LANHAM ACT § 43(a): THE SLEEPING GIANT IS NOW WIDE AWAKE

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I

INTRODUCTION

Today, section 43(a) of the Lanham Act is the preeminent federal law for asserting claims in private litigation against two distinct types of "unfair competition": (1) infringement of unregistered trademarks, service marks, trade names, and trade dress, and (2) false advertising and product disparagement. This status of statutory preeminence was reached only gradually over the past fifty years by judicial interpretation of seemingly narrow and innocuous statutory language. It was the federal courts that filled section 43(a) with this

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1. The original version of § 43(a), effective as part of the Lanham Act beginning on July 5, 1947, read as follows:

Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.


The present version of § 43(a) as rewritten effective in 1989 and as renumbered by the 1992 amendment is as follows:

(1) Any person who, on or in connection with any goods or services, uses in commerce any word, term, name, symbol, or device, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which-

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Id. (as amended by Pub. L. No. 102-542 § 3(c), 106 Stat. 3568 (1992)). Note that § 43(a)(2) is omitted here. It was added by a 1992 amendment, imposing liability on a state for violation of § 43(a) and, in the course of doing so, renumbering the paragraphs of § 43(a). Pub. L. No. 102-542, §3(b), 106 Stat. 3567 (1992). After the 1992 renumbering, the "two prongs" of § 43(a) are § 43(a)(1)(A) (unregistered trade symbol infringement) and § 43(a)(1)(B) (false advertising and product disparagement).
new and potent content. In a half-century, section 43(a) has undergone an amazing transformation at the hands of the federal judiciary. Section 43(a) has risen from obscurity as a largely ignored subsection of the Trade Registration Act in 1945 to today's unrivaled legal instrument to combat unfair competition. This was given a congressional stamp of approval in the 1989 revisions to the Lanham Act metamorphosis.

Section 43(a) has become the standard vehicle for assertions of infringement of unregistered trade dress in the appearance and shape of both containers and products. After a period of protectionistic expansion, the federal courts are now devising rules and tightening requirements in order to put limits on claims of trade dress infringement. The case law trend is now flowing in favor of the competitive copier. The courts have begun to realize that over-expansive recognition of trade dress rights creates the danger of interfering with the fine balance of free versus fair competition that the intellectual property system attempts to preserve. Thus, today, while some criticize section 43(a) as a loose cannon on the deck of the ship of intellectual property, others laud it as an appropriately powerful weapon in the never-ending battle against advertising and sales devices that cause consumer confusion and deception.

Fifty years after the effective date of the Lanham Act, the proper use and scope of section 43(a) has become a hotly debated issue in the intellectual property field. Is this amazing change in section 43(a) a positive development in the war on unfair competition and consumer confusion or is it an unwarranted expansion of exclusive rights, shrinking the store of available symbols and designs that are necessary for the kind of free competition that will benefit consumer welfare?

II

THE HUMBLE BEGINNINGS OF SECTION 43(a)

A. The Modest Goal of the Drafters

Although the Lanham Act itself has a “very long and convoluted legislative history,” the legislative record is slight with respect to section 43(a), and what is there is inconclusive. While bills leading up to the Lanham Act were the subject of debate and discussion for decades, there is almost no mention of the subject matter of section 43(a).

The statutory predecessor of section 43(a) was a little known and seldom used provision of the Act of 1920. That provision required proof of willfulness and an intent to deceive. A comparison of section 43(a) with its predecessor,

2. Colligan v. Activities Club of N.Y., Ltd., 442 F.2d 686, 689-90 (2d Cir. 1971) (stating that the legislative history of § 43(a) is “inconclusive and therefore of little or no help in resolving” the issue of consumer standing).

3. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 778 n.2 (1992) (Stevens, J., concurring) (Because of its limitations, § 3 of the 1920 Act “was destined for oblivion.”); Walter J. Derenberg,
section 3 of the 1920 Trademark Act, shows the perceived weaknesses of the earlier Act and the steps taken by Congress to remedy those inadequacies.\(^4\) First, the elements of willfulness and an intent to deceive were no longer required to support a claim for relief.\(^5\) Second, the scope of protection was expanded to include false descriptions or representations in addition to false designations of origin. And, third, section 43(a) extended the prohibition to falsity in connection with “any goods or services.”\(^6\)

Daphne Robert Leeds, whose efforts greatly contributed to the passage, interpretation, and enforcement of the Lanham Act, anticipated that acquisition and enforcement of unregistered trademark rights would remain limited to the laws of the states.\(^7\) To ensure national protection and access to the federal courts, she felt that federal registration was a necessity.

As to false advertising, she believed that section 43(a) created a cause of action for any person doing business in a locality against any other person who is falsely using the name of the locality as a place of origin of their product.\(^8\) Thus, she felt that section 43(a) was limited in its applications to instances where the advertiser claimed the product originated in a place it did not. This seemed to be the conventional wisdom in 1946 as to the scope of section 43(a).\(^9\) With the benefit of hindsight, we see now that “false origin” was read by the courts to connote not only geographical origin but also manufacturing origin,


4. Section 3 of the Trademark Act of 1920 provided:

That any person who shall willfully and with intent to deceive, affix, apply, or annex, or use in connection with any article or articles of merchandise, or any container or containers of the same, a false designation of origin, including words or other symbols, tending to falsely identify the origin of the merchandise and shall then cause such merchandise to enter into interstate or foreign commerce, and any person who shall knowingly cause or procure the same to be transported in interstate or foreign commerce or commerce with Indian tribes, or shall knowingly deliver the same to any carrier to be so transported, shall be liable to an action at law for damages and to an action in equity to an injunction, at the suit of any person, firm, or corporation doing business in the locality falsely indicated as that of origin, or in the region in which said locality is situated, or at the suit of any association of such persons, firms, or corporations.


5. Congress purposefully removed the elements of willfulness and intent to deceive from section 43(a). See Gold Seal Co. v. Weeks, 129 F. Supp. 928, 940 (D.D.C. 1955), aff’d, 230 F.2d 832 (D.C. Cir. 1956) (ruling that § 43(a) created “a statutory federal tort, sui generis, and to this extent [the plaintiff] need not show that any false description or representation was willful or intentional”).


7. DAPHNE ROBERT, THE NEW TRADEMARK MANUAL 225 (1947) (“[T]he acquisition and enforcement of rights are limited to the laws of the States in the absence of a federal registration. There are thousands of good marks in use in this country which are not registered.”).

8. See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 777 (1992) (Stevens, J., concurring) (“[T]he word ‘origin’ refers to the geographic location in which the goods originated, and in fact, the phrase ‘false designation of origin’ was understood to be limited to false advertising of geographic origin.”). Justice Stevens gave the example of a false claim in advertising that California oranges came from Florida, or vice versa. Id.
thereby transforming section 43(a) into a statute providing a federal forum and injunctive and monetary remedies for unregistered trademark infringement.

At the time the Lanham Act was enacted, its supporters seemed to view section 43(a) as a relatively insignificant section, useful to ease the restrictive requirements of proof required in common law false advertising cases.\(^\text{10}\) The future expansive possibilities of section 43(a) were only vaguely perceived at that time. As Leeds noted in 1947 of false advertising and section 43(a): "[T]he extent to which this field may be developed remains to be seen."\(^\text{11}\) There was no indication that the drafters thought that section 43(a) could or would become the basis for a federal claim of infringement of unregistered marks or trademarks.

B. Section 44: The Hope for a Federal "Unfair Competition" Law

The drafters and promoters of the 1947 Lanham Act, especially Edward S. Rogers,\(^\text{12}\) strongly felt that the new Act should create a general federal law of unfair competition. This was in part a reaction to the 1938 Erie Railroad Supreme Court decision, which, it was believed, had eliminated the existing body of federal unfair competition common law.\(^\text{13}\) Rogers and others argued that section 44 of the Act should be interpreted so as to create a federal claim giving all private parties a right to sue in federal court for damage caused by alleged acts of "unfair competition."\(^\text{14}\) Leeds agreed, arguing that section 44 of the Lanham Act "makes an action for unfair competition relief a statutory right of action and protection will be granted under the federal law and not limited to the common law of the [s]tates."\(^\text{15}\) Leeds quoted congressional hearings in which Rogers argued to the House Committee that the intent of section 44 was to implement in U.S. federal law a general prohibition against "unfair competition."\(^\text{16}\)

The irony of judicial history is that while the hopes and dreams for section 44 as a federal law of unfair competition never materialized, its then unnoticed sibling section, section 43(a), was destined to fulfill, albeit to a more limited extent, the hopes of those who sought a more expansive federal role in the battle against unfair competition. Like an unappreciated child laboring in the

\(^{10}\) ROBERT, supra note 7, at 183-86. For relevant legislative history of § 43(a), see Derenberg, supra note 3, at 1036-39 and Colligan v. Activities Club of N.Y., Ltd., 442 F.2d 686 (2d Cir. 1971).

\(^{11}\) ROBERT, supra note 7, at 186.

\(^{12}\) Rogers played an important role in the drafting and passage of the Lanham Act. See 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 5.04, at 5-11 (3d ed. 1995).

\(^{13}\) Erie R.R. Co. v. Tompkins, 304 U.S. 64 (1938); see Job's Daughters v. Lindeburg & Co., 633 F.2d 912 (9th Cir. 1980) (concluding that there is no federal common law of unfair competition). But see Texas Indus., Inc. v. Radcliff Materials, Inc., 451 U.S. 630 (1981) (Federal common law is used when a "federal rule of decision is necessary to protect uniquely federal interests" or where "Congress has given the courts the power to develop substantive law.").

\(^{14}\) See Edward S. Rogers's introduction to ROBERT, supra note 7, at xv-xx (quoting Rogers's congressional testimony at 170-77 and Robert's identical views at 178-80).

\(^{15}\) ROBERT, supra note 7, at 177.

\(^{16}\) Id. at 170-77 (quoting Rogers's congressional testimony).
shadow of a favored sibling, section 43(a) was eventually to steal the spotlight. As early as 1957, Professor Derenberg could state with remarkable foresight that section 44 was epilogue and section 43(a) was the prologue of a federal law of unfair competition.  

C. The Rise and Fall of Section 44

From 1950 until 1980, in the western portion of the United States, Edward S. Rogers's dreams of a federal private remedy against all kinds of "unfair competition" were realized. By an ingenious reading of section 44 of the Lanham Act, the U.S. Court of Appeals for the Ninth Circuit in Stauffer v. Exley held that the Act created a federal question whenever an act of unfair competition was committed that affected interstate commerce.

Every other circuit that considered this issue rejected the Ninth Circuit's rule. These other circuits reasoned that if Congress really intended to make such a far-reaching change as to make a federal question of any and all acts of unfair competition in interstate commerce, it would have done so in plain and unequivocal language, which admittedly it did not do. The other circuits held that the net effect of section 44 is to give U.S. nationals and citizens reciprocal rights against foreign nationals when foreign nationals compete unfairly with them.

In 1980, the Ninth Circuit retreated from, and in the 1981 Toho case finally repudiated, its view that section 44 created an independent basis for

17. Derenberg, supra note 3, at 1029.
19. 184 F.2d 962 (9th Cir. 1950).
22. Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc., 659 F.2d 695, 701 (5th Cir. 1981) ("It would have been anomalous for Congress to enact an entire statute, 45 sections in length, to define and protect trademarks by federal law and then in a passing reference to enact as federal the entire common law of unregistered marks and unfair competition.").
23. See, e.g., L'Aiglon Apparel, Inc. v. Lana Lobell, Inc., 214 F.2d 649, 652 (3d Cir. 1954) (ruling that § 44 gives "[U.S.] citizens reciprocal rights against foreign nationals where foreign nationals compete unfairly with them. It does not aim to create a federal law of unfair competition available to [U.S.] citizens one against the other nor does it grant the federal courts any new authority to hear such controversies between citizens."). See also Volkswagenwerk Aktiengesellschaft v. Rickard, 175 U.S.P.Q. 563 (N.D. Tex. 1972), modified, 492 F.2d 474 (5th Cir. 1974) (Under Lanham Act §§ 44(b) and 44(h), Volkswagenwerk A.G., a national of the German Federal Republic, may invoke a U.S. federal court's jurisdiction to assert claims of unfair competition).
federal jurisdiction. The court reinterpreted its prior decisions as involving only an application of Lanham Act section 43(a), not section 44. The court concluded that the doctrine of Stauffer v. Exley was "nugatory in suits between [U.S.] citizens." The Ninth Circuit held that section 44 has a relatively narrow application: If a plaintiff is a national of a country that has a trademark treaty with the United States, section 44(h) creates a federal claim coextensive with the substantive provisions of that treaty.

Thus, the Toho decision ended the last remnant of Edward S. Rogers's dream of a private federal right of action against all kinds of "unfair competition." But the Toho decision caused hardly a ripple in the world of intellectual property law, because by then all eyes were focused on section 43(a). Section 43(a), not section 44, had become the center of attention for the assertion of federal claims for many types of unfair competition.

III

THE INHERENT LIMITS OF SECTION 43(a)

Section 43(a) can never be a federal "codification" of the overall law of "unfair competition" because of its inherently limited wording. Advocates of expanded federal law dreamed that section 44 could accomplish this goal because of its expansive language of "protection against unfair competition." But even the most expansive language of section 43(a) is limited to a prohibition against some form of false designation or misleading representation. Such a prohibition is quite a bit narrower in scope than the whole genus of "unfair competition" law. For example, section 43(a) does not cover acts of alleged trade secret infringement, bait-and-switch selling tactics, or trademark

26. Id. at 792 n.4.
27. Id. at 792 (holding that the U.S.-Japan Treaty of Friendship requires only that Japanese companies be treated in the United States courts as favorably as domestic companies, thus giving a Japanese company a federal forum to pursue state law claims); see Majorica, S.A. v. Majorica Int'l, Ltd., 687 F. Supp. 92, 96 (S.D.N.Y. 1988) (The Toho case stands for the rule that under § 44, a foreign plaintiff "may invoke the Paris Convention together with the Lanham Act to assert a federal claim of unfair competition[,]" but a U.S. court cannot apply the substantive law of a foreign nation to acts committed in the United States.).
29. See Derenberg, supra note 3, at 1039 ("§ 43(a)] was never intended to be a catch-all for all forms of unfair competition .... Prof. Derenberg concluded that §43(a) did not cover "trade disparagement, commercial bribery and betrayal of trade secrets.").
30. Potucek v. Taylor, 738 F. Supp. 466 (M.D. Fla. 1990) (ruling that § 43(a) does not provide federal jurisdiction for claims of taking proprietary technical information or trade secrets).
31. Norton Tire Co. v. Tire Kingdom Co., 858 F.2d 1533 (11th Cir. 1988) (ruling that if "bait-and-switch" tactics do not involve falsity, then § 43(a) does not cover the claim, because an insistent customer could resist the sales pressure to "switch" and buy the advertised "bait" product).
dilution. Thus, there is no federal statutory or common law of general unfair competition.

The 1987 Trademark Review Commission rejected the proposal that Congress should federally codify the whole body of unfair competition law. The Commission did not propose such a change, and it was never made part of the 1989 revisions to the Lanham Act.

Section 43(a) is less encompassing than the general "unfair competition" prohibitions of some state statutes and of the Federal Trade Commission Act. As the U.S. Court of Appeals for the Second Circuit observed, section 43(a) "does not have boundless application as a remedy for unfair trade practices . . ." Similarly, the Ninth Circuit noted that section 43(a) "does not prohibit a broad range of acts defined as unfair competition by the law of many states." Statements in some cases to the effect that section 43(a) represents "an affirmative code of business ethics" should be taken as judicial hyperbole.

IV

THE GROWING YEARS: SECTION 43(a) MATURES AND GAINS STRENGTH

By the time section 43(a) was about twenty-five years old, it became obvious that it was rapidly becoming established as the primary source of private remedies against several important types of unfair competition. Gradually, through case law interpretation and in sometimes erratic spurts of growth, section 43(a) began to fulfill the role as the premier federal statute protecting

32. R. G. Barry Corp. v. Mushroom Makers, Inc., 612 F.2d 651 (2d Cir. 1979) (ruling that § 43(a) does not incorporate the "anti-dilution" theory of state statutes).

33. Water Technologies Corp. v. Calco, Ltd., 850 F.2d 660 (Fed Cir. 1988) ("[T]here is no federal common law of unfair competition. . . . [T]here is no federal statute which provides broadly for protection against unfair competition."). The court held that 28 U.S.C. § 1338(b) is only a jurisdictional grant to the federal courts and does not create any substantive rights. The court observed that § 43(a) of the Lanham Act provides narrower grounds for relief. While proposed and debated for many years, no comprehensive federal unfair competition statute has ever been enacted. Id. Accord Monofil Int'l, Inc. v. Sähm, 726 F. Supp. 121 (E.D. Va. 1989) (ruling that there is no federal common law of unfair competition apart from the statutory provisions of Lanham Act §43(a)).

34. The United States Trademark Association ("USTA"), Trademark Review Commission, Report and Recommendations to USTA President and Board of Directors, 77 TRADEMARK REP. 375, 435 (1987) [hereinafter Report of the Trademark Review Commission], reprinted in USTA, THE TRADEMARK LAW REVISION ACT OF 1988 75 (1989) ("We also omitted a cause of action based simply on 'unfair competition,' believing that it would have been entirely too broad and unworkable.").

35. See, e.g., Cal. Bus. & Prof. Code § 17203 (West Supp. 1996); Barquis v. Merchants Collection Ass'n, 496 P.2d 817 (Cal. 1972) (ruling that collection agency that consistently filed debt collection lawsuits in counties of improper venue was engaged in "unfair competition", believing that it would have been entirely too broad and unworkable.").


38. Toho Co. v. Sears, Roebuck & Co., 645 F.2d 788 (9th Cir. 1981).

against not only false advertising but also infringement of unregistered marks and trade dress.

During the process of federal expansion of the scope of section 43(a), some commentators argued for an even greater scope of coverage,40 while others argued that the courts had gone too far.41 By 1989, a whole book was devoted to section 43(a) alone.42 Section 43(a) had achieved celebrity status.

In 1956, Judge Clark of the Second Circuit remarked of section 43(a) that "the bar has not yet realized the potential impact of this statutory provision."43 The Second Circuit later construed Judge Clark's statement to refer to the federal courts' reluctance at that time to broaden the substantive scope of section 43(a).44 In 1964, the Harvard Law Review blamed the then-existing "general paucity of litigation under section 43(a)" on the "general unawareness of the potential breadth of the section."45

With the benefit of hindsight provided by the explosion of section 43(a) litigation in the 1970s and 1980s, comments made in the 1950s and 1960s about the non-use of section 43(a) now seem quaint. Plaintiffs' attorneys saw the potential of section 43(a) and began pushing the courts to apply it to more and different types of false advertising and unregistered trademark infringement. The federal judiciary generally, but not unanimously, responded enthusiastically. By the 1980s, section 43(a) had become a much-used and potent statute.46 And effective in 1989, Congress put its stamp of approval on this trend of expansion by rewriting section 43(a) to codify the broadened scope of the section.

While its language prevented it from ever becoming a federal statute giving a private claim against all varieties of "unfair competition," section 43(a) gradually developed through judicial construction into the foremost federal vehicle for the assertion of two major and distinct types of "unfair competition": (1) infringement of unregistered marks, names, and trade dress, and (2) "false advertising." These two "prongs" of section 43(a) developed somewhat separately and have achieved their own sub-set of substantive rules.

Prior to congressional amendment of section 43(a) in 1989, both prongs arose out of the prohibitions against "false designation of origin" and "false description or representation." Those words did double duty in covering both

41. Kenneth B. Germain, Unfair Trade Practices Under § 43(a) of the Lanham Act: You've Come a Long Way, Baby—Too Far, Maybe?, 49 IND. L.J. 84 (1973), reprinted in 64 TRADEMARK REP. 193, 194 (1974) ("It is submitted that the cases have applied [§] 43(a) to situations it was not intended to cover and have used it in ways that it was not designed to function."); see Julius Lunsford, Protection from False and Misleading Advertising, 35 FED. BAR J. 87 (1976) (offering a response).
42. MCKENNEY & LONG, supra note 6.
43. Maternally Yours, Inc. v. Your Maternity Shop, Inc., 234 F.2d 538 (2d Cir. 1956).
44. Colligan v. Activities Club of N.Y., Ltd., 442 F.2d 686 (2d Cir. 1971).
classic false advertising as to the qualities of defendant's goods or services as well as use of a mark that infringes a senior user's mark, name, or trade dress.

In its 1987 report, which led directly to the 1989 revision of the Lanham Act, the Trademark Revision Commission noted with approval the way in which the federal courts took the language of section 43(a) and expanded it:

Section 43(a) is an enigma, but a very popular one. Narrowly drawn and intended to reach false designations or representations as to the geographical origin or products, the section has been widely interpreted to create, in essence, a federal law of unfair competition . . . . It has definitely eliminated a gap in unfair competition law and its vitality is showing no signs of age.\(^\text{47}\)

By its legislative rewriting of section 43(a), effective in 1989, Congress codified the two prongs by separating them in the statute and numbering them in what is now section 43(a) subsections (1)(A) and (1)(B).

V

THE 1989 CODIFICATION:
CONGRESS ACQUIESCES IN THE NEW ROLE OF SECTION 43(a)

Effective in 1989, section 43(a) was substantially rewritten, in large part to codify the case law interpretation of the previous version of section 43(a), but also to extend it to cover product disparagement.\(^\text{48}\)

The 1989 revision replaced the by then archaic 1946 language with wording that reflected the reality of case law interpretation. The Senate Report on the legislation made it clear that the existing case law interpretation of the older version of section 43(a) was codified by the new statutory language.\(^\text{49}\) Justice Stevens in the Taco Cabana case agreed that in the 1989 revisions, "Congress codified the judicial interpretation of section 43(a), giving its imprimatur to a growing body of case law from the Circuits that had expanded the section beyond its original language."\(^\text{50}\)

The 1989 revision divided section 43(a) into two distinct sub-sections: the first part relating to use of the statute as a vehicle for assertion in federal court of unregistered trademark, service mark, trade name, and trade dress infringement claims, and the second part relating to use of the statute as a vehicle for assertion in federal court of false advertising (as well as product

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\(^\text{49}\) Senate Judiciary Committee Report on S. 1883, S. REP. NO. 100-515, at 40 (Sept. 15, 1988) ("Section 35 [of the Bill] revises [§] 43(a) of the Act to codify the interpretation it has been given by the courts. Because [§] 43(a) of the Act fills an important gap in federal unfair competition law, the committee expects the courts to continue to interpret the section.").

\(^\text{50}\) Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 783 (1992) (Stevens, J., concurring). Accord Bristol Myers Squibb Co. v. P.P.C., Inc., 973 F.2d 1033, 1038 n.1 (2d Cir. 1992) (concluding that, since congressional intent was to largely codify existing federal case law, "our precedents predating the new language remain in force"); ALPO Petfoods, Inc. v. Ralson Purina Co., 913 F.2d 958, 964 n.6 (D.C. Cir. 1990) (Justice Thomas, while on the D.C. Court of Appeals, observed that "Congress intended that the section 43(a) amendments largely codify pre-1988 case law.").
disparagement) claims. The 1989 revision thus codified the “two prongs” characterization of the case law.

The 1989 revision also codified the nearly unanimous rule of the cases\(^5\) that the Lanham Act statutory remedies for infringement of registered marks also apply to violations of section 43(a). Thus all of the statutory remedies available to the owner of a registered mark are now equally available to the plaintiff who uses section 43(a) as the vehicle to assert claims of infringement of unregistered marks, trade names, or trade dress, as well to assert claims of false advertising and product disparagement.\(^5\)

Case law interpreted the previous version of section 43(a) as not including the tort of product disparagement: false factual claims made about the goods or services of others.\(^5\) The 1989 version “federalized” the previously exclusively common law tort of product disparagement. That is, section 43(a) was extended from a prohibition on false representations about the defendant’s own goods and services, to also prohibit certain false representations about the plaintiff’s goods and services.\(^4\) In informal House-Senate negotiations, a House-sponsored provision for consumer standing to sue under section 43(a) was deleted.\(^5\)

Two provisions contained in earlier proposals for section 43(a) were deleted in Congress. The Senate deleted language providing (1) that misrepresentations based on omissions of material fact are actionable, (2) a separate claim for trademark tarnishment and disparagement, and (3) a section 43(c) creating a federal anti-dilution claim.\(^5\) A federal anti-dilution claim was re-introduced years later and enacted into law in 1996.\(^5\)

VI

THE FALSE ADVERTISING PRONG OF SECTION 43(a)

A. Early Narrow Interpretation Gives Way to Sweeping Coverage

The classic pattern of “false advertising” is one competitor advertising that her product has some quality which in fact it does not have, but which the products of competitors do have. At common law, the primary obstacle to a

\(^{51}\) See cases cited at 3 McCarthy, supra note 12, § 27.05[1][b], at 27-60.

\(^{52}\) Senator DeConcini stated that it was the intent of Congress that the remedies of § 43(a) do not preempt remedies otherwise available under the Lanham Act, state, or common law. 134 Cong. Rec. S16973 (daily ed. Oct. 20, 1988) (remarks of Sen. DeConcini), reprinted in USTA, The Trademark Law Revision Act of 1988, supra note 34, at 334.

\(^{53}\) See 3 McCarthy, supra note 12, § 27.09[2], at 27-128.

\(^{54}\) See discussion infra at part IX (regarding product disparagement).


plaintiff proving a case for false representation was the requirement of proof of some actual injury proximately caused by the defendant's alleged misrepresentation. If there are numerous sources in an open market, it will be impossible to ascertain whether consumers would have dealt with a particular seller but for the defendant's deceptive advertising. Thus, even in an open market with many sellers where the defendant is engaged in false advertising, under the common law view, a court would probably find that a plaintiff has no standing to sue to prevent it. This is ironic, for even though a defrauded consumer would have standing, the small amount of damage to each person means that consumers would almost never sue for false advertising violations. Consumers generally leave such policing to government agencies such as the Federal Trade Commission. Under the common law, the only time a competitor would have standing to sue was if the competitor is the single source of the product that the defendant is falsely advertising.

The older, and minority, interpretation of section 43(a) was that it did not eliminate the common law requirement that the plaintiff-competitor allege and prove a direct loss of customers caused by the false advertising. This view held that section 43(a) was a mere codification of the common law "single source" limitation on standing to sue for false advertising. It was early held, for example, that if a plaintiff under section 43(a) was not the "single source" of a misrepresented product, he had no standing to sue. Such decisions meant that section 43(a) did little, if anything, to remedy the standing-to-sue obstacle presented by the common law. Some other early decisions read the section more narrowly, holding that section 43(a) did not cover false advertising generally, but was probably limited to certain misrepresentations about the goods themselves.

58. See 3 McCarthy, supra note 12, § 27.01, at 27-5; Developments in the Law: Competitive Torts, supra note 45, at 905.
59. See, e.g., Construction Tech., Inc. v. Lockformer Co., 704 F. Supp. 1212 (S.D.N.Y. 1989) (finding no standing to sue for common law misrepresentation and false advertising on ground that plaintiff in an open market comprised of several sellers cannot prove that buyers would have dealt with plaintiff but for the alleged false advertising of defendant); Burndy Corp. v. Teledyne Indus., Inc., 584 F. Supp. 656 (D. Conn. 1984), aff'd, 748 F.2d 767 (2d Cir. 1984) (denying damages on ground that plaintiff in an open market composed of sellers other than plaintiff and defendant was unable to prove that but for defendant's misrepresentation, the defendant's customers, or any provable percentage of them, would have purchased from plaintiff instead); Ely-Norris Safe Co. v. Mosler Safe Co., 7 F.2d 603 (2d Cir. 1925), rev'd on other grounds, 273 U.S. 132 (1927).
60. 3 McCarthy, supra note 12, § 27.01[4].
61. Chamberlain v. Columbia Pictures Corp., 186 F.2d 923, 925 (9th Cir. 1951) ("In order to entitle [plaintiffs] to the relief sought it would be necessary for them to allege that they have an exclusive right to the use of the story in question and they must be injured directly by [defendant's] acts.").
62. Id. (dismissing case for failure to state a claim). Chamberlain was distinguished in U-Haul Int'l, Inc. v. Jartran, Inc., 681 F.2d 1159, 1161 (9th Cir. 1982) ("[Chamberlain], which has been criticized by commentators, was essentially a 'palming off' case, and again did not specifically address the applicability of section 43(a) to false advertising.").
63. Samson Crane Co. v. Union Nat'l Sales, Inc., 87 F. Supp. 218, 222 (D. Mass. 1949), aff'd per curiam, 180 F.2d 896 (1st Cir. 1950) (dismissing claim that competitor falsely advertised that a clothing store was supported by a labor union, falsely inducing union members to shop there, on the ground that § 43(a) is not a prohibition on false advertising generally). The court reasoned that § 43(a)
Starting in the early 1960s, other courts began to reject the thinking of the early "narrow interpretation" cases. Courts adopted the view that section 43(a) creates a new, statutory federal tort, *sui generis,* which is limited only by the words of the statute itself. The modern view is that the “single source” requirement of common law false advertising is not applicable to Lanham Act section 43(a), for the Act merely requires a showing that the plaintiff is “likely to be damaged.” In the leading *L’Aiglon* case, the U.S. Court of Appeals for the Third Circuit emphasized the significant break with the common law that section 43(a) now represented:

It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the federal courts . . . . Perhaps this statutory tort bears closest resemblance to the already noted tort of false advertising to the detriment of a competitor . . . . But however similar to or different from pre-existing law, here is a provision of a federal statute which, with clarity and precision adequate for judicial administration, creates and defines rights and duties and provides for their vindication in the federal courts.

As the Second Circuit stated in rejecting the common law “single source” rule in a section 43(a) case,

the passage of section 43(a) represented a departure from the common law action for trade disparagement and the need to prove actual damages as a prerequisite for injunctive relief. This departure marked the creation of a new statutory tort intended to secure a market-place free from deceitful marketing practices.

Thus, section 43(a) became the favored legal tool for advertisers in a wide range of industries who felt that a competitor was engaging in false advertising. For example, false advertising battles among the makers of over-the-should not be interpreted so as to bring within its scope any kind of undesirable business practice which involves deception, when such practices are outside the field of the trade-mark laws. . . . The deceitful practices of which plaintiff here complains involve no false description or representation of the goods themselves or false designation of origin.

*Id.* But see *U-Haul Int’l, Inc. v. Jartran, Inc.,* 681 F.2d 1159, 1161 (9th Cir. 1982) (“*Samson Crane,* albeit influential for a number of years, is not persuasive. It has been criticized by a leading scholar [Derenberg] . . . ; its holding was only an alternative basis for the court’s decision . . . ; and its vitality has been questioned in the very district and circuit in which it originated . . . .”).

The First Circuit, home of the 1949 *Samson Crane* decision declined in 1988 to reconsider the validity of the rule, dismissing plaintiff’s claim for failure of proof. The court said it would “postpone its reconsideration for another day.” *Clamp-All Corp. v. Cast Iron Soil Pipe Institute,* 851 F.2d 478, 491 (1st Cir. 1988)(Breyer, J.).


65. *Federal-Mogul-Bower Bearings, Inc. v. Azoff,* 313 F.2d 405 (6th Cir. 1963); see Norman M. Morris Corp. v. Weinstein, 466 F.2d 137 (5th Cir. 1972); *Mutation Mink Breeders Ass’n v. Lou Nierenberg Corp.,* 23 F.R.D. 155, 161 (S.D.N.Y. 1959) (concluding that § 43(a) creates a “new federal statutory tort, *sui generis*”).


68. See examples listed in 3 *McCarthy,* *supra* note 12, § 27.07[2][f].
counter pain relievers fill large portions of the case reporters.\textsuperscript{69} While the usual remedy obtained is an injunction, occasionally large damage awards have been recovered. One of the largest awards in any false advertising case was the $40 million award in the 1986 \textit{U-Haul} case in the Ninth Circuit. Finding the defendant a "commercial privateer" engaged in "predatory" false comparative advertising, the court awarded $20 million in damages and another $20 million in increased and punitive damages, plus attorney fees.\textsuperscript{70}

B. Consumer Standing to Sue for False Advertising

The original language of section 43(a) literally provided \textit{anyone} with a federal claim if they believed they would be damaged by the use of any words or other symbols that falsely described or misrepresented goods or services. Thus, on its face, section 43(a) provides defrauded consumers, as well as injured competitive business interests, the standing to sue. But by 1995, four federal circuits had held that there is no consumer standing to sue for false advertising under section 43(a).\textsuperscript{71}

In the seminal \textit{Colligan} case in 1971, the U.S. Court of Appeals for the Second Circuit found that early drafts of the Lanham Act contemplated suits by consumers. However, the court held that the purpose of section 43(a) is "exclusively to protect the interests of a purely commercial class against unscrupulous conduct."\textsuperscript{72} The court feared that opening the federal courts to consumer actions under section 43(a) "would lead to a veritable flood of claims brought in already overtaxed federal courts, while adequate private remedies for consumer protection, which to date have been left almost exclusively to the states, are readily at hand."\textsuperscript{73} The Second Circuit felt that congressional silence as to whether defrauded consumers had standing to invoke section 43(a) meant that they did not have such standing.

In Congress in 1988, an attempt was made to give consumers standing. A House version of the bill that eventually led to the Trademark Law Revision Act and the revision of section 43(a) expressly contained language giving


\textsuperscript{71} Barrus v. Sylvania, 55 F.3d 468 (9th Cir. 1995); Serbin v. Ziebart Int'l Corp., 11 F.3d 1163 (3d Cir. 1993); Dovenmuehle v. Gilford Mortg. Midwest Crop., 871 F.2d 697 (7th Cir. 1989); Colligan v. Activities Club of N.Y., Ltd., 442 F.2d 686 (2d Cir. 1971).

\textsuperscript{72} \textit{Colligan}, 442 F.2d at 692.

\textsuperscript{73} \textit{Id.} at 693.
consumers the right to sue for a violation of section 43(a). But the provision was deleted in a House-Senate conference committee. Representative Kastenmeier inserted a statement in the record to the effect that he believed that consumers have standing under the case law and that the deleted consumer standing proposal would only have "clarified that law." This must be recognized as only an optimistic opinion by a representative whose proposal was defeated in a House-Senate compromise.

VII

THE TRADEMARK AND TRADE DRESS INFRINGEMENT PRONG OF SECTION 43(A)

Section 43(a) was originally envisioned by Lanham Act sponsors as a federal anti-false advertising statute. The phrase "false designation of origin" was thought to be limited to false advertising of geographic origin. The first expansion of the meaning of "origin" to include origin of source, sponsorship or affiliation in the classic trademark sense, came in 1963. In that year, the U.S. Court of Appeals for the Sixth Circuit held that "origin" did not refer only to geographic origin but also "to origin of source of manufacture." This seemingly simple new spin put on the word "origin" raised the curtain on a whole new chapter in federal unfair competition law. It heralded the beginning of a new dimension of section 43(a) as a vehicle to assert in federal court a traditional case of infringement of an unregistered mark, name, or trade dress.

Even prior to the 1989 rewriting and codification of section 43(a), the courts nearly unanimously held that section 43(a) provided a federal vehicle for assertion of infringement of even unregistered marks and names. As the Second Circuit remarked, section 43(a) "is the only provision in the Lanham Act that protects an unregistered mark." In suing under section 43(a) for

75. 134 CONG. REC. H10419 (daily ed. Oct. 19, 1988) ("While I support the deletion as part of the necessary compromise on this bill [S1883], it is unfortunate in the long run. I continue to believe that consumers already have standing to sue under current law, and that the provision that was deleted only clarified that law.").
77. ROBERT, supra note 7, at 186-88.
79. See, e.g., Banff, Ltd. v. Federated Dept. Stores, Inc., 841 F.2d 486, 489 (2d Cir. 1988) (Lanham Act § 43(a) "protects not only registered trademarks, but unregistered marks ... as well."); New West Corp. v. NYM Co. of Cal., 595 F.2d 1194, 1198 (9th Cir. 1979) ("To recover for a violation of this section[, it] is not necessary that a mark or trademark be registered."); Quabaug Rubber Co. v. Fabiano Shoe Co., 567 F.2d 154, 160 (1st Cir. 1977) ("Thus, one who may suffer adverse consequences from a violation of [§] 1125(a) has standing to sue regardless of whether he is the registrant of a trademark.").
infringement of an unregistered trademark, the plaintiff, unaided by the presumptions of a registration, must prove both validity and infringement.\textsuperscript{81}

While this expansion of the word “source” was criticized as unwise\textsuperscript{82} by the early 1980s it had become a firmly embedded reality. Prior to the 1989 amendments, it made no difference whether such infringement cases fell under the “false designation of origin” clause or the “false description or representation” clause (or both), since the result was the same: Section 43(a) was triggered.\textsuperscript{83}

The U.S. Court of Appeals for the Fifth Circuit took a contrary view, reaching the same result, but by a different statutory route. The court held that the word “origin” in the pre-1989 version of section 43(a) was limited to geographic origin, but that “false description or representation” of the commercial (non-geographic) origin of a product was actionable under section 43(a): “the false representation that the goods being sold by the defendant are produced or sold by the plaintiff.”\textsuperscript{84}

The Second Circuit observed that when section 43(a) is used to assert infringement of an unregistered mark, “the claim is now frequently recognized, with respect to unregistered marks, as the equivalent of a claim for trademark infringement.” When this is the case, a jury should not be confused by being presented with two separate claims, one under section 43(a), the other for infringement of a registered trademark.\textsuperscript{85}

By the time of the Supreme Court’s 1992 \textit{Taco Cabana} decision, Justice White could state of the original version of section 43(a) that “it is common ground that [section] 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under [section] 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under [section] 43(a).”\textsuperscript{86}

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\textsuperscript{81} Yarmuth-Dion, Inc. v. D’ion Furs, Inc., 835 F.2d 990 (2d Cir. 1987) (calling it a “two-step test” for proof of infringement of unregistered marks under § 43(a): validity and infringement).
\textsuperscript{82} Germain, supra note 41.
\textsuperscript{83} See A.J. Canfield Co. v. Honickman, 808 F.2d 291, 296 (3d Cir. 1986) (“Federal courts have long held that § 43(a) of the Lanham Act extends protection to unregistered trademarks on the principle that unlicensed use of a designation serving the function of a registered mark constitutes a false designation of origin and a false description or representation.”).
\textsuperscript{84} Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc., 659 F.2d 695 (5th Cir. 1981) (Today, this Fifth Circuit view is interesting but largely irrelevant, deserving merely this historical footnote.); see Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 780 (1992) (Stevens, J., concurring: “Today, it is less significant whether the infringement falls under ‘false designation of origin’ or ‘false description or representation’ because in either case § 43(a) may be invoked.”).
\textsuperscript{85} Union Mfg. Co. v. Han Baek Trading Co., 763 F.2d 42 (2d Cir. 1985).
\textsuperscript{86} Two Pesos, 505 U.S. at 768. Justice Stevens observed in his concurrence that the Supreme Court viewed § 43(a) “as having created a federal cause of action for infringement of unregistered trademark or trade dress and conclude[d] that such a mark or trade dress should receive essentially the same protection as those that are registered.” \textit{Id.} at 776.
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Section 43(a) has proven particularly useful to attain federal jurisdiction in cases involving false representations and infringement of unregistered marks and symbols used in the literary, entertainment, and sports industries.  

VIII
SECTION 43(a) AND THE RISE OF TRADE DRESS PROTECTION

A. What is "Trade Dress"?

Trade dress is the totality of elements in which a product or service is packaged, presented, or designed. These elements combine to create the whole visual image presented to customers and are capable of acquiring exclusive legal rights as a type of identifying symbol of origin. Usually, trade dress is alleged to consist of the distinctive appearance of the configuration of the product or its package.

However, like a word asserted to be a trademark, the elements making up the alleged trade dress must have been used in such a manner as to denote product source. When the intent of the designer and the impact on the shopper is purely aesthetic, the design does not meet the fundamental requirement that it serve to identify and distinguish a source.

B. Section 43(a) Avoids the Sears-Compco Preemption Problem

In 1964, the Supreme Court in the Sears-Compco cases sounded what many thought was the death knell of American trade dress law. Trade dress was previously protected largely under state common law. At common law, product and package configurations, to be protected against unfair imitation, had to meet three basic criteria: (1) non-functionality; (2) proof of secondary meaning; and (3) acquisition of distinctiveness.


88. See 1 McCarthy, supra note 12, § 8.01[1][a], at 8-2.

89. See Duraco Prods., Inc. v. Joy Plastic Enterprises, Ltd., 40 F.3d 1431, 1441 (3d Cir. 1994) ("[O]ne cannot automatically conclude from a product feature or configuration—as one can from a product's arbitrary name, for example—that, to a consumer, it functions primarily to denote the product's source.").

90. Knitwaves, Inc. v. Lollytogs, Ltd., 71 F.3d 996, 1006 (2d Cir. 1995) (ruling that plaintiff failed to prove that an autumn squirrel and leaf design on sweater was an indicator of source: "[S]ince the primary purpose of [plaintiff's] sweater designs is aesthetic rather than source-identifying, [Plaintiff's] sweater designs do not meet the first requirement of an action under § 43(a) of the Lanham Act—that they be used as a mark to identify or distinguish source").

and (3) likelihood of confusion. But in 1964, the Supreme Court held that state trade dress law could not be used for product configuration because it was largely preempted by federal patent law: "Just as a [s]tate cannot enroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objective of the federal patent laws."  

The Supreme Court later retreated from the sweeping and expansive pro-federal rights views of Sears-Compco, but by then most attorneys looking for exclusive rights for trade dress had abandoned state law and were using section 43(a) as the vehicle for assertion of trade dress infringement. Grounding the claim on a federal statute avoids the federal-state preemption rationale of Sears-Compco. The Second Circuit took this view:

It is surely true that in the Sears and Compco opinions the Supreme Court said nothing about the federal tort created by [section] 43(a) . . . . The Court, it can be strongly argued, had no need to be concerned with marking out the boundaries of a federal tort over which it had complete control and which Congress could contract if the courts were pressing it further than that body desired.

The Third Circuit agreed, stating that a "suit brought under section 43(a) of the Lanham Act survives the stringent limitations on state unfair competition laws imposed by the decisions of the Supreme Court [in Sears-Compco]." In the Compco decision, the Supreme Court observed that, "if the design is not entitled to a design patent or other federal statutory protection, then it can be copied at will." Thus, section 43(a) qualifies as "federal statutory protection" under this exception to the Sears-Compco policy. And the Seventh Circuit cleared the decks of any lingering constitutional objections when it expressly rejected the argument that federal trade dress protection under section 43(a) for

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92. Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 158 (1989) ("[T]he common law tort of unfair competition has been limited to protection against copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source . . . . The 'protection' granted a particular design under the law of unfair competition is thus limited to one context where consumer confusion is likely to result: the design 'idea' itself may be freely exploited in all other contexts."); see 1 McCarthy, supra note 12, § 7.23[1], at 7-93.

93. Sears, Roebuck & Co., 376 U.S. at 231.

94. Bonito Boats, 489 U.S. at 154 (rejecting a broad reading of Sears-Compco that would mean that states cannot give "any form of protection to articles or processes which fall within the broad scope of patentable subject matter").


98. Kohler Co. v. Moen, Inc., 12 F.3d 632, 639 (7th Cir. 1993) ("Of course, the Lanham Act falls under the rubric of 'other federal statutory protection,' and courts have expressly held that Sears and Compco do not preclude federal trademark protection of designs."); Ferrari s.p.a. Esercizio Fabbriche Automobili E Corse v. Roberts, 944 F.2d 1235, 1241 (6th Cir. 1991) ("Thus, [defendant] cannot copy because 'other federal protection,' the Lanham Act, applies.").
product configuration unconstitutionally conflicts with the Patent Clause of the Constitution.\textsuperscript{99}

C. "Trade Dress" Encompasses Product Shape and Design

While "trade dress" traditionally meant only the packaging and labeling of a product, as a result of section 43(a) litigation in the 1980s, the term has now been stretched to include the shape and design of the product itself.\textsuperscript{100} Thus, the field of law once referred to as "unfair competition by product simulation" has now been folded into that corner of trademark and unfair competition law called "trade dress."

Dating the beginning of this change in classification to a decision in 1983,\textsuperscript{101} Professor J. H. Reichman remarked that such decisions "began to stretch the notion of trade dress to the point where prior distinctions between "package" or "container" and "product configuration" became blurred and hardly worth defending."\textsuperscript{102} Soon, section 43(a) became the vehicle for assertion of alleged trade dress in a wide range of products as well as their packaging and containers. When asserted under section 43(a), "trade dress" soon became an expansive concept and has been held to include such things as: the cover of a book\textsuperscript{103} or a magazine;\textsuperscript{104} the appearance of a teddy bear toy;\textsuperscript{105} the look of a Rubik's Cube puzzle;\textsuperscript{106} the shape of a classic automo-

\textsuperscript{99} Kohler Co. v. Moen, Inc., 12 F.3d 632 (7th Cir. 1993).
\textsuperscript{100} See, e.g., Duraco Prods., Inc. v. Joy Plastic Enter., Ltd., 40 F.3d 1431, 1439 (3d Cir. 1994) ("[T]rade dress protection extends beyond a product's packaging or labeling to include 'the appearance of the [product] itself.'); Le Sportscat, Inc. v. K Mart Corp., 754 F.2d 71 (2d Cir. 1985) (design of lightweight nylon luggage protected as trade dress); Ideal Toy Corp. v. Plawner Toy Corp., 685 F.2d 78, 80 n.2 (3d Cir. 1982) ("[A]lthough historically trade dress infringement consisted of copying a product's packaging, the parties and the district court used the term 'trade dress' in its more modern sense to refer to the appearance of the Rubik's Cube itself as well as its packaging, and we will do the same.");
\textsuperscript{101} Fabrica, Inc. v. El Dorado Corp., 697 F.2d 890 (9th Cir. 1983) (protecting as trade dress a folder used to display samples of carpeting fabrics: an article that was both a package and a product).
\textsuperscript{104} Time, Inc. v. Globe Communications Corp., 712 F. Supp. 1103 (S.D.N.Y. 1989) (ruling that the similar overall cover format, especially the "virtually indistinguishable" logos of plaintiff People magazine and defendant Celebrity magazine, justify a preliminary injunction against trade dress infringement); Reader's Digest Ass'n v. Conservative Digest, Inc., 821 F.2d 800 (D.C. Cir. 1987) (finding the overall layout and design of Reader's Digest magazine to be protected as both trade dress and copyright and finding both rights infringed).
\textsuperscript{105} American Greetings Corp. v. Dan-Dee Imports, Inc., 807 F.2d 1136 (3d Cir. 1986).
\textsuperscript{106} Ideal Toy Corp. v. Plawner Toy Mfg. Corp., 685 F.2d 78, 78 n.2 (3d Cir. 1982).
bile;\(^{107}\) the overall design of a sports shoe;\(^{108}\) the appearance of a video game console;\(^{109}\) the appearance of a water meter;\(^{110}\) a combination of features of a folding table;\(^{111}\) and the interior and exterior appearance of a restaurant.\(^{112}\)

Trade dress protection has even been stretched to include protection of the overall "look" of a line of greeting cards. Individual features making up the "look" included such common items as a two-fold card, deckle edge, lengthy poetry, and air brush colors. In that case, the court reasoned that "the arbitrary selection and combination of greeting card features may constitute protected trade dress even though the features serve useful purposes in conveying messages and invoking certain emotions and feelings."\(^{113}\)

D. Indefinite Rights and the Uncertain Injunction

While trade dress may consist of the totality of elements making up the product or its packaging and presentation, in the author's view, it should not be sufficient solely to identify in litigation such a totality as "the trade dress." Rather, the individual elements that make up that totality need to be separated out and individually described. Only then can the court and the parties coherently define exactly what the trade dress includes, determine whether that trade dress is valid, and if the accused infringes on the trade dress. For example, in the famous *Taco Cabana* case, while the appellate courts only generally described the restaurant trade dress, the district court in framing the injunction listed the elements that were required to be changed to avoid infringement of the trade dress.\(^{114}\)

\(^{107}\) Ferrari S.P.A. Esercizio Fabriche Automobili e Corse v. Roberts, 944 F.2d 1235 (6th Cir. 1991) (holding the overall design of the Ferrari Daytona Spyder classic sports car protectable trade dress under § 43(a) and enjoining defendant from the sale of replica autos).


\(^{109}\) M. Kramer Mfg. Co. v. Andrews, 783 F.2d 421 (4th Cir. 1986) (finding defendant's copied video game console, art work, and mark to be trade dress infringement under §43(a)).

\(^{110}\) Badger Meter, Inc. v. Grinnell Corp., 13 F.3d 1507 (7th Cir. 1994).


\(^{113}\) Hartford House, Ltd. v. Hallmark Cards, Inc., 647 F. Supp. 1533, 1539 (D. Colo. 1986), aff'd, 846 F.2d 1268 (10th Cir. 1988); see Roulo v. Russ Berrie & Co., 886 F.2d 931, 936 (7th Cir. 1989) (protecting as trade dress the overall combination of individually "common, indistinct elements" making up a line of greeting cards and affirming a $4.3 million award: "Trade dress encompasses the overall appearance of a product, including its size, color or color combination, texture, graphics, packaging or other visual features.")

\(^{114}\) See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 765 (1992). The Court generally defined the “trade dress” as

[a] festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors.

The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.

Id. In 1988, the court issued an injunction as to all Two Peso's restaurants in operation at that time, requiring Defendant to do the following: (1) make all roof elevations of the same height by eliminating the "step-down" effect between the two silhouette structures making up the building as well as the
In some cases, neither the plaintiff nor the court defines exactly what the trade dress consists of except for vague and indeterminate references to the "overall appearance" or "look" of plaintiff's product or packaging, with an injunction vaguely prohibiting defendant from "infringing" on that "trade dress." This may well leave the defendant uncertain as to what to do to avoid a charge of contempt and creates dangers of anti-competitive over-protection. Such imprecision and ambiguity is unfair to the party accused of infringement who is forced to defend against an amorphous claim of exclusivity that may be of uncertain and indeterminate dimensions. The danger is that the law of trade dress under section 43(a) may be used as an anti-competitive weapon when based upon an indeterminate and nebulous claim of "trade dress" infringement.

E. Section 43(a) Trade Dress Protection Expands Exponentially: Common Law Patents and Copyrights?

Since the Taco Cabana case, critics argue that the scope of "trade dress" protection under section 43(a) has been expanded by the federal courts to cover cases where there is no federal copyright or patent protection for such a feature. The danger is that a marginal "trade dress" claim leading to an injunction against imitation can be a loose cannon on the decks of the good ship "Free Competition." That is, an expansive scope of "trade dress" protection creates the danger of obstructing the free flow of competition by the creation of a series of new common law copyrights and patents.

Legally protected zones of exclusive rights, such as patents, trademarks, and copyrights, are exceptions to the general principle of free copying and imitation. The Supreme Court in several decisions has made it clear that it sees the

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115. See, e.g., Imagineering, Inc. v. Van Klassens, Inc., 851 F. Supp. 532 (S.D.N.Y. 1994), aff'd and modified on other grounds, 53 F.3d 1260 (Fed. Cir. 1995) (reasoning that it is appropriate to use photos of plaintiff's furniture design trade dress rather than words in the injunction because "mere words" cannot adequately describe "the total image" of the product); Rubbermaid Commercial Prods., Inc. v. Contico Int'l., Inc., 836 F. Supp. 1247 (W.D. Va. 1993) (defining the "overall appearance, shape[,] and proportion" of a square plastic container as protectable trade dress and issuing a preliminary injunction enjoining defendant from making or selling "any products that infringe the trade dress").

116. An injunction that orders a defendant not to "infringe plaintiff's trade dress" or not to sell something that is "confusingly similar" to plaintiff's undefined "trade dress" may be so ambiguous and vague as to be fatally imprecise. See 1 McCarthy, supra note 12, § 30.08, at 30-24.

117. While I use the term "common law" for rhetorical purposes, I recognize that all of these trade dress cases do arise under a statute—Lanham Act § 43(a). But injunctions founded on such claims effectively create exclusive rights that have never been examined in a patent-like fashion by the Patent and Trademark Office and that sometimes appear to violate the basic rule that no one can obtain a copyright on any idea, procedure, or process. 17 U.S.C. § 102(b) (1994). Hence the term "common law patents and copyrights."
ultimate goal of the Constitution and the patent, trademark, and copyright statutes as putting things into the public domain.118 While this is not the perspective most intellectual property attorneys have in the daily practice of the law, it is the fact that free usage, not exclusive rights, is the ultimate policy of the intellectual property laws.119

Some recent decisions take trade dress protection to a new and expansive scope of protection. For example, one court issued an injunction against the sale of an artist's posters because they imitated the "trade dress" style of the plaintiff's paintings.120 Any student of art history knows that no copyright law has ever given exclusive rights to an artist's mere "style." How is it appropriate for a court to use trade dress law to create such visual style rights where copyright law wisely does not? In another example, the U.S. Court of Appeals for the Seventh Circuit affirmed a preliminary injunction against the use of aspects of the business of providing computerized promotion and advertising for auto dealerships and repair shops. One aspect found to be part of the trade dress was the layout of a reminder letter to car owners to alert them to the need for servicing. The format and layout of the letter was said to be "inherently distinctive" trade dress and the junior user's letter an infringing "slavish imitation." Since copyright law does not protect any "system, method of operation[, or] concept," is it appropriate for trade dress law to fill the gap by giving exclusive rights in the style of formatting a business letter?

The design and appearance of some fairly routine and mundane objects have received marketplace exclusivity under section 43(a) trade dress law. Judicial distaste for competitive imitation appears to often turn the scales in a case. In 1993, a federal court in Virginia issued a preliminary injunction barring the defendant from producing a trash receptacle that imitated the appearance of

118. See, e.g., Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 151 (1989) ("[F]ree exploitation of ideas will be the rule, to which the protection of a federal patent is the exception. Moreover, the ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure . . . ."); Lear, Inc. v. Adkins, 395 U.S. 653, 670 (1969) (referring to "the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain"); Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 122 (1938) ("Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested.").

119. See 1 McCarthy, supra note 12, § 1.15[2]-[3].

120. Romm Art Creations, Ltd. v. Simcha Int'l, Inc., 786 F. Supp. 1126 (E.D.N.Y. 1992) (granting injunction against the sale of posters and limited edition prints by an artist on ground they too closely copied the "style" of the plaintiff artist where "overall look" of works was held to be inherently distinctive trade dress and hence not in need of proof of secondary meaning; defendant was said to have imitated artist Itschak Tarkay's "women and cafes" series, impressionistic portrayals of women relaxing and conversing in coffee shops).

121. Computer Care v. Service Sys. Enter., Inc., 982 F.2d 1063 (9th Cir. 1992) (granting plaintiff exclusive rights in combination of protectable elements of reminder letter: white paper, right-angled blue stripe, dealer's specials listed in the horizontal part of the blue stripe, a manufacturer's logo, blue color of the logo, dealer's phone number appearing twice in the letter, the sign-off bearing a first name, the typeface, size of the paper, and use of a window envelope).

plaintiff Rubbermaid’s “square brute” trash receptacle. This was a square, sturdy plastic receptacle made in various sizes with a lid and handles. While the defendant’s designer denied conscious imitation, the court disagreed, holding that the close similarity of the two square containers proved copying. In addition, the U.S. Court of Appeals for the Fourth Circuit said that copying creates a presumption of intent to confuse, which in turn creates a presumption of a likelihood of confusion of customers.

However, at almost the same time, another district court in the Fourth Circuit denied a preliminary injunction against copying the design of a line of furniture. This court’s opinion began the analysis with the statement that “free copying remains the rule.” It said that to award a preliminary injunction here “would, in effect, award a furniture manufacturer with the equivalent of a design patent.” The court said that the problem with the Fourth Circuit’s presumption of secondary meaning triggered by copying is that it rests on the assumption that no one copies except to poach unfairly on a protectable trademark or trade dress. The court found the presumption of secondary meaning was rebutted here, in part by evidence of the plaintiff’s advertising that focused on the functional and decorative aspects of the design rather than on linking the appearance with a single source.

Why is trade dress law being used to create exclusive rights in configurations that traditionally were the domain of patent or copyright law? In the author’s opinion, these judges are unduly influenced by the fact that the defendant in these cases has copied something. The view seems to be that “copying” per se is both morally and legally wrong. The courts will sometimes take evidence of copying and use it as a surrogate for proof of both secondary meaning and of a likelihood of confusion. Under the majority view, evidence of copying is probative, but not determinative, of secondary meaning. Further, copying is sometimes inferred from evidence of the defendant’s knowledge of the senior user’s product combined with similarities between the packaging or products of the parties. Similarly, the majority rule is that intent to confuse can be inferred from evidence of copying. In turn, an intent to confuse creates a

123. Rubbermaid Commercial Prod., Inc. v. Contico Int'l, Inc., 836 F. Supp. 1247 (W.D. Va. 1993) (enjoining defendant under § 43(a) injunction from “infringing the trade dress” and design patent on plaintiff’s container).
125. Id. at 1997 (“When advertisements promote the functional and decorative features of a product without promoting an association between goods and producer, it is not helpful in establishing secondary meaning.”).
126. 2 MCCARTHY, supra note 12, § 15.12[2], at 15-56; see, e.g., Rubbermaid v. Contico, 836 F. Supp. 1247, 1261 (W.D. Va. 1993) (“At the very least, the fact that [defendant] appropriated the key features of [plaintiff’s] trade dress indicates that [defendant] felt there was consumer recognition of the [product] on which [defendant] could trade.”).
127. 3 MCCARTHY, supra note 12, § 23.33[4], at 23-212; see, e.g., Ford Motor Co. v. Summit Motor Products, Inc., 930 F.2d 277 (3d Cir. 1991) (reasoning that, when the marks are almost identical, “[t]his fact alone gives rise to a strong inference of confusion”).
presumption of a likelihood of confusion of customers.\textsuperscript{128} These presumptions and inferences may sometimes lead to the result that a court can infer copying just from close similarity of the parties' products or packages.

Where do all these presumptions and inferences leave us on a motion for preliminary injunction? It may sometimes mean that a preliminary injunction preventing the defendant from selling its product may be based on little more than a close resemblance in product appearance. Copying is evidence from which the court can infer that there is a valid trade dress (via secondary meaning) and that it is infringed because customer confusion is likely.

F. Should Trade Dress Status be Presumed? What is “Inherently Distinctive” Trade Dress?

In 1992, the Supreme Court in the \textit{Taco Cabana} case resolved a split of authority in the courts of appeal and held that trade dress that is “inherently distinctive” is protectable under section \textit{43(a)} without a showing that it has acquired consumer association in the form of a secondary meaning.\textsuperscript{129} One difficulty with the Supreme Court decision is that it nowhere indicates how one goes about determining whether trade dress is or is not “inherently distinctive.” Some decisions prior to \textit{Taco Cabana} held that one must ask whether the design, shape, or combination of elements is so unique, unusual, or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicia of origin—that is, as a kind of trademark for the product.\textsuperscript{130} A few courts have tried to apply to trade dress the traditional spectrum of trademarks. These are categories that were created for word marks. Thus, such courts have tried to apply such word-meaning categories as “arbitrary,” “suggestive,” and “descriptive” to shapes and images.\textsuperscript{131} But, as the Third Circuit noted, the spectrum of distinctiveness created for words does not fit the very different situation of packaging and

\begin{footnotes}
\item[128] 3 \textit{McCarthy}, \textit{ supra} note 12, \S 23.34[3], at 23-221 to 23-222; \textit{see e.g.}, \textit{Paddington Corp. v. Attiki Importers & Dists., Inc.}, 996 F.2d 577, 586 (2d Cir. 1993) (“Where a second-comer acts in bad faith and intentionally copies a trademark or trade dress, a presumption arises that the copier has succeeded in causing confusion.”); \textit{Spring Mills, Inc. v. Ultracashmere House, Ltd.}, 689 F.2d 1127, 1136 (2d Cir. 1982) (“By intentionally imitating the plaintiff’s Ultrasuede mark and trade dress, defendants implicitly stated that they could create a likelihood of confusion among consumers as to the source of their product and that they could profit thereby. Accordingly, . . . we should take them at their word.”).


\item[130] \textit{See e.g.}, \textit{Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.}, 568 F.2d 1342, 1344 (C.C.P.A. 1977); \textit{1 McCarthy, supra} note 12, \S 8.02[4] (citing cases that rely on the \textit{Seabrook} test).

\item[131] \textit{See e.g.}, \textit{Stuart Hall Co. v. Ampad Corp.}, 51 F.3d 780 (8th Cir. 1995) (reasoning that a spectrum of distinctiveness developed for words should be applied to trade dress); \textit{Paddington Corp. v. Attiki Importers & Dists., Inc.}, 996 F.2d 577, 584 (2d Cir. 1993) (holding that ouzo bottle was inherently distinctive because, \textit{inter alia} “[t]here is nothing descriptive about the bottle and label design that conveys anything about its particular contents”); \textit{Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.}, 659 F.2d 695, 702 (5th Cir. 1981) (“If the features of the trade dress sought to be protected are arbitrary and serve no function either to describe the product or assist in its effective packaging,” then it is inherently distinctive.).
\end{footnotes}
product shapes: “[W]e do not think it helpful or proper to transplant the categorical distinctiveness inquiry developed for trademarks to product configurations, where the alleged trade dress lies in the very product itself.”

It is erroneous to find a product or packaging feature to be “inherently distinctive” merely because it is not identical to features already to be found in the marketplace. A product or package feature is not inherently distinctive merely because there is no other product on the market that looks exactly the same. It would, in the author's opinion, be anti-competitive to dub as “inherently distinctive” product or package features that differ only slightly from those commonly encountered by customers in the marketplace.

Some courts and commentators draw a line between product shapes and other trade dress formats such that product shape is never inherently distinctive (and hence always requires proof of secondary meaning) while other formats such as packaging could be.

The Third Circuit has read Two Pesos to mean that while trade dress in the configuration of a product could, in some cases, be classified as inherently distinctive, a more demanding standard of inherent distinctness could and should be applied to product shape. Laying down a very rigorous test, the court

132. Duraco Prods., Inc. v. Joy Plastic Enters., Ltd., 40 F.3d 1431, 1440 (3d Cir. 1994); see Vincent N. Palladino, Trade Dress After Two Pesos, 84 TRADEMARK REP. 408, 415 (1994) (“The spectrum of distinctiveness has so far not proved to be very useful in reaching a reasoned decision regarding trade dress.”). Agreeing with the Duraco test, the Second Circuit retreated from its previous application of the word-mark spectrum to categorize all trade dress shapes. Knitwaves, Inc. v. Lollytogs, Ltd., 71 F.3d 996, 1006 (2d Cir. 1995) (The word-mark spectrum of distinctiveness “makes little sense when applied to product features.”).

133. Duraco Prods., Inc., 40 F.3d 1431.

134. In re F.C.F., Inc., 30 U.S.P.Q.2d 1825 (T.T.A.B. 1994) (ruling that a picture of roses, while not identical to previous rose pictures, is not used as a trademark for cosmetics when used in a purely ornamental and decorative way to cover most of the surface of containers for the product.); In re E.S. Robbins Corp., 30 U.S.P.Q.2d 1541 (T.T.A.B. 1992) (Floor mat for use under chair, while not identical to other mats, differs only slightly in shape. Thus is it not “inherently distinctive” because it does not have an “original, distinctive and peculiar appearance.”); Turtle Wax, Inc. v. First Brands Corp., 781 F. Supp. 1314, 1321 (N.D. Ill. 1991) (“Presumably, it could be said about the trade dress of any new product that no competitive product combines precisely the same elements in its trade dress . . . . However, that fact alone does not make the product's trade dress inherently distinctive.”).

135. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 16 cmt. b (1995). The Restatement provides that product designs are more likely to be seen merely as utilitarian or ornamental aspects of the goods. In addition, the competitive interest in copying product designs is more substantial than in the case of packaging, containers, labels, and related subject matter. Product designs are therefore not ordinarily considered inherently distinctive and are thus normally protected only upon proof of secondary meaning.

Id.; see also Ralph S. Brown, Design Protection: An Overview, 34 UCLA L. REV. 1341, 1380 (1987) (“To say that the overall design of a useful article is ‘inherently distinctive’ of a particular source just by examining it and perhaps dissecting it, seems to me an impermissible exercise of intuitive judging. It substitutes an impression that the design is outstanding, or eccentric, or clever, or something, for the proof of association with a source, gained in the marketplace, that add up to a showing of secondary meaning.”); William F. Gaske, Comment, Trade Dress Protection: Inherent Distinctiveness as an Alternative to Secondary Meaning, 57 FORDHAM L. REV. 1123, 1139 (1989) (reasoning that while the inherent distinctiveness test is appropriate for package design, it is not for product design).

said that to be properly classified as inherently distinctive trade dress, a product shape must be (1) unusual and memorable, meaning that it is "striking or unusual in appearance," (2) conceptually separable from the product, and (3) likely to serve as an indicator of source. Applying this new test, the Third Circuit held that a plastic container for plants that was shaped like a Grecian urn did not meet this more rigorous standard and was found to be neither inherently distinctive nor possessed of secondary meaning.

The U.S. Court of Appeals for the Eighth Circuit took the opposite view, saying that there was no basis in the Two Pesos case to differentiate between trade dress in packaging and product configuration; the same test should apply to both. What these courts are really in disagreement about is how to fine-tune the balance between free competition and consumer deception. The greater the burden placed on the plaintiff in a section 43(a) trade dress case, the easier it is for competitors to copy shapes and designs that consumers want and sell them at competitive prices.

G. Trade Dress in Marketing Themes and Styles of Doing Business

In theory, the concept of trade dress exclusivity under section 43(a) should not be stretched to give marketplace exclusivity to a vague and abstract image or marketing theme. In general, the courts have been fairly consistent in adhering to this goal of preserving free competition in marketing themes and business styles. However, plaintiffs' attorneys are continually and relentlessly pressing at the margin in asserting that trade dress rights reside in advertising methods and styles of doing business. Recently, courts have been formulating new doctrines to limit expansion of trade dress rights in such cases.

The Second Circuit has taken the trademark concept of genericness and applied it in the trade dress setting to put a limit on nonmeritorious claims of trade dress in generalized concepts. The court held that trade dress cannot be granted to "an idea, a concept or a generalized type of appearance." Otherwise, trade dress law would undermine the restrictions of copyright and patent law and prevent the free copying of such unprotectable concepts.

137. Id. at 1434. But see Stuart Hall Co. v. Ampad Corp., 51 F.3d 780, 787 (8th Cir. 1995). The Stuart Hall court rejected this prong of the Duraco test and held that there need be no showing that the trade dress is "memorable or striking," "A particular trade dress can be arbitrary and different from others in the field, without being particularly 'striking or memorable' in the sense in which the district court used these words." Id.

138. Duraco Prods., Inc., 40 F.3d at 1454.

139. Stuart Hall Co., 51 F.3d at 788 ("We decline to create a distinction between protection of packaging and protection of product configuration, as such a distinction would run contrary to the holding of Two Pesos.").

140. See, e.g., Woodsmith Pub. Co. v. Meredith Corp., 904 F.2d 1244, 1248 (8th Cir. 1990) ("Protection of a marketing approach [as trade dress] under [Lanham Act] section 43(a) would be inconsistent with the goals of our free enterprise system."); Prufrock, Ltd. v. Lasater, 781 F.2d 129 (8th Cir. 1986) (ruling that the concept of "informal country dining" cannot be validly claimed as trade dress); Haagen-Dazs, Inc. v. Frusen Gladje, Ltd., 493 F. Supp. 73 (S.D.N.Y. 1980) (ruling that Haagen-Dazs has no protection for a marketing theme of promoting Scandinavian-type premium ice cream).

Dubbing such unprotectable generalized concepts as "generic," the court held that no trade dress protection could be given to greeting cards cut to the shape of an animal, person or object depicted in a color photo on the front of the card. While the concept of unprotectable "generic" designations developed in the context of words that name a genus of product, the "generic" concept was used here to denote a generalized product concept that should remain free for use by all competitors. Other courts have refused to protect a "generic" or commonly used product design by imposing higher than usual standards of proof on the likelihood of confusion issue.

H. Functionality of Trade Dress: Does Section 43(a) Intrude on the Domain of Patents?

In order to accommodate trade dress law to the policies of patent law and of free competition, the common law early developed the rule that no trade dress or trademark rights could validly be claimed in "functional" shapes or features. While the functionality doctrine is followed by all courts as a matter of public policy, there is no mention of it in the text of the Lanham Act.

There are two rationales underlying the functionality bar: (1) accommodation to the principle that there is only one legal source of exclusive rights in utilitarian features—utility patent law, and (2) preserving effective competition by ensuring that competitors can copy features that they need to "compete effectively." The number of alternative designs available is often used as a

142. Id. at 33; see Mana Products, Inc. v. Columbia Cosmetics Mfg., Inc., 65 F.3d 1063 (2d Cir. 1995). The Mana Products court reasoned that "where it is the custom in a particular industry to package products in a similar manner, a trade dress done in that style is likely to be generic." While the court used the term "generic," it apparently only meant it as the opposite of "inherently distinctive," for the court went on to see if there was evidence of secondary meaning, but found none in plaintiff's common design of a black plastic makeup compact. Id. at 1069-71.

143. See 2 McCarthy, supra note 12, § 12.01, at 12-4 to 12-5.

144. Libman Co. v. Vining Indus., Inc., 69 F.3d 1360 (7th Cir. 1995). Where the alleged trade dress for brooms consisted of one vertical band of bristles of any contrasting color, the court reasoned that "since adding a colored stripe is hardly a distinctive way of marking a product," the plaintiff must present some evidence that consumers would in fact be deceived by the defendant's similar broom. The court concluded that the "[plaintiff's] narrative of possible confusion cannot be regarded as better than a hypothesis, and a hypothesis that has not been tested." Id. at 1363-64.


[i]t is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity). Id.; see also Elmer v. ICC Fabricating, Inc., 67 F.3d 1571, 1580 (Fed. Cir. 1995) (["P]atent law, not trade dress law, is the principal means for providing exclusive rights in useful product features.").

147. Qualitex, 115 S. Ct. at 1304 ("In general terms, a product feature is functional' and cannot serve as a trademark, 'if it is essential to the use of purpose of the article or if it affects the cost or quality
guide to compliance with the second rationale. In resolving the issue of trade dress functionality, some courts place weight on one rationale while other courts place all the emphasis on the other. In the author's view, both policies are important as guides to the ultimate decision of whether a certain feature or design is to be dubbed "functional" and hence, absent a utility patent, free for all to use and copy.

Courts that define functionality solely in terms of preserving effective competition have sometimes painted themselves into a semantic corner. For example, the Eighth Circuit in the 1995 *Vornado* case defined functionality solely in terms of the availability to competitors of alternative designs. If there was a reasonable number of other designs available, then the design was not "functional," even if the design was once the subject of a utility patent. This led the court to the peculiar conclusion that a formerly patented shape can be one competitor's exclusive property as trade dress upon proof of inherent distinctiveness or secondary meaning. The court then had to devise a new public policy to escape from the conundrum it created for itself by its one-sided definition of functionality. The court found relief in the policy of patent law, which permits the free competitive use of a configuration covered by an expired patent. Therefore, the court concluded that even a configuration "non-
functional" under the law of trade dress (under the court's narrow definition) must be free for all to copy if such a configuration was "a significant inventive component" of an invention covered by a utility patent. That is, in this clash of policies, patent law policy trumps trade dress law policy and freedom to copy is the rule:

We hold that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, . . . so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.\(^1\)

IX

FREE SPEECH, PRODUCT DISPARAGEMENT, AND SECTION 43(a)

The common law has long recognized the commercial tort called "product disparagement" or "trade libel." Briefly stated, the tort of product disparagement is committed when one publishes with the requisite state of mind a false statement of fact disparaging another's goods or services which is proven to have caused a specific loss of sales.\(^2\) Until the statutory changes effective in 1989, the courts interpreted section 43(a) as purely an anti-false advertising statute, not as a prohibition on product disparagement.\(^3\) But in 1989, for the first time, product disparagement claims were permitted under federal law in the revised version of section 43(a).\(^4\)

The distinction is that while false advertising laws prohibit certain false claims about one's own goods or services, product disparagement law prohibits certain false claims about another's goods or services. The distinction is more than one of form. The law has traditionally treated the two kinds of commercial false statements very differently, with two separate sets of laws governed by different rules.

Constitutional free speech constraints on the two sets of laws of false advertising and product disparagement have been interpreted as having very different impacts. While constitutional free speech principles have had relatively little impact upon false advertising law,\(^5\) they have a considerably greater

\(^1\) Voranda, 58 F.3d at 1510 (citing 35 U.S.C. § 112); see Thomas & Betts Corp. v. Panduit Corp., 65 F.3d 654, 660 (7th Cir. 1995) (stating in dictum that it is not necessary for a utility patent to specifically include an element in a claim of the patent to remove that element as a candidate for trade dress protection: "What the public receives [upon expiration of the patent] is the entire invention as disclosed in the claims but primarily in the patent specifications which are required").

\(^2\) See 3 MCCARTHY, supra note 12, § 27.07[3][a].

\(^3\) This statutory change was very simply accomplished by rephrasing the statute so that it included not only misrepresentations about the nature of the defendant's goods or services, but also those about "another person's goods, services, or commercial activities." Thus, with the mere addition of the two words "another person's," the law of product disparagement became federalized.

\(^4\) See 3 MCCARTHY, supra note 12, § 27.07[3][a]. But see Semco, Inc. v Amcast, Inc., 52 F.3d 108 (6th Cir 1995) (characterizing alleged false advertising in a scientific article as "commercial speech")
impact on product disparagement law. One explanation for the distinction is that free speech principles have relatively little to do with the determination of the truth or falsity of allegedly misleading advertising claims about a company's own goods and services because who should know better than the advertiser as to what is true and false about its own products?\footnote{157}

On the other hand, product disparagement claims concern a publication critical of another person's or corporation's goods and services. Likely target defendants include not only competitors, but media, business, and academic commentators. The content of such messages are likely to be of public concern and interest. These are all good reasons for the First Amendment's concern for providing breathing space for the exercise of free speech.

The issue facing the federal courts is whether the 1989 federalization of the tort of product disparagement in section 43(a) will mean the incorporation of the common law elements of the product disparagement tort such as intent and a detailed proof of special damages or, on the other hand, adoption of the false advertising principles of section 43(a), which do not require such elements.\footnote{158} So far, one court has held that product disparagement claims, when asserted under section 43(a), do not trigger the heightened constitutional protections afforded allegedly defamatory noncommercial speech.\footnote{159}

In the author's opinion, the limitations and conditions imposed by the common law on the tort of product disparagement were carefully developed over many years to protect writers and speakers on commercial subjects from being harassed and intimidated by lawsuits from those whose products were the target of unfavorable criticism. Those limitations and conditions should not be thoughtlessly thrown out simply because Congress has expanded section 43(a) to include such claims in a federal law with no history of product disparagement coverage. It would ignore the history of the law to unthinkingly import the rules of false advertising law developed under the pre-1989 version of section

under Constitutional rules, thereby triggering § 43(a) coverage).


\footnote{\textit{Id.}; see Bolger v. Youngs Drug Prods. Corp., 463 U.S. 60, 65 (1983) ("In light of the greater potential for deception or confusion in the context of certain advertising messages, \ldots content-based restrictions on commercial speech may be permissible.").}

\footnote{158. \textit{See} 3 MCCARTHY, supra note 12, § 27.09[4].}

\footnote{159. U.S. Healthcare, Inc. v. Blue Cross of Greater Phila., 898 F.2d 914, 937 (3d Cir. 1990). The court ruled that claims of false advertising and product disparagement do not trigger heightened constitutional protection because they relate to purely "commercial" speech. In such a case, the lower court erred in applying the \textit{New York Times} standard, for "[t]he heightened protection of the actual malice standard is not necessary to give adequate 'breathing space' to the freedoms protected by the First Amendment." \textit{Id.}}
43(a) into the very different field of product disparagement as included in the post-1989 version of section 43(a).

Whether through the use of statutory interpretation or concern for free speech, traditional protections for commentators and critics on business and commercial affairs must not be abandoned in the process of federalization of the tort. It is important to create critical breathing space for legitimate comment and criticism about products and services. On the other hand, there is a need for a meaningful state or federal remedy against intentional falsification of facts about a product that demonstrably causes a loss of sales. Such a remedy should be available against both the competitor bent on gaining market share as well as against the non-competitor who, perhaps motivated by spite or extremism, publishes false, disparaging, and injurious facts about a company’s goods or services.

X

CONCLUSION

Beginning its life in 1946 as a very minor actor in the revision of an Act primarily devoted to trademark registration, section 43(a) has undergone a remarkable metamorphosis. This change occurred through the process of case-by-case interpretation and expansion by the federal courts, approved and codified by Congress. By its fiftieth birthday, section 43(a) had achieved widespread fame as a “super-star statute.” This section was either the compatriot or adversary of almost every commercial attorney because it had become the premier federal law for the assertion in private litigation of claims against (1) infringement of unregistered marks, names, and trade dress, and (2) almost all forms of false advertising and product disparagement.

Expansive claims of “trade dress” infringement under section 43(a) have led to a wave of court of appeals’ decisions placing new limits on such claims. In the future, these new limits will considerably restrain over-expansive claims of trade dress in litigation. And in the newly “federalized” area of product disparagement, the federal courts will be faced with difficult questions of how to balance properly commercial speech under the First Amendment against claims of false and injurious statements about the plaintiff’s goods and services.

Fifty years after passage, the proper use and scope of section 43(a) has become an important issue in the traditional battle between the competing policies of fair competition and free competition. Before passage of the Lanham Act, such issues were largely played out in the context of state common law. Today, the battleground is section 43(a).

160. Masson v. New Yorker Magazine, Inc., 501 U.S. 496, 519 (1991) (“[P]rotection for rational interpretation serves First Amendment principles by allowing an author the interpretative license that is necessary when relying upon ambiguous sources.”); Hart-Hanks Communications, Inc. v. Connaughton, 491 U.S. 657, 686 (1989) (“Our profound national commitment to the free exchange of ideas, as enshrined in the First Amendment, demands that the law of libel carve out an area of ‘breathing space’ so that protected speech is not discouraged.”).