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Trade dressed to kill

Don't overlook the value of your product's overall image

By Paul C. Remus

As a business owner, one of your most valuable assets is the image of your goods or services — your product. This image is conveyed by the combined look of the product, its packaging and your place of business, collectively its “trade dress” — a term derived from the concept that the product is “dressed-up” for your customers.

Classic examples of valuable, and protectable, trade dress include the curved shape of the old Coca-Cola bottle and the pinched shape of the Haig & Haig scotch bottle, the red and yellow box of Kodak film, the decor of a Two Pesos restaurant and the facade of a White Castle restaurant. Business owners seeking to protect the designations of origin of their products often think only of classic trademarks, logos or phrases. They overlook the overall images of their products, which are at least as important.

Trade dress can include size, shape, color or color combination, texture, graphics or even particular sales techniques used with the product, its packaging or the place of business in which the product is sold. Trade dress may be protectable intellectual property either as a registered trademark or under federal or state unfair competition laws.

In order to be protectable, trade dress must clear two hurdles: It must not be functional and it must be distinctive. The first hurdle, the issue of functionality, involves a definition of functionality that is not intuitive. Thus, the issue is not whether the trade dress performs the function that it was intended to perform. It is not whether the bottle of Coca-Cola holds the cola and allows it to be poured or drunk from the bottle. Rather, the issue of functionality is based on the idea that features of trade dress are functional if competitors must use them to compete effectively.

In other words, if the features comprising the trade dress are essential to the use or purpose of the product, affect the cost or quality of the product or otherwise put competitors at a significant disadvantage, the features are functional.

In one famous case, the trade dress in question was the color black for outboard motors. It was conceded that the color had no effect on the use or purpose, cost or quality of the motor. Nevertheless, the color black was held to be functional and unprotectable because black outboard motors are compatible with many boat colors, and black makes a motor look smaller, thereby putting competitors at a significant competitive disadvantage if they were unable to use the color black. **Second hurdle**

If a trade dress is not functional, the second hurdle it must pass to be protectable is that it must be distinctive. Trade dress may have inherent distinctiveness or it may have acquired distinctiveness.

One court has suggested that trade dress is inherently distinctive if it is: unusual and memorable; conceptually separable from the product; and likely to serve as a designation of origin of the product. Even if a trade dress is not inherently distinctive, it may have acquired distinctiveness through the secondary meaning it has acquired through use over time. Thus, factors contributing to acquired distinctiveness are secondary meaning acquired through lengthy use, volume of sales and extensive advertising.

If a trade dress is non-functional and distinctive, it is protectable. This protection allows the owner of the trade dress to receive damages, and in some cases attorneys' fees, if a competitor uses a “confusingly similar” trade dress.

Whether two trade dresses are confusingly similar is a question of fact based on the similarities of the trade dresses, the products with which they are used and the marketing channels of the products as well as on the degree of scrutiny of the products by typical customers.

With a little thought, a business owner may be able to develop an image for his product that is both non-functional and distinctive — in other words, a protectable trade dress. This trade dress may not contribute, initially, to a competitive advantage. However, as sales and the goodwill associated with the product grow over time, the trade dress can become a valuable asset through its ability to give the owner a competitive advantage.

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