

Retail ambiance: is it protectable?

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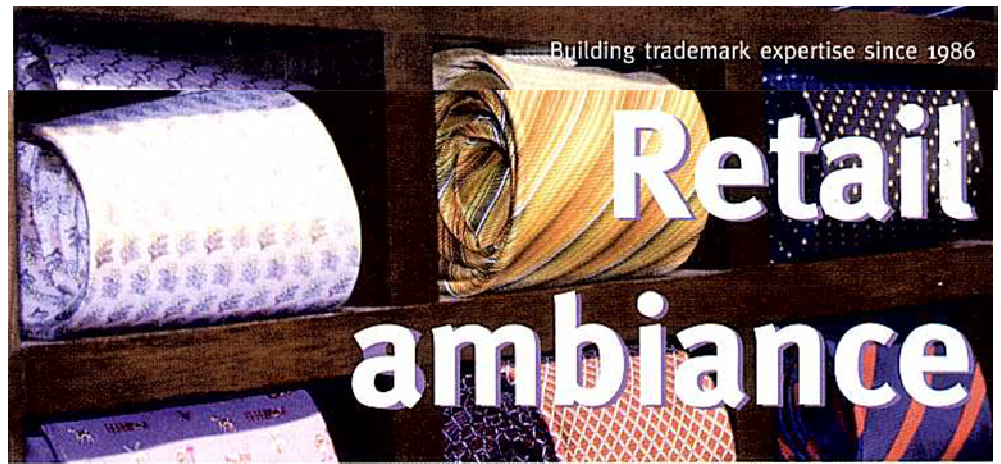
IN SUMMARY

- Consider protectability of trade dress early in the store design process. Ideally, the claimed trade dress will consist of several unique and evocative elements of design.
- Keep in mind the catch-22: a larger combination of claimed elements of trade dress makes protectability more likely, but also makes prevailing on an infringement claim more challenging.
- Create advertising that features the claimed trade dress and/or touts its distinctiveness.
- Be consistent when designing the trade dress of a chain of establishments.

AUTHORS

Anessa Owen Kramer (left) manages Brooks Kushman's trademark practice and represents national and international trademark clients with sizable trademark portfolios. She counsels clients on a wide range of trademark issues and has an active litigation practice in the federal courts and proceedings before the Trademark Trial and Appeal Board. In 2007, Kramer was selected as one of Metro Detroit's "40 Under 40" by *Crain's Detroit Business*, a Southeast Michigan business publication.

Chanille Carswell (right) is a trademark attorney at Brooks Kushman specialising in trademark clearance, prosecution and licensing for clients with small and large trademark portfolios. Her background as a law clerk for a federal district court judge brings her important perspective in her growing trademark litigation and enforcement practice. Carswell is also an active participant in the firm's diversity efforts.



– is it protectable?

Trade dress protection of interior store designs in the US

By **Anessa Owen Kramer** and **Chanille Carswell** of Brooks Kushman

In addition to the trademarks merchants rely upon to establish brand identification, the Lanham Act allows US merchants to protect the trade dress of their goods and services.¹ Most often though, when one thinks of "trade dress," product packaging or labelling is what comes to mind. In fact, any tangible "thing" which dresses a good and is "objectively observable by the senses" can constitute trade dress.² For example, trade dress protection has been recognised for the design of magazine and book covers,³ cheerleading uniforms,⁴ and even the design and appearance of the trading floor of the New York Stock Exchange.⁵

US courts have long held that trade dress protection also extends to distinctive restaurant décor.⁶ Perhaps the most well known of those decisions is *Two Pesos, Inc. v Taco Cabana, Inc.*, in which the US Supreme Court upheld a jury verdict on a trade dress infringement claim in favour of the owner of a chain of Mexican restaurants which described its trade dress in part as "a festive eating atmosphere having interior dining and patio areas decorated with artifacts,

bright colours, paintings and murals."⁷ Citing *Two Pesos*, the Ninth Circuit later noted that "[i]t is well settled that restaurants and similar establishments may have a total visual appearance that constitutes protectable trade dress."⁸

With this groundwork laid and considering the creative (and no doubt costly) extremes retailers go to in order to create a unique shopping experience, it is not surprising that a number of retailers now seek trade dress protection for signature store designs and motifs. Many, we found, have been successful.

Federal registration

United States Patent and Trademark Office (USPTO) examiners reviewing any type of trade dress application must consider the item's "total image and overall appearance,"⁹ including "features such as size, shape, colour or colour combinations, texture, graphics, or even particular sales techniques."¹⁰ But, trade dress is only eligible for registration on the Principal Register if it is: 1) nonfunctional, and 2) either inherently distinctive or has acquired distinctiveness through secondary meaning.¹¹

Functionality

Trade dress protection will be denied if the features a merchant seeks to protect are primarily functional. That is, if the features are “essential to the use or purpose of the article” or affect cost or quality.¹² Trade dress is also unprotectable if granting exclusive rights to one seller would put competitors at a “significant non-reputation related disadvantage,” effectively handicapping their ability to compete.¹³

With respect to décor specifically, courts have said that trade dress comprised primarily of elements which are strictly utilitarian or typical in the industry (such as equipment, colour schemes, layouts, or decorative accessories) are not protectable.¹⁴ However, consistent with the courts’ mandate that trade dress be examined as a whole, protection is available if certain elements that make up the trade dress are functional, but the merchant can show that its “particular combination and arrangement of design elements . . . distinguish it from others using the same concept,” and the merchant’s “particular integration of elements leaves a multitude of alternatives” for competitors.¹⁵ An examiner may not parse the elements claimed as trade dress and deny registration just because some of those elements are functional.

For instance, the Ninth Circuit in *Clicks Billiards, Inc. v Sixshooters, Inc.*, *supra*, reversed the district court’s finding on summary judgment that the overall image of plaintiff’s billiards hall was functional, purely aesthetic and not source identifying. The Court noted that certain elements of the plaintiff’s claimed trade dress, such as the lamps which illuminated the pool tables and counters for drinks, were purely functional and could not be protected from copying. But, it pointed out that the plaintiff claimed a number of other arbitrary elements as well, including “the size, placement and layout of the pool tables; the colour combination, including the contrast between the carpet and the dark woods; the lighting; the neon beer signs, bar tap handles, and the like; the cue racks; the selection of video games; the floor covering; the wall treatment; the drink rails; and the millwork.”¹⁶ When all of the elements were considered as a whole, the Clicks Billiards Court found that there was a question of fact as to whether the plaintiff’s trade dress was nonfunctional.

Likewise, in *Best Cellars, Inc. v Wine Made Simple, Inc.*,¹⁷ the Court found that

defendant failed to show that the overall décor and design of plaintiff’s wine shop was functional despite a number of elements which either served a practical purpose (arranging wines by taste category, colour coding, signage, manner of storage, layout) or were common in the industry (storing wine bottles horizontally in racks, displaying a single bottle, placing informational cards at uniform height). The Court noted that “the law does not require that every element of trade dress be arbitrary.”¹⁸ Rather, “it is the combination of elements that defines the protectable trade dress, because it is the combination that a customer would perceive upon entering the store.”¹⁹

Clicks Billiards and *Best Cellars* illustrate that, even if a number of décor elements considered in isolation are functional, the issue “is whether, taken as a whole, the overall look and feel of the establishment is functional.”²⁰

Distinctiveness

Once you have proven that your décor is not functional, you must show that it is either inherently distinctive or has acquired distinctiveness through secondary meaning.²¹ As with functionality, trade dress can be inherently distinctive even if it incorporates elements which are not.²² But, proving inherent distinctiveness with respect to décor appears to be a difficult hurdle to overcome.

A mark is inherently distinctive if its “intrinsic nature serves to identify a particular source.”²³ The test is whether a mark is: 1) a “common” basic shape or design; 2) unique or unusual in the field in which it is used; 3) 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 4) capable of creating a commercial impression distinct from the accompanying words.²⁴ It appears few courts or examiners have found décor-based trade dress which satisfies this threshold.²⁵

In *In re Hudson News Co.*, *supra*, one applicant appealed a refusal to register its “blue motif” which consisted of “blue neon lighting associated with the store name and publication(s) displays, blue carpeting, blue accents, and blue employee uniforms. . . [and] clear, acrylic plastic shelving and coverings for displays which both reflect and allow for the passage of the reflected bluish light throughout.”²⁶ The Trademark Trial and Appeal Board (TTAB)²⁷ affirmed the refusal stating that the claimed trade

dress was “quite pedestrian,” contrary to the applicant’s burden of showing that it was “immediately recognisable as a distinctive way of identifying the source of the store services.”²⁸ Rather, the TTAB said that consumers would likely only regard the “blue motif” as interior decoration, inasmuch as many of the claimed elements could be found in a number of other establishments.

In re Hudson appears to be representative of a common ground for refusal of décor-based trade dress applications – that the asserted design elements are not sufficiently distinctive to be perceived by consumers as a source identifier without a showing of acquired distinctiveness (secondary meaning). In fact, with only one exception, all of the successful applications reviewed by the authors were only allowed after a showing of acquired distinctiveness.²⁹

To establish that trade dress has acquired distinctiveness, one must show that “in the minds of the public,” the primary significance of the dress is to identify its source rather than the dress itself.³⁰ USPTO examiners consider: 1) the length and exclusivity of use by the applicant; 2) the type and amount of advertising of the mark in the US; and 3) an applicant’s efforts to associate the mark with the goods or services identified in the application, such as through unsolicited media coverage.³¹ We found that applicants who were successful in establishing secondary meaning proffered evidence showing promotion of their trade dress and the public’s recognition of it, including things such as advertisements, evidence of amounts spent on advertising and promotion, media coverage of the features claimed as trade dress, consumer testimonials touting the uniqueness of the dress and their association of it with the goods and services offered, and declarations affirming lengthy and exclusive use.³² One must be mindful, however, that evidence submitted, such as an advertisement, can only bolster a claim of acquired distinctiveness if it actually promotes the specific elements claimed as trade dress.³³

An alternative

Rather than attempt to argue around a refusal based on an absence of inherent distinctiveness or demonstrate acquired distinctiveness, some applicants opt for registration on the Supplemental Register, which provides fewer advantages than the

Principal Register. Most notably, Supplemental registration will not constitute *prima facie* evidence of the registrant's right to use the mark, it will not constitute constructive notice of the claim of ownership or constructive use for priority purposes, and it can never become incontestable.³⁴ But, a Supplemental Registrant can, *inter alia*, be cited against future applications of confusingly similar marks on the principal or supplemental register, and registrants can bring suit for infringement in federal court, and use the registration symbol ®.

Final thoughts

Merchants attempting to secure protection for the décor of a chain of establishments should be mindful of maintaining uniformity among them. Failure to maintain a uniform or consistent appearance throughout the chain can jeopardise a finding that the décor is "unique or unusual."³⁵

Be aware that the level of distinctiveness one must show to register décor can create a bit of a catch-22 in later attempts to take action against infringers. The very same amalgam of elements which establish distinctiveness may also make it difficult in an enforcement action to prove that there is a likelihood of confusion between one trade dress and another. "That is because defendant-competitors who have some similar elements as well as noteworthy dissimilar elements in their trade dress may be able to show that the specific combination of elements that they use also constitutes protectable trade dress, and that consumers are unlikely to confuse the two."³⁶

Overall, décor-based trade dress protection is not difficult to attain if care is taken not to simply replicate common industry elements and, in the likely event of a refusal for lack of inherent distinctiveness, you are prepared to show that your design has acquired distinctiveness. ☞

Notes

- 1 15 U.S.C. §§1114, 1125(a).
- 2 See *Abercrombie & Fitch v American Eagle Outfitters*, 280 F.3d 619, 630 (6th Cir. 2002). A seller is not, however, entitled to claim exclusive ownership of ethereal concepts such as a marketing theme, a product's "aura," or "the cachet that ownership or display of [a product] creates." *Id.* at 630-631. See also 1 *McCarthy on Trademarks*, §8:4, p. 17 (4th ed.).
- 3 *Harlequin Enterprises, Ltd. v Gulf & Western*

- Corp.*, 644 F.2d 946 (2nd Cir. 1981); *Reader's Digest Ass'n v Conservative Digest*, 821 F.2d 800 (D.C. Cir. 1987).
- 4 *Dallas Cowboys Cheerleaders, Inc. v Pussycat Cinema, Ltd.*, 604 F.2d 200, (2nd Cir. 1979).
- 5 U.S. Registration No. 2,587,615.
- 6 *The Warehouse Restaurant, Inc. v The Customs House Restaurant, Inc.*, 217 U.S.P.Q. 411 (N.D. Cal. 1982); *Freddie Fuddruckers, Inc. v Ridgeline, Inc.*, 589 F.Supp. 72 (N.D. Tex. 1984); *Fuddruckers, Inc. v Doc's B.R. Others, Inc.*, 826 F.2d 837 (9th Cir. 1987); *Two Pesos, Inc. v Taco Cabana, Inc.* 505 U.S. 763 (1992).
- 7 505 U.S. at 765.
- 8 *Clicks Billiards, Inc. v Sixshooters, Inc.*, 251 F.3d 1252, 1257 (9th Cir. 2001)(emphasis added).
- 9 *Blue Bell Bio-Medical v Cin-Bad, Inc.*, 864 F.2d 1253, 1256 (5th Cir. 1989).
- 10 *John H. Harland Co. v Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983).
- 11 US Trademark Manual of Examining Procedure (TMEP) §§1202.02, 1202.02(a); *Two Pesos*, 505 U.S. at 769.
- 12 *Traffix Devices, Inc. v Marketing Displays, Inc.*, 532 U.S. 23, 32 (2001)(quoting *Qualitex Co. v Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995)).
- 13 *Id.*; *Goddard, Inc. v Henry's Foods, Inc.*, 291 F.Supp.2d 1021, 1049 (D. Minn. 2003).
- 14 *Goddard*, 291 F.Supp.2d at 1049-1050 (primary features of trade dress-cooking equipment, countertops, awnings, menus, sneeze guards, utensils, and uniforms—were functional); *Prufrock Ltd, Inc. v Lasater*, 781 F.2d 129, 133 (8th Cir. 1986)(trade dress which included an exposed kitchen, open dining area, and certain decorative items, all to create a "country feel," were functional).
- 15 *Clicks Billiards*, 251 F.3d at 1259 (quoting *Le Sportsac, Inc. v K Mart Corp.*, 754 F.2d 71, 76 (2nd Cir. 1985)). See also *Hartford House v Hallmark Cards*, 846 F.2d 1268, 1272 (10th Cir. 1988)("A combination of features may be functional and thus protectable, even though the combination includes functional features.").
- 16 *Clicks Billiards*, 251 F.3d at 1261. The Court also found that the plaintiff's "particular integration of elements" left a multitude of alternatives for others in the billiards industry that would not prove confusingly similar to the plaintiff's trade dress. *Id.*
- 17 320 F.Supp.2d 60 (S.D.N.Y. 2003).
- 18 *Id.* at 72.
- 19 *Id.*
- 20 *Clicks Billiards*, 251 F.3d at 1261.

- 21 505 U.S. at 776. The same is not true of product design trade dress, which the Supreme Court subsequently said is not protectable without proof of secondary meaning. *Wal-mart Stores, Inc. v Samara Brothers, Inc.*, 529 U.S. 205 (2000).
- 22 *Best Cellars*, 320 F.Supp.2d at 71; *Goddard*, 291 F.Supp.2d at 1042-1043.
- 23 *Two Pesos*, 505 U.S. at 768. See also *Wal-Mart Stores*, 529 U.S. at 210.
- 24 TMEP §1202(b)(ii)(citing *Seabrook Foods, Inc. v Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A.
- 25 See *Taco Cabana Int'l, Inc. v Two Pesos, Inc.*, 932 F.2d 1113, 1120-1121 (5th Cir. 1991)(upholding jury verdict finding that Mexican-themed décor was inherently distinctive); *Best Cellars*, 320 F.Supp.2d at 73 (wine store décor inherently distinctive). But see *Fuddruckers*, 826 F.2d at 843-844 (décor of upscale burger restaurant not inherently distinctive); *In re Hudson News Co.*, 39 U.S.P.Q.2d 1915 (T.T.A.B. 1996)("blue motif" of retail store not inherently distinctive).
- 26 39 U.S.P.Q.2d at 1916.
- 27 The US Patent and Trademark Office Trademark Trial and Appeal Board.
- 28 39 U.S.P.Q.2d at 1923.
- 29 See U.S. Registration Nos. 2,254,662 (shoe store with carnival theme); 3,453,856 (travel services offered in store which mimicked the interior cabin of an airplane); 3,467,850 (barbershop with retro musical theme); 2,963,130 (restaurant with southwestern theme); 2,227,589 (retail store and restaurant evoking early 20th Century New York). But see U.S. Registration No. 3,402,197 (dental office which "project[s] the total image of a high-tech, industrial, and pop art style").
- 30 *Two Pesos*, 505 U.S. at 766 n.5; *Clicks Billiards*, 251 F.3d at 1262.
- 31 See Office Actions in U.S. Registration Nos. 2,254,662 and 3,467,850 (citing *In re Steelbuilding.com*, 415 F.3d 1293, 1300 (Fed. Cir. 2005)).
- 32 See Office Action Responses in U.S. Registration Nos. 2,254,662, 3,453,856, 3,467,850, 2,963,130.
- 33 See Office Action Response in U.S. Registration No. 3,467,850.
- 34 3 *McCarthy on Trademarks*, §§19:36, 19:37, pp. 128-130 (4th ed.).
- 35 1 *McCarthy on Trademarks*, §7:100, p. 346 (4th ed.)(citing *Ale House Management, Inc. v Raleigh Ale House, Inc.*, 205 F.3d 137 (4th Cir. 2000)).
- 36 *Best Cellars*, 320 F.Supp.2d at 72.