebler Co. v. Rovira Biscuit Corp.}, 624 F.2d 366, 378 (1st Cir. 1980) ("[T]he essence of a claim under section 43(a) of the Lanham Act is that a competitor's packaging or labeling deceives purchasers as to the source of its goods; \textit{i.e.}, that consumers buy the competitor's product thinking it to be that of the plaintiff.").  
\textsuperscript{44} See, e.g., \textit{Upjohn}, 246 F.2d at 258 ("The confusion of defendant's products with plaintiff's products was defendant's work. His purpose was to benefit from the favorable repute which plaintiff had established for its products."). Some economists have hypothesized that incomplete information forces a manufacturer to build up a reputation only after an initial period of marketing high-quality goods at low-quality prices. See Carl Shapiro, \textit{Premiums for High Quality Products as Returns to Reputations}, 98 Q.J. ECON. 659, 660 (1983). Moreover, any use of a trademark (\textit{i.e.}, advertising) is an investment in reputation. See Klein & Leffler, supra note 36, at 632. Thus, from an economic perspective, a claim for unjust enrichment may encompass more than a claim for reputation, but also for the investments necessary to creating and maintaining the reputation.  
\textsuperscript{45} The Supreme Court explained this principle in \textit{Hanover Star Milling Co. v. Metcalf}:  

\begin{quote}
The redress that is accorded in trade-mark cases is based upon the party's right to be protected in the good-will of a trade or business. \ldots Where a party has been in the habit of labeling his goods with a distinctive mark, so that purchasers recognize goods thus marked as being of his production, others are debarred from applying the same mark to goods of the same description, because to do so would in effect represent their goods to be of his production and would tend to deprive him of the profit he might make through the sale of the goods which the purchaser intended to buy.
\end{quote}

240 U.S. 403, 412 (1916); see also S. REP. No. 79-1333 (1946), \textit{reprinted in} 1946 U.S.C.C.S. 1274, 1274 ("[W]here 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.").
3. Facilitation of Meaningful Consumer Participation in the Market

Trademark law also permits meaningful consumer participation in the market. Meaningful consumer participation serves two goals. First, it enables consumers to purchase what they believe they are purchasing. By proscribing the deceptive advertisement of goods, trademark law prevents unscrupulous manufacturers from duping consumers into purchasing goods that they would not have bought but for the deception.

Second, facilitation of meaningful consumer participation promotes clarity of the consumer's voice in the marketplace. Consumer participation in the market is not limited to the mere acquisition of merchandise. Each time a consumer purchases a good in the market, he also provides information about his preferences to producers. A consumer indicates approval whenever he purchases a product, and

46 See Job's Daughters, 633 F.2d at 919 ("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.").

47 See S. Rep. No. 79-1333, reprinted in 1946 U.S.C.C.A.N. 1274, 1274 ("One [purpose underlying any trademark statute] 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."); see also Smith v. Chanel, Inc., 402 F.2d 562, 566 (9th Cir. 1968) ("Without some... method of product identification, informed consumer choice, and hence meaningful competition in quality, could not exist.").

48 See Shapiro, supra note 44, at 659 ("When product attributes are difficult to observe prior to purchase, consumers may plausibly use the quality of products produced by the firm in the past as an indicator of present or future quality.").

49 See Fabrication Enters., Inc. v. Hygenic Corp., 64 F.3d 53, 55 (2d Cir. 1995) ("The law of trade dress protects the public against confusion as to the source of a product where the confusion arises from similarity of packaging or design."); Hygienic Specialties Co. v. H.G. Salzman, Inc., 302 F.2d 614, 619 (2d Cir. 1962) ("Consumer protection has been limited... to the prevention of confusion, i.e., the customer should not be misled into purchasing an article from one producer in the belief that it was made by someone else or emanates from some other (but unidentified) source." (emphasis added)).

50 Klein and Leffler describe the market signaling mechanism in the following manner:

If producers are to have an incentive to produce high quality products (in the absence of governmentally enforceable contracts), consumers must somehow reward high quality production and punish low quality production. We assume in this competitive framework that consumers will purchase from particular sellers randomly chosen from the group of homogeneous sellers over which consumer information is transmitted. If a consumer receives a product of a quality at least as high as implicitly contracted for, he will continue to purchase randomly from this group of sellers. On the other hand, if quality is less than contracted for, all consumers cease to purchase from the particular sampled "cheating" firm.

Klein & Leffler, supra note 36, at 620.

51 See id.
disapproval whenever he chooses not to purchase a product. In other words, the collective purchasing decisions of all consumers in the market "tell" producers what the consumers want.

Because consumers often distinguish products by brand-names (i.e., trademarks) or packaging (i.e., trade dress), non-deceptive brand-naming or packaging is essential to ensure that each consumer's purchasing decision is properly informed. Trademarks provide this information by ensuring that consumers are not misled into purchasing products that they would not have purchased but for the misinformation. Trademark law thus renders consumer purchases more meaningful.

4. Encouragement of Production of High-Quality Products

Lastly, trademarks encourage manufacturers to produce well-made products. This goal is intimately related to trademark law's goal of facilitating meaningful consumer participation in the market. In the absence of trademark and unfair competition laws, competitors are free to imitate each other's products and to misrepresent the source of those products. Thus, manufacturers have no incentive to produce goods that are superior in inconspicuous ways. Trademark protection corrects this market failure by providing an incentive for all forms of innovation, regardless of conspicuousness. Under a trademark regime (and assuming no other forms of intellectual-property protection), competitors are only permitted to copy each other's products. They may not appropriate each other's name and reputation. Thus, each competitor has more incentive to associate superior

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52 See id.
53 Cf. id. at 618 (using model of perfect information among all consumers in order to simulate collective behavior); Shapiro, supra note 44, at 664 (same).
54 See Akerlof, supra note 26, at 499-500.
55 As the coffee example demonstrates, in the absence of a quality-signaling mechanism (such as a system of trademark law), a market for high-quality products may not be sustainable because there would be no way for a manufacturer to convince consumers of the superiority of their products. See generally id. (describing brand-name identification as an indispensable guaranty to the consumer of the quality of a given product).
56 A manufacturer has every incentive to suggest that it produces a higher-quality product either by augmenting the product with some conspicuous improvement or with cosmetic refinements. However, without trademark protection, a manufacturer has no economically justifiable incentive to better its product in ways that are not immediately discernible to a consumer because competitors could deliberately confuse the market by misappropriating the manufacturer's trademark as their own. See Klein & Leffler, supra note 36, at 621 (observing that in the absence of a reputation, "consumers would be willing to pay only the costless information price of the minimum quality product whose quality they can verify prepurchase"); Carl Shapiro, Consumer Information, Product Quality, and Seller Reputation, 13 Bell. J. Econ. 20, 21-22 (1982).
products with its name because there is no threat of that association being stolen or damaged without redress.\textsuperscript{57}

Preservation of a market for high-quality products and the facilitation of meaningful consumer participation are also closely entwined with concepts of market efficiency.\textsuperscript{58} "Efficient" markets are those that behave responsively to consumer demand.\textsuperscript{59} Specifically, efficient markets sell goods at quantities and prices that accurately reflect, among other things, consumer demands for them. Assuming that consumers prefer high-quality products over low-quality products, their collective purchasing decisions will drive the price of superior products above the price of inferior ones.\textsuperscript{60} By ensuring that potential purchasers are accurately informed as to the source of market goods,\textsuperscript{61} trademark law assures accuracy in market pricing, and consequently, efficiency in the market itself.

B. The Lanham Act and Related State Remedies

Section 43(a) of the Lanham Trademark Protection Act\textsuperscript{62} provides in relevant part that:

\begin{quote}
[a]ny person who, on or in connection with any goods or services, or any container for goods, uses . . . any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin . . ., which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.\textsuperscript{63}
\end{quote}

Parallel causes of action authorized by the individual states and U.S. territories supplement this provision of the Lanham Act.\textsuperscript{64}

\textsuperscript{57} See S. REP. No. 79-1333 (1946), reprinted in 1946 U.S.C.C.S. 1274, 1275 ("Trademarks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates."); see also Shapiro, supra note 56, at 24 (suggesting the same by modelling a manufacturer who controls his reputation as a monopolist over a specific good).

\textsuperscript{58} See generally Landes & Posner, supra note 26, at 265-66 (concluding that trademark law "can best be explained on the hypothesis that the law is trying to promote economic efficiency").


\textsuperscript{60} See Shapiro, supra note 44, at 666-67.

\textsuperscript{61} See Keds Corp. v. Renee Int'l Trading Corp., 888 F.2d 215, 221 (1st Cir. 1989) ("The primary 'function' that [the trademark holder] claims for the [infringed feature] is that the [feature] identifies the product. That is precisely the purpose of a trademark; thus, that function cannot be a valid grounds for attacking a trademark.").


\textsuperscript{63} Id. § 1125(a)(1) (formatting altered).

\textsuperscript{64} Causes of action significantly related to such civil remedies are described in: ALA. CODE §§ 8-12-17 (injunctive relief), 8-19-5 (1)-(3) & (5), 8-19-10(a) (1993); ALASKA STAT.

The Supreme Court has interpreted Section 43(a) to protect product features or packaging (the product’s “trade dress”) from imitation.\textsuperscript{65} Thus, Section 43(a) is essentially a federal law of unfair competition\textsuperscript{66} that seeks to prevent confusion between products.\textsuperscript{67} In order for a feature to qualify for protection under the Lanham Act and related claims, courts have required that the allegedly infringed feature meet two criteria: the feature must be both distinctive and non-functional.\textsuperscript{68}

A feature is distinctive if it either has acquired “secondary meaning” or is “inherently distinctive.”\textsuperscript{69} A feature acquires secondary meaning when it becomes identified with a source (e.g., a manufacturer) in the minds of consumers.\textsuperscript{70} A feature is “inherently distinctive” if it has the potential to acquire secondary meaning.\textsuperscript{71}

A feature is functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”\textsuperscript{72} The rationale behind the functionality doctrine is that the public interest in certain inventions or designs outweighs an individual’s right to use

\textsuperscript{66}See American Greetings Corp. v. Dan-Dee Imports, Inc., 807 F.2d 1136, 1140 (3d Cir. 1986) (“Section 43(a) of the Lanham Act proscribes not only trademark infringement in its narrow sense, but more generally creates a federal cause of action for unfair competition. In particular, § 43(a) provides a cause of action for unprivileged imitation, including trade dress infringement.” (citation omitted)); Dumas, \textsuperscript{supra} note 11, at 478; cf. Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 566, 572 n.3 (1st Cir. 1980) (“The Lanham Act does not preempt the states’ ability to recognize and protect trademark rights.”); Boston Prof’l Hockey Ass’n v. Dallas Cap & Emblem Mfg., Inc., 510 F.2d 1004, 1010 (5th Cir. 1975) (“While this court has rejected the view that the Lanham Act brought all claims of unfair competition in interstate commerce within the federal question jurisdiction of the federal courts, this court has recognized that [the Act] creates a federal cause of action for false representation of goods or services in commerce.” (citation omitted)), \textit{cert. denied}, 423 U.S. 991 (1975); see also Mana Prods., Inc. v. Columbia Cosmetics Mfg., 65 F.3d 1063, 1068 (2d Cir. 1995) (“The Lanham Act expanded the private common law right of action for commercial injuries resulting from deceptive advertising and marketing.”).
\textsuperscript{67}See Stormy Clime Ltd. v. Progroup, Inc., 809 F.2d 971, 976-77 (2d Cir. 1987) (“[T]he Lanham Act’s purpose [is to] prevent[] confusion as to the source of products ... .”).
\textsuperscript{68}See \textit{Two Pesos}, 505 U.S. at 769. Although the nonfunctionality criterion requires nonfunctionality, in keeping with convention, this Note will refer to the requirement also as the “functionality requirement” or the “functionality defense.” See, e.g., Hartford House, Ltd. v. Hallmark Cards, Inc., 846 F.2d 1268, 1271-72 (10th Cir. 1988).
\textsuperscript{69}\textit{Two Pesos}, 505 U.S. at 769 (citing Restatement (Third) of Unfair Competition § 15 & cmt. a (Tentative Draft No. 2, 1990)).
\textsuperscript{71}\textit{Two Pesos}, 505 U.S. at 770-71.
\textsuperscript{72}Qualitex, 514 U.S. at 165 (quoting Inwood Lab. v. Ives Lab., 456 U.S. 844, 850 n.10 (1982)).
those inventions or designs as indicators of a product's source.\textsuperscript{73} Using this definition, the courts have formulated an arcane assortment of tests and sub-definitions, seemingly without any consistent methodology.\textsuperscript{74} These tests and subdefinitions are thoroughly discussed in the next two Parts of this Note, which present the two prevailing conceptions of functionality: the identification and competition theories.

\section{II}

\textbf{The "Identification" Theory of Functionality and Its Tests}

\textbf{A. The "Identification" Theory}

The "identification" theory of functionality\textsuperscript{75} was the original understanding of functionality, which found expression in the Restatement (First) of Torts.\textsuperscript{76} The Ninth Circuit's seminal opinion in \textit{Pagliero v. Wallace China}\textsuperscript{77} illuminated the shadowy contours of this theory:

"Functional" . . . might be said to connote other than a trade-mark purpose. If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright. On the other hand, where the feature, or more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demands in connection with the prod-

\textsuperscript{73} See Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc., 58 F.3d 27, 33 (2d Cir. 1995) ("[T]he purpose of trade dress law [is] to protect an owner of a dress in informing the public of the source of its products, without permitting the owner to exclude competition from functionally similar products." (emphasis added)).

\textsuperscript{74} See Overcamp, \textit{supra} note 12, at 600.

\textsuperscript{75} This theory is sometimes referred to as the "aesthetic functionality" doctrine. See, \textit{e.g.}, Keene Corp. v. Paraflex Indus., 653 F.2d 822, 824-25 (3d Cir. 1981). Such terminology engenders confusion, and this Note will decline to use the term "aesthetic functionality" in this sense.

\textsuperscript{76} Under Section 742 of the First Restatement,

[a] feature of goods is functional . . . 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.

. . . 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.

\textit{Restatement (First) of Torts} § 742 & cmt. a (1938). However,

[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 goods associated with a particular source rather than for goods of a particular design.

\textit{Id.} § 742 cmt. a.

\textsuperscript{77} 198 F.2d 339 (9th Cir. 1952).
AESTHETIC FUNCTIONALITY

Under the identification theory, trademark law provides protection for a very narrow range of designs. Specifically, a feature can be trademarked only if it serves to identify the manufacturer or sponsor of the product. If a feature renders a product desirable for any reason other than association with a source or sponsor, then it is "functional" (i.e., serves a function other than identification of source). Consequently, such a feature may not receive trademark protection under this theory.

This understanding of functionality is reflected in four interrelated tests currently used by the courts to determine functionality. Because the case law has not formally named these tests, this Note will refer to them as the tests for "indicia of source," "commercial success," "actual benefit," and "consumer motivation."

A caveat regarding the description of these tests is appropriate at this point. The tests set forth in this Note rarely exist in the pristine forms presented below. Courts have often labeled a test by one name and then applied completely different standards. The problem with

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78 Id. at 343 (footnotes omitted).
79 See Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem. Mfg., 510 F.2d 1004, 1010 (5th Cir.) ("The statutory and case law of trademarks is oriented toward the use of such marks to sell something other than the mark itself.") cert. denied, 423 U.S. 868 (1975).
80 See Vuitton et Fils S.A. v. J. Young Enters., 644 F.2d 769, 776 (9th Cir. 1981) ("[T]he only legally relevant function of a trademark is to impart information as to the source or sponsorship of the product. . . . The courts . . . have generally confined legal protection to the trademark's source identification function for reasons grounded in public policy favoring a free, competitive economy.") (quoting Smith v. Chanel, Inc., 402 F.2d 562, 566 (9th Cir. 1968) (last alteration in original)). The statement that "a feature can be trademarked only if it seems to identify the manufacturer or sponsor of the product" is a positive observation as well as a normative statement. "Likelihood 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." Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co., 676 F.2d 1079, 1083 n.5 (5th Cir. 1982) (quoting opinion of the district court (citing 1 J. Thomas McCarthy, Trademarks and Unfair Competition § 7.26 (1973))).
81 See Aromatique, Inc. v. Gold Seal, Inc., 28 F.3d 863, 873 (8th Cir. 1994) ("A feature or design is functional . . . if it performs some function other than identifying the source of goods.").
82 Other commentators have distinguished the melange of tests used by the courts along other lines of thought. E.g., Dumas, supra note 11, at 480-90. The breakdown presented in this Note represents the most discrete (i.e., the "least common denominator") analysis of the tests the courts currently use.
83 In a refreshing display of candor, the Seventh Circuit frankly acknowledged its own complicity in producing some of the confusion over functionality.

The application of the "functionality" test is complicated by different verbal formulations, sometimes appearing in the same opinions that recite [common precedent]. For example, our opinion in Vaughan Manufacturing Co. v. Brikam International, Inc. quoted the central language of W.T. Rogers [which stated that a functional feature was one "costly to do without"] and immediately followed with this language from Sicilia Di R. Biebow & Co. v.
identifying separate tests is compounded by the fact that they do not always appear as bright-line standards in the case law. Rather, the courts often use them as factors upon which the functionality of a feature is weighed. These factor-based balancing tests, however, vary in the requisite evidence and in the difficulty of proof. Because the descriptions of the tests in this Note are intended both to inform the practicing bar and to present the “real life” context upon which these tests operate, this Note identifies the tests according to the method of proof and denominates them by the most appropriate name available.

Section B of this Part describes four tests that fall under the identification theory. Section C then explains why they collectively form a distinctive conception of functionality.

B. Four Tests Under the Identification Theory

1. The “Indicia of Source” Test

The test for “indicia of source” asks whether a feature serves only to identify a source or sponsor of the product. If the feature’s sole effect is to identify a source or sponsor, then the feature is nonfunc-

Cox: “To achieve the status of ‘functional,’ a design or feature must be superior or optimal in terms of manufacture, or accommodation of utilitarian function or performance[,]” then quoted the language from Cox as if it were the holding of Vaughan and followed with a paraphrase from W.T. Rogers. This would not be troubling if “superior or optimal” were the same thing as “something costly to do without,” but it is not. “Superior” could mean something that is costly to do without, but “optimal” implies that unless the feature in question is the best possible way to achieve a result, it is not “functional.” . . . In addition, our reference to an “essential” feature further complicates the functionality test by creating the additional task of attaching an unusual meaning to a common term.

Schwinn Bicycle Co. v. Ross Bicycles, Inc. 870 F.2d 1176, 1188-89 (7th Cir. 1989) (citations omitted).

There is some confusion as to whether it is sufficient that the feature serve as an indicia of source or whether the actual identity of the source must be associated with the feature. Compare supra notes 69-71 and accompanying text with Greater Anchorage, Inc. v. Nowell, 1992 WL 224238 at *3 (9th Cir. 1992) (declaring that even though a company’s products contain inscriptions that “frequently include names and emblems that are also used as collective marks or trademarks, it would be naive 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” (emphasis added) (quoting International Order of Job’s Daughters v. Lindeburg & Co., 633 F.2d 912, 918 (9th Cir. 1980), cert. denied, 452 U.S. 441 (1981)), cert. denied, 507 U.S. 915 (1993), and id. at *4 (recognizing that when a court determines “whether the use of a name serves . . . to identify the trademark owner as the source or sponsor of goods, ‘a court must closely examine the articles themselves, the defendant’s marketing practices, and any evidence that consumers have actually inferred a connection between the defendant’s product and the trademark owner’” (emphasis added) (quoting Job’s Daughters, 633 F.2d at 919)).

This author believes, and will assume for the purposes of this Note, that the less stringent “serves as indicia of source” requirement is proper because the recognition requirement confuses inquiry for functionality with that for secondary meaning. Cf. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 770 (1992) (holding that inherently distinctive trade dress need not have acquired secondary meaning before being protectable). The
tional, and therefore, may be trademarked. If the feature provides any additional utility (e.g., enhances the efficacy of the product), then the feature is functional and may not enjoy trade-dress protection. The indicia of source test seeks to confine the role of trademark protection to acting only as a "trade-mark" (i.e., a mark used to facilitate trade). Thus, it ensures that trade-dress protection is not vested in any manner incongruous with the primary purpose of trade-dress law.

For example, in International Order of Job's Daughters v. Lindeburg & Co., the defendant marketed jewelry bearing emblems which were created by the plaintiff organization as logos. On appeal, the court observed that consumers purchased the jewelry for the attractiveness of the design and not because the consumers made any association between the jewelry's design and the plaintiff. Accordingly, the court held that the jewelry design was functional and gave judgment for the defendant.

uncertainty over the precise interpretation of the indicia of source test does not affect the analysis presented in this Note.

See Keene Corp. v. Paraflex Indus., 653 F.2d 822, 826 (3d Cir. 1981) ("Proof of nonfunctionality generally requires a showing that the element of the product serves no purpose other than identification [of source].") (quoting SK&F, Co. v. Preino Pharm. Lab., Inc., 625 F.2d 1055, 1063 (9d Cir. 1980)).

See, e.g., Ciba-Geigy Corp. v. Bolar Pharm. Co., 747 F.2d 844, 850-51 (3d Cir. 1984) (nonfunctionality of a drug capsule's color), cert. denied, 471 U.S. 1137 (1985); Ideal Toy Corp. v. Flawner Toy Mfg., 685 F.2d 78, 81 (3d Cir. 1982) (affirming the finding that a Rubik's Cube's colors were nonfunctional because "the particular colors used in [the] puzzle serve 'no purpose other than identification'" (quoting SK&F, 625 F.2d at 1063)); SK&F, 625 F.2d at 1064 (shape and color of pills were not functional partly because "[t]he only value of the trade dress was in identifying the goods with their source"); Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg., 510 F.2d 1004, 1013 (5th Cir.) (Hockey teams' logos are nonfunctional because "the embroidered symbols are sold not because of any... aesthetic characteristic but because they are the trademarks of the hockey teams."), cert. denied, 423 U.S. 868 (1975).

See, e.g., Merchant & Evans, Inc. v. Roosevelt Bldg. Prods. Co., 963 F.2d 628, 635 (3d Cir. 1992) (affirming that roof zipper design was functional because plaintiff "has not carried its burden of demonstrating 'that the element of the product serves no purpose other than identification'" (quoting SK&F, 625 F.2d at 1063)).

Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1028 (9th Cir. 1985) ("Functional... might be said to connote other than a trade-mark purpose." (quoting Fabrica Inc. v. El Dorado Corp., 697 F.2d 890, 894-95 (9th Cir. 1983) (quoting Pagliero v. Wallace China Co., 198 F.2d 339, 343 (9th Cir. 1952)))); cert. denied, 474 U.S. 1059 (1986); cf. Boston Prof'l Hockey, 510 F.2d at 1010 ("The statutory and case law of trademarks is [sic] oriented toward the use of such marks to sell something other than the mark itself.").

633 F.2d 912 (9th Cir. 1980), cert. denied, 452 U.S. 441 (1981).

Id. at 914.

Cf. id. at 918.

92 See id. at 920. Ordinarily, functionality is a question of fact, and not of law. The court remanded for judgment (rather than for further proceedings) here because there was no evidence that the consumers actually drew a connection between the jewelry's designs and the plaintiff's emblems. See id. Had the plaintiff provided such evidence, a question of fact would have been raised.
In so holding, the court distinguished *Boston Professional Hockey Association v. Dallas Cap & Emblem Manufacturing, Inc.* In *Boston Hockey*, the defendant marketed cloth badges bearing the plaintiff organization's logo. In contrast to *Job's Daughters*, the court found that the badges were not functional. The operative difference between these two cases was the *Boston Hockey* court's factual finding that the "the embroidered symbols [were] sold not because of any . . . aesthetic characteristic but because they [were] the trademarks of the hockey teams." Thus, under the "indicia of source" test, a design must strictly be found to identify a specific source in order to qualify for trade-dress protection.

2. The "Actual Benefit" Test

The "actual benefit" test focuses on whether a feature confers any benefit (e.g., mechanical utility or aesthetic pleasure) upon the product other than information about, or association with, a source. If the feature provides any such additional value, it is deemed to be functional, and thus, unfit for trademark protection. On the other

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93 510 F.2d 1004 (5th Cir.), cert. denied, 423 U.S. 868 (1975).
94 Id. at 1009.
95 Id. at 1013.
96 Id.
97 See, e.g., Vuitton et Fils S.A. v. J. Young Enters., 644 F.2d 769, 774 (9th Cir. 1981) ("The policy [of this test] . . . 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 appeal of the object it adorns."); Landscape Forms, Inc. v. Columbia Cascade Co., 70 F.3d 251, 253 (2d Cir. 1995) ("The doctrine 'prevents trademark law . . . from . . . inhibiting legitimate competition by allowing a producer to control a useful product feature.'" (quoting Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 164 (1995))).
98 See Vuitton, 644 F.2d at 774 ("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.'" (emphasis added) (quoting International Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 917 (9th Cir. 1980), cert. denied, 452 U.S. 441 (1981))). The trigger for the actual benefit test was explained by Judge Learned Hand in *Crescent Tool Co. v. Kilborn & Bishop Co.*: [I]t is an absolute condition to any relief whatever that the plaintiff in such cases show that the appearance of his wares has in fact come to mean that some particular person—the plaintiff may not be individually known—makes them, and that the public cares who does make them, and not merely for their appearance and structure. It will not be enough only to show how pleasing they are, because all the features of beauty or utility which commend them to the public are by hypothesis already in the public domain.
247 F. 299, 300 (2d Cir. 1917) (emphasis added). See, e.g., First Brands Corp. v. Fred Meyer, Inc., 809 F.2d 1378, 1381-82 (9th Cir. 1987) ("The parties agree that the shape of the F-style jug is functional . . . [because] its shape is conducive to stacking for shipping, displaying and storage."); Fisher Stoves, Inc. v. All Nighter Stove Works, Inc., 626 F.2d 193, 195 (1st Cir. 1980) (affirming that design of stove was functional because it provided superior heat and cleaning functions); Mershon Co. v. Pachmayr, 220 F.2d 879, 883 (9th Cir.) ("The words 'White Line' (as they are used, with the layer of white material constituting a white line around the pad) have no possible functional value and serve no purpose as descriptive of the article or its use."). cert. denied, 350 U.S. 885 (1955).
hand, a feature that provides no value beyond source information or association is nonfunctional and may therefore receive trademark protection. The actual benefit test is preoccupied with preventing valuable intellectual creations from receiving perpetual monopolies via trademark law.

For example, in In re Owens-Corning Fiberglas Corp., the plaintiff sold insulation dyed a characteristically pink color. The plaintiff unsuccessfully sought to register the color pink with the Trademark Office for use on its insulation. On appeal, the Federal Circuit held that the color pink, when applied to insulation, was not functional because there was no benefit to be derived from the use of that color.

In contrast, the plaintiff in Fisher Stoves, Inc. v. All Nighter Stove Works, Inc. manufactured a black, woodburning stove. The plaintiff sought damages and an injunction against the defendant for selling stoves which, among other things, were also black. The court declined to grant the relief sought because the coloration provided an actual benefit of enhancing heat dispersion.

The difference between the indicia of source test and the actual benefit test is most clearly revealed in Vuitton et Fils S.A. v. J. Young Enterprises. There, the plaintiff, a prestigious garment manufacturer, marketed a line of luggage that was decorated with a repeating pattern made from its logo. The defendant imitator argued that the pattern was not used for identification, but rather for decorative

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99 See, e.g., SK&F, Co. v. Premo Pharm. Lab., Inc., 625 F.2d 1055, 1054 (3d Cir. 1980) (affirming that shape and color of pill was nonfunctional because "that trade dress was arbitrary, having nothing to do with the purpose or performance of the drug, or with its processing. The only value of the trade dress was in identifying the goods with their source . . . ."; Qualitex Co. v. Jacobson Prods. Co., 15 F.3d 1297, 1304 (9th Cir. 1994) ("The district court found that the green-gold color was ornamental and did not make the pad perform any better than if any other color was [sic] used."); rev'd, 514 U.S. 159 (1995).

100 See Fabrication Enters. v. Hygenic Corp., 64 F.3d 53, 58 (2d Cir. 1995) ("The purpose of the functionality defense is to prevent advances in functional design from being monopolized by the owner of the design's trade dress in order to 'encourage competition and the broadest dissemination of useful design features.'" (quoting Warner Bros. v. Gay Toys, Inc., 724 F.2d 327, 331 (2d Cir. 1983))); Coach Leatherware Co. v. AnnTaylor, Inc., 933 F.2d 162, 171 (2d Cir. 1991) ("Basic Lanham Act principles dictate that an owner may not use a trademark to circumscribe the flow of useful ideas and designs in the marketplace."); Stormy Cline Ltd. v. Progroup, Inc., 809 F.2d 971, 976 (2d Cir. 1987).

101 774 F.2d 1116 (Fed. Cir. 1985).
102 Id. at 1118.
103 See id.
104 Id. at 1122.
105 626 F.2d 193 (1st Cir. 1980).
106 Id. at 194.
107 See id. at 193-94.
108 See id. at 195.
109 644 F.2d 769 (9th Cir. 1981).
110 See id. at 772.
purposes. Therefore, the defendant insisted that the pattern was functional and hence, unprotectable.

The Ninth Circuit agreed that the logo pattern did more than merely identify the source. This finding would have rendered the pattern functional under the indicia of source test. However, the court found that the pattern was not functional because the actual benefit of the pattern was still tethered to the identity of the manufacturer. Thus, it is easier to obtain a finding of functionality under the indicia of source test than under the actual benefit test.

3. The “Consumer Motivation” Test

The “consumer motivation” test ascertains a feature’s functionality by inquiring whether the feature could persuade a consumer to purchase a product for reasons other than the reputation of a sponsor or a source. If the feature whets consumer appetites to such a degree, then it is functional and hence, may not be trademarked. If the feature does not have such an effect on the consumer, then it is nonfunctional and may be protected. This test operates by indirectly measuring a feature’s non-source-related effect on market de-

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111 See id. at 774.
112 See id.
113 See id. at 774-75.
114 See id. at 776-77.
115 See id. at 774 (“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.’” (emphasis added) (quoting International Order of Job’s Daughters v. Lindeburg & Co., 633 F.2d 912, 917 (9th Cir. 1980), cert. denied, 452 U.S. 941 (1981)); cf. John H. Harland Co. v. Clarke Checks, Inc., 711 F.2d 966, 983 n.27 (11th Cir. 1983) (rejecting counsel’s proffered jury instruction that “[w]hen a feature of goods or of its wrappers or containers appeals to the consumer and affects his or her choice, that feature is functional” on the ground that counsel’s definition was “overly broad because many nonfunctional, arbitrary features of a product may appeal to the consumer and affect his or her choice” (quoting Defendant’s Request to Charge)).
116 See, e.g., Keene Corp. v. Paraflex Indus., 653 F.2d 822, 826 (3d Cir. 1981) (affirming lower court’s finding of functionality for wall lamps because “[a]lthough [the court] recognized that architectural compatibility was not the only consideration nor was it always a consideration in the selection process, [the court] found that it was ‘a sufficiently significant criterion in a sufficiently number [sic] of elections so that the design . . . has aesthetic or architectural functionality.’” (quoting opinion of the district court) (first alteration in original)).
117 See Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1029 (9th Cir. 1985) (“[W]here the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demands in connection with the product, imitation may be forbidden [i.e., the feature is nonfunctional].” (quoting Fabrica Inc. v. El Dorado Corp., 697 F.2d 890, 895 (9th Cir. 1983) (quoting Pagliero v. Wallace China Co., 198 F.2d 339, 343 (9th Cir. 1952)))); cert. denied, 474 U.S. 1059 (1986); see, e.g., Fabrica, 697 F.2d at 895 (holding, in relation to a folder containing carpet samples, “[c]onsumers have no interest in the folders themselves; they merely aid consumers in selecting the actual product—the carpeting”).

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mand. A feature that affects market demand for reasons other than the reputation of its source is presumed to be an aspect which ought not be monopolized by trademark.118

Proving functionality under the consumer motivation test is more difficult than under the actual benefit test. The distinction between these two tests is best exemplified in *Ives Laboratories v. Darby Drug Co.*119 In *Ives*, the plaintiff sold a particular prescription vasodilator.120 The medication occurs as a white, crystalline powder, but was packaged by the plaintiffs in both light-blue and light-blue-and-red capsules.121 The defendant sought to sell the same drug in capsules bearing the same colors.122

The trial court found that patients associated those specific colors with the drug, and consequently, would sometimes experience anxiety when offered the drug in differently colored capsules.123 Under the indicia of source test, the colors used by the plaintiff would have been deemed functional because they communicated the identity of the drug in addition to identifying the source. Moreover, under the actual benefit test, the evidence would have suggested that the colors were functional because they produced the actual benefit of allaying patient anxiety.

The court of appeals, however, held that the colors were not functional, and therefore reversed.124 In doing so, it articulated an even more stringent standard than the actual benefit test. Specifically, the court credited testimony which indicated that "when the doctor or druggist explain[ed] that the different color or different shaped capsules are the same generic drug, patients do not refuse to accept and use it."125 Therefore, under the more demanding consumer motivation test, a mere finding of an actual benefit (e.g., patient relief) is immaterial if the actual benefit does not affect consumer behavior.126

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118 Some courts have limited application of the consumer motivation test to features on the product itself, as opposed to the features on the product's packaging. See, e.g., *Fabrich*, 697 F.2d at 895-96 (disagreeing that "any feature of a product which contributes to the consumer appeal and salability of the product is, as a matter of law, a functional element of that product" and "specifically reject[ing] the notion that a design feature is functional by definition if it increases appeal and sales of the product" (quoting *Vuitton*, 644 F.2d at 773)). For more on this distinction, please see infra note 150.


120 See id. at 540.

121 See id. at 540.

122 See id. at 540-41.

123 See id. at 547 (Mulligan, J., dissenting).

124 See id. at 544-45.

125 Id. at 545 (emphasis added).

126 *Ives* is a paradigm for this category of cases. The consumer motivation test represents the notion that not all beneficial product features convey sufficient benefit to affect
4. The "Commercial Success" Test

Lastly, the "commercial success" test seeks to determine whether a feature is "an important ingredient in the commercial success of the product" for reasons other than the identification of a source.\textsuperscript{127} If the feature aids the manufacturer in such a manner, the feature is functional and may not be trademarked.\textsuperscript{128} However, if the feature does not contribute to the commercial success of the product beyond identification of the feature's source, the feature is not functional and thus, may obtain trademark protection.

Of the four tests under the identification theory, the commercial success test imposes the heaviest burden upon the party seeking to demonstrate functionality. Unlike the consumer motivation test, the commercial success test is not concerned with whether a feature could have piqued an ordinary consumer's interest, but whether the market actually did find (or could find) the feature to be appealing. Thus, the evidence presented for the commercial success test ought to focus on market data as opposed to consumer appeal.

For example, in \textit{Ives}, the court complained \textit{obiter} that the defendant imitators had failed to "offer any survey of patients' attitudes with respect to [their choice of brand]," whereas "there was evidence that many generic drugs . . . are successfully marketed in capsules or tablets that do not copy [plaintiff's] trademarked product."\textsuperscript{129} Thus, the evidence sought by the \textit{Ives} court was clearly empirical in nature.

Similarly, in \textit{Keene Corp. v. Paraflex Industries},\textsuperscript{130} the plaintiff attempted to enjoin the defendant from copying one of its luminaire designs.\textsuperscript{131} In affirming the trial court's denial of the injunction, the

\textsuperscript{127} Industria Arredamenti Fratelli Saporiti v. Charles Craig, Ltd., 725 F.2d 18, 19 (2d Cir. 1984) (A feature "is not functional if it is an 'arbitrary embellishment—primarily adopted for purposes of identification and individuality,' but 'an important ingredient in the commercial success of the product' is clearly functional." (quoting \textit{Ives Lab., Inc. v. Darby Drug Co.}, 601 F.2d 631, 643 (2d Cir. 1979))).

\textsuperscript{128} See \textit{Transgo, Inc. v. Ajac Transmission Parts Corp.}, 768 F.2d 1001, 1028-29 (9th Cir. 1985) ("If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright." (quoting \textit{Fabrica Inc. v. El Dorado Corp.}, 697 F.2d 890, 894-95 (9th Cir. 1983) (quoting \textit{Pagliero v. Wallace China Co.}, 198 F.2d 339, 343 (9th Cir. 1952))), \textit{cert. denied}, 474 U.S. 1059 (1986).

\textsuperscript{129} \textit{Ives}, 638 F.2d at 545.

\textsuperscript{130} 653 F.2d 822 (3d Cir. 1981).

\textsuperscript{131} Id. at 823.
Third Circuit approvingly recited the trial court's empirical finding that the design was functional because it was "a sufficiently significant criterion in a sufficiently number [sic] of elections so that the design of a particular wall mounted luminaire has aesthetic or architectural functionality." Thus, the commercial success test is concerned with the presentation of empirical data on consumer response to a product design.

C. Why These Tests Belong Under the Identification Theory

Having comprehensively surveyed the tests under the identification theory, it is fruitful at this point to explore how and why these four tests constitute a distinct conception of functionality. Under the identification theory, a feature deserves trade-dress protection if that protection only enables the manufacturer to identify itself to the market. In other words, the identification theory does not seek to extend trade-dress protection to features that accomplish more than source-identification. Prohibited functions of protected trade dress would therefore include non-source-identifying ornamentation.

As Part III will set forth in greater detail, the competition theory denies trademark protection to a feature if such protection eliminates a competitive market for the product upon which the feature appears. Thus, the competition theory generally regards only the few features that are essential to a product as "functional." All other features can be trademarked. Because ornamental features are rarely necessary to any product, their monopolization would likely not be expected to foreclose the market for that product.

For example, ornamental features such as china patterns, lamp designs, or totebag features would be functional under the identification theory because they do more than merely identify the manufacturer. In contrast, they are likely to be nonfunctional under the competition theory because their monopolization would not necessarily shut the market for china, lamps, or totebags respectively.

The four tests presented above belong in the identification theory's camp because they would find all three examples to be functional. None of the features in the three examples are limited to the identification of source. All three of the features also confer actual

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132 Id. at 826 (quoting opinion of the district court) (emphasis added).
133 See Villeroy & Boch Keramische Werke K.G. v. THG Sys., Inc., 999 F.2d 619, 620 (2d Cir. 1993); Pagliero, 198 F.2d at 340.
134 See Keens, 653 F.2d at 823.
136 See Villeroy, 999 F.2d at 621.
137 See Keens, 653 F.2d at 826.
138 See LeSportsac, 754 F.2d at 76-77.
(aesthetic) benefits beyond source identification. Moreover, the features are often a dispositive factor in a consumer’s purchasing decision. Finally, it is more likely than not that market data will confirm that each of the three exemplary features contributes to the commercial success of their respective products. Therefore, it seems clear that the four tests are more consistent with the identification theory than with the competition theory.

III
THE "COMPETITION" THEORY OF FUNCTIONALITY AND ITS TESTS

A. The "Competition" Theory

The "competition" theory of functionality is currently the prevailing theory in the courts and is embraced by the Restatement (Third) of Unfair Competition. The competition theory is best explained in the Seventh Circuit’s rejection of the identification theory:


140 See LeSportsac, 754 F.2d at 78 (rhetorically asking, "Are consumers likely to purchase a LeSportsac bag rather than that of a competitor principally because they find LeSportsac’s particular combination of design features aesthetically pleasing, or will they buy principally because the product features serve to identify or distinguish the goods as genuine LeSportsac products?").

141 See, e.g., Ives Lab., Inc. v. Darby Drug Co., 601 F.2d 631, 643 (2d Cir. 1979) ("'Functional' . . . might be said to connote other than a trademark purpose. If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright." (quoting Pagliero v. Wallace China Co., 198 F.2d 339, 343 (9th Cir. 1952))); cf. Stormy Clime Ltd. v. Progroup, Inc., 809 F.2d 971, 977 (2d Cir. 1987) (denying "that the functionality inquiry [under the competition theory] is equivalent to the 'important ingredient in commercial success' test" and recognizing that "a distinctive design or arrangement of features that is an important ingredient in the commercial success of a product but is not 'essential to the use or purpose' of the product and does not 'affect[] the cost or quality' of the product could be protectable trade dress." (quoting Inwood Lab., Inc. v. Ives Lab., Inc., 456 U.S. 844, 850 n.10 (1982)) (second alteration in original)).

142 At least one court has referred to the competition theory as the "utilitarian" test for functionality. See Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417, 427 (5th Cir.), reh’g denied, 736 F.2d 1526 (1984). Other courts have also referred to the tests for "actual benefit," "essentiality to use," and "relation to use" as "utilitarian" tests. See, e.g., In re Morton-Norwich Prods., Inc., 671 F.2d 1392 (C.C.P.A. 1982). In addition, some commentators have used the term "utilitarian" to connote the "tests" used in the nascent stages of the functionality doctrine’s development. In order to avoid confusion, this Note will not employ the term "utilitarian" to denote any general conception of functionality.

143 See Sicilia, 732 F.2d at 426 ("Th[e] general trend to limit the functionality doctrine promotes the Lanham Act’s purpose of protecting product distinguishability.").

144 See Restatement (Third) of Unfair Competition § 17 (1995). Specifically, section 17 of the Third Restatement defines functional in the following manner:

A design is "functional" . . . if the design affords benefits in the manufacturing, marketing, or use of the goods or services with which the design is
[It is an error] to . . . define nonfunctional as serving primarily to identify the manufacturer. Understood literally, this would mean that if a particular design feature had two equally important purposes, one to please consumers and the other to identify the manufacturer, it would be functional. But a trademark, especially when it is part of the product, rather than being just the brand name, is bound to be selected in part to be pleasing; so this definition of functionality could rule out trademark protection for design features.

The fact that a design feature is attractive does not, to repeat, preclude its being trademarked. If effective competition is possible without copying that feature, then . . . it is not a functional feature.145

Thus, the competition theory holds that a feature is functional if conferring trademark protection for that feature would enable the trademark holder to prevent other suppliers from competing over the market for the product.146 The competition theory permits a broader scope of product features to be trademarked than does the identification theory,147 because the former’s tests for functionality are grounded in the pro-competition concerns of trademark law.148 In other words, the competition theory posits that the functionality limitation exists to safeguard market competition for intellectual products.149 Thus, any mark that does not weaken such competition is not functional, and hence, may receive trademark protection.150

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Id. (emphasis added).

145 W.T. Rogers Co. v. Keene, 778 F.2d 334, 341-43 (7th Cir. 1985).

146 See Oratz, supra note 14, at 5 (“The test for functionality has been articulated in numerous ways, but the heart of the test appears to be whether the design affords utilitarian benefits that competitors cannot effectively duplicate through the use of alternative designs.”).

147 Cf Sicilia, 732 F.2d at 429-30 (“By restricting the doctrine of functionality, we preserve the ability of producers freely to select distinguishing designs and identifying marks. . . . A finding of nonfunctionality [under authority identified in this Note as favorable to the competition theory] will mean that a wide array of choices remain available to prospective competitors . . . .”).

148 See United States Golf Ass’n v. St. Andrews Sys., Data-Max, Inc., 749 F.2d 1028, 1034 (3d Cir. 1984) (“Several courts have noted that the key policy served by barring the use of functional features for identification is the policy favoring competition, and that the ‘functionality’ inquiry must be addressed in light of this policy.”).

149 See Sicilia, 732 F.2d at 429 (“The ultimate inquiry concerning functionality, however, is whether characterizing a feature or configuration as protected ‘will hinder competition or impinge upon the rights of others to compete effectively in the sale of goods . . . .’” (quoting In re Morton-Norwich Prods., 671 F.2d 1332, 1342 (C.C.P.A. 1982))).

150 Some courts have carefully distinguished between features on the product (product “configurations”) and features on product packaging (product “packaging”) in determining the scope of protection under the competition theory. The competition theory is
The competition theory of functionality currently embraces six tests which differ from those used under the identification theory. For the sake of convenience, this Note will refer to these six tests as the tests for: (1) "comparable alternatives," (2) "essentiality to usage," (3) "relation to usage," (4) "ease of manufacture," (5) "effective competition," and (6) "de facto/de jure functionality." As with the identification theory, the tests presented here constitute a taxonomy which is highly compromised in the case law.

B. Six Tests Under the Competition Theory

1. The "Comparable Alternatives" Test

The test for "comparable alternatives" asks whether trade-dress protection of certain features would nevertheless leave a variety of comparable\textsuperscript{151} alternative features that competitors may use to com-
pete in the market.\textsuperscript{152} If such alternatives do not exist, the feature is functional;\textsuperscript{153} but if such alternatives do exist, then the feature is not functional.\textsuperscript{154} The comparable alternatives requirement may necessitate more than the mere existence of one alternative, and may instead require a number of alternatives from which competitors may choose.\textsuperscript{155}

This test represents the notion that market competition for a product is unduly frustrated if protection for one of its features pre-

monopoly over such a standard would defeat the policy of fostering competition that underlies the functionality doctrine.

\textit{Id.} at 1034; \textit{see also} Merchant & Evans, Inc. v. Roosevelt Bldg. Prods. Co., 963 F.2d 628, 634 (3d Cir. 1992) ("[A] product design [i]s functional if it [i]s 'the best or one of a few superior designs available.'" (quoting \textit{Morton-Norwich}, 671 F.2d at 1341)); Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 366, 378 (1st Cir. 1980) ("There can be little doubt that Keebler's can is a functional design. . . . Were this not our holding, the first user of a container such as the now-standard soup can, potato chip bag, or cracker box would be able to preclude competitors from using these highly functional containers."); SK&F, Co. v. Premo Pharm. Lab., 625 F.2d 1055, 1064 (3d Cir. 1980) (affirming that shape and color of pill was nonfunctional partly because "there is ample evidence that neither the capsule form nor the color combination reflects any industry practice for the identifications of diuretics").

\textsuperscript{152} See Fabrication Enters. v. Hygenic Corp., 64 F.3d 53, 59 (2d Cir. 1995) ("In order properly to account for [the risk of unintentionally providing the recipient of trade dress protection with an unfair competitive advantage], a court must examine a number of variables, including . . . the feasibility of alternative designs that would not impair the utility of the product."); Stormy Cline Ltd. v. Progroup, Inc., 809 F.2d 971, 977 (2d Cir. 1987) ("In conducting its [functionality] inquiry, the District Court should assess . . . the feasibility of alternative arrangements of functional features that would not impair the utility of the product." (citations omitted)).

\textsuperscript{153} See, e.g., \textit{U.S. Golf Ass'n}, 749 F.2d at 1034 (scoring system for golf was functional because the system was an "industry standard").

\textsuperscript{154} See, e.g., Taco Cabana Int'l, Inc. v. Two Pesos, Inc., 932 F.2d 1113, 1119 (5th Cir. 1991) (Restaurant layout was nonfunctional because "[t]he jury heard substantial evidence of alternative combinations that could be used to compete effectively."); aff'd, 505 U.S. 763 (1992); \textit{Sicilia}, 732 F.2d at 429 (Lemon juice bottle design was nonfunctional because "a vast number of forms may accommodate the functions of a citrus juice bottle."); \textit{Tools USA}, 87 F.3d at 659 (affirming catalog design as nonfunctional because "[a] myriad of methods of conveying ordering information to customers do not involve the use of a banner across the bottom of each page of a catalog").

\textsuperscript{155} The Third Circuit's insightful opinion in \textit{Keene Corp. v. Paraflex Industries}, 653 F.2d 822 (3d Cir. 1981), which dealt with the infringement of exterior light designs, was one of the first to adopt and explain this additional requirement to the comparable alternatives test:

This court has previously indicated that merely because there are other shapes and designs "which defendant could use and still produce a workable" product, the design used is not thereby non-functional. . . . Because there are only a limited number of configurations or designs for a luminaire which are architecturally compatible with the type of structures on which they are placed, the selection of a luminaire design does not have the unlimited boundaries as does the selection of a wine bottle or ashtray design . . . .

\textit{Id.} at 827 (citation omitted).
cludes the marketing of equivalent products. Conversely, features that have no such preclusive effect do not improperly inhibit competition. In order to remove obstacles to a free market, the comparable alternatives test for functionality seeks to safeguard the existence of competition among similar products. The comparable alternatives test is the conceptual soul of the competition theory because it ensures that goods are differentiated only in insignificant ways and in a manner that would not adversely affect market competition. As such, every test under the competition theory emanates from this principle.

2. The “Essential to Usage” Test

As its name implies, the “essential to usage” test asks whether a feature is essential to the usage of a product. Thus, this test is a variant of the actual benefit test. However, for a finding of functionality, the essential to usage test requires a higher level of utility than the actual benefit test. Some courts have recast the inquiry (somewhat circularly) by defining an “essential” feature as one that is “dictated by the functions to be performed.” Under this test, a feature is functional if it confers a benefit that is indispensable to the

156 See Sicilia, 732 F.2d at 429 (“A particular design . . . may serve functions demanded by the product's manufacturer, but it is not thereby rendered legally functional—and thus unprotectable—unless the design is only one of a limited number of equally efficient options and free competition would be unduly hindered by according that design trademark protection.”)

157 See U.S. Golf Ass'n, 749 F.2d at 1034 (“Allowing one provider to obtain exclusive rights in [an industry] standard would enable it to exclude competitors desiring to provide the same product or service, particularly if the original provider . . . starts with a virtual monopoly.”).

158 See, e.g., Warner Bros. Inc. v. Gay Toys, Inc., 724 F.2d 327, 330 (2d Cir. 1983) (“Functional symbols [are] those that are essential to a product's use as opposed to those which merely identify it . . . .”); LeSportsac, Inc. v. K Mart Corp., 754 F.2d 71, 75 (2d Cir. 1985); see also American Safety Table Co. v. Schreiber, 269 F.2d 255, 274 (2d Cir. 1959) (“[T]he more the imitator copies mere arbitrary, ornamental or decorative gadgets that give the machine its characteristic appearance, as contrasted with functional features that make it more useful in the performance of its intended purpose, the more the imitator treads upon forbidden ground.”), cert. denied, 361 U.S. 915 (1959).

159 See supra Part II.B.2.

160 See Sicilia, 732 F.2d at 429 (“A design that merely assists in a product or configuration's utility is not functional and may therefore be protected.”).

161 Stormy Clime Ltd. v. Progroup, Inc., 809 F.2d 971, 975 (2d Cir. 1987) (quoting LeSportsac, 754 F.2d at 76 (quoting Warner Bros., 724 F.2d at 331)) (emphasis added); see Tools USA & Equip. Co. v. Champ Frame Straightening Equip., Inc., 87 F.3d 654, 659 (4th Cir. 1996) (“[T]he functionality inquiry . . . looks for features that are not merely useful, but rather 'essential to the use or purpose of the article.'” (quoting Inwood Lab., Inc. v. Ives Lab., Inc., 456 U.S. 844, 850 n.10 (1982))); Wallace Int'l Silversmith, Inc. v. Godinger Silver Art Co., 916 F.2d 76, 79 n.1 (2d Cir. 1990); LeSportsac, 754 F.2d at 76 (“A feature that merely accommodates a useful function is not enough [to be "essential."]” (quoting Warner Bros., 724 F.2d at 331)) (quoted in Stormy Clime, 809 F.2d at 975), cert. denied, 499 U.S. 976 (1991); Sicilia, 732 F.2d at 429 (“[A] feature will be functional, and not entitled to trademark or trade dress protection, if it is dictated by utilitarian characteristics or by the functions that the relevant product or trade dress is intended to serve.”); Warner Bros., 724
product's use. If the feature is not essential, the feature is nonfunctional and may consequently receive trade-dress protection.

### 3. The “Relation to Usage” Test

The "relation to usage" test is a creation of the Third Circuit. This test asks whether the feature is related to the utilitarian function of the product or feature. If the feature is highly related to the product's intended use, then it is functional.

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162 See, e.g., Ingle Co. v. Videotours, Inc., No. 96-55561, 1997 WL 8495, at *6 (9th Cir. Jan. 7, 1997) (unpublished disposition) (opening scene of a television program about animals which featured people interacting with animals was functional because such an opening is an essential feature of any animal show); Tough Traveler, Ltd. v. Ourline Prods., 60 F.3d 964, 970-71 (2d Cir. 1995) (Jacobs, J., concurring) (child carrier design was functional because its elements were essential to all child carriers); Wallace, 916 F.2d at 79-81 (baroque curls, roots, and flowers in silverware are functional because they are essential to silverware designs); see also Keene Corp. v. Faraflex Indus., 653 F.2d 822, 824 (3d Cir. 1981) ("Where the feature is essential to the utility of the item, . . . it is now well-established that the functionality prevents the acquisition of a trademark in that feature.").

163 See, e.g., Tools USA, 87 F.3d at 659 ("Attention Body Shop Managers" slogan in catalog not functional because it was not essential for all slogans attempting to attract purchaser's attention).

164 In explaining why it chose to create this new standard, the Third Circuit stated: [A] feature is not functional merely because it makes the product more attractive to consumers. . . . [W]e rejected the concept of aesthetic functionality as interpreted by the Court of Appeals for the Ninth Circuit [i.e., the identification theory] which suggests the contrary. Rather, we insisted that a feature have a significant relation to the utilitarian function of the product before it could be declared functional.

165 See Standard Terry Mills, Inc. v. Shen Mfg. Co., 803 F.2d 778, 781 (3d Cir. 1986) ("In this circuit, a particular design is nonfunctional, and therefore entitled to common law trademark protection, if the design is not significantly related to the utilitarian function of the product, but is merely arbitrary." (quoting Keene, 653 F.2d at 825)); United States Golf Ass'n v. St. Andrews Sys., Data-Max, Inc., 749 F.2d 1028, 1033 (3d Cir. 1984) ("[T]he essence of the question is whether a particular feature of a product or service is substantially related to its value as a product or service . . . ."); Keene, 653 F.2d at 825 ("[T]he [functionality] inquiry should focus on the extent to which the design feature is related to the utilitarian function of the product or feature.").

166 See, e.g., Standard Terry Mills, 803 F.2d at 781 (affirming that terrycloth weave pattern was functional because it was related to towel's function by "serv[ing] to make the . . . towel strong, durable, and compatible with contemporary kitchen decor"); American Greetings, 807 F.2d at 1142 (affirming that designs on Care Bears teddy bears were functional because "they contribute[d] to the effectiveness and performance of Care Bears as plush toy teddy bears"); see also SK&F, Co. v. Premo Pharm. Lab., Inc., 625 F.2d 1055, 1064 (3d Cir. 1980) (auguring the formulating of the "related to usage" test by commenting obiter
However, if a feature is not as related, it is nonfunctional.\textsuperscript{167}

The "relation to usage" test is another close variant of the actual benefit\textsuperscript{168} and essential to usage\textsuperscript{169} tests. More specifically, this test straddles the boundaries established by the actual benefit test on one side and the essential to usage test on the other. The relation to usage test is less sensitive than the actual benefit test because it requires more than any mere benefit beyond source-identification to find functionality. However, the relation to usage test is more sensitive than the essential to usage test in that it will regard a feature as functional even if it is not wholly essential to the product's usage.

4. The "Ease of Manufacture" Test

The "ease of manufacture" test for functionality asks whether a competitor can manufacture the disputed feature at the same or at a lower cost if trademark protection were imposed on that feature.\textsuperscript{170} If a competitor cannot so manufacture the feature, then the feature is functional.\textsuperscript{171} For example, in Smith, Kline & French Laboratories v. Clark & Clark, the court refused to protect the round shape of pills because of the economy of manufacturing pills in that particular shape.\textsuperscript{172} Similarly, in Aromatique, Inc. v. Gold Seal, Inc, the court held that the plastic "flower" created by the sealing of a cellophane wrapper over a gift basket was "functional" because it was "one of the most common . . . shapes in packaging" and therefore, protection of the feature would "unduly impair competition."\textsuperscript{173}

This rarely invoked test is analogous to the comparable alternatives test in that it asks whether financially comparable methods of manufacturing a product without duplicating the controversial feature exist. If such alternatives are available, then the feature is nonfunctional because the infringer could have employed a different method of manufacture so as to avoid confusion. On the other hand,
if a feature could not be manufactured in an alternative manner that is equally or less costly, then the feature is merely a consequence of economic considerations, and the cost advantages inherent to the feature's manufacturing process warrant finding the feature to be functional.174

5. The “Effective Competition” Test

The “effective competition” test asks, in amorphous terms, whether trade-dress protection for a product’s feature would hinder the ability of another manufacturer to compete effectively in the market for the product.175 If such hinderance is probable, then the feature is functional and unsuitable for protection.176 If the feature is not a likely impediment to market competition, then the feature is nonfunctional and may receive trademark protection.177 In form and in essence, the effective competition test is simply a direct application of the competition theory of functionality in the form of a test.178

6. The “De Facto/De Jure” Test

The “de facto/de jure” test for functionality is not a conceptually distinct “test” as much as it is a method of applying the effective com-

174 See also J.R. Clark Co. v. Murray Metal Prods. Co., 219 F.2d 313, 320 (5th Cir. 1955) (Design of ironing table was not protectable because it was "a result of a well known manufacturing process").


176 See, e.g., Keene Corp. v. Paraflex Indus., 653 F.2d 822, 826 (3d Cir. 1981) (affirming factual finding of nonfunctionality for wall lamps ultimately because “the design of the Wall Cube was functional to a sufficient extent so that on balance the interest in free competition in the luminaire market outweighed Keene’s interest in having the exclusive right to the design”).

177 See, e.g., Sunbeam Prods., Inc. v. West Bend Co., 123 F.3d 246, 255-57 (5th Cir. 1997) (configuration of Sunbeam kitchen mixer was not functional because “protection of Sunbeam design would not impinge upon the rights of others to compete effectively in the sale of goods”), petition for cert. filed, 66 U.S.L.W. 3558 (U.S. Feb. 11, 1998) (No. 97-1317).

178 See Keene, 653 F.2d at 826 (concluding, after canvassing a variety of tests from both theories, that it “cannot denominate as clearly erroneous the district court’s finding that the design of the [product] was functional to a sufficient extent so that on balance the interest in free competition in the . . . market outweighed [plaintiff]’s interest in having the exclusive right to the design”).
petition test. On matters over which it does not have exclusive jurisdiction, the Federal Circuit applies the substantive law of the forum from which an appeal is taken. Thus, the Federal Circuit does not apply its own law on functionality in all the cases that come before it. However, in trademark cases over which it does exercise exclusive jurisdiction, the Federal Circuit has favored the de facto/de jure approach in determining functionality, which was first articulated in In re Morton-Norwich Products, Inc.

In Morton-Norwich, the appellant appealed from a decision of the United States Patent and Trademark Office’s Trademark Trial and Appeal Board which denied the appellant trademark protection for the shape of its spray bottles. The appellant argued that the limitless variety of spray-bottle designs, coupled with the distinctiveness of its own bottle’s design, permitted the spray bottle’s shape to be trademarked. Without elaboration, the Board took the contrary position that the spray bottle’s design was functional. The Federal Circuit disagreed, distinguishing between the lay definition and the legal definition of the term “functional”:

[T]he label “functional” has dual significance. It has been used, on the one hand, in lay fashion to indicate “the normal or characteristic action of anything,” and, on the other hand, it has been used to denote a legal conclusion [i.e., that a feature is unprotectable]. . . .

If the designation “functional” is to be utilized to denote the legal consequence, we must speak in terms of de facto functionality and de jure functionality, the former being the use of “functional” in the lay sense, indicating that although the design of a

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179 See supra Part III.B.5.
180 See Atari, Inc. v. JS & A Group, Inc., 747 F.2d 1422, 1438-40 (Fed. Cir. 1984) (en banc); see also Cable Elec. Prods., Inc. v. Genmark, Inc., 770 F.2d 1015, 1032 (Fed. Cir. 1985) (elaborating on Atari and remanding case incorrectly decided under Federal Circuit precedent for reconsideration under the appropriate law).
181 See, e.g., Jurgens v. McKasy, 927 F.2d 1552, 1562-63 & n.6 (Fed. Cir.) (applying the Eighth Circuit’s substantive law on functionality, but the Federal Circuit’s law on patent issues and on the procedural question of whether jury instructions were sufficient), cert. denied, 502 U.S. 902 (1991); Power Controls Corp. v. Hybrinetics, Inc., 806 F.2d 234, 240 (Fed. Cir. 1986) (rejecting litigant’s use of Federal Circuit precedent in unfair-competition matter partly because the controlling law was provided under Ninth Circuit case law).
182 Cf 28 U.S.C. § 1295(a) (1994) (enumerating appeals over which the Federal Circuit has exclusive jurisdiction). The most significant provision in this statute relating to the functionality problem is probably the conferral of exclusive jurisdiction upon the Federal Circuit over “decision[s] of the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other [related] proceedings.” Id. § 1295(a)(4)(B) (formatting altered).
183 671 F.2d 1332 (C.C.P.A. 1982).
184 See id. at 1334.
185 See id. at 1342 (“The evidence shows that even the shapes of pump triggers can and do vary while performing the same function.”).
186 See id. at 1341-42.
product, a container, or a feature of either is directed to performance of a function, it may be legally recognized as an indication of source. De jure functionality, of course, would be used to indicate the opposite—such a design may not be protected as a trademark.\(^\text{187}\)

Thus, under the Federal Circuit’s analysis, a feature is de facto functional if it imparts any utility to the product.\(^\text{188}\) However, such a feature might still be protectable despite its utilitarian benefits.\(^\text{189}\) The feature is de jure functional—i.e., unprotectable by trademark law—only if it is superior to alternative features, thereby enabling the trademark holder to foreclose competition over the market for the feature.\(^\text{190}\) In short, the de jure functionality inquiry is congruent to the effective competition test and implicates all the tests under the competition theory.\(^\text{191}\)

As mentioned earlier, the de facto/de jure analysis is not as much a test as it is an approach to the effective competition test which requires a somewhat formalistic recitation of whether the design in question is de facto functional.\(^\text{192}\) If the design is not found to be de facto functional, then no further investigation need be made to conclude that the design itself is protectable.\(^\text{193}\) On the other hand, if the design is found de facto functional, then the factfinder must determine whether the feature is de jure functional by asking whether protection of the feature injures effective competition.\(^\text{194}\) Thus, the de

\(^{187}\) Id. at 1337.

\(^{188}\) See id.

\(^{189}\) See id. at 1338 (“The broad statement . . . that the design of an article ‘having utility’ cannot be a trademark[,] is incorrect and inconsistent with [the case law].”).

\(^{190}\) See id. at 1340 (“‘[F]unctionality’ is determined in light of ‘utility,’ which is determined in light of ‘superiority of design,’ and rests upon the foundation ‘essential to effective competition . . .’”; New England Butt Co. v. International Trade Comm’n, 756 F.2d 874, 878 (Fed. Cir. 1985) (“Other factors relevant to the determination of functionality are . . . whether there are other alternatives available[,] and whether a particular design ‘results from a comparatively simple or cheap method of manufacturing.’” (quoting Morton-Norwich, 671 F.2d at 1341)).

\(^{191}\) Compare supra Parts III.B.1-5 with supra note 190 and accompanying text.

\(^{192}\) Professor Thomas McCarthy, the author of one of the most celebrated treatises on trademark law, has criticized the de facto/de jure approach precisely for its unnecessary use of additional steps and terminology in addressing the abstruse problem of determining functionality. See McCarthy, supra note 15, at § 7:69, at 7-143 (characterizing the approach as a “bit of legalese . . . [which] only serves to make more enigmatic an already difficult issue”).

\(^{193}\) See, e.g., In re D.C. Comics, Inc., 689 F.2d 1042, 1048 (C.C.P.A. 1982) (holding that “[c]learly, the drawings of [comic-book characters on box containing toys for those respective characters] are not de jure functional [because] they possess no de facto function at all . . .’”); see also, e.g., In re Owens-Corning Fiberglas Corp., 774 F.2d 1116, 1122-23 (Fed. Cir. 1985) (color pink on insulation was non-functional because “the color ‘pink’ has no utilitarian purpose” and “performs no non-trademark functional”).

\(^{194}\) Compare, e.g., Brunswick Corp. v. British Seagull Ltd., 35 F.3d 1527, 1531-33 (Fed. Cir. 1994) (the color black, as applied to outboard boat motors, was de jure functional because it was a uniquely versatile color that reduced apparent size of motor).
facto/de jure approach simply incorporates the effective competition test as the second step in a two-tiered inquiry.

C. Why These Tests Belong Under the Competition Theory

Just as Section II.C explained why the tests described in Section II.B were categorized under the identification theory, this Section shows why the six tests set forth above belong to the competition theory. The discussion in Section II.C presented three examples: china patterns, lamp designs, and totebag features. The discussion established that all three would be functional under identification-theory analysis. However, these examples, when viewed through the lens of the competition theory, are nonfunctional. Applying each of the above six tests to the three examples confirms the affinity of these tests for the competition theory.

Under the comparable alternatives test, the three examples would not be functional because there are always comparable alternatives to such ornamental designs. Nor would the examples be functional under the essential to usage test because the aesthetic characteristics are not essential to the products' usage. Additionally, one cannot fairly say that the aesthetic designs are related to the usage of the products. Moreover, because the difficulty in manufacturing different china patterns, lamp designs, or totebag features is negligible, the three examples are not functional under the ease of manufacture test either. Lastly, monopolization of one ornamental design does not eliminate effective competition for the entire product type, and therefore, is also not de jure functional.

In sum, none of the three examples were functional under any of the six competition tests. This is exactly the result that one would expect from the competition theory. Accordingly, these six tests align themselves more readily with the competition theory than with the identification theory.

IV

THE TWO THEORIES OF FUNCTIONALITY AND THE AESTHETIC FUNCTIONALITY PROBLEM

A. Redefining the "Aesthetic Functionality" Problem

Although the identification and competition theories differ on a fundamental level, their dispute encompasses a very limited set of product features. Both theories agree that trademark protection should be unavailable for features which, if granted such protection,
would interfere with market competition. Both theories also concur that features which have no value other than the identification of source should not be barred from trademark protection.

Thus, the only features in controversy are those that have some value beyond source-identification, but that, if granted trademark protection, would not collapse the competitive markets for their respective goods. The controversy between these two competing theories over this set of features forms the debate over "aesthetic functionality." From this perspective, the aesthetic functionality problem is not simply a question of whether ornamental features are protectable. Rather, it can be redefined as the collision between two compelling views on the fundamental nature of functionality itself.

The aesthetic functionality problem asks whether a design that is intrinsically attractive may receive trademark protection. Specifically, the problem focuses on ornamental features that have the potential to influence consumer behavior, but are neither essential nor helpful to the primary function of the product. In brief, the features which fuel the aesthetic functionality debate are the very features that lie in the unsettled terrain between the "identification" and the "competition" theories of functionality.

The identification theory holds that such ornamental features are functional because they possess some quantum of value beyond the identification of their source. On the other hand, the competition theory maintains the opposite view—these features are not functional because they do not significantly endanger the competitiveness of their respective products' markets. Thus, the aesthetic functionality problem demands that courts adopt one of these two theories and discard the other. In order to determine which of these two theo-

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195 A feature that inhibits market competition would, by definition, satisfy the competition test. Moreover, by inductive reasoning, a feature which suppresses market competition when protected must have some value other than indicia of source. Thus, the feature would also always satisfy the identification theory.

196 The reasoning behind this statement is almost identical to the reasoning behind the preceding sentence. See supra note 195 and accompanying text. By definition, a feature that has no value other than identification does not trigger foreclosure of trademark protection under the "actual benefit" test. Moreover, it is inconceivable that a feature which has no value other than source identification can restrain competition.


200 At least one court has taken note of this theoretical schism. In Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417 (5th Cir.), reh'g denied, 736 F.2d 1526 (1984), the Fifth Circuit observed that
ries better resolves the aesthetic functionality problem, both must be measured against the purposes of the functionality doctrine.

B. Purposes of the Functionality Doctrine

The functionality doctrine is a judicial expression of caution directed against conferral of trade-dress protection. As such, the ultimate purpose of the functionality doctrine is to establish limits to trademark protection. Thus, tests for functionality do not ask what may be protected, but rather, what may not. There are two apparent purposes for the functionality doctrine: (1) to prevent the perpetual monopolization of valuable product features, and (2) to partition the law of intellectual property between trademark and other forms of protection (e.g., copyright and patent).

1. Prevention of Perpetual Monopolies

The functionality doctrine is keenly concerned with preventing overbroad grants of trademark protection. This concern is significant because trademark protection has an indefinite duration. Thus, courts have awarded trademark protection warily in order to avoid

In re Morton-Norwich Prods., Inc., 671 F.2d at 1332, 1336 (C.C.P.A. 1982)); Wolf, supra note 4, at 441 ("The Doctrine of Elections evolved from a belief that trademark protection combined with design patent protection converts the limited monopoly granted under the design patent into a perpetual monopoly.").
conferring perpetual monopolies for features that are protected more properly under impermanent protections.\textsuperscript{204}

By ensuring that valuable features do not receive trade-dress protection, the functionality doctrine prevents manufacturers from acquiring exclusive rights in marketable product features.\textsuperscript{205} The economic significance of such an exclusive right is considerable: protecting a feature from imitation allows the trade-dress holder to exercise a legally enforced monopoly over products bearing that feature.\textsuperscript{206}

In essence, permitting a valuable feature to receive trade-dress protection disrupts free market competition\textsuperscript{207} by enabling the trade-dress holder to establish a price above the competitive equilibrium for products bearing that feature.\textsuperscript{208} Such a privilege (i.e., a monopoly over a useful design) is anathema to the cardinal tenet of free-market economics: namely, that prices are optimally established in the long run only through the unregulated interaction between supply and demand.\textsuperscript{209} A legally enforced monopoly deviates from the free-market vision because such a monopoly prevents suppliers from competing

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\textsuperscript{204} See Sega Enters. v. Accolade, Inc., 977 F.2d 1510, 1530 (9th Cir. 1992) ("The trademark is misused if it serves to limit competition in the manufacture and sales of a product. That is the special province of the limited monopolies provided pursuant to the patent laws." (quoting Anti-Monopoly, Inc. v. General Mills Fun Group, 611 F.2d 296, 301 (9th Cir. 1979))); Clamp Mfg. Co. v. Enco Mfg. Co., 870 F.2d 512, 516 (9th Cir.) ("The requirement of nonfunctionality is based 'on the judicial theory that there exists a fundamental right to compete through imitation of a competitor's product, which right can only be temporarily denied by the patent or copyright laws.'" (quoting Morton-Norwich, 671 F.2d at 1336)), cert. denied, 493 U.S. 872 (1989); Brunswick Corp. v. Spinit Reel Co., 832 F.2d 513, 519 (10th Cir. 1987) ("A recurring concern [which] encourages a broad definition of 'functional,' is that granting protection to a feature will create a monopoly which would prevent others from successfully competing with the individual who developed the feature.").

\textsuperscript{205} See Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1028 (9th Cir. 1985) ("If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright." (quoting Fabrica, Inc. v. El Dorado Corp., 697 F.2d 890, 890 (9th Cir. 1983) (quoting Pagliero v. Wallace China Co., 198 F.2d 339, 343 (9th Cir. 1952))), cert. denied, 471 U.S. 1059 (1986).

\textsuperscript{206} See Shapiro, supra note 44, at 661 (observing that reputation need not be a barrier impeding entry into markets).

\textsuperscript{207} See Dumas, supra note 11, at 479.

\textsuperscript{208} See Cunningham, supra note 197, at 574; see also FRANKLIN M. FISHER, INDUSTRIAL ORGANIZATION, ECONOMICS AND THE LAW 19-21 (John Monz ed., 1991) (explaining difficulties in applying theory to practice); ROGER SHERMAN, THE REGULATION OF MONOPOLY 64-65 (1989).

\textsuperscript{209} This "cardinal tenet" is an invariant lesson in almost every basic economics course. See, e.g., PAUL A. SAMUELSON & WILLIAM D. NORDBAU, ECONOMICS 443 (13th ed. 1989) ("A thousand forces affect price. But in a freely competitive market, they do so only by acting through supply and demand. . . . Interferences with supply and demand will often lead to inefficient pricing and allocations." (formatting altered)). However, the principle operates upon several assumptions, such as perfect information and zero transactions costs (which trademark partly seeks to remedy). See R. H. Coase, The Problem of Social Cost, 3 J.L.

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with the monopolist in the market for the protected product.\textsuperscript{210} By ensuring that grants of such monopolies are confined to features with minimal value beyond source-identification, the functionality doctrine prevents trademarks from disabling the very markets that they attempt to foster.\textsuperscript{211} Thus, the functionality doctrine does not actively promote competition—rather, it fosters competition by preventing market participants from erecting permanent obstacles against market entrants.\textsuperscript{212}

2. Partitioning of Intellectual-Property Law

The functionality doctrine also aids in distinguishing trademark law from other bodies of intellectual-property law.\textsuperscript{213} There is a widely held belief that trademark law may be liberally extended to fulfill pol-

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ECON. 1 (demonstrating “efficient” allocations of liability and externalities in the presence of zero transactions costs).
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\textsuperscript{210} See FISHER, supra note 208, at 21-25; SHERMAN, supra note 208, at 63.

\textsuperscript{211} See Tools USA & Equip. Co. v. Champ Frame Straightening Equip., Inc., 87 F.3d 654, 658 (4th Cir. 1996) (“The non-functionality requirement for trademark or trade dress protection ‘prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.’” (quoting Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 164 (1995))). Another way to view functionality is to see it as a means by which society values intellectual creations. The greater the value of the innovation, the keener the interest there is in ensuring that the innovation is not perpetually withheld from the public. As the Third Circuit noted:

The use of “non-functional” features of a product or service to identify its source is legally protected against imitation by competitors, because the value of such features in identifying the source of the goods or services outweighs the social interest in allowing competitors to copy them. Functional features, on the other hand, may not be legally protected methods of identification, regardless of their association with the original manufacturer, because their usefulness in identifying the source of the product or service is outweighed by the social interest in competition and improvements, which are advanced by giving competitors free access to those features.


\textsuperscript{212} See American Greetings Corp. v. Dan-Dee Imports, Inc., 807 F.2d 1136, 1142 (3d Cir. 1986) (“[T]he policy predicate for the entire functionality doctrine stems from the public interest in enhancing competition[,]” however, a court may also consider “whether prohibition of imitation by others will deprive the others of something which will substantially hinder them in competition.”) (quoting Keene Corp. v. Paraflex Indus., 653 F.2d 822, 827 (3d Cir. 1981) (quoting RESTATEMENT (FIRST) OF TORTS § 742 cmt.a (1938)))}. Compare Keene, 653 F.2d at 827 (mistakenly explaining that “the policy predicate for the entire functionality doctrine stems from the public interest in enhancing competition”) with Standard Terry Mills, Inc. v. Shen Mfg. Co., 803 F.2d 778, 780-81 (3d Cir. 1986) (“[T]he functionality doctrine encourages competition by preventing one manufacturer from acquiring a monopoly by attempting to trademark those features of a design essential to a successful product of that type.”).

\textsuperscript{213} See Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc., 58 F.3d 27, 32 (2d Cir. 1995) (“[O]verextension of trade dress protection can undermine restrictions in copyright and patent law that are designed to avoid monopolization of products and ideas.”).
icy goals. For example, one court has advocated a broad definition of trademark protection in order to encourage beauty in product design, complaining that

[A narrow scope of trade-dress protection] provides a disincentive for development of imaginative and attractive design. The more appealing the design, the less protection it would receive. As our ambience becomes more mechanized and banal, it would be unfortunate were we to discourage use of a spark of originality which could transform an ordinary product into one of grace.\(^{214}\)

Another writer—a commentator—has suggested the expansion of trade-dress law to cover otherwise unprotectable garment designs in order to mitigate the unfairness to clothing designers.\(^{215}\)

These broad conceptions of trademark law are gravely erroneous.\(^{216}\) Trademarks are not commercial avenues through which societal objectives may freely be pursued. Rather trademarks maintain the workability of the market in the limited ways detailed earlier in this Note.\(^{217}\) As the Second Circuit explained:

At first glance it might seem intolerable that one manufacturer should be allowed to sponge on another by pirating the product of years of invention and development without license or recompense and reap the fruits sown by another. Morally and ethically such practices strike a discordant note. It cuts across the grain of justice to permit an intruder to profit not only by the efforts of another but at his expense as well.

But this initial response to the problem has been curbed in deference to the greater public good. . . . [I]mitation is the life blood of competition. It is the unimpeded availability of substantially equivalent units that permits the normal operation of supply and demand to yield the fair price society must pay for a given commodity.\(^{218}\)

The common misunderstanding over the scope of trademark law bears directly on the role of the functionality doctrine.\(^{219}\)

\(^{214}\) Keene Corp. v. Paraflex Indus., Inc., 653 F.2d 822, 825 (3d Cir. 1981).


\(^{216}\) See Dumas, supra note 11, at 490 ("[T]he encouragement of imaginative and attractive designs is not a goal of unfair competition law . . . .").

\(^{217}\) See supra Part I.A.

\(^{218}\) American Safety Table Co. v. Schreiber, 269 F.2d 255, 271-72 (2d Cir.) (citations omitted), cert. denied, 361 U.S 915 (1959).

\(^{219}\) One of the most elegant admonishments against the overexpansion of trademark came from the Second Circuit:

Courts must proceed with caution in assessing claims to unregistered trademark protection in the design of products so as not to undermine the objectives of the patent laws. . . . By bestowing limited periods of protection to novel, non-obvious, and useful inventions and new, original, and orna-
Intellectual properties are safeguarded by distinct bodies of law.\textsuperscript{220} The three prevailing forms of protection for such properties are trademark, patent, and copyright law. Each body of law protects specific types of intellectual creations and each form accords a different term of protection. Trademarks protect designs used to identify a commercial source or sponsor for an indefinite period of time.\textsuperscript{221} Utility patents protect technological innovations\textsuperscript{222} for 20 years,\textsuperscript{223} whereas design patents protect "new, original and ornamental design[s] for an article of manufacture"\textsuperscript{224} for 14 years.\textsuperscript{225} Lastly, copyrights protect non-utilitarian artistic works.\textsuperscript{226} For individual authors, copyrights can survive the death of the creator (or the last co-creator) by 50 years.\textsuperscript{227} For anonymous works, pseudonymous works, or works for hire, copyrights endure for 75 years after the time of first publication, or 100 years after the time of creation, whichever expires first.\textsuperscript{228}

This threat is particularly great when, as in the instant case, a first manufacturer seeks broad trade dress protection for a product on the ground that its arrangement of predominantly functional features is distinctive.\ldots

To avoid undermining the purpose of the patent laws to place useful innovations in the public domain after expiration of a limited monopoly, courts must be sensitive to whether a grant of trade dress protection would close all avenues to a market that is otherwise open in the absence of a valid patent.

Stormy Clime Ltd. v. ProGroup, Inc., 809 F.2d 971, 977-78 (2d Cir. 1987) (citations omitted); see also Fisher Stoves, 626 F.2d at 196 (recognizing that the "[d]efendant, in imitating [the plaintiff], is doubtless sharing in the market formerly captured by the plaintiff's skill and judgment. While we sympathize with plaintiff's disappointment at losing sales to an imitator, this is a fact of business life.").

\textsuperscript{220} See David W. Opderbeck, \textit{Form and Function: Protecting Trade Dress Rights in Product Configurations}, 20 SETON HALL LEGIS. J. 1, 2 (1996) (noting that "[p]roduct design features may be protected by several species of intellectual property rights" and listing design patent, copyright, and trade dress as the appropriate bodies of law).

\textsuperscript{221} See supra notes 203-04 and accompanying text.


\textsuperscript{223} See id. § 154(a)(2). Utility patents may be extended under special circumstances.

\textsuperscript{224} See \textit{id.} § 154(b). However, the period of extension is never perpetual. See \textit{id.}

\textsuperscript{225} Id. § 171.

\textsuperscript{226} See \textit{id.} § 173.

\textsuperscript{227} See \textit{id.} § 302(a)-(b).

\textsuperscript{228} See \textit{id.} § 302(c). The copyright durations given in the text apply to works created on or after January 1, 1978. See \textit{id.} § 302. The term of copyright protection for works created before January 1, 1978 is given in 17 U.S.C. §§ 303-304. Although works falling under the latter category may, in some cases, receive broader protection than their later counterparts, the term of protection for these works is still finite. See \textit{id.}
AESTHETIC FUNCTIONALITY

Measured by duration, trademarks confer the longest protection, followed by copyrights, and then by patents.229

In its earliest incarnations, the functionality doctrine found shape in the belief that utilitarian features were more properly protected under the fleeting aegis of the patent statutes, rather than the endless vigilance of the trademark laws.230 However, this primitive exposition of the functionality doctrine misapprehended the complete role of the functionality defense.231 The functionality doctrine exists not only to separate trademarks from utility patents. Rather, as its evolution in the case law reveals, the functionality doctrine also seeks to fragment the whole of intellectual-property protection into separate spheres by assigning creations of ingenuity into discrete legal categories.232 More specifically, the functionality doctrine prevents designs from attaining a longer period of protection than they deserve.233

This understanding of functionality explains why the functionality doctrine also prevents copyrightable and design-patentable creations from enjoying trademark protection. Copyrights and design patents are assigned to certain valuable, non-utilitarian designs for finite periods of time.234 Accordingly, features protectable by copyrights and design patents do not deserve perpetual protection through trademark law.235 The "aesthetic functionality" doctrine, by preventing copyrightable and design-patentable features from receiv-

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229 For purposes of this discussion, this Note will omit reference to the possibility that a trademark may become generic, and thus unprotectable.
230 See Sylvania Elec. Prods., Inc. v. Dura Elec. Lamp Co., 247 F.2d 730, 732 (3d Cir. 1957) ("The purpose of the functionality rule is obviously to prevent the grant of perpetual monopoly by the issuance of a trade-mark in the situation where a patent has either expired, or for one reason or another, cannot be granted."). But cf. SK&F, Co. v. Premo Pharm. Lab., Inc., 625 F.2d 1055, 1065-66 (3d Cir. 1980) ("[T]here is no suggestion in the Sears and Compco cases that federal patent policy somehow limited the scope of section 43(a), for the Court had no need in those cases to address the reach of a federal tort over which Congress has complete control.").
231 See Industria Arredamenti Fratelli Saporiti v. Charles Craig, Ltd., 725 F.2d 18, 19-20 (2d Cir. 1984) ("In the context of § 43(a) of the Lanham Act, 'functional' is not synonymous with 'utilitarian,' nor is it the antonym of 'ornamental.' Indeed, ornamentation may be the thing that sells the product.").
232 See, e.g., Falk supra note 16, at 842 (suggesting that "[u]nder proper[ly defined] functionality doctrine, a configuration that alone qualifies as a utility patent would necessarily meet the definition of functionality"); Pérez, supra note 199, at 397-99 (discussing the increasing overlap between patent law and trade-dress law).
233 See Dumas, supra note 11, at 479 ("The functionality doctrine prevents the otherwise inevitable clash between free competition and trademark protection that occurs when trade dress protection is extended beyond a product's packaging to its design.").
234 See supra notes 224-28.
235 The Fifth Circuit explained the difference between trademark and copyright in the following terms: The copyright laws are based on an entirely different concept than the trademark laws, and contemplate that the copyrighted material, like patented ideas, will eventually pass into the public domain. The trademark laws are based on the needed protection of the public and business inter-
ing more protection (via trademark law) than Congress has permitted under the copyright and patent statutes, is thus an inescapable corollary of reading trade-dress law in the context of those very laws. In doing so, the aesthetic functionality doctrine cleaves a rift between trademarkable creations and those better suited for copyright or design-patent protection.

Notably, there is a "functionality doctrine" in copyright law which limits the scope of trademark protection. The Supreme Court introduced this doctrine in Baker v. Selden. In Baker, the plaintiff sought exclusive rights over both the design and system of an accounting ledger. The Court held that, although the design was protectable under copyright, the accounting system was not. Specifically, the Court reasoned that "[t]o give to the author of [a] book an exclusive property in the art described therein . . . would be a surprise and a fraud upon the public. That is the province of letters-patent, not of copyright."

Although copyright functionality is not identical to trademark functionality, they operate on the same basic principles. A design that has utility may not receive copyright protection because it is "functional." Thus, the design can, at most, be patented. Because

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236 Some have even suggested that the roots of the prohibition against trademark protection for copyrightable or patentable designs are grounded in Constitutional soil. See, e.g., Theodore H. Davis, Jr., Copying in the Shadow of the Constitution: The Rational Limits of Trade Dress Protection, 86 TRADEMARK REP. 223, 265-66 (1996) ("Because the Lanham Act can no more abrogate constitutional mandates than can other federal legislation, its potentially perpetual protection does not reach individually functional elements—not only because the Act does not expressly address them, but because it cannot do so." (footnotes omitted) (emphasis added)); Wolf, supra note 4, at 444 (claiming that a major issue in granting trademark protection to design patented features is "whether the trademark protection constructively 'stretches' the life of the patent beyond the limited scope constitutionally allowed" (footnote omitted)); id. at 463-70 (same issue with conferment of trademark protection to copyrighted materials); see also U.S. CONST. art. I, § 8, cl. 8 ("The Congress shall have Power . . . To Promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.").

237 See generally Dumas, supra note 11 (discussing the differences between copyright and trademark similarity and suggesting intermingling of various aspects between the two).

238 101 U.S. 99 (1879).

239 Id. at 99-100.

240 Id. at 104-05.

241 Id. at 102.

242 See Dumas, supra note 11, at 471 ("Although functionality is a common defense, courts employ different tests for determining functionality in trade dress and copyright infringement actions.").

243 Cf. 37 C.F.R. § 202.1 (1997) ("The following are examples of works not subject to copyright and applications for registration of such works cannot be entertained: . . . (b)
a patent's duration is shorter than that of a copyright, the operation of copyright functionality confirms the theory that a feature's functionality limits the duration of protection that feature may receive. Moreover, copyright's functionality enables copyrightable products to be separated from patentable products.

To summarize, the "partitioning" capacity of functionality sorts intellectual creations into the legal categories specifically designed to protect those creations. Under the current scheme of intellectual property, three areas of interaction exist among the three dominant bodies of intellectual-property law: (1) between trademark and patent; (2) between trademark and copyright; and (3) between copyright and patent. The traditional understanding of functionality, which was based on utility, partitioned patentable features from trademarkable features. Aesthetic functionality seeks to partition designs protectable by trademark from those protectable by copyrights and utility patents. Lastly, copyright functionality partitions copyrightable designs from patentable ones. In sum, functionality separates these three bodies of law by determining the appropriate form of intellectual-property protection to govern any given design.

Ideas, plans, methods, systems, or devices, as distinguished from the particular manner in which they are expressed or described in a writing.

Compare supra notes 222-25 and accompanying text (patent durations), with supra notes 226-28 and accompanying text (copyright durations).

Closely related to the functionality doctrine is the doctrine of elections, which limits an inventor to receiving one form of intellectual-property protection for any particular feature, as opposed to multiple forms of protection. As the United States Copyright Office has indicated:

"While the design patent act establishes an absolute monopoly, it lasts for a relatively short duration of fourteen years. Protection under copyright, on the other hand, lasts for life of the author plus fifty years, but protects only against copying. Yet, if design patent and copyright can cover the same design, the owner would benefit from a 'super monopoly' unaffected by important limitations in both the patent and copyright statutes. In the absence of any clear indication that Congress intended such an expansive system of protection to apply to certain designs, the Copyright Office believes the sounder public policy requires an owner to elect between systems of protection."

Wolf, supra note 4, at 466 (quoting Letter from Kent Dunlap, Principal Legal Advisor, Copyright Office, to Douglas R. Wolf (Apr. 17, 1991)).


For a good discussion on the interaction between trademark and utility patents, see generally Falk, supra note 16. With respect to trademark's relations with design patents, see Pérez, supra note 199, at 398-408, 413-14.


C. Resolving the "Aesthetic Functionality" Problem

In order to determine whether the identification theory or the competition theory best addresses the aesthetic functionality problem, it is necessary to compare their respective capacities at serving the purposes of functionality—namely, the preservation of competition and the partitioning of intellectual-property law. Subsection (1) first examines the relative ability of the theories to preserve competition. Subsection (2) then determines which theory of functionality better partitions the various bodies of intellectual-property law.

1. The Interest in Preventing Perpetual Monopolies

Both theories prevent the hindrance of competition by preventing the monopolization of designs essential to a product's success. Thus, competitors producing the same product are not foreclosed from the market merely because someone holds exclusive rights to one of the product's essential features. By definition, this is the role of the competition theory. Because the identification theory prevents monopolization of even more features than the competition theory, the identification theory protects competition equally well, if not better than, the competition theory.

Moreover, market competition is not measured solely by the absence of barriers to entry into industries. Removal of those barriers serves the even higher goal of ensuring that the individual products in these industries are sold at the lowest price that society (through the market) is willing to pay for the product. See George J. Stigler, The Theory of Price 180, 182 (4th ed. 1987) ("In competitive equilibrium marginal costs of all firms are equal, and thus no reduction in total [societal] costs would be possible by reshuffling output among firms."). The lowest price that society is willing to pay for any given product is determined by the producer as well as by the consumer. The lowest price that a consumer would be willing to pay for any product is zero. Obviously, producers would never produce anything in a world where everything was free. Thus, to speak of "society" setting the prices for goods is to also take into account the lowest price at which producers would still be willing to manufacture goods for sale.

Conversely, the lowest price that society is willing to pay for any given product is not simply the lowest price at which producers would be willing to manufacture them either. This is so because the lowest price at which producers are willing to manufacture products may be higher than what any consumer would be willing to pay for them. For example, a producer might be willing to sell bottles of air for a dollar (which, we will assume, reflects the costs expended in collecting, bottling, and marketing the air). However, no consumer would conceivably be willing to purchase bottles of air at that price (or, for that matter, at any price).
Only the identification theory ensures the lowest equilibrium price. The identification theory forbids the monopolization of ornamental features. Thus, manufacturers are free to imitate the adornments on each others' products. Competition among manufacturers forces the price of products down to the lowest price sustainable in the market. Thus, the identification theory fosters competition through price as well as through innovation.

In contrast, the competition theory permits the monopolization of product embellishments. Although such a system provides greater incentives for manufacturers to produce innovations in aesthetic design, the perpetual duration of such protection is overbroad. The competition theory, by insulating the holder of a protected ornamental design from subsequent competition, provides few incentives for that manufacturer to sell that design at the lowest possible price. Thus, the competition theory does not protect competition as well as the identification theory.

2. The Interest in Partitioning Intellectual-Property Law

The identification theory is also superior to the competition theory in partitioning the various forms of intellectual property from one another. The identification theory rests on the view that no device should receive trademark protection unless its effects are strictly limited to the source-identifying purposes of trademark protection. Consequently, the identification theory of functionality prevents trademark law from expanding into the provinces of patent and copyright. More importantly, the identification theory prevents trademark law from appropriating designs from the public domain for exclusive, private use.

Not all intellectual creations are legally entitled to protection. In the current stage of intellectual property's development, creations that deserve protection sometimes fall through the cracks at the interstices between the domains of patent, copyright, and trademark. As tempting as it may be to extend trademark law in order to rescue those creations from imitation by undeserving competitors, it is not the role of trademark law to serve as a catch-all mechanism for the

251 See id. at 197-98 & Fig.12-1 (showing why a profit-maximizing monopolist would not choose to produce goods at the lowest price).
252 See Duraco Prods. v. Joy Plastic Enters., 40 F.3d 1431, 1446 (3d Cir. 1994) (“[I]t is not the purpose of unfair competition law, under the guise of either consumer protection or the protection of business good will, to implement a policy of encouraging innovative designs by protecting them once designed. Those issues are the province of copyright and patent laws.” (citations and footnote omitted)). However, some courts and commentators have deliberately used the competition theory as a "loophole" to further other policy goals. See, e.g., supra notes 214-15.
253 See generally Brown, supra note 11, passim (attempting to justify expansion of trade-dress protection).
protection of intellectual creations which are not currently protected by another body of intellectual-property law. To expand trademark protection into those areas would interfere with legislative efforts at fashioning additional forms of intellectual-property law to protect those creations.254

Moreover, the current systems of copyright and patent law provide sufficient protection to a vast majority of distinctive features not protectable by trademark. Although there are still unresolved issues concerning the scope of these laws, the problem of features falling through the cracks should be addressed by adjusting the scope of the intellectual-property laws, and not by uprooting the theoretical foundations of trademark protection.

The competition theory is less sensitive than the identification theory to the boundary between the public domain and trademark because the competition theory proceeds from a premise opposite that of the identification theory. The competition theory assumes that any aspect of a product’s appearance has the ability to designate origin. In other words, under the competition theory, there is a prima facie presumption that all designs receive protection.255 Thus, the competition theory curbs the informational use of product features when protection of those features would threaten competition for the class of products bearing them. The competition theory’s presumption, however, is erroneous.

As discussed earlier, the current bodies of intellectual-property law protect very specific classes of intellectual creation.256 They are not formless doctrines which can be freely molded by the demands of equity to shelter features from imitation. By assuming that they are, the competition theory poorly accommodates functionality’s role as a barrier between trademark and the public domain.

254 For example, as evidence of Congressional interest in trade-dress matters, just three months prior to the publication of this Note, a bill was presented to the U.S. House of Representatives to amend the Lanham Act in an effort to codify the law of trade-dress protection. See H.R. 3163, 105th Cong. (1998).

255 This presumption is consistent with the case law regarding the burden of proof. In trademark infringement actions, a plaintiff seeking to prove that a feature deserves protection needs only to show that the feature has secondary meaning. When applicable, it is the defendant’s burden to demonstrate that the feature does not merit protection because it is functional. Because the competition theory favors the plaintiff with a prima facie presumption of protection, it follows that, under the competition theory, the burden of proof should be placed on the defendant as required by the case law. See Danielle Rubano, Note, Trade Dress: Who Should Bear the Burden of Proving or Disproving Functionality in a Section 43(a) Infringement Claim?, 6 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 345, 363 (1995) (“A federal common law that would not require either party to prove functionality or would only protect nonfunctional features if competition was ‘unduly hindered’ by the copying of those features would create a conflict with patent limitations.”)

256 See supra notes 220-226 and accompanying text.
Moreover, the competition theory inadequately separates trademark law from the laws governing patents and copyrights. The competition theory grants trademark protection to any feature that contains trademarkable elements. For example, a feature that has copyrightable or design-patentable elements combined with trademarkable features could receive trademark protection under the competition theory. Not only does such a conclusion disregard the existence of other forms of intellectual-property protection, such protection would also usurp the Constitutionally ordained purview of the copyright and design-patent laws. Thus, the competition theory permits the overbroad extension of trademark law. The competition theory’s inadequacy in guarding the public domain from private appropriation suggests that the competition theory is inferior to the identification theory in fulfilling the functionality doctrine’s purpose of separating the various intellectual-property doctrines.

CONCLUSION

This Note has attempted to accomplish four objectives. First, it has attempted to spin the tangled web of functionality case law into distinct tests. Second, it has attempted to weave these tests into two patterns of thought: the identification theory and the competition theory. Third, this Note has identified the tension between these two theories as the source of the aesthetic functionality conundrum. Lastly, this Note has implicated functionality as an impor-


258 See Vuitton et Filis S.A. v. J. Young Enters., 644 F.2d 769, 775 (9th Cir. 1981) (“[A] trademark which identifies the source of goods and incidentally serves another function may still be entitled to protection.”).

259 See supra note 236 and accompanying text. It was precisely this non-contextual construction of trademark law that led the former Court of Customs and Patent Appeals (now the Federal Circuit) to allow trademark protection for comic-book characters—creations which arguably ought to be protected under copyright:

[A] matter of public policy . . . is that if trademark rights are recognized in a picture of a product, the product design itself may be perpetually protected, contrary to the limited term of protection afforded some designs under the copyright or design statutes . . . . Given the differing concepts of the statutes, this court has adopted the position that each statute must be interpreted independently of each other and that no one of these statutes . . . preempts the other.


260 See supra Parts II.B & III.B.

261 Compare supra Part II with Part III.

262 See supra Part IV.A.
tant mechanism by which the various bodies of intellectual property law are partitioned. 263

The aesthetic functionality problem is simply an evolved manifestation of the familiar functionality inquiry for utilitarian features. In the early cases concerning functionality, the inseparable but untenable merger of utilitarian and putative source-identifying facets into a single feature framed the issue of whether such features were protectable under trademark law. Recast in a different formulation, the courts' dilemma was essentially to determine which of these two facets would best serve the public.

On the one hand, by choosing the source-identifying aspect over the competition aspect (i.e., by allowing trademark protection for utilitarian designs), private individuals are given pecuniary incentives to pursue innovations in utilitarian design. Such a rule anticipates that the public will benefit from the resultant bounty of human ingenuity. This regime, however, contemplates rewarding the innovator with a permanent monopoly over the feature.

On the other hand, by allowing free imitation of the feature, the economic motives to innovate are effectively extinguished. In their place, though, are incentives for market participants to produce goods bearing desirable features. Under this rule, the public benefits from the low prices forced down under the weight of many suppliers in the market.

In the context of utilitarian features, the courts have uniformly found that competition through free imitation (rather than innovation through trademark protection) better serves the public interest. This does not mean that there are no incentives for innovation. Rather, the case law simply implies that non-perpetual forms of protection, such as copyrights and patents, are more appropriate for the fostering of innovative design.

Moreover, a manufacturer that seeks to identify itself could do so using any mark, name, or feature from a boundless universe of such devices. In contrast, the accommodation of a utilitarian function is often limited to a few choices, or even just one choice, of design. The limited ways in which a product's utility can be "expressed" demand their unfettered availability to the public, whereas the unlimited selection of means by which a manufacturer could identify itself sustains the argument for exclusivity in the case of source-identifying marks.

The reasoning employed in deciding the (non)protectability of utilitarian design under trademark law is readily transposable to analogous problems of aesthetic design. Unlike the narrow, if not singular, options for accommodating utilitarian function, the range of

263 See supra Parts IV.B.2 & IV.C.2.
choices for commercially viable aesthetic expression is as infinite as that for source identification. This Note argues that, despite the economic differences between utilitarian features and aesthetic features, the courts should conclude, as they did on the issue of utilitarian features, that aggressive price competition better serves the public than the encouragement of innovation for aesthetic features. To establish this symmetry, this Note urges adoption of a conception of functionality that disallows protection to any feature that does not serve only to identify the source.

Significantly, the standard urged here is not that the feature must only identify the source. Rather, the endorsed standard is that the feature only serve to identify the source. The former erroneously conflates the functionality inquiry with secondary meaning, a separate requirement for trademark protection that dictates the minimal level of public recognition of the mark.

By employing the identification theory, the courts can confine trademarks to their role as providers of reputational information. In doing so, they more soundly accommodate functionality’s role both as a curtain between the various forms of intellectual property and as a bulwark against the undue expansion of trademark law into the unprotectable areas of the public domain.

264 The confusion between functionality and secondary meaning is most likely to occur in cases where a manufacturer selects a non-utilitarian feature to identify itself, but has not used it enough such that consumers are readily able to associate the mark with the manufacturer. If an infringer subsequently marketed the feature for its aesthetic value, it may seem that the design is “functional.” This exact situation arose in International Order of Job’s Daughters v. Lindenburg & Co, 633 F.2d 912 (9th Cir. 1980). There, the court held that certain designs, intended by a fraternal organization as its identifying insignias, could be imitated because they were “functional.” Id. at 920. In doing so, the court distinguished Boston Professional Hockey Association v. Dallas Cap & Emblem Manufacturing, 510 F.2d 1004 (5th Cir. 1975), which held that the design of cloth patches used as a logo for a national hockey team, was not functional, id. at 1013. Job’s Daughters, 633 F.2d at 918-19. As this comparison shows, the functionality inquiry in Job’s Daughters implicated the issue of whether the mark was well-known to the general public.


The “secondary meaning in the making” problem is beyond the scope of this Note. It is mentioned here only to point out that the “secondary meaning in the making” issue tests the cognizance of the design as a source-identifier, whereas the functionality inquiry (especially as defined by the identification theory) considers the cognizability of the design as an indicator of source. Thus, the two issues are not identical.