

Note

MAKING WAL-MART PRETTY: TRADEMARKS AND AESTHETIC RESTRICTIONS ON BIG-BOX RETAILERS

AKILA SANKAR MCCONNELL

INTRODUCTION

When Wal-Mart opened a retail store in Evergreen, Colorado, local officials “forced” Wal-Mart to include “an oak portico over stone pillars at its main entrance, forest green accents, and parking lot medians with evergreen trees.”¹ Home Depot designed a store in Kitty Hawk, North Carolina to look like an early twentieth-century coast guard lifesaving station with “covered porch-like areas out front, two small towers jutting from the roof and Victorian-style details, such as rounded dormer windows and gingerbread trim.”² Because the city of San Francisco did not want a Best Buy exterior to be made of painted cement, the store changed the entire exterior to stucco.³ In Framingham, Massachusetts, a planning board has required retailers to “substitute New England-style stores and soft pastels for box-like buildings and garish colors.”⁴

These cities’ restrictions represent a new wave of measures to control big-box retail facilities. Big-box retail facilities are large, industrial style buildings that range from twenty thousand to over two

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1. Tom Daykin, *Communities Force Big Box Retailers to Rethink Designs*, MILWAUKEE J. SENTINEL, June 15, 2001, at D1.

2. Leigh Dyer, *Big Boxes Get Some Friendlier Facades: Home Improvement Stores Try New Looks to Blend with Environs*, CHARLOTTE OBSERVER, Mar. 24, 2002, at E1.

3. Marianne Wilson, *Best Buy’s Urban Advance*, CHAIN STORE AGE, Sept. 1, 2002, at 118, 118.

4. Thomas Grillo, *Something New in Store Retail Developers: Responding to Pressure to Move Beyond Big-Box Format*, BOSTON GLOBE, Jan. 17, 2004, at D9.

hundred thousand square feet.⁵ They usually “resemble big boxes with wide entrances, high ceilings (and a staggering array of merchandise stacked almost to the ceiling), stark interior, warehouse-like appearances, surrounded by acres of concrete parking areas.”⁶ Many cities have welcomed the entrance of big-box retailers because these stores produce significant revenue and are convenient for consumers.⁷ However, in response to the fear that these retailers destroy small-town America, some cities have used a number of methods to prevent big-box stores from coming into communities,⁸ and to prevent big-box stores from leaving empty concrete buildings behind.⁹ Recently, communities have responded to the fear that these

5. MD. DEP'T OF PLANNING, MANAGING MARYLAND'S GROWTH: MODELS AND GUIDELINES, “BIG-BOX” RETAIL DEVELOPMENT 3 (Oct. 2001), *available at* http://www.mdp.state.md.us/mgs/bigbox_v3.pdf (on file with the *Duke Law Journal*); N.J. OFFICE OF STATE PLANNING, *OSPLANNING MEMO: BIG BOX RETAIL* 1 (Dec. 1995), *at* <http://www.nj.gov/dca/osg/docs/bigboxretail120195.pdf> (last visited Aug. 8, 2004) (on file with the *Duke Law Journal*). Big-box retail facilities include: (1) discount department stores, which offer a wide variety of merchandise (e.g., Wal-Mart and Kmart); (2) category killers, which offer a large selection of merchandise at low prices in a particular category (e.g., Home Depot and Toys ‘R’ Us); (3) outlet stores, which provide discount shopping for major department stores (e.g., Nike Outlets, J.C. Penney Outlet); and (4) warehouse clubs, which offer a variety of goods in bulk at wholesale prices (e.g., Costco Wholesale and Sam’s Club). *Id.* at 1–3. A newer expansion of the big-box concept is the power center which may include both a discount department store and a supermarket within one store. *See generally* Raymond G. Truitt, *Fe Fi Fo Fum: Retail Giants Rule Power Centers*, *PROB. & PROP.*, Apr. 10, 1996, at 38.

6. Stanley D. Abrams, *The Big Box Store: Regulating and Controlling Godzilla*, ALI-ABA Course of Study: Land Use Institutes Planning, Regulation, Litigation, Eminent Domain, and Compensation 1103, 1105 (1995).

7. *See infra* notes 13–23 and accompanying text.

8. *See, e.g., In re Wal-Mart Stores, Inc. v. Town of N. Elba*, 238 A.D.2d 93 (N.Y. App. Div. 1998) (holding that North Elba could refuse to grant Wal-Mart a conditional use permit and site approval because of the negative aesthetic effects in this tourist city); *In re Wal-Mart Stores, Inc.*, 702 A.2d 397 (Vt. 1997) (holding that, under Vermont’s Act 250, the town of St. Albans could refuse to allow Wal-Mart to build a store near the highway on the outskirts of the town); Abrams, *supra* note 6 (discussing the use of zoning ordinance amendments and public facilities controls to restrict the size and placement of stores); Constance Beaumont & Leslie Tucker, *Big-Box Sprawl (And How to Control It)*, *MUN. LAW.*, Mar./Apr. 2002, at 5, *at* http://www.nationaltrust.org/issues/smartgrowth/big_box_sprawl.pdf (on file with the *Duke Law Journal*) (discussing how design standards, retail size limits, planning moratorium, intergovernmental agreements, and withdrawal of subsidies for big-box retailers can prevent retailers from entering the city).

9. *See, e.g., Benjamin Forgey, Lofty Ideas Transform Retail Space Into a Workplace*, *WASH. POST*, June 16, 2001, at C1 (describing a company that converted an abandoned Caldor store into an innovative, loft-like office building); Evan Halper, *Empty Stores Are a Hard Sell: Retail Behemoths Leave Behind Acres of Useless Space for Towns*, *PHILA. INQUIRER*, Feb. 2, 2001, at A1 (describing how some Pennsylvania cities are requiring big-box retailers to put money in escrow to cover demolition costs if the structure becomes vacant); Amanda Hurley, *Empty Boxes: As Kmart’s Signature Blue Lights Fade, What Will Happen to Vacant Big-Box*

stores are “transforming towns into blandly identical strips” by requiring aesthetic improvements on the typical big-box design.¹⁰

Although there are no reported cases challenging these restrictions on aesthetic design, retailers may begin to fight back as these restrictions become more prevalent. One possible recourse for retailers is United States trademark law; however, this Note concludes that trademark protections, as currently interpreted in sign regulation cases, will generally not protect big-box architectural design features.¹¹ In light of the greater number of municipal aesthetic regulations and current judicial interpretations that skew trademark law and fail to protect such design features, this Note argues that Congress should revisit this area of trademark law.

This Note begins in Part I with an exposition of the competing interests concerning communities and big-box retailers when a big-box store enters a community. A community must balance conflicting concerns: these stores can help boost the city’s economy and enhance shopping convenience, but they may also hurt small businesses and harm the aesthetics of the city. By imposing certain design constraints

Stores?, Mar. 15, 2002, PRESERVATION ONLINE, at http://www.nationaltrust.org/magazine/archives/arch_story/031502p.htm (on file with the *Duke Law Journal*) (describing several abandoned big-box stores that have been converted into private schools); David Koepfel, *Going Out of Business? They Can Help*, N.Y. TIMES, Dec. 30, 2001, at 14LI (Long Island Weekly Desk) (describing two companies that auction abandoned retail property in New York City).

10. Daykin, *supra* note 1.

11. Another possible avenue is arguing that these municipal restrictions violate the store’s freedom of expression as to architectural design. This is a weak argument, however, because courts have not yet recognized architecture as a form of protected expression. See, e.g., John Nivala, *Constitutional Architecture: The First Amendment and the Single Family House*, 33 SAN DIEGO L. REV. 291 (1996) (discussing whether aesthetic architectural restrictions violate the First Amendment). Even if architecture constituted protected expression, the *Central Hudson* test would likely apply to this type of expression because the architectural design for a store would be a form of commercial speech rather than political speech. See *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm’n.*, 447 U.S. 557, 561 (1980) (defining commercial speech as “expression related solely to the economic interests of the speaker and its audience”); *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 762 (1976) (defining commercial speech as speech that does “no more than propose a commercial transaction” (quoting *Pittsburgh Press Co. v. Human Relations Comm’n.*, 413 U.S. 376, 385 (1973))); Thomas Pak, Note, *Free Exercise, Free Expression, and Landmarks Preservation*, 91 COLUM. L. REV. 1813, 1829–33 (1991) (arguing that commercial architecture should be classified as commercial speech and should have the weakest claim to free expression protection). Under this test, a challenge to commercial architectural design is likely to fail unless an ordinance is extremely broad and not narrowly tailored to the asserted governmental interest in protecting the aesthetic character of the community.

on big-box stores, a city reaps the economic advantages of the big-box retailer while protecting the aesthetic nature of the community. Although big-box retailers have been responsive to many design requests, they also carefully assess expense and the impact on brand identity.

Part II describes the purpose of trademarks and the Lanham Act generally. It then discusses the history of section 1121(b), the section preventing municipalities from requiring “alterations” to a registered trademark, and the circuit split in applying section 1121(b). Part III applies section 1121(b) to the most common aesthetic restrictions imposed by municipalities on big-box retailers: color and building facade design. Part III concludes that, under the current interpretations of section 1121(b), only a few types of municipal restrictions of big-box retailers will violate trademark law.

Finally, Part IV argues that the current application of section 1121(b) will result in the decline of the big-box trademark. When Congress enacted section 1121(b), it did not foresee the prevalence of municipal restrictions on trademarks as a cause of consumer confusion. Therefore, Congress should revisit section 1121(b) in light of this recent trend in regulation in order to clarify the trademark rights of big-box retailers.

I. COMPETING INTERESTS

The zoning of a big-box store requires consideration of the competing interests of both the community and the retailer. The community must consider the store’s impact on its economy and aesthetics while the retailer must consider the impact of aesthetic restrictions on its costs and brand identity.

A. *Community Interests*

Big-box retail facilities pose conflicting challenges to local zoning boards. Big-box stores can boost a city’s economy but can also hurt small businesses. They can enhance shopping convenience for consumers but can be aesthetic eyesores. In response to aesthetic concerns, many communities are now imposing aesthetic limitations on big-box store designs. This Part identifies two distinct types of restrictions: individual restrictions and municipal regulations on big-box store design.

The economic impact of big-box retailers on communities is often a double-edged sword. Big-box retailers provide a large number

of jobs for communities; Wal-Mart, for example, currently employs more than 1.2 million people in the United States.¹² Further, in a comprehensive study analyzing the impact of Wal-Mart stores introduced in Iowa between 1982 and 1993, Professor Kenneth Stone found that when a Wal-Mart entered a town, total sales in that community increased at a greater rate than total sales in Iowa because individuals from neighboring towns came to shop at the Wal-Mart.¹³ Businesses that sold different merchandise than the retailer benefited from increased traffic flow for at least the first few years.¹⁴

However, Professor Stone found that businesses in the community that sold the same merchandise as Wal-Mart were in jeopardy.¹⁵ With the introduction of big-box retailers, consumers “fundamentally change” their shopping habits—purchasing more at mass merchandisers and less at local business.¹⁶ Further, though small towns with Wal-Marts increased their total sales by inducing neighboring consumers to shop at the Wal-Mart,¹⁷ small towns without Wal-Marts suffered heavy losses in sales, ranging from 16 to 46 percent over the ten-year period that Professor Stone studied.¹⁸

Despite this, cities often decide that the concerns of these small businesses are not sufficient to offset the possibility of increased tax revenue. Carlsbad, a California city that had “rejected most advances from [big-box] stores because they weren’t compatible with the city’s upscale, residential image and needs,” is considering changes to its city ordinances due to “economics.”¹⁹ A councilman explained, “We realize we’re going to get less money from the state in years to come. . . . These stores can generate \$500,000 to \$750,000 a year [in tax revenue].”²⁰

12. Wal-Mart Online, www.walmartstores.com (last visited Mar. 26, 2004).

13. Kenneth E. Stone, *Impact of Wal-Mart Stores on Iowa Communities: 1983–1993*, ECON. DEV. REV., Spring 1995, at 60.

14. *Id.* at 61–62. After the first few years, towns tend to become saturated with big-box retailers and the influx of sales decreases. *Id.*

15. *Id.* at 61.

16. *Id.* at 69.

17. *Id.* at 61.

18. *Id.* at 69.

19. Elena Gaona, *Requisites for Big-Box Stores Could Be Changed: Carlsbad Is Enticed By Increased Tax Revenue*, SAN DIEGO UNION-TRIB., Mar. 13, 2004, at NC-1.

20. Gaona, *supra* note 19. Another City Manager explained his city’s decision to invite a Wal-Mart store by estimating that “a Wal-Mart could bring in \$1 million in annual sales tax

Many time- and cost-conscious consumers also welcome big-box retailers for their convenience and low prices.²¹ When asked about a rezoning of a shopping mall to include a big-box grocery store, one resident believed that the mall would “enhance the area’s quality of life” because the city needed a larger place to shop.²² In a San Francisco Bay Area debate over a big-box grocery store, a seventy-two-year-old retiree explained that she liked the big-box stores: “We’re seniors on a fixed income and these prices are unbelievable.”²³

At the same time, cities are concerned about the impact of the impersonal, box-like architecture on their communities. One county explained that:

As a community, we should not only be concerned about the economic impact of big-box retailers on our traditional downtown merchants but also on how the appearance of such retail establishments fit [*sic*] in with the community.

Our community does not have to rely on the dull, rectangular boxes of retail giants, with massive amounts of asphalt and limited landscaping and pedestrian amenities.²⁴

A commentator has argued that: “With blank, windowless facades, flat roofs, lack of architectural detail, and miniscule hard-to-see entries [*sic*], big box stores are boring at best and future eye-sores at worst.”²⁵

The experiences of Mountain View and East Palo Alto acutely demonstrate these conflicting concerns. These neighboring California

revenue.” Herb Booth, *Potential Neighbors Meet with Wal-Mart: Homeowner Says Residents Concerned About Traffic, Crime*, DALLAS MORNING NEWS, Feb. 13, 2004, at 3N.

21. N.J. OFFICE OF STATE PLANNING, *supra* note 5, at 2:

Studies indicate that today’s consumers have less interest in shopping, make fewer trips to shop, and buy more on each trip than in the past. Consumers consider saving time a priority, and they prefer stores offering ‘everyday low prices’ to occasional department store promotions or bargain-hunting from store to store.

22. Tom Zoellner, *City Council Oks ‘Big Box’ Rezoning: Paves Way for Phoenix Development*, ARIZ. REPUBLIC, Apr. 10, 2003, at B4.

23. Demian Bulwa, *Around Mount Diablo: Low Prices Trump Big Box Store Issues*, S.F. CHRON., Nov. 7, 2003, at E1.

24. GEORGETOWN-SCOTT COUNTY, BIG-BOX DESIGN STANDARDS, at http://www.gscplanning.com/big_box_design_standards.htm (last visited June 22, 2004) (on file with the *Duke Law Journal*).

25. Chris Duerksen & Robert Blanchard, *Belling the Box: Planning for Large-Scale Retail Stores*, 1998 NAT’L PLAN. CONF., at <http://www.asu.edu/caed/proceedings98/Duerk/duerk.html> (last visited Aug. 25, 2004) (on file with the *Duke Law Journal*).

cities have allowed voters to decide controversial planning measures including the location of big-box retail stores.²⁶ In East Palo Alto, a “struggling” municipality bordered by affluent neighborhoods, voters endorsed a plan to build a 300,000-square-foot Ikea store.²⁷ The project promised about 550 jobs and at least \$1 million in annual revenue to the city for eight years.²⁸ In nearby Mountain View, a more affluent town, “the jobs and tax revenue offered by a Home Depot were not enough to sway voters.”²⁹ Professor Rich DeLeon explained: “As communities become more affluent and more economically secure, they reach a level where other kinds of values and concerns take priority . . . such as aesthetics.”³⁰

For those cities that cannot economically afford to ban big-box retailers, requiring better architectural designs allows them to reap the consumer advantages of big-box retailers while preventing the use of drab architecture. This Note considers two types of aesthetic restrictions: (1) municipal regulations that place aesthetic design restrictions on all retail stores (“municipal regulations”), and (2) design restrictions imposed on individual stores during permit negotiations (“individual restrictions”). Concord, North Carolina, for example, adopted municipal regulations that require all big-box retailers to use a variety of materials on their building facades and to provide at least two amenities from a list that includes “a patio/seating area, a pedestrian plaza with benches, a transportation center, a window-shopping walkway, an outdoor playground area, a kiosk area, a water feature, and a clock tower.”³¹ In contrast, Germantown, Wisconsin imposed an individual restriction on a Home Depot, requiring that the store be designed with a “little bit of a German touch to the building.”³²

26. Karen Alexander, *Voters Approve 2 ‘Big Box’ Store Plans, Reject 2 Others*, L.A. TIMES, Mar. 7, 2002, at B16.

27. *Id.*

28. *Id.*

29. *Id.*

30. *Id.*

31. Sarah Carr, *Rules Are Spelled Out For ‘Big-Box’ Retailers: Developers of New Large Stores Must Now Provide Amenities, Reuse Plans*, CHARLOTTE OBSERVER, Aug. 11, 2002, at 14U.

32. The Home Depot will have a limited amount of the company’s typical bright orange color on the building’s exterior and will use a dark brown color scheme. “The roof will be pitched in certain areas; the walls will have a stamped, decorative brick facade . . . and its canopy roof will have asphalt shingles instead of steel.” Daykin, *supra* note 1.

B. *Big-Box Retailers' Interests*

Although retailers have been responsive to some design requests, they carefully consider additional costs and potential impact on brand identity. Aesthetic improvements inevitably result in increased costs, which big-box retailers—as value-based sellers—must seek to minimize.³³ If a community demands changes that are too costly, a retailer may decide not to build a store there and may move to another site.³⁴

Stores also use exterior colors and layouts to create a “well-known national identity” so that the store “remains familiar to customers.”³⁵ Home Depot’s company real estate manager likened the store’s standard colors and design to the McDonald’s trademark: “Look at McDonald’s. . . . How many McDonald’s do you see with green arches?”³⁶ The development manager for the Best Buy in San Francisco stated: “Our main, overriding goal throughout the project-development process was to be sensitive to the architectural character inherent in the neighborhood while still maintaining our own character, our own brand image.”³⁷ To achieve this goal, the San Francisco store’s exterior included Best Buy’s brand colors of blue and yellow along with various hues of green, a color commonly found in that neighborhood.³⁸

As more cities begin to impose architectural design requirements, big-box retailers must consider whether to challenge these restrictions, accede to the cities’ wishes, or refuse to build a store where originally planned and find another location for the store. The following Parts of this Note consider whether retailers can successfully challenge such restrictions under the Lanham Act.

II. THE LANHAM ACT SECTION 1121(B)

The Lanham Act was enacted to protect federally registered trademarks and this Part describes section 1121(b), a provision instituted specifically to protect trademarks from local zoning and aesthetic regulations. Section A begins with a general description of

33. *Id.*

34. *Id.*

35. *Id.*

36. *Id.*

37. Wilson, *supra* note 3, at 118.

38. *Id.* at 119.

trademarks and the Lanham Act and explains that the principal aims of trademark law are the prevention of consumer confusion among brands and protection of the owner's brand integrity. Section A then explains the general requirements for registering trademarks and trade dress. The remainder of this Part then discusses section 1121(b)—the section of the Lanham Act that is pertinent to zoning regulations—which prohibits states and municipalities from requiring “alterations” to federally registered trademarks. First, Section B explains that the legislative history of section 1121(b) evinces an intention to except zoning and aesthetic regulations. Then, Section C analyzes the judicial interpretation of section 1121(b) in sign regulation cases and describes the divergence between the Second and Ninth Circuit interpretations.

A. *Trademarks and the Lanham Act*

The Lanham Act,³⁹ which governs nationally registered marks,⁴⁰ defines a trademark as “any word, name, symbol, or device” used by a person in commerce to identify and distinguish goods from those manufactured by others.⁴¹ Trademarks, generally, perform four major functions: (1) identify a seller's goods and distinguish them from other goods, (2) signify that all goods carrying that trademark are controlled by one source, (3) signify that all goods carrying that trademark are of equal quality, and (4) promote and advertise the sale of the goods.⁴²

39. 15 U.S.C. §§ 1051–1127 (2000).

40. “The term ‘mark’ includes any trademark, service mark, collective mark, or certification mark.” *Id.* § 1127.

41. *Id.*

The term “trademark” includes any word, name, symbol, or device, or any combination thereof—

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

Id. Similarly, a service mark is any word, name, symbol, or device which is used by a person or which a person has a bona fide intention to use in commerce to identify and distinguish the services of one person from the services of others. *Id.* This Note refers to both service marks and trademarks as trademarks.

42. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:2 (4th ed. 2003).

Trademark laws seek “to prevent the public from encountering confusion, mistake, and deception in the purchase of goods and services and to protect the integrity of the trademark owner’s product identity.”⁴³ The recognition of a particular trademarked symbol is critical to a retailer. As Justice Frankfurter once explained:

A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol.⁴⁴

This “congenial symbol” embodies both the utilitarian functions of the product itself and a “psychic load” of intangible and nonutilitarian psychological factors that surround the product.⁴⁵ In advertising a car, for example, a manufacturer wishes to express that a car is more than a mere method of conveyance—it is also an expression of the consumer’s personality and a status symbol.⁴⁶ The purpose of creating and registering this congenial symbol is always “to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value.”⁴⁷

For a symbol to be registered as a trademark under the Lanham Act, the symbol must be nonfunctional and distinctive.⁴⁸ A symbol is functional and cannot serve as a trademark if it “is essential to the use or purpose of the article or if it affects the cost or quality of the article.”⁴⁹ Functional terms and features are barred from registration as trademarks for two basic public policy rationales. First, the functionality bar preserves free and effective competition by ensuring

43. Application of Honeywell, Inc., 497 F.2d 1344, 1348 (C.C.P.A. 1974).

44. *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).

45. 1 MCCARTHY, *supra* note 42, § 2:37.

46. 1 *id.*

47. *Mishawaka Rubber & Woolen Mfg. Co.*, 316 U.S. at 205.

48. See 15 U.S.C. § 1052(e)(5) (2000) (providing an ex parte bar on trademark registration when the symbol is functional); 15 U.S.C. § 1052(d), (e)(1)–(3) (providing an ex parte bar on trademark registration when the symbol is not inherently distinctive).

49. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32 (2001) (internal citation omitted). If a feature is not essential to the use or purpose of a product but the marketer of the product advertises the utilitarian advantages of the feature, that advertisement is strong evidence of its functionality. See, e.g., *Am. Greetings Corp. v. Dan-Dee Imps., Inc.*, 807 F.2d 1136, 1149 (3d Cir. 1986) (holding that “tummy graphics” on Care Bears were functional symbols because they conveyed cheerful emotions and the professed function of Care Bears was to create positive emotions).

that competitors can copy essential features of a product and that no manufacturer can establish a monopoly through a trademark.⁵⁰ Second, it accommodates the principle that patent law is the only legal source of exclusive rights to functional items.⁵¹

An identifying mark is distinctive and may be protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through a secondary meaning.⁵² Marks are often classified by Judge Friendly's hierarchy of distinctiveness,⁵³ first formulated in *Abercrombie & Fitch Co. v. Hunting World, Inc.*:⁵⁴ (1) generic,⁵⁵ (2) descriptive,⁵⁶ (3) suggestive,⁵⁷ (4) arbitrary,⁵⁸ or (5) fanciful.⁵⁹ Generic marks are the least distinctive and fanciful marks are the most distinctive. Thus, generic marks can never be trademarked.⁶⁰ Suggestive, arbitrary, and fanciful marks are inherently distinctive

50. 1 MCCARTHY, *supra* note 42, § 7:63.

51. *Id.*

52. *Two Pesos, Inc. v. Taco Cabana*, 505 U.S. 763, 769 (1992).

53. *See, e.g., id.* at 768 (approving of Judge Friendly's "classic formulation").

54. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

55. Generic marks "refer to the genus of which the particular product is a species." *Two Pesos*, 505 U.S. at 769 (citing *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985)).

56. A mark is "descriptive" if it describes: "the intended purpose, function or use of the goods; the size of the goods, the provider of the goods, the class of users of the goods, a desirable characteristic of the goods, the nature of the goods, or the end effect upon the user." 2 MCCARTHY, *supra* note 42, § 11:16; *see also Abercrombie & Fitch Co.*, 537 F.2d at 10 ("A term is descriptive if it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods.").

57. "A term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of goods." *Abercrombie & Fitch Co.*, 537 F.2d at 10. However, the distinction between suggestive and descriptive marks is somewhat unclear. *See Franklin Knitting Mills, Inc. v. Fashionit Sweater Mills, Inc.*, 297 F. 247, 248 (S.D.N.Y. 1923) (Hand, J.) (stating, in describing the descriptive-suggestive distinction, that "[i]t is quite impossible to get any rule out of the cases beyond this: That the validity of the mark ends where suggestion ends and description begins"), *aff'd*, 4 F.2d 1018, 1018 (2d Cir. 1925); *see also* 2 MCCARTHY, *supra* note 42, § 11:64 (discussing this distinction in detail).

58. An arbitrary term consists of common words that are used in an unfamiliar and nondescriptive way so that the word neither describes nor suggests the product or service. For example, the word "apple" does not evoke an image of a computer but Apple is a trademark for a computer company. 2 MCCARTHY, *supra* note 42, §§ 11:11, 11:13.

59. A fanciful term is one that is invented or selected solely for its use as a trademark. *Abercrombie & Fitch Co.*, 537 F.2d at 11 n.12; 2 MCCARTHY, *supra* note 42, § 11:5. Fanciful marks are considered the strongest of all marks because their inherent novelty may substantially impact the consumer. 2 MCCARTHY, *supra* note 42, § 11:6.

60. *Two Pesos*, 505 U.S. at 768.

and entitled to protection.⁶¹ Descriptive marks are not inherently distinctive but may be trademarked if they carry a “secondary meaning” of identifying a particular brand.⁶² A “secondary meaning” exists when “in addition to their literal, or dictionary, meaning, words connote to the public a product *from a unique source*.”⁶³ For example, the Supreme Court held that the term “Nu-Enamel,” although descriptive of enamel paints, had attained a secondary meaning because it had come to be associated with a particular company’s brand of paint.⁶⁴

Because “human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning,”⁶⁵ there are many different forms of subject matter that can be trademarked. One pertinent form is trade dress. Trade dress is an expansive concept that refers to the “total image” of a product.⁶⁶ For example, the distinctive decor, style, and menu of a restaurant,⁶⁷ and the use of a lighthouse as part of the design of a golf course⁶⁸ have been recognized as trade dress. Trade dress may be registered if it is (1) recognized by customers to identify and distinguish the source, (2) distinctive, and (3) nonfunctional.⁶⁹ In 2000, in *Wal-Mart Stores, Inc. v. Samara Bros.*, the Supreme Court added the further nuance that although *product design* trade dress can never be inherently distinctive and must have a

61. *Id.*

62. *Id.* at 769.

Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected. However, descriptive marks may acquire the distinctiveness which will allow them to be protected under the [Lanham] Act. . . . This acquired distinctiveness is generally called “secondary meaning.”

Id.

63. *Charcoal Steak House of Charlotte, Inc. v. Staley*, 139 S.E.2d 185, 187 (N.C. 1964).

64. *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U.S. 315, 336 (1938).

65. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (noting that the particular shape of the Coca-Cola bottle, the particular sound of NBC’s three chimes, and a particular scent of plumeria blossoms on sewing thread have been trademarked).

66. *See John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983) (“‘Trade dress’ involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.”); 1 MCCARTHY, *supra* note 42, § 8:1 (providing definitions of trade dress).

67. *Two Pesos*, 505 U.S. at 765, 776.

68. *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 542 (5th Cir. 1998).

69. *See* 1 MCCARTHY, *supra* note 42, § 8:7 (stating that trade dress may be registered if it meets the requirements for trademark protection); *supra* notes 48–62 and accompanying text.

secondary meaning to be protected as a trade dress,⁷⁰ *product packaging* trade dress may be inherently distinctive.⁷¹ For example, in *Wal-Mart Stores*, the Court explained a prior holding that a restaurant's Mexican decor was inherently distinctive as because the restaurant's decor constituted product packaging trade dress.⁷² Further, section 1125(a) of the Lanham Act protects even *unregistered* trade dress from trade dress infringement if the allegedly infringing design would be likely to cause confusion as to the product's source.⁷³

Though color will typically be an integral part of a product's trade dress, a color or color scheme independently qualifies for trademark protection. In *Qualitex Co. v. Jacobson Products Co.*,⁷⁴ the Supreme Court considered whether a special shade of green-gold used in Qualitex's scrubbing pads could be registered as a trademark. The Court held that a single color could be registered as a trademark under certain conditions.⁷⁵ First, the color must act as a symbol.⁷⁶ Second, because a color can never be inherently distinctive, the color must have attained secondary meaning.⁷⁷ Third, the color must not have a functional purpose; it must be used solely as a symbol.⁷⁸ Under

70. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 212 (2000); *see also* 1 MCCARTHY, *supra* note 42, § 8:12.1 (describing the *Wal-Mart* rule).

71. *See, e.g.*, *Yankee Candle Co. v. Bridgewater Candle Co.*, 259 F.3d 25, 40–41 (1st Cir. 2001) (holding that the appearance of a decorative candle product line and catalog layout were product design trade dress and not packaging). Courts have differentiated between product design and packaging trade dress in a “common sense” fashion, “asking what is the primary product that the buyer is purchasing.” 1 MCCARTHY, *supra* note 42, § 8:12.1.

72. *See Wal-Mart Stores*, 529 U.S. at 214–15 (explaining the *Two Pesos* decision in which the restaurant's decor was held to be inherently distinctive); *Two Pesos, Inc. v. Taco Cabana*, 505 U.S. 763 (1992).

73. 15 U.S.C. § 1125(a)(1) (2000); 1 MCCARTHY, *supra* note 42, § 7:54.

74. 514 U.S. 159 (1995).

75. *Id.* at 166.

76. *Id.*

77. *Id.*; *see also Wal-Mart Stores*, 529 U.S. at 211–12 (“Indeed, with respect to at least one category of mark—colors—we have held that no mark can ever be inherently distinctive. . . . We held that a color could be protected as a trademark, but only upon a showing of secondary meaning.” (citing *Qualitex*, 514 U.S. at 162–63)). The requirement of secondary meaning for color and product design trade dress comports with Judge Friendly's formulation for increasing distinctiveness because both color and product design are descriptive terms that convey an idea of the qualities and characteristics of the goods. *See supra* notes 53–62 and accompanying text.

78. *Qualitex*, 514 U.S. at 166; *see, e.g.*, *Warner Lambert Co. v. McCrory's Corp.*, 718 F. Supp. 389, 396–97 (D.N.J. 1989) (explaining that the amber color of Listerine was functional because an amber liquid had taken on the significance of being an unflavored, medicinal mouthwash in the mouthwash industry); *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 98

this analysis, the Court held that the Qualitex scrubbing pad's green-gold color could be trademarked given that it acted as a symbol to identify the Qualitex brand and served no other function.⁷⁹

B. The History of Section 1121(b)

Congress added section 1121(b) to the Lanham Act in 1982 in response to problems encountered by the Century 21 Real Estate Corporation.⁸⁰ In 1978, a Nevada federal district permitted the Nevada Real Estate Advisory Commission to regulate Century 21's registered trademark.⁸¹ Century 21, a nationally recognized franchisor of real estate firms, allocated 80 percent of all display space for the national Century 21 trademark and reserved the remaining 20 percent for the franchisee's name.⁸² To protect the public from being misled about the nature of the franchisor-franchisee relationship, the Nevada Real Estate Advisory Commission required that the trademark cover 50 percent of any display and that the remaining 50 percent be reserved for the franchisee's name.⁸³ This Nevada regulation applied to all displays of the trademark, including "signs, letterheads, business cards, brochures, uniforms, name tags, folders, checks, forms, memo pads, desk plates, display materials, marketing materials, advertisements, etc."⁸⁴

Century 21 objected to this regulation arguing, *inter alia*, that this regulation would dilute its registered trademark and violate the Lanham Act.⁸⁵ The district court held that the state regulation did not violate the Lanham Act because the Act "contains no manifestation of a Congressional intent comprehensively to control all aspects of

(S.D. Iowa 1982) (explaining that the green color used by John Deere tractors was functional and not protected because farmers prefer to have matching farm equipment colors); *see also* 1 MCCARTHY, *supra* note 42, § 7:49 (documenting a wide variety of cases in which a product's color could not be trademarked because it was used for a functional purpose).

79. *Qualitex*, 514 U.S. at 166.

80. Section 1121(b) is commonly referred to as the "Century 21" amendment. *Payless Shoesource, Inc. v. Town of Penfield*, 934 F. Supp. 540, 542-43 (W.D.N.Y. 1996).

81. *Century 21 Real Estate Corp. v. Nev. Real Estate Advisory Comm'n*, 448 F. Supp. 1237, 1242 (D. Nev. 1978), *aff'd mem.*, 440 U.S. 941 (1979), and *superseded by* 15 U.S.C. § 1121(b) (2000).

82. *Id.* at 1239.

83. *Id.*

84. *Payless Shoesource*, 934 F. Supp. at 543 (discussing *Century 21*).

85. *Century 21*, 448 F. Supp. at 1241. Century 21 also objected on First Amendment, due process, equal protection, and Commerce Clause grounds. *Id.* at 1239-41.

the trademark field.”⁸⁶ In other words, the district court held that a state or municipality could require statewide changes to all uses of a nationally registered trademark.

After the *Century 21* decision, other states adopted similar rules, which “inhibited nationwide advertising campaigns, increased costs, and made the franchisor-franchisee relationship less appealing.”⁸⁷ Congress enacted section 1121(b) to remedy these problems; it provides, in pertinent part: “No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark”⁸⁸ During the hearings on section 1121(b), Representative Barney Frank questioned whether section 1121(b) would interfere with local aesthetic or historic zoning. He argued that, in areas where all signs must be of a certain type of lettering, such as gothic lettering, he did not want this section to allow different lettering.⁸⁹ He stated, “[I]f there was a uniform zoning requirement . . . I would not want this to be preemptive [of it].”⁹⁰

Gerald Mossinghoff, the Commissioner of Patents and Trademarks, responded to Representative Frank’s concerns, by explaining that section 1121(b) would not interfere with uniform zoning requirements.⁹¹ Representative Jerry M. Patterson, author of the bill, summarized the amendment as “narrowly written.”⁹² He explained that it would “not interfere with nor [*sic*] question the

86. *Id.* at 1241.

87. *Payless Shoesource*, 934 F. Supp. at 543; see also Roberta Rosenthal Kwall, *Regulating Trademarks on Exterior Signs: Should Local Law Trump the Lanham Act and the Constitution?*, 71 S. CAL. L. REV. 1105, 1119 (1998) (discussing the economic ramifications of requiring national advertising to meet state regulations and local franchisees to bear the expense of changing displays and advertising materials to comply with state regulations).

88. 15 U.S.C. § 1121(b) (2000). The complete section is as follows:

No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, service marks, trade names, or corporate names that may be associated with or incorporated into the registered mark be displayed in the mark in a manner differing from the display of such additional trademarks, service marks, trade names, or corporate names contemplated by the registered mark as exhibited in the certificate of registration issued by the United States Patent and Trademark Office.

Id.

89. *Lanham Trademark Act Amendment: Hearing on H.R. 5154 Before the Subcomm. on Courts, Civil Liberties, & the Admin. of Justice of the House Comm. on the Judiciary*, 97th Cong. 10–11 (1982) (statement of Rep. Barney Frank).

90. *Id.* at 11.

91. *Id.*

92. *Id.* at 13 (statement of Hon. Jerry M. Patterson).

validity of other State regulations that only indirectly affect the use of a trademark—for example, municipal ordinances that ban neon signs, some of which may contain registered marks, from certain neighborhoods.”⁹³ As a result, the House Judiciary Committee Report issued after this exchange stated:

During the course of Committee debate Mr. Frank raised the issue of whether the bill would in any way restrict the zoning or historic site protection laws or regulations of states. On the advice of counsel, the Committee concludes that the bill in no way affects the powers of state and local governments in [these] areas of concern⁹⁴

Thus, although the plain language of section 1121(b) seems to prohibit state and municipal trademark regulations, the legislative history creates confusion by indicating that aesthetic and zoning requirements are exempt from the section 1121(b) prohibition.

C. *The Circuit Split on Section 1121(b)*⁹⁵

The first reported case involving section 1121(b), *Payless Shoesource, Inc. v. Town of Penfield*,⁹⁶ involved a sign restriction at a shopping center where all signs were required to be yellow, red, or white.⁹⁷ This restriction prohibited Payless from erecting a sign reflecting its registered yellow and orange trademark, and Payless argued that this was a violation of section 1121(b).⁹⁸ The court determined that the meaning of “alteration” in section 1121(b) was “not entirely clear” from the language of the statute and proceeded to look at the legislative history.⁹⁹ Based on the legislative discussion between Congressman Frank and Commissioner Mossinghoff, the court held that aesthetic zoning did not constitute an “alteration”

93. *Id.*

94. H.R. REP. NO. 97-778, at 2 (1982), *reprinted in* 1982 U.S.C.C.A.N. 2621, 2622.

95. There is sparse legal history on the application of section 1121(b). All of the currently reported cases are discussed in this Section.

96. 934 F. Supp. 540, 540 (W.D.N.Y. 1996). *Payless* refers to two unpublished cases in reaching its decision: *Motel 6 Operating L.P. v. City of S. Lake Tahoe*, No. Civ-S-90-0527 (E.D. Cal. Oct. 25, 1990) and *Calpalbo v. Planning & Zoning Bd. of Appeals, Greenwich*, No. 23 20 60 (Conn. Super. Ct. July 17, 1987). *Id.* at 545.

97. *Id.* at 541.

98. *Id.* at 541–42.

99. *Id.* at 543.

within the meaning of section 1121(b).¹⁰⁰ The court then determined that, unlike the *Century 21* restriction, this was “simply” a uniform sign restriction because only Payless’s exterior sign was affected by the regulation and all other uses of Payless’s trademark remained unimpaired.¹⁰¹ Therefore, the court concluded that this was an aesthetic zoning regulation and did not constitute an alteration to Payless’s trademark.¹⁰²

The Second Circuit Court of Appeals, in *Lisa’s Party City v. Town of Henrietta*,¹⁰³ agreed with the *Payless* interpretation of section 1121(b) and held that a town ordinance requiring single-color exterior signs did not alter Party City’s multicolored registered logo given that other uses of the logo were unimpaired.¹⁰⁴ Similar to the district court in *Payless*, the Second Circuit held that because the legislative history established that aesthetic zoning did not constitute an “alteration,” this uniform sign restriction did not modify Party City’s trademark.¹⁰⁵

However, the Ninth Circuit Court of Appeals, in *Blockbuster Videos, Inc. v. City of Tempe*,¹⁰⁶ interpreted section 1121(b) differently in a case involving two plaintiffs, Video Update and Blockbuster Videos.¹⁰⁷ Similar to *Payless* and *Lisa’s Party City*, plaintiff Video Update argued that the city’s requirement of white lettering on a turquoise background altered its nationally registered logo, which had red lettering.¹⁰⁸ Plaintiff Blockbuster presented a slightly different problem: the city allowed Blockbuster’s “torn ticket” logo but completely disallowed the installation of its federally registered blue awning with yellow lettering.¹⁰⁹

100. *Id.* at 543–45.

101. *See id.* at 546 (“Stated simply, plaintiff has confused its sign with its trademark.”).

102. *Id.*

103. 185 F.3d 12 (2d Cir. 1999). *Payless* was decided in a New York district court, within the Second Circuit’s jurisdiction. *Payless Shoesource*, 934 F. Supp. at 540.

104. *Lisa’s Party City*, 185 F.3d at 17–18.

105. *Id.* at 15–16.

106. 141 F.3d 1295 (9th Cir. 1998).

107. *Id.* at 1300; *see also* Kwall, *supra* note 87, at 1150 (concluding that, consistent with the *Blockbuster* holding, section 1121(b) should preempt local signage laws that require alteration of “mainstream trademarkable elements” (e.g., color, font) but local signage laws may require alterations of less traditionally trademarked properties (e.g., size, awnings) based upon a weighing of interests).

108. *Blockbuster*, 141 F.3d at 1296–97.

109. *Id.* at 1297.

The Ninth Circuit determined, first, that the meaning of “alteration” was clear from the plain language of the statute and, using a dictionary, defined alteration as “to cause to become different in some particular characteristic . . . without changing into something else”¹¹⁰ The court determined that the city was requiring Video Update to change its lettering color, which was one characteristic of its trademark.¹¹¹ Therefore, the court held that Tempe had required an alteration of Video Update’s trademark, in violation of section 1121(b).¹¹²

After noting that the court need not look to the legislative history because of the clear statutory language, the court interpreted the legislative history to support its view.¹¹³ The legislative history indicated that, although a city could not require a change in a trademark’s color, it could completely prohibit the installation of a trademark that fell afoul of aesthetic zoning laws.¹¹⁴ Based upon this reading of the legislative history, the Ninth Circuit determined that, although the city could not require Video Update to change its trademark’s color, the city could completely prohibit Blockbuster from installing the registered awning.¹¹⁵ This reveals an inherent tension in the *Blockbuster* holding: whereas the Ninth Circuit declined to follow the Second Circuit in allowing cities to “displace” a trademark by requiring it to be a different color or size, it permitted the arguably more drastic measure of entirely “replacing” trademarks with generic signs.¹¹⁶

110. *Id.* at 1297–98 (quoting WEBSTER’S THIRD NEW INTERNATIONAL DICTIONARY 63 (3d ed. 1986)).

111. *Id.* at 1298.

112. *Id.*

113. *Id.* at 1299–1300;

Mr. Frank asked whether section 1121(b) would prohibit regulations that might specify the color and type of lettering on a sign. He then answered his own question by stating that such regulations might simply prevent a business from displaying its trademark on the outside of the building: “They could say, ‘real estate’ outside; inside the protected registered trademark would be allowed.” These statements indicate an acknowledgment that zoning regulations may prohibit the display of trademarks on storefront signs, without violating section 1121(b). They do not suggest zoning regulations may require the alteration of a mark.

114. *Id.*; see also *Gateway 2000 Country Stores, Inc. v. Norwalk Zoning Bd. of Appeals*, 13 F. Supp. 2d 247, 252–53 (D. Conn. 1998) (holding, based upon *Blockbuster*, that a Gateway 2000 store was not entitled to a preliminary injunction restraining a zoning board of appeals from completely prohibiting two awnings and a pylon with the Gateway 2000 logo).

115. *Blockbuster*, 141 F.3d at 1300.

116. Jeffrey W. Strouse, Note, *Redefining Trademark Alteration Within the Context of Aesthetic-Based Zoning Laws: A Blockbuster Dilemma*, 53 VAND. L. REV. 717, 745 (2000).

The divergence between the Second and Ninth Circuits lies in their definition of “alteration” under section 1121(b). The Second Circuit interprets an “alteration” as a requirement that all forms of the trademark be changed in some way; therefore, a uniform sign restriction that only requires changes to one form of the trademark (e.g., a sign in an individual store) does not constitute an alteration. The Ninth Circuit, on the other hand, defines an “alteration” as a requirement to change any aspect of a trademark (even in an individual location); therefore, a uniform sign restriction does constitute an alteration. However, under the Ninth Circuit’s interpretation, although a city may not impose a uniform sign restriction, a city may prohibit the display of a trademark altogether.

III. APPLYING THE CURRENT INTERPRETATIONS OF SECTION 1121(B)

The split between the Second and Ninth Circuit in applying section 1121(b) is not merely semantic. The law as applied in the Second Circuit could lead to an entirely different outcome than if analyzed under the Ninth Circuit’s interpretation. This is especially troubling as it creates uncertainty for big-box retailers that often operate on a nationwide scale. This Part analyzes two such incongruous outcomes with regard to the most commonly regulated architectural features of big-box retail facilities: color and building facade design.¹¹⁷

A. Color

Big-box retailers often use standard exterior colors to help create a national image. Home Depot, for example, uses bright orange on its exterior and continues this theme by using bright orange on uniforms and on its website.¹¹⁸ Cities have regulated these standard exterior colors through municipal ordinances. For example, in Fort Collins,

Strouse explains this strange paradox of the decision by the *Blockbuster* court. He then argues that the term “alteration” should be limited to situations that are like the *Century 21* decision; in other words, municipalities should be able to require replacement of a trademark with another symbol as long as they do not require replacement of all forms of the trademark. *Id.* at 745–47.

117. Although sign regulation is a common method to regulate store features, this Note will not consider this method of regulation because it is a vast subject. For thorough discussions of sign regulation and section 1121(b), see generally Kwall, *supra* note 87, and Strouse, *supra* note 116.

118. Home Depot Website, at www.homedepot.com (last visited Apr. 6, 2004).

Colorado, the Summary of Standards and Guidelines requires that “[f]acades shall be of low reflectance, subtle, neutral or earth tone colors. The use of high intensity colors, metallic colors, black or fluorescent colors is prohibited Building trim and accent areas may feature brighter colors, including primary colors, but neon tubing shall not be an acceptable feature.”¹¹⁹ Under this ordinance, Home Depot might be required to minimize the amount of bright orange on its exterior.

Cities may also regulate a store’s usual exterior colors through individual requirements. For example, in Germantown, Wisconsin, the planned Home Depot store will have a “limited amount of [Home Depot’s] bright orange color on the building’s exterior” and the main color scheme will be dark brown instead of beige.¹²⁰

To protect its color from these restrictions, a big-box retailer could (1) attempt to trademark a “general” color, or (2) attempt to trademark an “exterior” color.¹²¹ As this Part illustrates, the choice of scope for trademark could make a difference in the application of section 1121(b). This Note uses the term “general color” to denote a color used throughout an entire store; “exterior color” refers to a color used solely on the exterior of its buildings. As an illustration, if Big-Box Store wanted to trademark a general color, it would attempt to register “fluorescent pink” as a trademark that would protect its exterior colors, uniforms, signs, etc. Instead, to trademark only an exterior color, Big-Box Store would attempt to trademark “fluorescent pink when used on the outside of buildings.”¹²² Although trademarking a general color would include the exterior color, this Section demonstrates that trademarking only an exterior color could

119. See MD. DEP’T OF PLANNING, *supra* note 5, at 46 (citing Fort Collins, Colorado guidelines as an example of a big-box regulatory strategy).

120. Daykin, *supra* note 1.

121. Although the unanimous *Qualitex* decision recognizing colors as eligible for trademark protection has quenched most debate in this area, see *supra* notes 74–79 and accompanying text, prior to *Qualitex*, some courts and commentators resisted recognizing trademark protection for colors on the basis of the “color depletion theory.” The color depletion theory argues that “there are a limited number of colors in the palette, and that it is not wise policy to foster further limitation by permitting trademark registrants to deplete the reservoir.” *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1120 (Fed. Cir. 1985).

122. Although this Part refers to the trademarking of one color, the same analysis would apply if a big-box retailer wanted to trademark a combination of colors, as when, in *Qualitex*, the company wanted to trademark its green-gold combination. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 161 (1995).

create a loophole through which a big-box retailer could protect its distinctive image.

1. *Applying Section 1121(b) to a Trademarked General Color.* To assess if restrictions on an exterior color are valid under the Lanham Act, the first step is to determine whether a general color is eligible for trademark protection. In *Qualitex*, the Supreme Court held that a single color of a product can be registered as a trademark if it meets the requirements of a trademark.¹²³ Thus, to register a color as a trademark, a company must prove that the color (1) acts as a symbol, (2) has the secondary meaning of identifying a particular brand, and (3) is nonfunctional.¹²⁴ Hypothetically, if Big-Box Store could show that the fluorescent pink color used on its signs, exterior trimmings, uniforms, websites, and advertisements acted as a symbol, had the secondary meaning of identifying the store, and was nonfunctional, then it could register fluorescent pink as a trademark.

Assuming that a company did trademark a general color and a city attempted to restrict the use of this color, the retailer could argue that the restrictions are contrary to section 1121(b).¹²⁵ Given the circuit split on the interpretation of section 1121(b), the following analysis applies both formulations of section 1121(b) to trademarked colors.

First, under the Second Circuit's *Lisa's Party City* interpretation, regulations that do not impair all uses of the trademark are not "alterations" under section 1121(b) and are therefore allowable. Because Party City's trademark was used in uniforms, interior signs, exterior signs, etc., a regulation prohibiting an exterior sign did not

123. *See id.* at 166 (holding that the green-gold colors on a scrubbing pad qualified for trademark protection); *Owens-Corning Fiberglas Corp.*, 774 F.2d at 1122–23 (holding that the nonfunctional color pink for Pink Panther fiberglass insulation could be registered as a trademark upon proof of secondary meaning); *see also supra* notes 74–79 and accompanying text.

124. *See supra* notes 39–64 and accompanying text.

125. For section 1121(b) to apply, the company must have registered the color as a trademark. An unregistered color would be protected against trademark infringement only under section 1125(a), as part of the trade dress. For example, Big-Box Store's unregistered fluorescent pink color would be protected under section 1125(a) only in the event that "Ma and Pa Store" also used fluorescent pink in its store, creating a likelihood of confusion as to the source of the brand. *See Two Pesos, Inc. v. Taco Cabana*, 505 U.S. 763, 770 (1992) (holding that the plaintiff's unregistered Tex-Mex interior was protected under section 1125(a) because the competing restaurant with similar Tex-Mex interior was likely to cause confusion as to the source of the product).

impair all uses of the trademark.¹²⁶ As applied here, a restriction on the use of a trademarked color on the exterior of a big-box facility would constitute an allowable form of aesthetic regulation because it would not impair all uses of the trademarked color.

For example, if a city prohibited Big-Box Store from using fluorescent pink trimmings on its exterior through either an individual restriction or a municipal regulation, the store could still use fluorescent pink on its uniforms, signs, website, memos, etc., and the Second Circuit would interpret this to be an allowable uniform aesthetic restriction. As such restrictions are not “alterations” under section 1121(b), the city restriction would be valid and the store would be required to comply.

By contrast, under the Ninth Circuit’s *Blockbuster* interpretation, section 1121(b) allows a city to completely prohibit a trademark but does not allow the city to require a change in the trademark’s color.¹²⁷ A city, then, could completely prohibit Big-Box Store from using its trademarked fluorescent pink color on its exterior by either a municipal ordinance or an individual restriction. The city could not require, however, that Big-Box Store use a different color (e.g., light pink instead of fluorescent pink).¹²⁸ Thus, under both the Second Circuit’s and Ninth Circuit’s interpretations, the city could prohibit Big-Box Store from using fluorescent pink on its exterior.

2. *Applying Section 1121(b) to a Trademarked Exterior Color.* An exterior color is part of the trade dress of a particular product.¹²⁹ In this case, the exterior colors could be classified as the packaging trade dress of the big-box retailer.¹³⁰ These exterior colors could be trademarked if they (1) acted as a symbol, (2) had a secondary meaning of identifying a particular brand,¹³¹ and (3) were nonfunctional.¹³²

126. See *supra* notes 103–05 and accompanying text.

127. See *supra* notes 106–16 and accompanying text.

128. This strange result of *Blockbuster* is discussed in detail by Kwall, *supra* note 87, at 120–21.

129. See *supra* notes 65–73 and accompanying text.

130. See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 214–15 (2002) (describing the distinction between product packaging trade dress and product design trade dress).

131. Although product packaging trade dress may be inherently distinctive, color is never inherently distinctive, and a retailer would thus have to show a color’s secondary meaning. See *supra* notes 66–79 and accompanying text.

132. See *supra* notes 76–78 and accompanying text.

Based upon a similar analysis, Eastman Kodak Co. received limited protection of its yellow, black, and red trade dress when a competing photo developer used those colors on its photo kiosks.¹³³ Similarly, a court found the black and red color scheme of the Red Top taxicab company eligible for trademark protection because patrons had attached a secondary meaning to those colors.¹³⁴ Likewise, Checker Cab Co. registered a checkered band around a taxicab body as its trademark.¹³⁵ Based upon these cases, if Big-Box Store could show that the fluorescent pink color on its exterior trimmings acted as an identification symbol and was nonfunctional, Big-Box Store could trademark the fluorescent pink color when used on the exterior of its facilities.¹³⁶

Under the Second Circuit's *Lisa's Party City* interpretation, the term "alteration" in section 1121(b) describes "state-mandated changes in the mark itself, which are, of necessity, reflected in every subsequent display of that mark within the relevant jurisdiction."¹³⁷ The use of an *individual restriction* to regulate a registered exterior color would not impair all forms of the trademark because other stores in the jurisdiction (the city) could still use the exterior color trademark. If Big-Box Store registered its fluorescent pink exterior as a trademark and a city individually restricted its use of fluorescent pink at X Street, Big-Box Store could still use its fluorescent pink exterior at its store on Y Street in that city.

However, a *municipal ordinance* that restricts a trademarked exterior color poses a unique problem. Ordinances that prohibit the use of trademarked exterior colors throughout the entire jurisdiction restrict every "subsequent display of that mark." For example, if Big-Box Store registered its fluorescent pink exterior color as a trademark and a city prohibited any use of fluorescent pink exterior color throughout the city, all forms of the trademark would be impaired within the jurisdiction of that city. Under the Second Circuit's

133. Eastman Kodak Co. v. Fotomat Corp., 317 F. Supp. 304, 322 (N.D. Ga. 1969).

134. Transp., Inc. v. Mayflower Servs., Inc., 769 F.2d 952, 954-55 (4th Cir. 1985).

135. *Ex parte* Checker Cab Mfg. Corp., 99 U.S.P.Q. (BNA) 480 (Comm'r Pat. 1953).

136. See also 1 MCCARTHY, *supra* note 42, § 7:48 ("Colors can be protected as an element of a distinctive building design which serves a trademark function.")

137. *Lisa's Party City v. Town of Henrietta*, 185 F.3d 12, 15 (2d Cir. 1999) (quoting *Blockbuster Videos, Inc. v. City of Tempe*, 141 F.3d 1295, 1304 (9th Cir. 1998) (Browning, J., dissenting)). "Jurisdiction," in this sense, means the government's jurisdiction; if a city were maintaining a municipal ordinance, the jurisdiction would be that particular city.

interpretation of section 1121(b), then, a municipal ordinance that regulates the use of a trademarked exterior color violates section 1121(b). Clearly, this is not the intent of the Second Circuit in interpreting of section 1121(b) when it found that zoning requirements generally do not force “alterations” or changes to trademarks; this seems to be a loophole through which to challenge uniform aesthetic regulations on exterior colors.¹³⁸

By contrast, applying the Ninth Circuit’s interpretation of section 1121(b) yields the same result for an exterior color as for a general color. Given that a city can completely prohibit a trademark but cannot require a change in the individual trademark, the city could completely prohibit Big-Box Store from using fluorescent pink exterior trimmings but could not require it to use light pink rather than fluorescent pink as its exterior color. In sum, then, except for the rare case, a city will be able to regulate all exterior colors used on a big-box store.

B. The Building Facade

Cities typically regulate two different portions of the building facade: exterior building materials and the design of the building facade. Unlike color, big-box retailers will find that these elements are difficult to trademark due to their functionality and lack of distinctiveness. Further, even if retailers trademark these elements, as with color, cities will be able to regulate these facade elements under both the Second and Ninth Circuit interpretations.

1. *Exterior Building Materials.* Big-box retailers typically use precast concrete on the building facade of retail facilities.¹³⁹ In response, many cities are now creating municipal ordinances that require higher quality materials on the facade. In Fort Collins, Colorado, for instance, the city’s Summary Standards and Guidelines require that:

Predominant exterior building materials shall be high quality materials. These include, without limitation: brick, sandstone, other

138. See *Lisa’s Party City*, 185 F.3d at 15 (arguing that section 1121(b) was designed to force changes in trademarks and that aesthetic and zoning restrictions do not effect such changes).

139. Daykin, *supra* note 1.

native stone, wood and concrete masonry units that are tinted and textured.¹⁴⁰

Cities also require individual stores to use higher quality materials on building facades. For example, the Germantown, Wisconsin Home Depot will use brick on its exterior facade instead of precast concrete.¹⁴¹

Although a big-box retailer could attempt to register the precast concrete material as part of its trade dress, these building materials usually would not receive trademark protection. Generally, a precast concrete facade does not act as a symbol of any particular big-box store. Additionally, it does not carry a secondary meaning of identification because it is used by many stores and many buildings. Precast concrete building material is also functional because it affects the price of the packaging trade dress.¹⁴² Therefore, such exterior building material could be neither registered as a trademark nor protected under section 1121(b). Thus, regulations concerning acceptable building materials would be valid under the Lanham Act.

2. *Design of the Building Facade.* Every big-box store has a typical building facade design that generally includes a large sign and a plain exterior.¹⁴³ Some cities have enacted regulations that require improvements on this design. Portland, Oregon, requires stores to “[i]ncorporate Portland related themes into a project design, where appropriate” and “[e]nhance the identity of Special Districts by incorporating small-scale features that add to the District’s identity and ambiance.”¹⁴⁴ Other cities require specific improvements to building facades before granting building permits. Evergreen, Colorado, for example, required a Wal-Mart to include an “oak portico over stone pillars” and a Wal-Mart in Kitty Hawk, North Carolina, is being designed to look like an early twentieth-century coast guard lifesaving station.¹⁴⁵

A big-box retailer wary of such changes could protect the architectural design of its typical building facade as a part of a

140. MD. DEP’T OF PLANNING, *supra* note 5, at 46.

141. Daykin, *supra* note 1.

142. *See supra* notes 48–51 and accompanying text.

143. Although color and the design of the exterior facade are often regulated together, this Section considers only restrictions on the design itself.

144. MD. DEP’T OF PLANNING, *supra* note 5, at 44.

145. *See supra* notes 1–2 and accompanying text.

product packaging trade dress. The retailer would argue that the exterior facade acts as a symbol, is either inherently distinctive or has a secondary meaning of identifying the retailer, and is nonfunctional. In *Two Pesos*, the Supreme Court held that the Mexican-themed exterior and interior trade dress of a restaurant was protectable because it was inherently distinctive, acted as a symbol of the Taco Cabana brand, and was nonfunctional.¹⁴⁶ A lower court similarly held that a castle design for a hamburger chain restaurant was eligible for protection because it was nonfunctional and had the secondary meaning of identifying the hamburger chain.¹⁴⁷

However, such justifications may be unavailable to the big-box retailer attempting to protect its facade. Unlike a Mexican-themed interior or a castle-like exterior, a plain exterior facade is unlikely to be inherently distinctive. Even if a big-box store's exterior facade were inherently distinctive, its design would remain functional.¹⁴⁸ The design helps to keep costs low and draw attention to the particular store.¹⁴⁹ Moreover, given that many big-box stores use plain exterior facades with large signs, allowing one store to trademark that design would create a monopoly on that trade dress and preclude other stores from implementing cost-effective store designs. Consequently, the facade design would not be eligible for trademark registration.

Further, a big-box retailer is unlikely to show a distinctive design through secondary meaning. Unlike the design of a white castle for a hamburger chain, a plain exterior facade has no clearly distinctive elements and does not signal the trademark of one particular store. Assuming, however, that a retailer developed a distinctive design based on secondary meaning, used a nonfunctional exterior facade design (such as yellow brick), and registered the design as a trademark, section 1121(b) would apply to any city restrictions on that exterior facade.

Under the Second Circuit's *Lisa's Party City* approach, a city may use uniform aesthetic regulations to change portions of a trademark as long as the regulations do not impair all uses of that

146. *Two Pesos, Inc. v. Taco Cabana*, 505 U.S. 763, 765 (1992).

147. *See White Tower Sys., Inc. v. White Castle Sys. of Eating Houses Corp.*, 90 F.2d 67, 69 (6th Cir. 1937) (upholding the district court's finding of trademark infringement).

148. *See* Raphael Winick, Note, *Copyright Protection for Architecture After the Architectural Works Copyright Protection Act of 1990*, 41 DUKE L.J. 1598, 1635-39 (1992) ("Functionality is the most significant hurdle for trademark protection of architectural works.").

149. MD. DEP'T OF PLANNING, *supra* note 5, at 44.

trademark.¹⁵⁰ This trademarked exterior facade would be analyzed in the same way as a trademarked exterior color.¹⁵¹ A city could impose individual restrictions on the exterior facade because it would not impair all uses of the trademark within the jurisdiction.¹⁵² However, a municipal ordinance that restricted all uses of the trademarked facade would violate section 1121(b).¹⁵³

Under the Ninth Circuit's *Blockbuster* approach, a city could prohibit use of the facade design but could not require changes to the design. A city could prohibit a store from using its trademarked plain exterior facade with trimmings and a large sign but could not require that store to use a plain exterior facade with no trimmings or require additional large granite pillars, because those features would change the trademark.

Although it is unlikely that a big-box retailer could trademark an exterior facade because of its functionality, the retailer could pursue another option to protect its design. The Architectural Works Copyright Protection Act (ACWPA)¹⁵⁴ extends copyright protection to completed architectural works if the structure qualifies as a "building,"¹⁵⁵ consists of "original design elements," and is not "functionally required."¹⁵⁶ A big-box retailer could attempt to copyright the architectural design of the building itself, and, in doing so, might also protect the design of the exterior facade.¹⁵⁷ However, the architectural design of a big-box retail facility probably would not contain original design elements and the design would be functionally required to reduce costs and to promote an advertising message.

150. See *supra* notes 102–04 and accompanying text.

151. See *supra* notes 136–38 and accompanying text.

152. See *supra* notes 136–38 and accompanying text.

153. See *supra* notes 136–38 and accompanying text.

154. Architectural Works Copyright Protection Act of 1990, Pub. L. No. 101-650, §§ 701–706, 104 Stat. 5133 (1990) [hereinafter ACWPA] (codified at scattered sections of 17 U.S.C.).

155. The definition of "building" includes three-dimensional structures and includes nonhabitable structures such as "churches, pergolas, gazebos, and garden pavilions" but excludes "interstate highway bridges, cloverleaves, canals, dams, and pedestrian walkways." Winick, *supra* note 148, at 1613–15. A big-box retail facility would fit the definition of a building.

156. *Id.* at 1616 (citing H.R. REP. NO. 735, 101st Cong., 2d Sess. 8 (1990), reprinted in 1990 U.S.C.C.A.N. 6935, 6949).

157. Under the ACWPA, the separable decorative elements of an architectural work may qualify for protection as a "sculptural work." Winick, *supra* note 148, at 1619. Because the exterior facade is not a separable decorative element of a retail facility, it would not qualify for protection as a sculptural work.

More fundamentally, even if a big-box retailer did copyright its architectural design, the ACWPA explicitly allows state and local zoning regulations to preempt copyright protections.¹⁵⁸ Therefore, the retailer would not be able to prevent local governments from restricting its architectural design; copyright protection would only protect the retailer from architectural design infringement.

C. Summary of the Lanham Act and Its Application to Big-Box Retailers

Although section 1121(b) of the Lanham Act provides one avenue for big-box retailers to protect their architectural design features from aesthetic municipal restrictions, most retailers are unlikely to succeed in challenges to such restrictions. Retailers may trademark only a limited number of features of the big-box retail-facility design. A retailer can trademark neither the materials it uses on its building facade nor the building facade design.

Even after trademarking a general color and an exterior color, a retailer will be able to protect these features only in limited circumstances. Under the Second Circuit's approach, a retailer can mount a successful challenge if it trademarks a particular exterior color and a municipal ordinance restricts the use of that color on all stores within the municipality. For a retailer to successfully protect its color in the Ninth Circuit, the city must attempt to require a color different from the trademarked general or exterior color; however, the city can legitimately prohibit the store from using the trademarked color completely. Under all other circumstances, municipal aesthetic restrictions on big-box retail facilities will not violate section 1121(b) of the Lanham Act.

IV. THE DECLINE OF THE BIG-BOX TRADEMARK

At the outset, the aesthetic design restriction is a seemingly perfect compromise in the battle between economic and aesthetic interests that communities face when considering the entrance of big-box retailers. Yet, these aesthetic restrictions pose a problem for a retailer's protected trade dress. As Justice Frankfurter cogently explained:

The owner of a mark . . . [makes] every effort to impregnate the atmosphere of the market with the drawing power of a congenial

158. ACWPA § 705 (1978) (codified at 17 U.S.C. § 301(b)(4) (2000)).

symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears.¹⁵⁹

In meeting community standards for architectural appearance, big-box retailers may be unable to convey their “congenial symbol[s].” A Home Depot in South Carolina may have a dark brown exterior color with minimal orange trimmings while a Home Depot in North Carolina may have a stucco and cream exterior color with a huge bright orange sign. If a North Carolinian consumer visits South Carolina and does not recognize the store as a Home Depot, Home Depot has lost the “drawing power of a congenial symbol,” and the municipal restrictions have caused consumer confusion as to its trademark.¹⁶⁰

Congress enacted section 1121(b) to prevent this weakening of trademarks and to protect congenial symbols by prohibiting states and municipalities from requiring “alterations” to trademarks. Its impetus in passing the section was to prevent the situations in which states and municipalities would require complete alterations of trademarked subject matter—as had occurred in *Century 21*. Yet the legislative history confuses the aim of the law because at least some members of Congress believed that the statute was not intended to prevent uniform zoning requirements on such issues as “lettering” and “neon signs.”¹⁶¹

Due in part to this confusion, the case law interpreting section 1121(b) has, in essence, reverted to the *Century 21* holding and effaced the potency of section 1121(b). The Second Circuit, by relying primarily upon the legislative history of section 1121(b) without first interpreting the plain meaning of “alteration,”¹⁶² has mangled section 1121(b) to prevent only those restrictions affecting all forms of the

159. *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).

160. *See supra* notes 35–38 and accompanying text (describing the importance of brand identity to big-box retailers).

161. *See supra* notes 87–94 and accompanying text (explaining the legislative history of section 1121(b)).

162. In order to determine Congressional intent, a court must look to “the particular statutory language at issue, as well as the language and design of the statute as a whole.” *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281, 291 (1988). The court must first interpret the language on the face of the statute based on the “assumption that the ordinary meaning of that language accurately expresses the legislative purpose.” *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985).

trademark, thus allowing a multiplicity of restrictions on big-box trademarks within the same state. On the other hand, the Ninth Circuit's *Blockbuster* opinion, though applying the more common definition of "alteration," creates a convoluted result by allowing a municipality to replace a trademark completely instead of just displacing the trademark with color and font requirements.¹⁶³

Thus, as discussed in Part III, even if a big-box retailer attempted to challenge such municipal restrictions, the current interpretations of section 1121(b) as related to sign regulations would, for the most part, affirm the municipal restrictions.¹⁶⁴ The only exception to this general rule is in the Second Circuit, where a city cannot pass a municipal ordinance restricting a trademarked exterior color.¹⁶⁵ Applying the current interpretations of section 1121(b) for sign regulations, then, may result in the eventual loss of the big-box retailer's congenial symbol.

When Congress enacted section 1121(b), it did not foresee the prevalence of aesthetic restrictions on trademarks as a cause of consumer confusion. Given the rapid growth of these restrictions, which now affect the entire design of a big-box retail store, the decline of the big-box trademark seems imminent and Congress should revisit section 1121(b) and define "alteration" in light of this new threat to trademark protections.

CONCLUSION

The modern trend of imposing aesthetic restrictions on big-box retail stores allows cities to reap the economic advantages of the big-box retailers while protecting the aesthetic nature of their communities, and, thus far, big-box retailers have complied with these restrictions. Yet, as municipalities require varying restrictions on color and building facade design, the efficacy of the retailers' trademarks for color and design may erode. On its face, section 1121(b) of the Lanham Act seems to protect trademarks from municipal restrictions; however, due in part to the confusing legislative history of section 1121(b), the case law applying section 1121(b) results in most municipal restrictions on big-box design being

163. See *supra* note 116 (explaining the inherent tension in the *Blockbuster* holding as that, while it prevents the displacement of trademarked properties, it allows cities to completely replace trademarked properties, such as color).

164. See *supra* Part III.

165. See *supra* Part III.A.2.

upheld even though these restrictions erode retailers' trademarks. Thus, as these restrictions become more prevalent, Congress should revisit the definition of "alteration" in section 1121(b).