

The Tension between the Patent Act and the Lanham Act in the US

—Taking the Trade Dress Protection for Product Configuration for Example

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Abstract—For many years, many courts have been confused about the question of whether trade dress protection under the Lanham Act can be applied to product configuration in an expired utility patent. Some courts insisted that if the product configuration is nonfunctional, it could obtain trade dress protection. While the Tenth Circuit held that if the product configuration comprising a “significant inventive component” of a previous utility patent, then trade dresses protection is not available to it, no need to consider its functionality.¹ After that, the district court refused to use the functionality analysis, a bright line test was given by the district court that allowing, “slavish copying” of the “best mode” of a patent.² The courts have been spilt with regard to this issue. This essay is trying to present the limited trade dress protection can be given for production configuration in an expired utility patent, so the Patent Act and the Lanham Act can be reconciled to some extent.

Keywords—*trade dress protection; product configuration; Patent Act; Lanham Act*

I. THE PATENT ACT AND LANHAM ACT

A. *The Policies under the Patent Act*

In order to obtain a utility patent, the invention must meet three conditions: novelty, utility and nonobviousness.³ The novelty requirement means that any knowledge that is already available to the public cannot take into consideration for the patent protection. The second requirement, utility, indicates that a patentable invention must be the one that can fulfill the intended function and meanwhile has the ability to produce satisfactory goods that are make a contribution to the society. The finally requirement helps to ensure that even a novel invention cannot seek for federal patent protection if it falls within the existing technology. From the filing date of the application, a utility patent is granted for twenty years.⁴ Once the patent is granted, the information around the patent is available to the public. In fact, the positive property rights such as the right to make, to use, or to sell the patented invention

are not given to the proprietor. On the contrary, the right confer on the owner is to exclude others from making, using, or selling the patented invention without the proprietor’s permission during the patented period.⁵ When the patent expires, the invention comes into the public domain and anyone can make, use, or sell it. There are several reasons for granting a limited monopoly period to the owner of the invention, including encourage and reward innovation, promote science development. During the monopoly time, the proprietor has no need to compete with others.

B. *The Policies under the Lanham Act*

Trade dress is a subsection of trademarks and Section 43(a) of the Lanham Act protects it.⁶ The goals of trade dress protection are nearly the same with trademark protection. Initially, trade dress is only limited to protect the packaging, labeling, or display of a product.⁷ The definition of trade dress expanded after a 1976 case by the United States Court of Appeals for the Eighth Circuit, including the design features of a product, which known as the product configuration.⁸ So such expansion by the courts made including the color, size, shape, texture, as well as other characteristic the “total image” of a product under the definition of today’s trade dress.⁹ Usually trade dress is treated as an unregistered trademark and before it can be protected, it must meet the registration need under the Lanham Act. Validity and infringement are two parts of a trade dress claim. A product configuration must show its distinctive character, in another word, have secondary meaning and nonfunctional character if it wants to receive trade dress protection under § 43(a) of the Lanham Act. In addition, in order to justify the infringement of the trade dress, the likelihood of confusion among consumers must be shown by

⁵ 35 U.S.C. § 154(a)(1).

⁶ N. Sya, “Presumed functional until rebutted: the increased difficulty of obtaining trade dress protection with an expired utility patent,” vol. 43, SANTA CLARA L. REV., 2003, p. 977.

⁷ M. S. Perez, “Reconciling the Patent Act and the Lanham Act: should product configurations be entitled to trade dress protection after the expiration of a utility or design patent?” vol.4, Tex. Intell. Prop. L J., 1995-1996, pp 386-87.

⁸ *Ibid.*, 387.

⁹ K. C. Luhnow, “TraFFix Devices, Inc. v. Marketing Displays, Inc.: The problem with trade dress protection for expired utility patents,” vol. 1, Buff. Intell. Prop. L.J., 2001, p. 227.

¹ *Womado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1500, 35 U.S.P.Q.2d (BNA) 1332, 1333 (10th Cir. 1995).

² *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 663-64 (7th Cir. 1995).

³ 35 U.S.C. § 101, 103.

⁴ 35 U.S.C. § 154(a)(2).

the accused infringer's use of the trade dress as to distinguishing the source of the product.¹

C. *The Tension between Patent Act and Lanham Act*

In the eyes of many commentators, when a product configuration protected by a utility patent previously and granted trade dress protection subsequently, there exists a Constitutional conflict. It is the Constitution that gives the patent monopoly and at the same time this kind of exclusive rights given by Congress in discoveries have the time limitation. Hence there is no reason for Congress to grant patents under an unlimited duration or through granting the long-lasting trade dress protection to extend the patent monopoly indirectly.² Congress's Commerce Clause power gives birth to the Lanham Act, which is not belongs to the Patent Clause. The Congress does not have the power to outweigh other parts of the Constitution with explicit limits, despite the Commerce Clause is powerful.³ Commentators who are not in favor of the extension of trade dress protection to the product configuration initially protected by a utility patent claim that, the intent of the Commerce Clause in establishing trade dress protection under § 43(a) of the Lanham Act is not giving Congress the right to make patent monopoly permanent. Furthermore, in the aspect of application, there also exists conflict for trade dress to protect the product configuration in an expired utility patent.

II. DIFFERENT TESTS OF THE COURTS

A. *"The Functionality Doctrine" Test*

The requirement of secondary meaning and the functionality doctrine are the two concepts that make different opinions exist among the courts as to the trade dress protection and expired utility patents. Courts always face a plenty of problems when applying the requirement of secondary meaning to the product configuration of an invention at the same time the courts also have difficulty in reconciling patent and trademark laws with regard to the functionality doctrine. In terms of the requirement of secondary meaning, it varies from product design or product packaging. In some cases, the product configurations do not need secondary meaning in order to be protected under § 43(a), because the trade dress itself has distinctive character inherently.⁴ However, in other circumstances, with this aspect product design and product packaging are treated differently. Product packaging can be inherently distinctive and does not require secondary meaning on the one hand, but product design in an opposite position on the other hand. This gives the Court more burdens on drawing line problems. In terms of functionality, the problems become harder. Under trademark law and patent law, the "functional" can be interpreted differently, so trade dress functionality is still unsettled. On one hand, in order to obtain patent protect, the invention must show its utility character, in another word, to be functional. However, if the product configurations are functional it cannot receive trade dress protection under the

Lanham Act on the other hand. The conflict is obvious between them. That is also the reason patent and trademark crash and the inconsistency of trade dress protection for the product configurations in an expired patent.

The primary goal of functionality is simply, just ensuring that trademark law not provides the method for features that are not patentable to obtain permanent utility patent protection. Furthermore, this doctrine can promote competition, by prohibiting product configuration in a previous utility patent monopolize the market. Under the intellectual property law, the notion "functional" is applied in three ways. The first is distinguishing the proper subject matter of design and utility patents. The second is distinguishing the proper subject matter of utility patents and trademarks. The last one is to make sure that a perpetual monopoly is given nobody, to promote effective competition. Different courts have different definitions of functionality. The most mentioned definition is maybe "In general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article."⁵ Although each court has the varieties definitions, all of them have one point in common, that is, not harms competition. For example, the court summarized that a feature is functional "if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage."⁶

As most commentators and courts conclude, the conflicts between patent and trademark law could be solved and a person cannot obtain perpetual patent-like monopoly for product configuration if the functionality doctrine is applied. At the same time this doctrine through prompting competition to benefit consumers. And the most important thing is making the patentable features available to the public according to the Patent Clause. However, some courts argue that the applying of functionality doctrine is insufficient to become a perfect defense to trademark infringement.⁷ Usually the function of an invention means it has a "useful purpose," but the meaning of function is more than that in terms of trademark. That is to say a product feature can be the proper subject matter for trademark protection no matter if it has a "useful purpose." For example, a court has ever said that it was the design's utility rather than the product's utility in determining the design's functionality, and the competitive need controlled the design's utility.⁸ So the court came up with the competitive need standard: the prohibiting of trade dress protection for a product feature is because it is the best design, other people need it in order to compete effectively, rather than it is just "useful." It indicates that if product features have the "useful purpose" but not necessary for competition, then the functionality analysis will lose its significance when in cases involving utility patents.

¹ G. Gill, "Through the back door: attempts to use trade dress to protect expired patents," vol. 67, U. Cin. L. Rev., 1998-1999, p. 1281.

² *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001) (No. 99-1571).

³ *North American Co. v. SEC*, 327 U.S. 686, 704-05 (1946).

⁴ *In Two Pesos, Inc. v. Taco Cabana, Inc.*

⁵ The Supreme Court's definition in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*

⁶ *Qualitex Co. v. Jacobson Prods. Co.*, 115 S. Ct. 1300, 1304 (1995).

⁷ *Vomado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995); *Zip Dee, Inc. v. Dometic Corp.*, 931 F. Supp. 602 (N.D. Ill. 1996).

⁸ *In re Morton-Norwich Products, Inc.*

B. The “Significant Inventive Component” Test

In order to solve this kind of problem, the court in *Vornado* developed a new test to decide whether a non-functional configuration claimed in a utility patent previously can obtain trade dress protection after the feature in public domain.¹ The Tenth Circuit explained that “where a disputed product configuration is part of a claim in a utility patent and the configuration is a described, significant inventive aspect of the invention, so that without it the invention could not fairly be said to be the same invention, that product cannot attain trade dress protection despite being nonfunctional.”² Therefore according to the court, if the product configuration constituting a “significant inventive component” of the invention patented previously, no matter to see its functionality, it could not receive trade dress protection. The court concluded that the Lanham Act would have to give way to the Patent Act. The “significant inventive component” balancing test identified the problem of trade dress protection for product configuration protected by a patent initially correctly. However, this new test still received a plenty of criticisms by courts and commentators, for it made the issue more obscure, that is, whether the invention enter into public domain could be prevented when the patent expired by granting trade dress protection.

C. The “Best Mode” Test

Unlike *Vornado*, the situation in *Thomas & Betts* is different.³ In *Vornado*, the product feature spiral grill in the claim itself. However, in *Thomas & Betts* the product feature that the rounded head of a cable tie not in the claim but in the patent specification. *Thomas & Betts* court argued that it was no reason to restrict the reach of its holding to design features disclosed in patent claims like *Vornado*. Claims are often treated as broadly as possible to include the broadest scope of infringing products. Hence, it was not matter that the product feature appeared in the specification or the claim.⁴ More fundamental reason for this according to the court was in terms of the patent bargain, both the boundaries of the claimed invention and sufficient information in the specification must be disclosed. It is the specification makes the right to copy of public meaningful.⁵ Despite this, the court last showed its willingness to decide the case on the grounds that the plaintiff had failed to justify its round cable tie head was not distinctive and lacked secondary meaning. On demand, the court refused to use the functionality analysis, a bright line test was given by the district court that allowing, “slavish copying” of the “best mode” of a patent. That is to say the packaging and advertising could still be protected under the Lanham Act, however the “physical figure,” the cable tie with an oval head in this case could not be protected. The court’s approach prevents the trade

dress from protecting any design feature disclosed in a patent specification, which is different from *Vornado*.

III. ANALYSIS THE DIFFERENT TESTS

The “significant inventive component” test is inappropriate because patents are granted for an invention as a whole, rather than granted for a significant inventive component. Additional, the court did not give any guidance on how to use this test. The court quoted 35 U.S.C. § 112 to define what is a significant inventive component. However, nothing can be found in section 112 of the Patent Act pointing to a significant inventive component. In the second paragraph of section 112, it shows that “claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.” Maybe the court interpreted it incorrectly. In fact, this has no relationship with a significant inventive component test.⁶ The most important issue with it is that it is not a genuine balancing test. Because it based on the incorrect assumption that the Patent Act and the Lanham Act could not exist mutually when coming across the cases involving trade dress protection for product configurations previously patented according to the court. Although the Tenth Circuit realized the problem of allowing trade dress protection would damage patent law policies seriously, it implied that more risk of harm would encounter by patent law principles than trade dress, because the courts thought that consumers could easily distinguish the products depending on labeling and packaging. This argument has problems inherently. In reality, the second comers always try to misguide consumers by providing nearly identical products with their counterparts in order to compete. So without judicial intervention, there is no other way to help consumers avoid confusion in the market. As a result, the court could not treat patent law principles more importantly just because less harm happens to trade dress goals. In fact, both of them are at stake. Furthermore, the “significant inventive component” test is both too broad and too narrow under its definition.⁷ On one hand, under this definition, if the product configuration itself has the benefit, it would be prohibited under trade dress protection. On the other hand, the test is too narrow because it allows those design features making no contribution to the overall process under trade dress protection.

In *Thomas & Betts*, although the Seventh Circuit did not solve the problem in *Vornado*, it learned from that and argued the product feature should be denied trade dress protection if it appears in the patent specification. On demand, again the district court was in favor of the product feature of an expired utility patent could not receive trade dress protection that it disclosed as the “best mode.” This formulation fully recognizes the right to copy from expired patents that is harmony with the articulation of the Supreme Court in terms of the right to copy.⁸ It is appealing to restrict the standard to

¹ *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1503 (10th Cir. 1995).

² See *Vornado*, 58 F.3d at 1510.

³ *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 663-64 (7th Cir. 1995).

⁴ J. R. Lawton, “*Thomas & Betts Corp. v. Panduit Corp.*—toward a coherent view of trade dress protection for product configurations,” vol.6, *J. Intell. Prop. L.*, 1998-1999, p. 347.

⁵ K. E. Mohr, “At the interface of patent and trademark law: should a product product configuration disclosed in a utility patent ever qualify for trade dress protection?” vol. 19, *Hastings Comm. & Ent. L.J.*, 1996-1997, p. 400.

⁶ A. Falk, “Harmonization of the Patent Act and federal Trade Dress Law: a critique of *Vornado Air Circulation Systems v. Duracraft Corp.*,” vol. 21, *J. Corp. L.*, 1995-1996, p. 837.

⁷ M. S. Perez, “Reconciling the Patent Act and the Lanham Act: should product configurations be entitled to trade dress protection after the expiration of a utility or design patent?” vol.4, *Tex. Intell. Prop. L.J.*, 1995-1996, p. 412.

⁸ T. R. Geremia, “Protecting the right to copy: trade dress claims for configurations in expired utility patents,” vol. 92, *Nw. U. L. Rev.*, 1997-1998, p. 807.

the “best mode,” because the “best mode” means the best way to practice the patent. If the product configuration is as part of the best way to practice the patent, then there is no need to consider its utility or functionality, so the public can be free to use that feature. However, it still receives many criticisms about which standards that the Seventh Circuit and district court devise for functionality and secondary meaning.¹ The court never explained how the court did in promoting effective justice and fostering objectives under patent law through avoiding the use of “a functionality test”. It is still unclear how to distinguish the “functionality” under a patent utility sense or under the trademark sense. Although this bright-line standard seems on the right direction, it cannot go far adequately.

In the real world, markets are defective, because to the consumer, the cost of a good not just involving its sales price, it also including other costs, such as the costs to know about where can buy the product, the costs to know the quality of the product comparing to similar products.² These kind of additional costs are called “search costs.”³ High search costs make consumers less likely to looking for substitutes for the product then the producer can raise prices at discretion.⁴ Low search costs make consumers more familiar with the relative price and benefit themselves.⁵ Trade dress protection can reduce the search costs by linking price and quality with a certain brand or product design.⁶ Thus the information gathered by the consumer through search become more effectively under trade dress protection.⁷ At the same time, this kind of protection promoting producers to maintain the quality and price related to the product.⁸

However, in fact, protection of product configuration expired in a utility patent by trade dress has more harm than good results.⁹ Firstly, allowing the inventor to obtain patent-like monopoly rather than giving any return to the public will conflicts with the patent law system. Secondly, granting trade dress protection for the product configuration after it expired in a utility patent has the anti-competitive effects. It prevents the possibility of close substitutes and product diversity. It also makes the inventor reluctant to maintain or improve the quality of the product. And it creates obstacles for the newcomers that finally harmful for the consumers. Finally, allowing trade dress protection undermines the trademark law foundation. The trademark law prevents consumers from confusion and only protects trademarks as the source of a product, not other purposes. So it

is rational to limit the trade dress protection for product configuration previously granted utility patent.

IV. CONCLUSION

It is apparently that limited trade dress protection can be given to product configuration in an expired utility patent without undermine both patent law policies and trade dress law intentions. Until now, the courts have not found the best solution to deal with the tension between patent law and trade dress law. However, remedies can be found as long as the courts have realistic attitude to reconcile the Patent Act and Lanham Act, including neither deny the public right to copy from previous patented inventions nor make consumer more confused. More hope is given to the courts to develop new suitable tests to copy with the issue that trade dress protection for product configuration in an expired utility patent in the future.

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