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**TWO PESOS v. TACO CABANA: STILL MORE INTERESTING FOR WHAT IT DID NOT DECIDE**

*By Joan L. Dillon* and *Michael Landau*

I. INTRODUCTION

In 1992, the United States Supreme Court, in *Two Pesos, Inc. v. Taco Cabana, Inc.*, was called upon to resolve an inter-circuit split of authority between the Second and Fifth Circuits, and decide whether the rules for the protection of "inherently distinctive" trade dress were the same as, or different from, those that applied to more traditional marks, such as word marks or graphic marks. The specific issue, as stated at the beginning of the opinion by Justice White was "whether the trade dress of a restaurant may be protected under § 43(a) of the Trademark Act of 1988."
1946 (15 U.S.C. § 1125(a)) based on a finding of inherent distinctiveness, without proof that the trade dress has secondary meaning.”

In a rather broad holding that was largely based upon statutory hyper literalism, the Court held that 1) there were no express statutory rules unique to trade dress; 2) the requirements for protecting an unregistered mark under Section 43(a) were essentially the same as those for obtaining a registration under Section 2 of the Act; and 3) Sections 2(e) and 2(f) of the Lanham Act required a showing of “secondary meaning” or “acquired distinctiveness” only for the protection of “descriptive” marks. Therefore, just as any other “inherently distinctive” mark could be protected without the holder having to prove “secondary meaning,” the Court held that “inherently distinctive” trade dress could be protected without the need to prove acquired distinctiveness.

When the opinion was published, it stirred much controversy, not so much because of what was decided, but mostly because of what was not. The opinion did not address the issue of functionality, which is a bar to protection of trade dress; nor did it set forth any clear standards for determining “inherent distinctiveness” in trade dress cases. The trade dress at issue, the

3. *Two Pesos*, 505 U.S. at 765. In light of how the Court itself phrased the issue, it is interesting to note the ways in which the parties to the litigation articulated the “Issue Presented.” Petitioner, Two Pesos, the party that did not want the trade dress to be protected, presented the issue as follows:

Does the Mexican style appearance of a Mexican food restaurant chain constitute protectable intellectual property equivalent to a federally registered trademark, even where the restaurants in the chain did not, and cannot show that their Mexican “look” has secondary meaning in the eyes of their customers, so that members of the public clearly associate the appearance of those restaurants with a single commercial source of the food and services sold in conjunction with that appearance?

See Petitioner’s Brief on the Merits, 1992 WL 672972, at i (March 11, 1992). (Note the repeated use of “Mexican” in the paragraph.)

In sharp contrast, respondent, Taco Cabana, whose trade dress was protected by the lower courts, phrased the issue as follows:

Whether Taco Cabana’s trade dress was properly held protected under the pre-1989 version of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1982), based on the jury finding of its inherent distinctiveness.


6. In *Two Pesos*, the Supreme Court did not make any distinction between “product design” trade dress and “product packaging” trade dress. The language used throughout the opinion is “trade dress” in general. Several years later in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000), discussed infra, the Court limited its *Two Pesos* decision by, in essence, excluding product design from the scope of the earlier decision and judicially creating a secondary meaning requirement for product design.

overall visual appearance of a Mexican restaurant, was found to be “inherently distinctive” by the lower courts and maintained that status throughout the entire case. The petition for certiorari contained two issues: 1) whether trade dress that was found to be “inherently distinctive” could be protected without the need to prove secondary meaning, and 2) a challenge to the acceptance by the Fifth Circuit of the jury’s finding that Taco Cabana’s trade dress was not functional. The Court only granted certiorari to the issue over which the courts were in conflict, the “secondary meaning” requirement, and denied the request for a review of the functionality issue.8

This article will examine whether and, if so, how the Two Pesos decision affected the progress and predictability of trade dress law in the years that followed. While the decision brought many important issues to the forefront, there is probably more uncertainty now than before the decision regarding the protectability of trade dress. The courts, especially the Supreme Court, have not done a very good job of articulating clear standards for those who, in the “real world,” need guidance and predictability in the development of their marks and design of their products. The courts have continued to apply the Abercrombie & Fitch9 taxonomy to types of marks to which the Abercrombie & Fitch categories just don’t fit.

To understand Two Pesos, one should first try to understand the climate of expanding trade dress protection when this case was brought to the Supreme Court for resolution, and then remember that the decision dealt only with the specific issue of resolving an inter-circuit split regarding “secondary meaning” and “inherently distinctive” trade dress.

By refusing to consider the issue in the petition for certiorari related to “functionality,” the Court restricted itself to an analysis that did not create essential guidelines for the recognition of trade dress that may be “inherently distinctive,” and therefore worthy of protection upon adoption. In doing so, the Court chose not to set forth any method to differentiate trade dress that can immediately identify source from trade dress that can do so only upon a showing of acquired distinctiveness.10

Did Two Pesos create more questions than it answered? Did it slow the progress of trade dress law, or advance it? In light of


10. The same problem exists with respect to almost any kind of mark that is not a traditional word or graphic mark. How do the Abercrombie factors apply, for example, to shapes or sounds?
Supreme Court trademark cases that followed, such as *Qualitex Co. v. Jacobson Products, Inc.*\(^{11}\) and *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*\(^{12}\) in which, as discussed below, the Court totally abandoned its reliance on statutory language and concocted wholly artificial rules and arbitrary distinctions, we have to ask whether *Two Pesos* matters anymore at all. Actually, if one were cynical, we might add *Moseley v. V Secret Catalogue, Inc.*\(^{13}\) and *Dastar Corp. v. Twentieth Century Fox Film Corp, Inc.*\(^{14}\) to the list of subsequently decided Supreme Court Lanham Act decisions, about which one could ask whether anything other than what the Supreme Court Justices are feeling at any given moment in time really matters, given their inconsistent approaches to deference to Congress and adherence to statutory language.

In fact, the main contributions that *Two Pesos* may have made to trademark and trade dress jurisprudence was to point out just how many undefined or unsettled standards there were in trade dress cases and further illustrate the need for legislative action on several fronts. For example, questions about “functionality” that were not addressed in *Two Pesos* were factors that helped motivate Congress to finally include “functionality” in the Lanham Act in Section 2(e)(5)\(^{15}\) as a bar to registrability; in Section 43(a)(3),\(^{16}\) which requires those attempting to assert protection in unregistered trade dress to bear the burden of proving that the trade dress is “non-functional”; and in Section 33(b)(8)\(^{17}\) as a defense to “incontestability.”\(^{18}\)

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13. 537 U.S. 418 (2003) (use of VICTOR'S SECRET in connection with “adult” toys did not dilute VICTORIA'S SECRET because there was no proof of actual economic harm; the Court found an “actual harm” requirement in Section 43(c)).
14. 539 U.S. 23 (2003) (In a case dealing with unattributed copying and distribution of motion pictures, Justice Scalia held that Section 43(a) only applies to the origin of the tangible goods themselves, and was “incapable” of identifying the creator of the ideas or communications embodied therein. Therefore, because the defendant/petitioner was the party that actually made and distributed the plastic and magnetic tape cassettes, there was no “false designation of origin.”).
18. On February 5, 1998, Rep. Howard Coble of North Carolina introduced HR 3163, “The Trade Dress Protection Act.” The legislation proposed standards for determining “functionality” and “inherent distinctiveness,” and placed the burden of proving that the mark at issue is non-functional on those attempting to protect unregistered trade dress. See Vol. 144 Cong. Rec. E 117 (Feb. 5, 1998) (105th Congress). Mr. Coble included the following remarks as he was introducing the bill:

Several years ago, Mr. Speaker, the Supreme Court, in the case *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), held that trade dress which is inherently distinctive is protectable under federal trademark law without a showing that it has
Because there is such uncertainty, and because, after *Two Pesos* and *Wal-Mart*, “inherently distinctive” trade dress in the form of “product packaging” or “some *tertium quid*” still lives on, we would like to propose that statutory factors be established by Congress to aid courts in identifying inherently distinctive trade dress, or perhaps more properly put, trade dress that is the subject of *immediate recognition* as a source identifier (in contrast to trade dress for which secondary meaning, or *acquired recognition* must be shown). In addition, Congress should set forth factors that can aid courts in determining when trade dress is functional or non-functional.

As a corollary to these recommendations, we propose that because the terms, such as “arbitrary,” “fanciful,” “suggestive,” and “descriptive,” used to categorize word mark strength have neither relevance nor useful application to trade dress, they be discarded in favor of another, more understandable and applicable taxonomy. We would also suggest that the Supreme Court adopt a consistent approach to its interpretation of the Lanham Act. Going from hyper-literal adherence in cases such as *Two Pesos*, *Park ’N Fly*,19 and *V Secret Catalogue*20 to the “we feel” approach in cases such as *Qualitex*21 or *Wal-Mart*22 does nothing to provide guidance,

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acquired secondary meaning. The Court, however, had no occasion to comment on the test that should be applied in determining whether trade dress is inherently distinctive.

Subsequent to the Court’s decision in *Two Pesos*, a number of federal courts of appeals have issued conflicting and confusing opinions regarding the showing necessary to establish if trade dress is inherently distinctive. My bill is intended to provide the courts, as well as the U.S. Patent and Trademark Office, with guidance as to the relevant factors to consider in determining whether or not product designs or packaging are inherently distinctive. It has been drafted in conjunction with the Administration to make the registrability and protection of trade dress as efficient as possible for both the applicant and the examiner.

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19. *Park ’N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985) (A challenge to the incontestable status of a trademark was unsuccessful because “primarily merely descriptive” was not in the specific list of enumerated defenses to incontestability in Section 33(b)).

20. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) (Supreme Court found that the literal language of Section 43(c) required “actual dilution,” not a likelihood of dilution. Therefore, even though the defendant in that case used a very similar mark, VICTOR’S SECRET, in connection with the sale of “adult” toys—a classic example of “tarnishment”—the Court did not find in favor of Victoria’s Secret because they could not prove “real economic harm.”).

predictability, or comfort for those who develop and use trademarks and trade dress as valuable parts of their businesses. In our view, although the preferred and proper role of the Supreme Court is to interpret statutes, and not legislate in an ad hoc manner, if the Court is going to make decisions as if it were a high court of equity, it should be honest and say so.

Finally, we have to ask if useful and relevant factors are never adopted for the determination of immediately recognizable trade dress and, accordingly, cases are ultimately determined according to the “eye of the beholder” test—is that so bad? Perhaps it is not. In many areas of the law, subjectivity reigns supreme. What is “original” or “substantially similar” in copyright law? What is the “relevant market” in antitrust law? What is an “issue of public concern” or “newsworthy information” when deciding invasion of privacy cases?

In the trademark arena, there is often a very grey area between “suggestive” and “descriptive” marks, yet the legal effect is not grey, at all. Applicants or parties attempting to enforce an unregistered mark will argue that the mark falls on the “suggestive” side, so that it may be protected upon use. People who oppose registration of a mark or defendants in an infringement case will argue that a newly adopted mark is “descriptive,” so that trademark rights in the mark cannot be enforced until secondary meaning is shown.

Also, it is understood that trademarks and trade dress change in character from weak to strong based upon acquired recognition or uniqueness; maybe it is all in the timing. Perhaps it also depends upon the social and legal climate in which the litigants find themselves.


23. Justice Potter Stewart may have been amazingly forthright in admitting that often judges are “faced with the task of trying to define what may be indefinable.” Jacobellis v. Ohio, 378 U.S. 184, 197 (1964) (concurring opinion). Although it does not foster predictability, maybe his “I know it when I see it” is what judges have been doing all along.


25. NUMBER ONE IN FLOORCARE slogan used by Hoover could not be protected based upon a finding that it had not acquired secondary meaning. See Hoover Co. v. Royal Appliance Manufacturing Co., 238 F.3d 1357 (Fed. Cir. 2001).

26. The socio-political-legal climate may be the dispositive factor in many cases. The Fourteenth Amendment had not changed between the times of Plessy v. Ferguson, 163 U.S. 537 (1896) and Brown v. Board of Education of Topeka, Shawnee, Kansas, 347 U.S. 483 (1954), supplemented, 349 U.S. 294 (1955); society did. The same holds true with respect to the First Amendment. If one opposed the War during the World War I era, it was a “clear
being distinctive in different eras. It is doubtful that today's law students would make any association between the “Trylon and Perisphere”\(^{27}\) and anything. Would a “Pet Rock” be an overnight success today?\(^{28}\) Why are there so many television shows along the lines of “The Bachelor,” “Average Joe,” “Joe Millionaire” and so few westerns in 2004? Maybe everything is a function of the timing. At the last, maybe it simply requires a more creative advocacy, or finding a more liberal plaintiff forum, to win these cases.

II. THE SETTING FOR TWO PESOS—GROWING ACCEPTANCE OF PROTECTION FOR TRADE DRESS

Trade dress protection cases began cropping up in the late Nineteenth and early Twentieth Century\(^{29}\) by courts trying to fashion remedies to allow them to enjoin what they perceived to be unfair competition. Those same courts made clear that under the common law, a plaintiff had to prove his right to protection. In other words, even though a court might refer to trade dress as “distinctive,” it always required a showing of consumer and present danger.” \(\text{Schenck v. U.S.}, 249 U.S. 47, 52 (1919)\), yet, if one opposed the War during the Viet Nam era, the protest was the highest form of protected speech, political speech. The same constitution that provided a “penumbra” of privacy rights in \(\text{Griswold v. Connecticut}\), 381 U.S. 479 (1965) (statute banning distribution of contraceptives to married couples was a right of privacy violation), \(\text{Eisenstadt v. Baird}\), 405 U.S. 438 (1972) (banning contraceptives for unmarried people was unconstitutional), \(\text{Roe v. Wade}\), 410 U.S. 113 (1973), \text{reh’g denied}, 410 U.S. 959 (1973), did not provide one in \(\text{Bowers v. Hardwick}\), 478 U.S. 186 (1986), \text{reh’g denied}, 478 U.S. 1039 (1986) (no fundamental right to engage in homosexual sodomy; Georgia criminal statute upheld), \text{overruled by Lawrence v. Texas}, 539 U.S. 558 (2003) (Texas statute criminalizing homosexual behavior held unconstitutional).

27. The Trylon and Perisphere were identifying symbols for the 1939-40 New York World’s Fair. Images can be found via The New York Public Library’s website http://www.nypl.org/books/perisphere.html or through the University of Maryland’s http://www.lib.umd.edu/ARCH/honr219f/1939nyci.htm. In New Zealand, there is a company that still capitalizes on the association between the design and the architecture of the era. TRYLON AND PERISPHERE is the trademark of “New Zealand’s largest architectural and design consultancy specializing in Art Deco and early 20th Century design and restoration.” See Trylon & Perisphere’s website at http://auckland.net.nz/artdeco/.

28. The following question was asked by the Constitutional Law professor of one of the authors in class in 1985: “How many of you know who or what the SDS is or was?” Out of a class of approximately 120 at a “top-ten” law school, fewer than 10% had ever heard of the “Students for a Democratic Society” an activist group from the Viet Nam War Era.

29. \(\text{See, e.g., H.E. Winterton Gum Co. v. Autosales Gum & Chocolate Co.}, 211 F. 612 (6th Cir. 1914)\) (Protecting plaintiff’s round, lithographed tin boxes and containers for its disk-shaped chewing gum; taking all the features into account and finding them distinctive and that “this distinctive dress has become known to the public as characterizing [the plaintiff's] product.”). \text{See also} Glenn Mitchell, Steven J. Wadyka, Jr., Hara Jacobs, Melissa Lee, \text{U.S. Trade Dress Law} Chapter 1 (INTA 2002).
recognition, or acquired distinctiveness, as a prerequisite to the granting of protection.30

The United States trademark laws underwent a sweeping change with the passage of the Trademark Law Revision Act of 1946, and the enactment of the Lanham Act.31 The legislative history, and recent interpretation of the Lanham Act by the Supreme Court clearly indicate that it was the intent of Congress to make the application of federal trademark law more uniform, and therefore more predictable, and also to expand federal trademark protection.

Previous federal legislation, such as the Federal Trademark Act of 1905 . . . reflected the view that the protection of trademarks is a matter of state concern and that the right to a mark depended solely on the common law. . . . Consequently rights to trademarks were uncertain subject to variation in different parts of the country. Because trademarks desirably promote competition and the maintenance of product quality, Congress determined that a sound public policy requires that trademarks should receive nationally the greatest protection that can be given them.32

In addition to promulgating a national consistent system of trademark registration, Congress also established the authority to grant trademark protection to previously unprotectable indicia of product origin or source. With the addition of Section 43(a),33 statutory protection was extended to unregistered trademarks, including trade dress. Section 43(a) has been read expansively to


At common law, words or symbols that were arbitrary, fanciful, or suggestive (called “inherently distinctive” words or symbols, or “trademarks”) were presumed to represent the source of a product, and the first user of a trademark could sue to protect it without having to show that the word or symbol represented the product’s source in fact. See, e.g., Heublein v. Adams, 125 F. 782, 784 (CC Mass. 1903). . . . Trade dress, which consists not of words or symbols, but of a product’s packaging (or “image,” more broadly), seems at common law to have been thought incapable ever of being inherently distinctive, perhaps on the theory that the number of ways to package a product is finite. Thus, a user of trade dress would always have had to show secondary meaning in order to obtain protection. See, e.g., Crescent Tool Co. v. Kilborn & Bishop Co., 247 F. 299, 300-01 (CA2 1917); Flagg Mfg. Co. v. Holway, 178 Mass. 83, 91, 59 N. E. 667 (1901); Philadelphia Novelty Mfg. Co. v. Rouss, 40 F. 585, 587 (CC SDNY 1889); see also J. Hopkins, Law of Trademarks Tradenames and Unfair Competition § 54, pp. 140-41 (3d ed. 1917); W. Browne, Law of Trade-Marks §§ 89b, 89c, pp. 106-10 (2d ed. 1885); Restatement (Third) of the Law of Unfair Competition § 16, Comment b (Tent. Draft No. 2, Mar. 23, 1990).


encompass “a broad spectrum of marks, symbols, design elements and characters which the public directly associates with the plaintiff or its product,” and protects trade dress by protecting “the total image of a product and may include features such as size, shape, color or color combinations, texture, [or] graphics.”

After passage of the Lanham Act, trademark protection was, indeed, granted to particular sounds, ornamental labels, slogans, product containers, and even scent or fragrance.

The literal language of the Lanham Act also leads one to the conclusion that many, many types of indicia of source may be registered. As stated above, a “trademark” is defined in Section 45 of the Lanham Act as “any word, name, symbol, or device, or any combination thereof used by a person . . . to identify and distinguish his or her goods from those sold or manufactured by others and to indicate the source of the goods, even if the source is unknown.”

36. In re General Electric Broadcasting Co., Inc., 199 U.S.P.Q. 560, 563 (T.T.A.B. 1978) (“sounds may . . . function as source indicators”). In General Electric, the specific sound, a ship’s bell clock, was not granted protection because it lacked distinctiveness. The case, however, generally stands for the proposition that sounds, if they meet the other requirements for trademark protection, may be registered. The National Broadcasting Company (NBC) was granted a registration for three notes that served to identify the network. See Trademark Registration No. 916, 522 (cited in In re Owens-Corning Fiberglas Co, 774 F.2d 1116, 1120 (Fed. Cir. 1985)).
37. In re Swift and Co., 223 F.2d 950 (C.C.P.A. 1955) (polka-dot bands may be registered). Prior to 1982, when the Court of Appeals for the Federal Circuit was established, appeals from the Patent and Trademark Office went to the C.C.P.A. In 1982, the C.C.P.A. and the Claims Court were merged to form the Court of Appeals for the Federal Circuit.
41. Section 45 of the Lanham Act is codified in 15 U.S.C. § 1127. Unfortunately, there is no nice, easy, and consistent mathematical relationship between the sections of the Lanham Act and the sections of Title 15 of the U.S. Code. For example, Section 2 of the Lanham Act is codified at 15 U.S.C. § 1052; Section 45 is codified at 15 U.S.C. § 1127. If subsequent sections followed the same numerical logic as Section 2, we would expect to find Section 45 of the Lanham Act at 15 U.S.C. § 1095. Throughout the Article, we provide both the sections of the Lanham Act and the corresponding sections of the U.S. Code, where appropriate.
The conclusion that there is no special rule that distinguishes trade dress from other types of marks is further buttressed by the language in Section 2 of the Lanham Act, the section that lists the requirements for protectability. Section 2 provides in pertinent part: “No trademark shall be refused registration on the principal register on account of its nature unless” it falls within one of the following categories of marks which are expressly excluded from registration.\textsuperscript{43} The categories of marks that are excluded from registration are “immoral, deceptive, or scandalous matter,”\textsuperscript{44} “the flag or coat of arms or other insignia of the United States, or of any State or municipality,”\textsuperscript{45} “the name, portrait, or signature” of a living individual used without written permission, or “the name, portrait, or signature of a deceased President of the United States during the life of his widow” used without written permission,\textsuperscript{46} and marks that are confusingly similar to already registered marks.\textsuperscript{47}

In addition, Section 2(e) of the Lanham Act\textsuperscript{48} lists several categories of marks that may not be registered unless “secondary meaning” or “acquired distinctiveness” are proved.\textsuperscript{49} The categories of marks that may be registered upon a showing of “secondary meaning” are marks that are “merely descriptive” “deceptively misdescriptive,” “primarily geographically descriptive,” and “surnames.”\textsuperscript{50}

Moreover, when the Lanham Act was modified by the Trademark Law Revision Act of 1988, Congress broadened their definition of “trademark” “to reflect contemporary marketing practices and to make clear a trademark’s function of distinguishing the goods of one person from those of another.”\textsuperscript{51} Congress wanted to place the stamp of approval on the practice of the Patent and Trademark Office’s expanded grants of protection. The legislative history clearly shows that Congress meant to have the same rules apply to trade dress as to other types of marks. The Senate Report contains the following language: “The revised definition intentionally retains . . . the words ‘symbol’ or ‘device’ so

\begin{itemize}
  \item 15 U.S.C. § 1052(a) (Section 2(a) of the Lanham Act).
  \item 15 U.S.C. § 1052(b) (Section 2(b) of the Lanham Act).
  \item 15 U.S.C. § 1052(c) (Section 2(c) of the Lanham Act). It is interesting to note the inherent sexism in Section 2(f). The statute refers to the President’s “widow” instead of “surviving spouse.”
  \item 15 U.S.C. § 1052(d) (Section 2(d) of the Lanham Act).
  \item 15 U.S.C. § 1052(e).
  \item Id.
\end{itemize}
as not to preclude the registration of colors, \textit{shapes or configurations} where they function as trademarks.\footnote{52}

It is also quite clear from the list of types of marks that are either totally ineligible for protection, or may be protected only upon a showing of secondary meaning, that Congress deliberated a great deal in determining the metes and bounds of registrability of trademarks. In Section 2, as opposed to Section 45, the language delineating the categories is quite specific. Congress had reasons for imposing restrictions and/or conditions on certain types of potential trademarks.

Flags, indecent marks, deceptive material, dead presidents, and scandalous marks bear no resemblance to each other. The only thing that they have in common is that Congress decided that they should not be registered. In deciding what may and may not be registered, Congress could have very easily included “trade dress” or product design along with dead presidents, scandalous marks, and other types of marks that are “off limits.” Similarly, Congress easily could have added “trade dress” or “product design” to those types of marks for which secondary meaning must be shown under Sections 2(e)\footnote{53} and 2(f).\footnote{54}

The issue of proper statutory construction has previously been addressed several times by the Supreme Court. The proper “starting point in every case involving the construction of a statute is the language itself.”\footnote{55} The plain meaning of the statute’s language should control except in the “rare cases [in which] the literal application of a statute will produce a result demonstrably at odds with the intentions of its drafters.”\footnote{56} “In expounding a statute, [courts] must not be guided by a single sentence or member of a sentence, but look to the provisions of the whole law, and to its object and policy.”\footnote{57}

Courts took their cues from Congress’s lead in granting statutory protection to almost anything that can identify the source of goods and services and distinguish them from those of

\footnote{52. \textit{Id.} (emphasis added). The language in the Senate Report was taken almost verbatim from the Report and Recommendations of the United States Trademark Association’s (USTA) Trademark Review Commission Report in which the Commission “determined that the terms ‘symbol’ or ‘device’ should not be deleted or narrowed to preclude the registration of such things as color, shape, smell, sound, or configuration which functions as a mark.” 77 TMR 375, 421 (1987). The USTA is now the International Trademark Association (INTA).}

\footnote{53. 15 U.S.C. § 1052(e).}

\footnote{54. 15 U.S.C. § 1052(f).}


\footnote{56. \textit{Griffen v. Oceanic Contractors, Inc.}, 458 U.S. 564, 571 (1982).}

another, and prohibiting the use of any “false designation of origin;” thus, it was up to the courts to do the right thing in the best way they could. Attempting to follow the mandate to protect against false designations of origin caused courts to struggle with the best way to do that. Many of them, due to a complete absence of legislated factors for consideration for either protection or “likelihood of confusion,”58 and with reference to earlier cases, created their own tests, depending to a great extent upon the subject matter sought to be protected, the extent to which they felt themselves bound to tests appropriate for word marks, the egregiousness of defendant’s copying, and the defendant’s intent—all in a struggle to do the right thing. In many of these cases the courts adopted—often without question as to its applicability to trade dress—the Abercrombie & Fitch Co.59 test, whereby word marks are classified in categories of generally increasing distinctiveness: 1) generic; 2) descriptive; 3) suggestive; 4) arbitrary; or 5) fanciful.60 Under the Abercrombie test, marks that are considered “coined,” “arbitrary,” or “suggestive” are inherently distinctive indicators of origin and protectable immediately upon

58. This is in stark contrast to the “factors” test prescribed by Congress with the later passage of the Dilution Act, 15 U.S.C. § 1125(c): (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the good or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade of the mark’s owners and the person against whom the injunction is sought; (G) the nature and extent of the use of the same or similar marks by third parties; and (H) the existence of a registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

59. Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9, 189 U.S.P.Q. 759, 764 (2d Cir. 1976). While courts endlessly cite Abercrombie & Fitch, as though it were somehow earthshakingly novel and important, it can be argued that all that Abercrombie & Fitch did was restate in an incomplete and simplified way, what was already obvious under the Lanham Act. With respect to “descriptive” marks, the secondary meaning requirement is clearly stated in Sections 2(e) and 2(f). A mark that is “generic” is not a protectable mark under the Act, under either Section 45, because it is not a “trademark” in that it does not identify source, or under Section 33 (genericness is a way to defeat an incontestable mark). Anything else—marks that are neither descriptive nor generic—would probably be, under Abercrombie & Fitch, “inherently distinctive,” that is arbitrary, fanciful, or suggestive. The Abercrombie & Fitch factors, however, do not take into account those marks that would be arbitrary, fanciful, or suggestive, but run afoul of the prohibitions of Sections 2(a)-2(e). For example, it is easy to imagine an arbitrary mark that is “scandalous” or “immoral.” The use of fairly graphic sexual terms in connection with many types of businesses would be arbitrary or fanciful, yet would be problematic under Section 2(a). Similarly, despite Pro-Football, Inc. v. Harjo, 284 F. Supp. 2d 96 (D.D.C. 2003), in which the court found that REDSKINS used in connection with a football team did not violate Section 2(a), the use of a clear racial slur would be arbitrary or fanciful when used in connection with most goods or services. The Abercrombie & Fitch factors should not trump 2(a).

60. Id.
their adoption.\textsuperscript{61} Alternatively, secondary meaning must be shown in descriptive marks.\textsuperscript{62}

### III. DEVELOPMENT OF DIFFERENT STANDARDS FOR PROTECTION OF TRADE DRESS

Only a year after Abercrombie & Fitch Co., and perhaps due to the fact that there had not yet been a string of trade dress cases setting the precedent of using the Abercrombie taxonomy, the court in Seabrook Foods v. Bar-Well Foods, Ltd.\textsuperscript{63} thoughtfully attempted to introduce a new test to analyze how much strength to attach to a given trade dress. Arguably the Seabrook test was, and may well continue to be, one of the better tests for “inherent distinctiveness,” or more properly “immediately recognizable,” trade dress. Seabrook looked to whether the dress sought to be protected:

was a “common” basic shape or design; whether it was unique or unusual in a particular field, [or] whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.\textsuperscript{64}

Presumably, if the mark met all the criteria, it would be protected as inherently distinctive without further proofs of distinctiveness being necessary.

In accordance with the creative nature of courts struggling with trade dress cases in the period leading up to Two Pesos, only a few years later, in Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.,\textsuperscript{65} the court created its own test: “If the features of the trade dress sought to be protected are arbitrary and serve no function either to describe the product or assist in its effective packaging, there is no reason to require a plaintiff to show consumer connotations associated with such arbitrarily

\textsuperscript{61} Id.; see also Investacorp, Inc. v. Arabian Inv. Banking Corp., 931 F.2d 1519, 1523 (11th Cir. 1991); But see well-reasoned criticism of the Abercrombie factors test which resulted in the Two Pesos decision, by Vincent Palladino, Trade Dress After Two Pesos, 84 TMR 408 (1994).

\textsuperscript{62} Id.; see also Scott Paper Co. v. Scott's Liquid Gold, Inc., 589 F.2d 1225, 1231 (3d Cir. 1978).


\textsuperscript{64} Id. at 1344 (citations omitted). “In reality, all three questions are merely different ways to ask whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicia of origin—a trademark.” 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 8.02[4] (3d ed. 1993).

\textsuperscript{65} 659 F.2d 695 (5th Cir. 1981).
selected features.\textsuperscript{66} The \textit{Chevron} court may well have been prescient in light of the legislative addition of Section 43(a)(3) to the Lanham Act in 1999,\textsuperscript{67} which provided specifically that, “In a civil action for trade dress infringement under this act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”\textsuperscript{68}

In 1983, recognizing that the \textit{Abercrombie} factors simply did not shed light on how to evaluate the strength of trade dress asserted before it, the Eleventh Circuit, in \textit{Brooks Shoe Mfg. Co, Inc. v. Suave Shoe Corporation},\textsuperscript{69} also adopted the \textit{Seabrook} approach, and expressly held it was not bound by the \textit{Chevron} decision, by distinguishing it on the facts. The trade dress at issue in \textit{Brooks Shoe} was a “V” design on the side of the shoes—a simple representation of a letter or an angle. In contrast, in \textit{Chevron}, the trade dress was not just the geometric chevron shape, but the “combination of particular hues of colors, arranged in certain geometric designs, presented in conjunction with a particular style of printing, in such fashion that, taken together, they create a distinctive visual impression.”\textsuperscript{70} Based upon the simplicity of the “V” as opposed to the distinctive visual impression created by the combination of multiple elements in \textit{Chevron}, the court viewed that the better test in this case was the one applied in \textit{Seabrook}.

The trend in the early 1980s appeared to be moving in the direction of courts generally following \textit{Seabrook}—but some courts continued to utilize the \textit{Abercrombie} test.\textsuperscript{71} In sum, the bar was as creative in proposing tests for what was inherently distinctive, and therefore immediately protectable trade dress, as the courts were in fashioning remedies to protect that dress when they recognized it. In addition to the problem of categorizing trade dress as inherently distinctive or as requiring secondary meaning, the courts were also continually struggling with identifying what constituted trade dress at all. Plaintiffs were imaginative and expansive in their claims of rights to protection in overall goods configuration and packaging, while defendants fought to narrow protectable dress to discrete elements. In 1987, in \textit{Fuddruckers},

\textsuperscript{66} Id. at 702.
\textsuperscript{69} 716 F.2d 854, 221 U.S.P.Q. 536 (11th Cir. 1983).
\textsuperscript{70} Id. at 858.
\textsuperscript{71} See, e.g., Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417, 425 n.3 (5th Cir. 1984), and the cases leading up to \textit{Two Pesos}.  

Inc. v. Doc’s B.R. Others, Inc.,72 the Ninth Circuit followed the expansive definition of trade dress, namely, the “total visual image of plaintiff’s restaurant services.” This definition has met with some criticism where the dress is not discrete, or it is capable of differences depending upon the buyer’s perspective.73

During this period, courts also often called trade dress “distinctive,” but paradoxically continued to require that secondary meaning be shown before protection would be granted.74 This trend has actually been followed in some cases involving “suggestive” marks and the strength or weakness of the mark. Despite the fact that under Abercrombie, a “suggestive” mark is by definition “inherently distinctive,” those without secondary meaning are often classified as “weak” in the “likelihood of confusion” analysis.

In 1991, the Sixth Circuit in Ferrari S.P.A. v. Roberts75 established yet another new test, namely that trade dress be primarily adopted for the purpose of identifying the exterior design of the FERRARI car.76 In other words, it is not enough that a person create what becomes identifiable as source identifying; the person adopting the dress must have intended that it become source identifying upon adoption. The court was persuaded of the propriety of that test and in that case considered that the FERRARI car’s overall appearance was its trade dress, and going even further, that the external appearance of the automobile was packaging rather than the product itself.

72. 826 F.2d 837, 843 (9th Cir. 1987).
73. Joan L. Dillon, Two Pesos, More Interesting for What It Does Not Decide, 83 TMR 1 (1993) (differing view points changes the dress entirely when you are dealing with multidimensional building shapes).
74. See The Coca-Cola Co. v. Alma-Leo U.S.A., Inc., 719 F. Supp. 725, 12 U.S.P.Q.2d 1487, 1488 (N.D. Ill. 1989): “An injunction must be granted if the prior user can show that the mark is distinctive and that the subsequent user’s use dilutes that distinctiveness” emphasis supplied, citing to Hyatt Corp. v. Hyatt Legal Services, 736 F.2d 1153, 1157, 222 U.S.P.Q. 669, 671 (7th Cir.), cert. denied, 469 U.S. 1019 (1984), and immediately following that statement stated: “To be so considered, a mark must have come to be identified with its owner’s products or services.” The Coca-Cola Co., 12 U.S.P.Q.2d at 1488. In some ways, the issue could be a matter of linguistics as opposed to law. For example, all product designs have some function. If a design is related to purpose, it is de facto functional. A design is legally, or de jure functional when it prevents competition, or creates costs or barriers to others in being able to enter the marketplace. The only kind of “functionality” that really concerns us is the de jure functionality. In other ways, the issue could be confusion with respect to the law.
76. The Ferrari test may be an allusion to the definitions of trademark and service mark respectively, appearing in Section 45 of the Act. Read literally, the Act requires that for protection a mark must be used by a person “to identify and distinguish his or her goods” or “services.” 15 U.S.C. § 1127.
IV. TWO PESOS AND THE SUPREME COURT’S LIMITED SCOPE OF REVIEW

After numerous trade dress cases had been decided based upon varying criteria, it became clear that some circuit courts continued to require a showing of secondary meaning in all trade dress cases.77 Other courts did not if the dress was found to be “inherently distinctive.”78 In 1991, the Supreme Court took on the task of deciding Two Pesos,79 to resolve a split between the Fifth and Second Circuits and address “whether the trade dress of a restaurant may be protected under Sec. 43(a) of the Lanham Act . . . based on a finding of inherent distinctiveness, without proof that the trade dress has secondary meaning.”80

Two Pesos, Inc. v. Taco Cabana, Inc. dealt with the infringement of “trade dress” of a Mexican Restaurant under Section 43(a) of the Lanham Act.81 “Trade dress” of a product is its

78. See, e.g., Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417 (5th Cir. 1984) (a lemon juice bottle is protectable without secondary meaning because trade dress is sufficiently distinctive of itself to identify the producer).
80. Id. at 776, 112 S. Ct. at 2761.

The unique combination of elements or features constitutes protectable trade dress, even if some of the elements or features alone are found on other products, or are individually unprotectible. See, e.g., Robarb, Inc., 21 U.S.P.Q.2d at 1745; LeSportsac, 754 F.2d at 71; Dallas Cowboy Cheerleaders, Inc. v. Pussy Cat Cinema, Ltd., 604 F.2d 200 (2d Cir. 1979); Fundex Inc. v. Imperial Toy Co., 26 U.S.P.Q.2d 1061 (S.D. Ind. 1992); AmBrit, Inc. v. Kraft, Inc., 812 F.2d 1531 (11th Cir. 1986), cert. denied, 481 U.S. 1041 (1987); John H. Harland Co. v. Clark Checks, Inc., 711 F.2d 966, 980 (11th Cir. 1983); Chevron Chemical Co. v. Voluntary Purchasing Group, Inc., 659 F.2d 695 (5th Cir. 1981), cert. denied, 457 U.S. 1126 (1982); Warner Bros, Inc. v. Gay Toys, Inc., 724 F.2d 327 (2d Cir. 1983); Qualitex Co. v. Jacobson Products Co., 13 F.3d 1297 (9th Cir. 1994).

In order to prevail on a trade dress infringement cause of action under Section 43(a) of the Lanham Act, plaintiff must prove the following elements: 1) its trade dress is either inherently distinct or has acquired secondary meaning; 2) its trade dress is primarily
The total image and overall appearance of a product and may include features such as "size, shape, color or color combinations, texture, graphics, or even particular sales techniques." The specific trade dress in question is described as follows:

[A] festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by garage doors. The stepped exterior of the building is a festive and vivid color scheme using bright top border paint and neon stripes. Bright awnings and umbrellas continue the theme.

Taco Cabana alleged that Two Pesos had infringed its distinctive trade dress when it opened up competing Mexican restaurants in Texas, and initiated suit in the Southern District of Texas. The case was tried to a jury.

With respect to the issue of inherent distinctiveness, the jury was simply instructed that "to be found inherently distinctive, the trade dress must not be descriptive." On the basis of that instruction, the jury found the trade dress to be inherently distinctive. The jury, however, also found that the trade dress had "not acquired a secondary meaning." In addition, the jury found that the trade dress was non-functional, and that there

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83. Two Pesos, 932 F.2d at 1117.

84. Id. On appeal, the Fifth Circuit found nothing wrong with the instruction. Although the instruction was not at issue before the Supreme Court, the Court tacitly approved it by reference.

85. Id.

86. Id.

87. "The functionality doctrine is based on the competing interests of the right to free competition and the right to establish and protect a distinctive identity within the marketplace." Richard L. Bridge, Master Distributors v. Pako Corp: Equal Trademark Protection for Color Per Se, 38 St. Louis U. L. J. 485, 487 (1983). Functional features are not entitled to trademark protection. The Supreme Court has defined a feature as functional if it "is essential to the use or purpose of the article or if it affects the costs or quality of the article." Inwood Lab., Inc. v. Ives Lab., Inc., 456 U.S. 844, 850 n.10 (1982). Phrased another way, a design is functional if it is so essential to the product that without it others would be hindered from competing effectively in the marketplace. Brunswick Corp. v. British Seagull Ltd., 35 F.3d 1527, 1531-32 (Fed. Cir. 1994) (color black denied protection in connection with outboard motors based upon competitive need). On the other hand, a feature is primarily non-functional if, when omitted, nothing of substantial value in the purpose of use
was a likelihood of confusion\textsuperscript{88} among ordinary consumers regarding the source of the goods or services.\textsuperscript{89} Because the jury was instructed that “Taco Cabana’s trade dress was protected if it either was 1) inherently distinctive or 2) had acquired secondary meaning,”\textsuperscript{90} judgment was entered in favor of Taco Cabana. The decision was affirmed by the Fifth Circuit.\textsuperscript{91}

The Supreme Court was presented with two issues in the petition for \textit{certiorari}. One dealt with the issue of the Court of Appeals for the Fifth Circuit accepting the jury’s findings on “functionality.” The other dealt with the inter-circuit split between the Second and Fifth Circuits regarding “inherent distinctiveness” and “secondary meaning.” The Court denied the petition with respect to the “functionality” issue and granted the petition in order to resolve the disagreement in the appellate courts. The specific issue that was certified was “whether trade dress which is inherently distinctive is protectable under Section 43(a) without a showing that it has acquired secondary meaning.”\textsuperscript{92}

The Supreme Court’s analysis began with a discussion of the statutory requirements for protection of marks. As a threshold

of the goods is lost. \textit{See John Harland Co. v. Clarke Checks}, 711 F.2d 966, 980 (11th Cir. 1983); \textit{see also} Michael B. Landau, \textit{Trademark Protection for Color Per Se After Qualitex Co.: Another Grey Area in the Law}, 2 U.C.L.A. Entertainment Law Rev. 1, 16-21 (1995); \textit{see also} Nancy L. Clarke, \textit{Issues in the Federal Registration of Flavors as Protection for Pharmaceutical Products}, 1993 U. Ill. L. Rev. 105 (1993); Anthony V. Lupo, \textit{The Pink Panther Sings the Blues: Is Color Capable of Trademark Protection?} 21 Mem. St. U. L. Rev. 637, 644 (1991). Although there has been some dissatisfaction with the finding that the trade dress was non-functional, that issue was not on appeal before the Supreme Court. The only issue certified for Supreme Court review was whether secondary meaning was required for protecting inherently distinctive trade dress.

\textsuperscript{88} In order to prove infringement of a trademark or trade dress, the plaintiff must prove that there would be a “likelihood of confusion.” The “likelihood of confusion” test in the Ninth Circuit involves the balancing of the following factors:

1) the strength of the plaintiff’s mark;
2) relatedness of the goods;
3) similarity of the marks;
4) evidence of actual confusion;
5) marketing channels used;
6) likely degree of purchaser care;
7) defendant’s intent in selecting the mark; and
8) likelihood of expansion of the product lines.


\textsuperscript{89} 112 S. Ct. at 2756.
\textsuperscript{90} \textit{Id}.
\textsuperscript{91} \textit{Taco Cabana Int’l, Inc. v. Two Pesos, Inc.}, 932 F.2d 1113 (5th Cir. 1991).
\textsuperscript{92} 112 S. Ct. at 2757.
matter, the Court stated that the requirements for registration of a mark under Section 2 of the Lanham Act are “applicable in determining whether an unregistered mark is entitled to protection...”93 Therefore, there should be no difference in standards for protection between requirements for registration and the protection for unregistered marks, including trade dress, in an infringement suit.94

The Court then went on to discuss the different types of marks and the requirements for protectability for the respective categories:

In order to be registered, a mark must be capable of distinguishing the applicant’s goods from those of others. § 1052. Marks are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; (or) fanciful. . . . The latter three categories of marks because their intrinsic nature serves to identify a particular source of a product are deemed inherently distinctive and are entitled to protection. In contrast, generic marks,—those that “refer to the genus of which the particular product is a species”—are not registrable as trademarks. . . . Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected. . . . However, descriptive marks may acquire the distinctiveness which will allow them to be protected under the Act. . . . This acquired distinctiveness is generally called “secondary meaning.”

* * *

The general rule regarding distinctiveness is clear: An identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning.95

93. Id. (citing A.J. Canfield Co. v. Honickman, 808 F.2d 291, 299, n.9 (3d Cir. 1986); Thompson Medical Co. v. Pfizer, Inc., 753 F.2d 208, 215-16 (2d Cir. 1985)). For the specific statutory requirements for and prohibitions against the registration of marks see Sections 2(a)-(f) of the Lanham Act (15 U.S.C. §§ 1052(a)-(f)).

94. While the standards for protection are the same for both registered marks and unregistered marks, there are some additional procedural and evidentiary advantages afforded by a registered trademark including the ability to prevent the importation of confusingly similar goods under 15 U.S.C. § 1124, constructive notice of trademark ownership under 15 U.S.C. § 1072, incontestability under 15 U.S.C. § 1065, and prima facie evidence of ownership of the mark under 15 U.S.C. § 1057(b).

Therefore, under the Supreme Court’s reading of the statute and prior case law, “fanciful,” “arbitrary,” and “suggestive” marks are “inherently distinctive” and may be protected immediately upon use in connection with goods in commerce. A trademark is “arbitrary” or “fanciful” if when applied to a product or service it “has no inherent relationship to the product of service with which it is associated.”96 A trademark is “suggestive” if it “requires imagination, thought and perception to reach a conclusion as to the nature of the goods.”97 In contrast, a “descriptive” mark “conveys an immediate idea of the ingredients, qualities or characteristics of the goods” as opposed to identifying source.98 It can only be protected under the Lanham Act once it becomes “associate[ed] with particular goods stemming from a particular source.”99

After expressing the basic principles for protection of marks, the Court examined the literal language of the statute and concluded, “[w]here secondary meaning does appear in the statute, 15 U.S.C. § 1052, it is a requirement that applies only to merely descriptive marks.”100

In addition to finding no statutory authority for requiring secondary meaning for any type of marks other than descriptive ones, the Court also enunciated strong public policy for following Section 2’s mandate, noting that making it more difficult for parties to protect their marks would hinder competition and impose burdens and disincentives on business, by enabling commercial parties to appropriate a competitor’s inherently distinctive trade dress after it has been used in commerce in


98. Id.

99. Two Pesos, 112 S. Ct at 2753. A good example of the differences between the categories of marks may be found in 1 McCarthy, supra note 64, at § 11:22, 498-99: “The word ‘apple’ would be arbitrary when used on personal computers, suggestive when used in ‘Apple-A-Day’ on vitamin tablets, descriptive when used in ‘Tomapple’ for combination tomato-apple juice and generic when used on apples.”

100. Id. at 2760.
connection with goods, but before the legally sufficient secondary meaning has been developed:

[Adding a secondary meaning requirement could have anticompetitive effects, creating particular burdens on the startup of small companies. It would present special difficulties for a business, such as respondent, that seeks to start a new product in a limited area and then expand into new markets. Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator’s dress in other markets and to deter the originator from expanding into and competing in these areas.]

The Court found, “There is no persuasive reason to apply to trade dress a general requirement of secondary meaning which is at odds with the principles generally applicable to infringement suits under Sec. 43(a).” Because Section 43(a) provides no basis for distinguishing between trademark and trade dress, “there is no persuasive reason to apply different analysis to the two.” The Court also held that the requirements for protecting marks under Section 43(a) were the same as those for registration under Section 2. Congress did not provide any secondary meaning requirement for trade dress, only for “descriptive” marks.

The Court did not discuss whether there would be any difference in the analysis or its opinion based upon whether the trade dress at issue was product packaging or the product itself. Two Pesos solved nothing with respect to establishing criteria for trade dress distinctiveness. The Court accepted as a first premise, and finding no basis to do otherwise in Section 43(a), that it should treat word marks and trade dress alike. What was not at issue before the Court is whether the Abercrombie taxonomy was relevant to an analysis of trade dress at all, and the Court made no effort to go beyond the criteria established by the lower court and propose or establish an alternative test. In fact, it endorsed the test, noting that since trademarks and trade dress essentially serve the same purpose, “there is no persuasive reason to apply different analysis to the two.”

The holding in Two Pesos is clear and unambiguous. It is based upon deference to Congress with respect to trademark

101. Id. at 2761.
102. Id. at 2758.
103. Id. at 2760.
104. Id.
105. Another reason that the Abercrombie categories, and Section 2, as written, do not apply is that descriptive trade dress would often be functional.
matters and the application of the language in the Lanham Act. Secondary meaning is required only for the protection of descriptive marks. There is no legal basis for imposing a requirement of proving secondary meaning in order to protect any other kind of mark, including trade dress. Therefore, if trade dress, or any other kind of mark is “inherently distinctive,” it may be protected immediately upon use in connection with goods and/or services of the mark or trade dress in commerce. Under Sections 43(a),\textsuperscript{106} 2(e),\textsuperscript{107} and 2(f)\textsuperscript{108} of the Lanham Act, and under \textit{Two Pesos}, there is no legal basis for distinguishing between registered and unregistered marks, or trademarks and trade dress; under the same reasoning there is even less reason to make a legal distinction between color and other types of marks.

Accordingly, the decision was limited, and is a model for a an ultra literal interpretation of the Trademark Act, holding only that inherently distinctive trade dress should be treated in the same way as analogous inherently distinctive trademarks and therefore acquired distinctiveness is not required for their protection. In \textit{Two Pesos}, the Court noted the legislators’ strong impetus to protect trade indicia and reasoned that to require all trade dress owners to show acquired distinctiveness would disadvantage businesses that might enter limited markets and not have the time for their dress to establish the required distinctiveness.

\textbf{V. THE CRITICAL FALLOUT FROM THE \textit{TWO PESOS} DECISION}

The \textit{Two Pesos} decision received more criticism than applause as it was severely censured by commentators, who were quick to chastise the Court’s unwillingness to venture further than its mandate and to provide some guidance for future courts with respect to the proper test to use in the determination of trade dress cases.\textsuperscript{109} Further, they almost uniformly took the position that the

\begin{itemize}
  \item \textsuperscript{106} 15 U.S.C. § 1125(a).
  \item \textsuperscript{107} 15 U.S.C. § 1052(e).
  \item \textsuperscript{108} 15 U.S.C. § 1052(f).
\end{itemize}
Abercrombie taxonomy was inapposite for use in assessing the “inherent distinctiveness” of trade dress. Vincent Palladino takes issue with the Abercrombie spectrum of distinctiveness test because at its base it “incorporates two concepts: (1) an existing language of words with established (primary) meanings and (2) goods. In evaluating the distinctiveness of any claimed word mark, one in effect determines the primary meaning of the word at issue and compares that meaning with the goods in question,” and where trade dress is concerned, “a ‘language’ of symbols and shapes with established (primary) meanings does not [exist].” Two Pesos, read narrowly as a rejection of the across-the-board secondary meaning requirement, can be read broadly as equating trademarks with trade dress in all respects, and therein lies the problem. Evaluation of whether a mark is distinctive requires one to determine the primary meaning of the word and compare the meaning to the goods; however, the same cannot be done with trade dress. In measuring the distinctiveness of trade dress you must look at something other than a comparison of the dress’ primary meaning to the goods.

The authors of this article have expressed criticism of the Two Pesos decision. Soon after the decision, Joan Dillon clearly registered her disappointment with the Court’s failure to provide guidance for decision-making in future trade dress cases. Of particular concern was the Court’s failure to decide “whether a trade dress, admittedly comprised entirely of functional features, can be inherently distinctive and if so, what is the proper test for such a finding.” Interestingly, and probably one factor in the limitation of the Court’s creativity, the Court relied upon a number of trade dress cases involving arbitrary, discrete elements, often capable of being federally registered as trademarks, such as bottle shapes and the like, rather than cases involving the rather amorphous shape of a restaurant trade dress, “particularly when defined as its ‘total image.’” Michael Landau harshly criticized the Court a few years later for selectively picking and choosing when to follow the language of the Lanham Act and when to ignore it.

110. Palladino, id. at 409.
111. Id.
112. Id. at 410.
113. See Joan L. Dillon, Two Pesos: More Interesting For What It Does Not Decide, 83 TMR 77 (1993.)
Two Pesos was also criticized by Anthony Fletcher:116 “Applying tests formulated to categorize words can be different when what is sought to be categorized is product packaging or configuration. Four Courts of Appeal addressed the subject with considerable care and little consistency.” Finally, criticism continues to be heaped upon courts applying the Abercrombie factors in these kinds of cases today.117 Yet the Abercrombie factors seem to stick like glue to trade dress cases, whether that judge-made test has any applicability to this type of case or not.

In sum, the Two Pesos Court did not address the larger ramifications of the case it had before it, nor did it take a leading oar in attempting to bring coherency to the test for trade dress distinctiveness and determine what “distinctiveness” means in the context of trade dress, or whether it is proper or improper to address product and packaging trade dress differently. It did not distinguish between the two at all.118

VI. THE REACTIONS OF THE LOWER COURTS TO THE DECISION

The Two Pesos decision had little effect, if indeed any at all, on the critical question of how you determine whether a trade dress is inherently distinctive. It is clear that if it is not distinctive, then secondary meaning is required for its protection. After Two Pesos, and perhaps simply because the bar was becoming more sophisticated in trade dress matters, more courts appeared to follow the test established in Seabrook Foods, Inc. v. Bar-well Foods Ltd.119 Some continued to apply the “spectrum of distinctiveness” test used in Abercrombie & Fitch Co. v. Hunting

117. See David J. Kern, Theodore H. Davis, Jr., Annual Review, 94 TMR 1 (2004): “At least in some courts, the standard for evaluating the distinctiveness of packaging trade dress continued to revolve around the standard for word marks.”
118. “We see no basis for requiring secondary meaning for inherently distinctive trade dress protection under § 43(a) but not for other distinctive words, symbols, or devices capable of identifying a producer’s product.” Two Pesos, 112 S. Ct. at 2760.
119. 568 F.2d 1342, 1344, 196 U.S.P.Q. 289, 291 (C.C.P.A. 1977). The test focused on “whether [the design] was a ‘common’ basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or whether it was capable of creating a commercial impression distinct from the accompanying words [on the packaging].” See also I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 40 (1st Cir. 1998); Tone Bros. v. Sysco Corp., 28 F.3d 1192, 1205 (Fed. Cir. 1994).
World, Inc. Others created new tests, particularly where product dress was concerned.

After the *Two Pesos* decision, protecting trade dress as “inherently distinctive” has generally become easier. For example, in *Paddington v. Attiki*, the Second Circuit protected the trade dress of an Ouzo bottle under the “capable of identifying source” standard. In *Life Industries Corp. v. Ocean Bio-Chem., Inc.*, trade dress consisting of a yellow background with black borders and black lettering was protected as inherently distinctive. The court noted that the “inherently distinctive” standard was less stringent than the “secondary meaning” standard. The court continued, “Since the choices that a producer has for packaging its products are almost unlimited, typically a trade dress will be arbitrary or fanciful. Such marks are, by definition, inherently distinctive.” In *Letica Corp v. Sweetheart Cup Co.*, the district court found the visual impression of colored bands on disposable drinking cups to be “sufficiently fanciful.”

Brakes on the expansion of trade dress protection began to be applied in the mid-1990s, principally by the Second and Third Circuits, which began to differentiate between the test for claiming

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120. 537 F.2d 4, 9 (2d Cir. 1976); see *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 540 (6th Cir. 1998) and *Insty*Bit, Inc. v. Poly-Tech Indus., Inc., 95 F.3d 663, 672-73 (8th Cir. 1996).

121. *See Duraco Prods. v. Joy Plastic Enters.*, 40 F.2d 1431, 1434 (3d Cir. 1994) (the court described a product shape as inherently distinctive trade dress if it is (a) unusual and memorable, (b) conceptually separable from the product, and (c) likely to serve as an indicator of source).


123. 996 F.2d 577 (2d Cir. 1992).

124. *Id.* at 582-83.


126. *Id.* at 931. *But see Sassafras Enterprises, Inc. v. Roshko, Inc.*, 915 F. Supp. 1, 5 (N.D. Ill. 1996) (“[I]t is worth mentioning at the outset that [plaintiff’s] burden as to inherent distinctiveness is not an easy one—it must show that a reasonable jury could conclude that the configuration and appearance of [plaintiff’s] set would almost automatically be perceived by buyers as an indicator of the source of the set.”). *See also Mana Products, Inc. v. Columbia Cosmetics Mfg., Inc.*, 65 F.3d 1063 (2d Cir. 1995) (trade dress of cosmetic makeup compacts consisting primarily of black was not inherently distinctive).

127. *Id.*, citing *Two Pesos*, 505 U.S. at 768, and *Paddington*, 996 F.2d at 582-83.


129. The case was, however, decided in favor of the junior user on the basis of a lack of “likelihood of confusion.”

protectability of product configuration and the test for claiming
protectability of packaging.

What is apparent and striking about all of these “follow on”
cases is that none of them rely upon any learning from Two Pesos.
In each situation, the courts have referred to Two Pesos,
acknowledged the existence of such a thing as a “distinctive trade
dress,” and then have sought to describe it with reference to the
trade dress at issue in each of the cases. Even more striking, while
courts are bound to treat trade dress the same as trademarks, in
fact, trade dress differs from trademarks in the manner in which it
can be described. Most commentators agree that trade dress
cannot be described along the spectrum of distinctiveness utilized
in word mark cases; nevertheless, the courts cling to the rubric of
“distinctive” trade dress. This rubric is a particularly old-fashioned
and outdated notion and one that has shown itself to be
ineffectual. Instead, courts need to accept that there are
substantial differences in the analyses of trademarks and trade
dress with respect to the scope of protection that they ought to be
afforded. Some courts have nodded in that direction by requiring
trade dress to be “singular in appearance,”131 that the trade dress
be of such a design that a buyer will immediately rely on it to
differentiate the product bearing it from competing products132
and, not surprisingly, amidst all the confusion, courts have looked
back at decisions prior to Two Pesos for guidance in their analysis
of trade dress. For example, courts look to the Seabrook factors:
“whether [the design] was a ‘common’ basic shape or design,
whether it was unique or unusual in a particular field, whether it
was a mere refinement of a commonly-adopted and well-known
form of ornamentation for a particular class of goods viewed by the
public as a dress or ornamentation for the goods.”133

In sum, the decision in Two Pesos arguably had the most
impact on the Supreme Court.

VII. THE COURT ITSELF REFUSES
TO FOLLOW TWO PESOS

Recently, the Supreme Court has made it increasingly more
difficult for parties to protect “trade dress” as a mark. As discussed


289, 291 (C.C.P.A. 1977). See also Stuart hall Co. v. Ampad Corp., 51 F.3d 780, 786, 34
U.S.P.Q.2d 1428, 1432 (8th Cir. 1995).
above, in 1992, in *Two Pesos, Inc. v. Taco Cabana*, the Supreme Court held that if trade dress were “inherently distinctive” it could be protected upon use. “Secondary meaning” or “acquired distinctiveness” was not required for federal protection. The Court engaged in fairly literal interpretation of Section 2 of the Lanham Act, noting that descriptive marks were the only ones for which Congress established a requirement that the mark’s owner must show customer association of the source of the goods with the mark. In essence, Congress could have included a secondary meaning requirement for trade dress, but decided not to do so. Because the “trade dress” in question, the overall appearance of a Mexican restaurant, was “inherently distinctive,” it was protected.

In addition to following the statute and arriving at the conclusion that there was no secondary meaning requirement for non-descriptive trade dress as a matter of law, the Court also articulated strong policy reasons for granting a commercial party protection for its mark as soon as possible.

Engrafting onto § 43(a) a requirement of secondary meaning for inherently distinctive trade dress also would undermine the purposes of the Lanham Act. Protection of trade dress, no less than of trademarks, serves the Act’s purpose to “secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.” By making more difficult the identification of a producer with its product, a secondary meaning requirement for a nondescriptive trade dress would hinder improving or maintaining the producer’s competitive position.

In 1995, the Court changed its position regarding which types of marks required a showing of secondary meaning. In *Qualitex Co. v. Jacobson Products Co., Inc.*, a case technically involving the protection of color *per se* as a trademark, the Supreme Court, without any substantial reference to *Two Pesos* or to Section 2 of the Lanham Act decided, seemingly from out of the blue, that color is different from arbitrary or fanciful marks and established a requirement of a showing of secondary meaning for protection. The Supreme Court’s imposition of a secondary meaning requirement on non-descriptive marks—in this case, color, a mark that is not

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mentioned in any of the Section 2 prohibitions or restrictions—is quite striking. It is especially striking coming only three years after Two Pesos. It is even more striking in its non-statutory approach.

In the spring of 2000, in Wal-Mart Stores, Inc. v. Samara Bros., Inc., the Supreme Court once again created a secondary meaning requirement for yet another category of non-descriptive marks, "product design," and held that "product design" can never be "inherently distinctive." The Supreme Court took the Wal-Mart case in order to determine whether the "trade dress" of unregistered product design could be "inherently distinctive." The actual issue that was certified was, "What must be shown to establish that a product’s design is inherently distinctive for purposes of Lanham Act trade dress protection?" The Supreme Court’s answer was essentially, “there is nothing that can be shown to convince us that ‘product design’ can ever be inherently distinctive.”

Samara Brothers designs and manufactures children’s clothing. The primary product is a line of seersucker outfits decorated with appliqués of hearts, flowers, and fruit. Samara had an exclusive agreement with J.C. Penney to sell its products. Wal-Mart sent a manufacturer photographs and samples of Samara products. The manufacturer recreated the garments, and Wal-Mart and others began selling the “knock-offs.” Samara initiated an infringement suit against those selling the similar merchandise. All retailers, other than Wal-Mart, settled the case. The jury found in favor of Samara, and the district court judge denied Wal-Mart’s motion for a judgment as a matter of law. The Second Circuit affirmed.

The Supreme Court reversed, holding that Samara’s “product design” had not acquired distinctiveness and, therefore, could not be protected. The Court rejected the notion that the “trade dress” at issue—seersucker with appliqués—was inherently distinctive. In reaching its decision, the Court, again without sufficient analysis, or reference to Sections 2(e) or 2(f), held that trade dress for product design can never be inherently distinctive: “It seems to us that design, like color, is not inherently distinctive.”

139. Kmart, Caldor, Hills, and Goody’s all settled. Wal-Mart was the only defendant remaining. See 120 S. Ct. at 1342.
141. Wal-Mart, 529 U.S. at 212, 120 S. Ct. at 1344.
The fact that product design almost invariably serves purposes other than source identification not only renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests. Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.142

* * *

To the extent there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning. The very closeness will suggest the existence of relatively small utility in adopting an inherent-distinctiveness principle, and relatively great consumer benefit in requiring a demonstration of secondary meaning.143

This is a far cry from the language in Two Pesos, discussed above regarding the benefits of protecting trade dress as soon as possible, and the detrimental effect that a secondary meaning requirement would have.144

While it might have been possible to have side-stepped the Two Pesos holding in Qualitex, because the Qualitex case technically dealt with color, in Wal-Mart, the court had to address its earlier decision straight on because Wal-Mart was, indeed, a “trade dress” case. The Court distinguished Two Pesos from Wal-Mart, by stating that “Two Pesos is inapposite to our holding here because the trade dress at issue [in that case], the decor of a restaurant, seems to us not to constitute product design. It was either product packaging—which, as we have discussed, normally is taken by the consumer to indicate origin—or else some tertium quid that is akin to product packaging and has no bearing on the present case.”145

The Supreme Court’s attempts to distinguish Two Pesos, and product design from product packaging, is disingenuous, at best. The major rationale for the holding in Two Pesos that the trade dress of the restaurant could be protected as “inherently distinctive” was not that the trade dress at issue was “product

142. Id. at 213, 120 S. Ct at 1344.
143. Id. at 215, 120 S. Ct. at 1346.
145. Wal-Mart, 529 U.S. at 215, 120 S. Ct. at 1345 (emphasis in original).
packaging,” but that Section 2146 of the Lanham Act, the section that provides the requirements for trademark protection, only requires marks that are listed under Section 2(e) to have “secondary meaning” or “acquired distinctiveness” in order to be protected.147 The marks categorized under Section 2(e)148 are descriptive marks, misdescriptive marks, and surnames. Because Congress did not require “secondary meaning” to be proved for trade dress, “inherently distinctive” trade dress could be protected.

If there were no statutory reasons for requiring secondary meaning for any kind of non-distinctive trade dress at the time the Court decided Two Pesos, there are no reasons for requiring secondary meaning for all non-functional trade dress. Attempting to split hairs by distinguishing “product design” trade dress from “product packaging” trade dress is not being judicially forthright. It is especially interesting that the opinion was written by Justice Scalia, who is usually a statutory formalist. However, the Supreme Court has established the law. Despite what the trademark statutes say, “acquired distinctiveness” must now be proved for “product design” trade dress and for color.149

VIII. PRODUCT DESIGN, PRODUCT PACKAGING, OR SOME TERTIUM QUID

The distinction between “product design” and other kinds of trade dress was followed in Best Cellars, Inc. v. Grape Finds at Dupont, Inc.150 a dispute over the “trade dress” of wine stores. In this case decided shortly after Wal-Mart, the Southern District of New York applied Wal-Mart’s holding that trade dress that is “product design” may never be “inherently distinctive” and in order to protect a product’s design as trade dress, secondary meaning or acquired distinctiveness must be shown. The overall visual impression of the plaintiff’s wine store was clearly not “product design.” To quote the Supreme Court when it attempted to distinguish Two Pesos151 from Wal-Mart, instead of overruling it, the design of a restaurant [or store] is “either product packaging—which, as we have discussed, normally is taken by the consumer to

147. See, Section 2(f) of the Lanham Act (15 U.S.C. § 1052(f)).
149. For a discussion of the lack of consistency from the Supreme Court regarding statutory construction of the Lanham Act, see Michael B. Landau, Reconciling Qualitex with Two Pesos: Ambiguity and Inconsistency From the Supreme Court, 3 U.C.L.A. Entertainment Law Rev. 219 (1996).
indicate origin—or else some tertium quid that is akin to product packaging and has no bearing on the present case.”152 Based upon the conceptual similarity between the design of a Mexican restaurant and the design of the interior of a wine store, the court held that Best Cellar’s trade dress could be protected if it were either “inherently distinctive” or had acquired distinctiveness.

Trade dress is the overall visual appearance or impression of a product. Although certain individual elements may not be protected if viewed alone, the combination of elements can result in trade dress that is, as a whole, protected. In arguing that the overall visual impression of the stores could be protected as “inherently distinctive” trade dress, Best Cellars set forth fourteen specific elements that established the uniqueness of its trade dress:

(1) eight words differentiating taste categories; (2) eight colors differentiating taste categories; (3) eight computer-manipulated images differentiating taste categories; (4) taste categories set above display fixtures by order of weight; (5) single display bottles set on stainless-steel wire pedestals; (6) square 4”x4” shelf talkers with text arranged by template; (7) shelf talkers positioned at eye level, below each display bottle; (8) bottles vertically aligned in rows of nine; (9) storage closets located beneath vertically aligned bottles; (10) materials palette consisting of light wood and stainless steel; (11) mixture of vertical racks and open shelving display fixtures; (12) no fixed aisles; (13) bottles down and back-lit; and (14) limited selection (approximately 100) of value-priced wines.153

The court distilled the essence of the trade dress to what it called the “wall of wine,” i.e., “the color-coded, iconographic wall signs identifying eight taste categories above single display bottles on stainless-steel wire pedestals which run along the store perimeter, above identical color-coded textually formatted square shelf-talkers, above vertical arrays of nine glowing bottles stacked horizontally, above a strip of cabinets or drawers which extend to the floor.”154 The display, taken as a whole, was different from any display used before, and had received much positive attention in the industry and the media. This almost immediate notice and praise weighed heavily in favor of a finding of inherent distinctiveness.

Defendants attempted to convince the court that Best Cellars, as a party attempting to assert unregistered trade dress, did not

154. *Id.*
meet the burden of proving that the trade dress was “non-functional,” noting among other things the color coding of the wine to indicate type and strength, and the vertical display. Nonetheless, the court found that there were numerous different ways to display wine, and therefore there was no specific competitive need for another store to duplicate the trade dress.

After applying the Polaroid likelihood of confusion factors, the court found that Best Cellars’ trade dress had been infringed. Plaintiff’s motion for a preliminary injunction was granted.

Best Cellars subsequently brought a similar action in the same jurisdiction against another wine merchant in Best Cellars, Inc. v. Wine Made Simple, Inc.155 Once again, the district court found that Best Cellars had inherently distinctive non-functional trade dress, but denied the motion for a preliminary injunction because there were material issues of fact regarding the likelihood of confusion factors.

IX. THE LASTING SIGNIFICANCE OF TWO PESOS

Two Pesos was the first of several trademark cases to go to the United States Supreme Court. It may have influenced all of the succeeding cases, or the Justices, simply in the practice of applying a restrictive approach to the identification of the limited issue before them. The Justices have almost uniformly taken a literal approach to interpretation of the relevant Lanham Act provision that they are required to consider.156 Interestingly, the Court never seems to question the application of the Abercrombie factors, nor does it note these were judge-made tests when dealing with the statute.

The Court, except possibly in the context of the Wal-Mart decision157 (wherein it flatly refused to accept that there can be any inherently distinctive product design trade dress), has not looked at the Act from the point of view of attempting to bring some coherence to the criteria to be used in trade dress cases. It also can be argued that Wal-Mart looked at the same statute as Two Pesos, and whereas Two Pesos found there to be no prohibition against treating trademarks and trade dress alike,158 Wal-Mart, looking at

156. “Sec. 43(a) provides no basis for distinguishing between trademark and trade dress.” Two Pesos, 505 U.S. at 773, 112 S. Ct. at 2760; “There is no persuasive reason to apply different analysis to the two.” Id.; “It would be a different matter if there were textual basis in § 43(a) for treating inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress. But there is none.” Id. at 774, 112 S. Ct. at 2760.
158. Two Pesos, 550 U.S. at 773.
exactly the same statute, found there was no prohibition against not treating them alike.159 One wonders if the continuous “pressing of the envelope” by the trademark bar caused the Court to feel the need to apply the brakes to a protectionism it felt might be out of control. Wal-Mart may be wrong in its decision that product design trade dress can never be inherently distinctive.

The validity of the underlying rationale for the decisions in both Two Pesos and Wal-Mart can be questioned when one pays attention to the express language of the Lanham Act. According to the Act, all that must be shown for trade dress to be protectable is “non-functional.”160 Nowhere in the Act is there a requirement that trade dress be “distinctive” or to have “acquired distinctiveness” for its protection. Those concepts are entirely judicial, and while they have had a large impact upon the way the courts determine the protectability of trade dress, one may take the Act literally so that a plaintiff may prevail in a trade dress claim merely by showing that the dress is non-functional without the burden of proving its dress is distinctive. Accordingly, judge-determined tests for distinctiveness—even the Court’s decisions that distinctiveness is needed for protection of trade dress—have resulted in decisional law that varies widely by jurisdiction. On the theory of expressio unius161 then, for courts to continue to require a showing of distinctiveness or acquired distinctiveness for the protection of trade dress is in error. Eventually, they might well be found erroneous in light of the strict interpretation of the Lanham Act by the Supreme Court and the literalism originating with its decision in Two Pesos.

X. SHOULD WE CODIFY STANDARDS FOR DETERMINING TRADE DRESS PROTECTABILITY?

The advantages of setting up a multi-factor test for determining whether trade dress is protectable probably outweigh any disadvantages. If the Wal-Mart decision is a reaction by the Supreme Court to what it may see as an epidemic of trade dress claims creating protection for properties going far beyond the intent of the Lanham Act, or to its perception that in pressing such claims the trademark bar’s creativity has undermined its credibility, then setting up a settled test for determining what is inherently distinctive (or immediately recognizable) trade dress makes sense. The Lanham Act itself does not distinguish between

159. Wal-Mart, 120 S. Ct. at 1344.
161. Expressio unius est exclusio alterius: “The expression of one thing is the exclusion of another.”
trademarks and trade dress, except to mandate protection for trade dress that is shown not to be “functional.” The latest decisional law flies in the face of the Act, which dismisses all the concern over “distinctiveness,” acquired or otherwise; nevertheless, the trademark bar and the courts realize that all marks are not created equal, and that some are inherently due the protections offered by a court of equity, and others are not, and indeed may never be. Why, in light of the tortuous decisional history of trade dress cases, has there been no legislation adopted that would set up guidelines or proper factors for the consideration of whether a given dress is inherently distinctive and immediately recognizable, and therefore protectable without a requirement of secondary meaning? In the authors’ opinion, changing the description of protectable dress to differentiate it from protectable word marks would be a major step in the proper conceptualization of these kinds of cases.

If a package, product, or facility design is not functional and is inherently distinctive, or what these authors prefer to think of as “immediately recognizable” as trade dress, then there is no good reason to deny it protection without a showing of secondary meaning. We have available legislated factors to consider in determining whether a mark qualifies for protection against dilution, so why is there a reluctance to adopt a similar set of factors to consider whether trade dress is inherently distinctive (or immediately recognizable)? As long ago as 1998, Representative Coble introduced a federal trade dress bill\(^{162}\) that attempted to amend the Lanham Act to introduce such a test at Section 2 by adding a new Section (e) providing additional language:

\[(e) \ldots \text{Trade dress which functions as a mark may be registered and protected without the need to show that it has become distinctive under subsection (f) of this section if the relevant public is likely to identify the source of the product or service by reference to the subject matter claimed as trade dress. In determining whether the relevant public is likely to identify the source of the product or service by reference to the subject matter claimed as trade dress, the factors to be considered shall include, but not be limited to—}

1. whether the trade dress is unique or unusual in the particular field to which the subject matter pertains;
2. whether the trade dress comprises a common basic shape or design;

(3) whether the trade dress is a mere refinement of commonly adopted and well known forms of ornamentation for that particular class of goods or services viewed by the public as a dress or ornamentation for the goods or services; and

(4) whether the trade dress is capable of creating a commercial impression distinct from any accompany words.

Other changes were proposed that are consistent with the implementation of these factors, such as a statutory definition for “functionality.” 163 Both the International Trademark Association and the American Bar Association testified in opposition to this legislation to prevent its passage. It is time, particularly in light of the Wal-Mart Court’s object lesson, to reconsider whether the establishment of such factors should be urged.

The Wal-Mart decision may be a wake-up call to the bar, as it tells the trademark owner that it is going too far. The growth of trade dress claims in both packaging and products may have caused courts to look at many of these claims as over-reaching, resulting in the Court’s attempt to restrict these claims more severely than it otherwise might if there were clearly-established guidelines for the consideration of these cases. Perhaps this wake-up call will cause the trademark owners to seek the acceptance of a legislative amendment now, rather than trust the courts to expand the scope of protection. In light of the Supreme Court’s current direction, courts are not going to support trademark owners who push the envelope on these cases, especially in the absence of established guidelines for assessing trade dress both in packaging and in product design. Trademark owners operate in the real commercial world. Predictability, stability, and guidance are necessary so that parties can know in advance of litigation what may be protected and what may not.

163. “The term ‘functional’ means, with respect to matter sought to be protected under this Act, that the matter is of such superior design for its purpose that to afford it protection under this Act would significantly hinder effective competition. In determining whether matter sought to be protected under this Act is functional, the factors to be considered shall include, but not be limited to—

(1) whether the matter yields a competitive advantage;
(2) whether alternative designs are available; and
(3) whether the matter achieves economies in the manufacture or use of the goods or services, or affects their cost or quality.”