

# Cases applying 'Traffix' focus on functionality

Existence of a patent doesn't end the analysis.

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THE U.S. SUPREME COURT'S decision in *Traffix Devices Inc. v. Marketing Display Inc.*, 121 S. Ct. 1255 (2001), reversing the decision in *Marketing Display Inc. v. Traffix Devices Inc.*, 200 F.3d 929 (6th Cir. 1999), highlighted the impor-

tant coexisting relationship between federal trade dress protection and patent protection for product configurations. While the *Traffix* court held that the product design covered by an expired patent could not be characterized as a trade dress, it did so because the product design in question was functional.

The Supreme Court in *Traffix* reaffirmed the place of functionality in the

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TRADEMARK

# Utility patent is strong evidence of functionality

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trade dress analysis, and quoted its earlier decision in *Inwood Labs.*, which properly instructed that a product feature is functional "when it is essential to the use or purpose of the device or when it affects the cost or quality of the device." *Traffix*, 121 S. Ct. at 1261 (quoting *Inwood Labs. Inc. v. Ives Labs. Inc.*, 456 U.S. 844, 850 n.10 (1982)). The decision in *Traffix* helped clarify the functionality doctrine; previous courts had interpreted *Inwood* to mean that a feature is essential "only if the feature is dictated by the functions to be performed; a feature that merely accommodates a useful function is not enough." *L.A. Gear Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1129

(Fed. Cir. 1993), cert. denied, 510 U.S. 908 (1993) (quoting *LeSportsac Inc. v. K-Mart Corp.*, 754 F.2d 71, 77 (2d Cir. 1985)).

## Functionality doctrine

The functionality doctrine helps obviate the feared conflict between trade dress and patent law by precluding protection for advances in functional designs. Because only nonfunctional trade dress is protectable, the functionality doctrine eliminates "the possibility of a perpetual exclusive right to the utilitarian features of a product under trademark law, which would be impossible (as well as unconstitutional) under the Patent Act." *Wilhelm Pudenz GmbH v.*

*Littlefuse Inc.*, 177 F.3d 1204, 1208 (11th Cir. 1998).

As long as alternative designs exist for prospective manufacturers to enter a market and compete with an existing nonfunctional design, the existing design should be entitled to protection as a trade dress if it is found to be "capable of identifying the source of the goods," i.e., acquired secondary meaning. *Krueger Int'l, Inc. v. Nightingale Inc.*, 915 F. Supp. 595, 602 (S.D.N.Y. 1996); see also *Wal-Mart Stores Inc. v. Samara Bros. Inc.*, 120 S. Ct. 1339, 1344-45 (2000). To that end, when the trade dress (product design) "virtually defines [the market]," then the design may be considered generic or functional and no longer be eligible for

protection under the trademark law *Krueger Int'l*, 915 F. Supp. at 605.

## What a prior patent signifies

The *Traffix* court correctly noted that evidence of a prior patent covering trade dress element or design should be "significant in resolving the trade dress claim" and that "a utility patent is strong evidence that the features there claimed are functional." *Traffix*, 121 S. Ct. at 1260-61 (discussing the functional aspects of the dual-spring design).

But even the *Traffix* court appears to acknowledge that the existence of a prior patent should not preclude an evaluation of whether the product design features are based on the superiority of the design as a whole, rather than the usefulness or utilitarian purpose of each design feature. *Id.* at 1261-62; *In re Morton Norwich Prods.*, 671 F.2d 1332, 1333 (C.C.P.A. 1982). While the *Traffix* court seemed to dismiss any consideration of alternative designs, it did not preclude such consideration, and the court itself considered alternative designs in reaching its determination that the dual-spring design was functional. See also *Valu Eng'g Inc. v. Rexnord Corp.*, 27 F.3d 1268, 1276 (Fed. Cir. 2002) (noting that alternative designs may be considered even after *Traffix*).

In *Traffix*, the Supreme Court concluded that the trade dress for a dual-spring design in a traffic sign covered by an expired patent was functional because the dual-spring design was also a critical functional element of the utility patent claims.

Nevertheless, the Supreme Court in *Traffix* carefully noted that "[i]n a case where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain. There the manufacturer could perhaps prove that those aspects do not serve a purpose within the terms of the utility patent." 121 S. Ct. at 1262.

The *Traffix* court considered the disclosures in the patent-application histories; the specifications for the expired patents in which MDI (the patentee) described how those signs, without the dual-spring design, would topple in high winds; and a prior patent infringement litigation concerning the MDI patents. MDI did not carry its burden of overcoming the strong evidentiary inference of functionality based on the disclosure of the dual-spring design in the claims of the expired patents.

In view of this, attorneys should now be mindful of their client's intent concerning certain potential trade dress configurations of a patentable product which may also perform certain essential functions of the patented device. It may not be feasible to assert a trade dress for that product design if the client proceeds

**Yet product design may withstand scrutiny.**

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with acquiring the patent.

Consistent with the *Traffix* court's view are some recent cases that exemplify how the *Traffix* decision applies in practice. In *Eco Mfg. LLC v. Honeywell Int'l Inc.*, No. 03-CV-0170, 2003 WL 21524860 (S.D. Ind. June 20, 2003), the plaintiff Honeywell moved for a preliminary injunction to bar defendant Eco from manufacturing and selling a circular, convex thermostat upon the expiration of Honeywell's patent for such a device. The *Eco* court refused trade dress protection upon an examination of Honeywell's patent prosecution history, which revealed that one of the claims was deemed patentable only because "Honeywell convinced the Patent Office that the circular, convex shape was both useful and novel [as a safety feature] as compared to the prior art." *Id.* at \*17.

Although the *Eco* court emphasized the importance of the *Traffix* functionality definition as a distinguishing factor between patent and trademark law, that court may have erroneously equated utility under the Patent Act with functionality under trademark law. As discussed in *Traffix*, it is possible for a useful feature to be nonfunctional. See Thomas F. Cotter, "Is this Conflict Really Necessary?: Resolving an Ostensible Conflict Between Patent Law and Federal Trademark Law," 3 Marq. Intell. Prop. L. Rev. 25 (1999). Indeed, *Traffix* left open an exception to allow for the possibility that trademark law could protect "arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims." *Eco*, 2003 WL 21524860, at \*2 (quoting *Traffix*, 121 S. Ct. at 1260). Even the *Eco* court found that "[Honeywell's patented] round...circular, convex shape admittedly seems less important or useful than the [patented] two-spring design at issue in [*Traffix*]." *Id.* at \*17.

The *Eco* court seemed to place much emphasis on the patent prosecution and ignore the evidence in the commercial marketplace: for example, the existing and/or potential alternative designs and actual competitors in the marketplace. Properly focused, the *Eco* court might have concluded that Honeywell's circular thermostat design was not functional and did not hinder competition for thermostats. Indeed, one could argue that if left to stand, the *Eco* court's decision will likely result in customer confusion because the public has come to know Honeywell as the source for its particular circular-design thermostat. Trade dress law is supposed to protect against such confusion, especially, when, as in *Eco*, the alleged functional design feature is seemingly "less important" to a thermostat's functionality (as opposed to the crucial role the dual-spring element played in the trade dress being sought in *Traffix*).

#### Other cases applying 'Traffix'

Despite the refusal to grant trade dress protection in *Eco*, other recent cases have adeptly applied the functionality doctrine consistent with *Traffix* to foster the coexistence of patent and trade dress protection. In *Logan Graphic Prods. Inc. v. Textus USA Inc.*, No. 02-CV-1823, 2003 WL 21011746 (N.D. Ill. May 5, 2003), Logan sued a new competitor, Textus, for trade dress infringement of its once-patented mat-cutting tools. Logan was granted trade dress protection for "the overall look" of its mat-cutting tools, even though most of the product design elements copied were specified in the patent for the product. Most importantly, the *Logan* court noted that "[w]here a plaintiff seeks to protect the overall look of its product—the combination and

arrangement of the various features—the appropriate inquiry focuses on the overall trade dress and not on the individual features." *Id.* at \*4 (quoting *Computer Care v. Service Sys. Ent's. Inc.*, 982 F.2d 1063, 1071 (7th Cir. 1992)).

In *Metrokane Inc. v. The Wine Enthusiast Inc.*, 160 F. Supp. 2d 633, 635-36 (S.D.N.Y. 2001), the Wine Enthusiast's "Le Rapide corkscrew" was accused of infringing Metrokane's "Rabbit corkscrew" trade dress, which was the basis of a patent that expired in 1999. Both the Rabbit corkscrew and Le Rapide corkscrew are described by the expired patent as "a lever-type corkscrew comprising a housing that includes a rounded head, a pair of rounded arms that

## Arbitrary features can still be protected.

extend laterally to the rear from the head, and a lever that extends upward out of the head." *Id.* at 638.

The *Metrokane* court surmised that "these features clearly are more 'arbitrary, incidental [and] ornamental' than merely functional," thus fitting within the narrow exception of *Traffix*. "Moreover, even though it shares common functional parts with the [formerly patented] Screwpull corkscrew, the Rabbit corkscrew, because of its appearance when viewed as a whole, is non-functional." *Id.* Accordingly, in contrast to the *Eco* decision, commercial realities were considered in *Metrokane*, and trade dress protection was afforded to the Rabbit corkscrew.

Utilizing the functionality doctrine set forth in *Traffix* forces a trade dress to "primarily serve as a designator of origin." The functionality doctrine fundamentally eliminates the ability of product design to serve as a protectable trade dress if the design "is essential to the use or purpose of the article or if it affects the cost or quality of the article." 121 S. Ct. at 1261. It also obviates the concern that allowing trade dress protection for production configurations somehow undermines or provides indefinite protection for product features or designs covered by utility or design patents. Courts, however, should proceed with caution in assessing claim to trade dress protection so as not to undermine the objectives of patent law by protecting unpatentable design features and/or novel or aesthetic marketing techniques. **NW**