

## 9th Circ. Clarifies Functionality Test For Color TM Cases

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Trademark law protects colors as trade dress in limited circumstances. The Ninth Circuit's recent decision in *Moldex-Metric Inc. v. McKeon Prods. Inc.* clarifies the functionality test applied in color trademark cases and holds that it should not be applied rigidly.[1] The decision provides further guidance to the district courts and has important ramifications for brand owners and their lawyers.

### Trademark Law in a Nutshell

Unlike patents, trademarks or trade dress can be renewed indefinitely if continuously used in commerce.[2] Trademark law seeks to promote competition by safeguarding a firm's reputation through the protection of words, names, symbols, sounds or colors that indicate the source of the goods or services and distinguish them from those manufactured or sold by others.[3] Section 43(a) of the Lanham Act provides plaintiffs with a cause of action for the use of "any word, term, name, symbol, or device, or any combination thereof ... which ... is likely to cause confusion as to origin, sponsorship, or approval of his or her goods." [4] Importantly, however, a trademark feature deemed functional it is not eligible for trademark protection.

A product's trade dress may also be subject to trademark protection. Trade dress includes a product's total image and may include size, shape, color, color combinations, texture or graphics.[5] If a trade dress is not registered, the plaintiff may still bring an infringement claim, but must prove that the trade dress is not functional. If it is registered, the registration is presumptive evidence of nonfunctionality and the defendant must show functionality.[6]

### The Functionality Test Under the U.S. Supreme Court's *Qualitex* Decision

In *Qualitex Co. v. Jacobson Prods. Co.*, the U.S. Supreme Court considered whether a color (a distinctive green-gold used on dry cleaning press pads) could be protected as a trademark.[7] *Qualitex* sued a competitor who began using "a similar green gold." [8] The court held that "[a]lthough sometimes color plays an important role (unrelated to source identification) in making a product more desirable, sometimes it does not." [9] Thus, "sometimes color is not essential to a product's use or purpose and



Cynthia Hernandez

does not affect cost or quality — [and this] indicates that the doctrine of “functionality” does not create an absolute bar to the use of color alone as a mark.”[10]

In assessing functionality, the court held that the green-gold pads served a trademark (i.e., source-identifying) function and the color’s use served a non-trademark function — namely, to “avoid noticeable stains.”[11] The court found that functionality protects against competitive disadvantages unrelated to the product’s recognition or reputation. Because there was no competitive need for the green-gold color, and other colors were equally usable to avoid noticeable stains, functionality did not defeat protection.[12] Thus, where a color serves a significant functional use that is not related a trademark, the aesthetic functionality test closely looks at color’s functional use. [13] Next, the test examines whether the color’s functional use would allow a competitor to interfere with legitimate (non-trademark-related) competition through the exclusive use.[14]

### **The Ninth Circuit’s Prior Application of Qualitex in Disc Golf Association**

In *Disc Golf Ass’n Inc. v. Champion Disc Inc.*, the Ninth Circuit considered whether a particular parabolic shape of a disc entrapment device — golf hole with a chain — used in a frisbee golf game was protectable.[15] The court applied the utilitarian test of functionality, which includes four non-exclusive factors:

1. Whether the feature delivers any utilitarian advantage;
2. Whether alternative designs are possible;
3. Whether advertising touts utilitarian benefits of the feature; and
4. Whether the feature results in economies in manufacture or use.[16]

The court found that the disc golf hole’s chain design was not protectable because it was utilitarian for several reasons.[17] First, the court found that the plaintiff previously held a utility patent for a design used on its frisbee golf game equipment and its parabolic chain design played a functional role in the overall product.[18] Second, even though plaintiff presented 15 alternative designs, the court found that only a design with chains could compete effectively.[19] Thus, there was an absence of commercially viable alternative designs.[20] The court also found that plaintiff’s marketing established functionality because it touted the product’s utilitarian features that the chain configuration was designed to “catch” the flying disc and to identify affirmatively whether a “hole” is completed in the disc golf game.[21] The court held that the plaintiff failed to demonstrate that the parabolic chain design was nonfunctional and found that the district court did not err when it granted summary judgment in favor of defendant.[22]

### **Moldex v. McKeon**

Moldex is a trade dress infringement case based on a signature-green-colored earplug manufactured by plaintiff Moldex-Metric Inc. and allegedly copied by defendant McKeon Products Inc. Moldex had manufactured its signature-green-colored earplugs since 1982.[23] Moldex alleged it used its signature-green color to “identify its earplugs and to distinguish its earplug products from those made and sold by others” and that McKeon infringed on by selling earplugs in a similar bright green color.[24]

To prevail, Moldex had to show that its signature-green color was: (1) nonfunctional; (2) distinctive because it has acquired secondary meaning; and (3) likely to be confused with McKeon’s products.[25]

The parties filed cross motions for summary judgment on the issue of functionality, and McKeon also moved for summary judgment on the issues of secondary meaning and likelihood of confusion.[26] The district court granted summary judgment to McKeon finding that Moldex's signature green color was functional and thus not eligible for trademark protection.[27]

On appeal, the Ninth Circuit remanded for a functionality assessment in light of Qualitex's reasoning that "even if a color rendered some functionality for the product, the color could still receive trademark protection." [28] The court held that Qualitex's key inquiry is whether the color is essential to the product's use or purpose or if it affects its cost or quality, that is, if exclusive use sets competitors at a significant non-reputation-related disadvantage.[29] This inquiry is commonly referred to as the aesthetic test of functionality.

The Ninth Circuit found that the district court erred in not addressing essentiality when analyzing the functionality of the ear plugs' signature color and instead relying on Disc Golf Ass'n Inc's nonexclusive factors as dispositive.[30] The Ninth Circuit held that while Disc Golf's factors are "legitimate considerations," these factors cannot be rigidly applied, and Qualitex's focus on essentiality cannot be ignored.[31] The court found that although the circuit's precedent was unclear, summary judgment on functionality was not appropriate because the district court should assess functionality in light of Qualitex's functionality test.[32] Judge Paul J. Watford's dissenting opinion held, among other things, that the district court properly applied the Ninth Circuit's precedent in *Au-Tomotive Gold Inc. v. Volkswagen of Am. Inc.*, and "if the test is rigid, we have made it so." [33]

Based on Qualitex, other federal courts do not rigidly apply the functionality test in color trademark cases. For example, in *Fabrication Enters. Inc. v. Hygenic Corp.*, the colors of color-coded exercise bands identified the product's source, but also indicated increasing resistance levels to the user, and thus, incidentally performed a useful function.[34] The Second Circuit held that a finding that a color serves a useful non-source-identifying function is the starting point for whether protecting the color restrains competition unduly.[35]

Other examples include *Maker's Mark Distillery Inc. v. Diageo N. Am. Inc.* where the court found that the bourbon producer's red dripping wax seal on its bottles was not functional because there was more than one way to seal a bottle with wax to make it look appealing, and red wax was not the only pleasing color of wax, nor did it put competitors at a significant non-reputation-related disadvantage to be prevented from using red dripping wax.[36] In *Colur World LLC v. SmartHealth Inc.*, the Third Circuit denied a motion to dismiss and found that plaintiffs' claimed the use of the color pink on nitrate gloves was not functional because other competitors sold gloves in a variety of other colors.[37] Because a question of fact existed on the gloves' aesthetic functionality, specifically if the color pink engendered some other essential aesthetic value, the court held that this undermined a claim of nonfunctionality to be explored in discovery.

And in *DAP Prods. Inc. v. Color Tile Mfg. Inc.*, the court considered whether the color red was functional for DAP's buckets containing tile mastic.[38] It found the red bucket was not functional in part because there were alternative colors available for other manufacturers' buckets.[39]

## **Conclusion**

Moldex guides the lower courts to follow Qualitex's core aesthetic functionality principles for color trademarks while applying the Ninth Circuit's nonexclusive four factors as considerations to determine whether a product feature is functional. Plaintiffs can expect courts to apply a flexible-like functionality

test that weighs the factual nature surrounding the trademark dispute. Defendants can now expect a growing difficulty in obtaining an early case dismissal as the Ninth Circuit expressly indicated that it generally disfavored summary judgment in these intensely factual disputes.

—By David Martinez and Cynthia C. Hernandez, Robins Kaplan LLP

*David Martinez is a partner and Cynthia Hernandez is an associate in Robins Kaplan's Los Angeles office.*

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[1] 2015 U.S. App. LEXIS 3584, at \*3 (Mar. 6, 2015, 9th Cir. 2015).

[2] <http://www.uspto.gov/learning-and-resources/trademark-faqs>.

[3] *Id.*; *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995).

[4] *Walker & Zanger Inc. v. Paragon Indus.*, 549 F. Supp. 2d 1168, 1173 (N.D. Cal. 2007) (citing 15 U.S.C. § 1125(a)).

[5] *Vision Sports Inc., v. Melville Corp.*, 888 F.2d 609, 613 (9th Cir. 1989).

[6] 15 USC § 1125(a)(3).

[7] 514 U.S. 159 (1995).

[8] *Id.* at 161.

[9] *Id.* at 165.

[10] *Id.*

[11] *Id.* at 166.

[12] *Id.* at 166, 169.

[13] *Id.* at 170.

[14] *Id.*

[15] 158 F. 3d 1002, 1006 (9th Cir. 1998).

[16] See 158 F.3d at 1006-09.

[17] *Id.* at 1007.

[18] *Id.* at 1008.

[19] Id.

[20] Id.

[21] Id.

[22] Id. at 1009.

[23] *Moldex-Metric Inc. v. McKeon Prods. Inc.* Case No. 2:11-CV-1742-GHK (AGRx), Order Re: Joint Mots. for Summ. J. Dkt. 113, at p. 2 (C.D. Cal. Feb. 14, 2013).

[24] Id.

[25] Id. (citing *Talking Rain Beverage Co. v. S. Beach Beverage Co.*, 349 F.3d 601, 603 (9th Cir. 2003)).

[26] Id.

[27] Id.

[28] *Moldex-Metric Inc. v. McKeon Prods. Inc.*, 2015 U.S. App. LEXIS 3584, at \*2-3 (Mar. 6, 2015, 9th Cir. 2015).

[29] Id.

[30] Id. at \*2 (citing *Disc Golf Ass’n*, 158 F.3d at 1006 (applying the utilitarian functionality test’s four factors to conclude that the design of disc golf holes was utilitarian)).

[31] Id. at \*3 (citing *Au-Tomotive Gold Inc. v. Volkswagen of Am. Inc.*, 457 F.3d 1062, 1072 n.8 (9th Cir. 2006); *Talking Rain Beverage Co. v. S. Beach Beverage Co.*, 349 F.3d 601, 603 (9th Cir. 2003)).

[32] Id.

[33] Id. at \*4

[34] 64 F.3d 53, 58 (2d Cir. 1995).

[35] Id. (holding that the “dispositive issue is whether that benefit [(i.e., showing resistance levels)] may be achieved by alternative means.”).

[36] 679 F.3d 410, 418-19 (6th Cir. 2012).

[37] 93 U.S.P.Q.2d 1690, 1695 (E.D. Pa. 2010).

[38] 821 F. Supp. 488, 493 (S.D. Ohio 1993).

[39] Id.