

USING PATENTS AND COPYRIGHTS TO CREATE STRONG BRANDS

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Trademarks, copyright and patents are typically viewed as insular rights. Too often, little thought is given to the benefits of leverage and synergy arising from a more comprehensive view and action plan. Trademark lawyers should consider the potential of other intellectual property rights to add value to a company's trademark portfolio. This article provides an introduction to the opportunities and risks involved in using patents and copyrights to create and build strong brands.

THE PATENT AND COPYRIGHT MONOPOLY

The United States Constitution provides for the exclusive protection of patents and copyrights for a limited period of time to encourage invention and creativity for the ultimate benefit of the public. Article 1, Section 8 of the U.S. Constitution states, in relevant part:

Congress shall have the Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

Based on that Constitutional provision, Congress has enacted laws granted inventors, designers and authors the opportunity for a monopoly on the exploitation of their works in the marketplace for set periods of time.

Utility patents provide an exclusive monopoly in the sale of the patented invention for a period of twenty years.¹ Design patents provide a monopoly in a "new, original and ornamental design" for fourteen years.² Copyright provides a monopoly on works of authorship for a period of 95 years or more, depending on the nature of the author.³

PROTECTION OF TRADEMARKS AND TRADE DRESS

In contrast to patent and copyright, trademark rights are not a government created monopoly. The ability of Congress to regulate trademarks arises from the commerce clause of the U.S. Constitution, Article 1, Section 8, which provides that Congress has the power "to regulate Commerce . . . among the several states." Thus, trademark rights are protected by the courts to prevent deception of the public as to the source of goods in commerce. Trademark rights survive as long as the mark continues to be used and recognized as an indication of source of goods or services.

1

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¹35 U.S.C. §154(a).

²35 U.S.C. §171, 173.

³17 U.S.C. §304; *Eldred v. Ashcroft*, 123 S.Ct. 769 (2003).

In the United States, and in some other jurisdictions, trademark rights are created by use, not registration. Marks that are coined (EXXON for petroleum products), arbitrary (APPLE for computers) or suggestive (EVERREADY for batteries) are considered inherently distinctive and can be protected upon use in commerce. Descriptive marks are not inherently distinctive and must acquire distinctiveness before they are entitled to protection. Federal law provides that five years of use is prima facie evidence of acquired distinctiveness, or secondary meaning.⁴

The overall appearance of product packaging is protectable under the trademark laws as trade dress in the same manner as words. Thus, inherently distinctive trade dress is entitled to protection upon use, but descriptive trade dress must first acquire secondary meaning before it is protected.⁵ Product configuration, on the other hand, may only be protected under the trademark laws upon a showing of acquired distinctiveness.⁶

USING PATENTS TO BUILD AND CREATE A STRONG TRADEMARK

Because patents create a period of exclusive use in the marketplace, patent protection can be leveraged to establish or enhance trademark rights. A descriptive mark used in connection with the patented product may, under appropriate circumstances, enjoy a sufficient period of exclusive use sufficient to create secondary meaning. The patent monopoly also provides a period of exclusivity that can be used to increase brand awareness of marks that have inherent or acquired distinctiveness, thereby increasing the potential scope of protection available to the marks. During the period of exclusivity, the mark also has the potential to acquire fame as sufficient to obtain protection as a famous mark under the U.S. dilution laws.⁷

If the mark selected as an indication of source is not accompanied by other terms used to identify the type of product, the mark is likely to be perceived by the public as a generic term rather than an indication of source. As a result, the mark used to identify the patented product could become unenforceable as a trademark and subject to cancellation. This unhappy outcome is seen in many celebrated cases.

In *Dupont Cellophane Co. v. Waxed Products Co.*, Dupont sought to enforce rights in the mark CELLOPHANE for a patented product consisting of a transparent film.⁸ The court described the origin of the mark as follows:

The product and use of cellophane in commerce is attributed to one Brandenberger, of Bezons, France, at about the year 1909. He coined the word "cellophane" as suggesting a product made of cellulose and transparent. . . . It would have served as a useful trade-mark, at least in the beginning, if it had not almost immediately lost ground as such because it was employed to describe the article itself. Indeed, no other descriptive word was adopted.

⁴15 U.S.C. §1052(f).

⁵*Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S.Ct. 2753 (1992).

⁶*Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 120 S.Ct. 1339 (2000).

⁷15 U.S.C. §1125(c).

⁸85 F.2d 75 (2d Cir. 1936).

The mark was also used in a generic sense in the patent, which stated, "The invention relates to a label made of cellophane." The plaintiff's marketing efforts also "tended to make cellophane a generic term descriptive of the product rather than of its origin."

The Court held as a matter of law that the expiration of the relevant patents for the product "terminated any right . . . to the exclusive use of the name cellophane so far as it had become merely descriptive of the product itself." The fact that the plaintiff had registered the term as a trademark gave it no right to monopolize use of the term in its descriptive, generic sense. As a result, the defendant, and others, had the right use the name "cellophane" to identify the product they were allowed to sell as long as they did not mislead customers into believing that the product came from the DuPont. There was no violation of rights as long as the source of the cellophane was identified.

The *DuPont* case shows that even a coined mark can be lost if the manufacturer allows the mark to be used to identify or describe the product itself, rather than as an indication of source.

A similar result was obtained before the Supreme Court in *Kellogg Co. v. National Biscuit Co.*⁹ Nabisco had enjoyed a patent monopoly in the manufacture of pillow-shaped shredded wheat biscuits sold under the name SHREDDED WHEAT. When the patent for making the product expired, Kellogg entered the market using the name "Shredded Wheat" for a similar product. The Court rejected Nabisco's objection because the term "shredded wheat" identified the article, not the source of the article:

The plaintiff has no exclusive right to the use of the term "Shredded Wheat" as a trade name. For that is the generic term of the article, which describes it with a fair degree of accuracy; and is the term by which the biscuit in pillow-shaped form is generally known by the public. . . . As Kellogg Company had the right to make the article, it had, also, the right to use the term by which the public knows it.

The Court explained that effect of the expiration of the patent on rights in the term used for the patent product:

The basic patent for the product and for the process of making it . . . issued. . . . In those patents the term "shredded" is repeatedly used as descriptive of the product. . . . Since during the life of the patents "Shredded Wheat" was the general designation of the patented product, there passed to the public upon the expiration of the patent, not only the right to make the article as it was made during the patent period, but also the right to apply thereto the name by which it had become known. . . .

The Court further held that the SHREDDED WHEAT was not entitled to protection even if Nabisco could show secondary meaning or acquired distinctiveness. It had become a generic term which could be used by all. As a result, Kellogg, and others, were free to use the name SHREDDED WHEAT for the product, as long as they identified the source of the goods in a non-confusing manner.

⁹305 U.S. 111 (1938).

AVOIDING GENERIC USE – THE NUTRASWEET BRAND

NUTRASWEET is a well-known example of the use of the patent monopoly to create a brand without allowing the mark to become generic. The product itself is a sweetener discovered at G.D. Searle and Company by James Schlatter in 1965. The term "aspartame" was coined as the generic description of the product. NUTRASWEET as the trademark for the sweetener in 1980. By combining the trademark NUTRASWEET with an easily remembered generic term (as opposed to a complicated name for a chemical compound) Searle avoided the risk that the public would use NUTRASWEET as the generic term for the new product. Searle was also able to use the period of patent exclusivity to obtain market share and brand awareness for NUTRASWEET brand aspartame sweetener. Upon the expiration of the patents, others are permitted to sell the same sweetener and use the generic name "aspartame", but Searle and its successor have been able to maintain NUTRASWEET as a strong brand.

It is easy to imagine the NUTRASWEET brand suffering the same fate as "cellophane" if Searle had not also created the term aspartame to identify the patented product.

STRATEGIES FOR BRAND BUILDING

The three situations described above suggest several strategic considerations for leveraging patent rights to create and build a strong brand.

1. Careful planning and marketing strategies are needed to avoid the loss of the brand as a generic term.
2. Trademark counsel should ensure that the brand is not used generically in the patent submissions.
3. Secondary terms should be selected or developed as generic or descriptive terms for the patented product.
4. Technical documents, as well as advertising, should be reviewed to avoid generic use.
5. Marketing strategies should be employed to increase market share and brand awareness during the patent monopoly to create brand loyalty so that customers will prefer the company's branded product after the expiration of the patent.
6. Special forms of advertising may be needed to create recognition of the brand as a trademark and not a generic term.
7. Selection of a coined or arbitrary mark facilitates the development of a strong brand.

CREATING TRADE DRESS PROTECTION FOR PRODUCT CONFIGURATION

The patent monopoly can also be useful to help establish trade dress rights in product features and configuration. Under U.S. law, product configuration can be protected under

trademark laws if it is distinctive and nonfunctional. The Supreme Court ruled in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, however, that product design is never deemed inherently distinctive and therefore may only be protected under the trademark laws upon a showing that it has acquired distinctiveness, or secondary meaning, as an indication of source.¹⁰

The monopoly provided by utility or design patents affords a period of market exclusivity that may be sufficient to establish secondary meaning as a result of use and advertising. It is likely, however, that mere sales may not be sufficient unless supported by advertising and promotion that features the product design as an indication of source.

THE FUNCTIONALITY RISK

In addition to showing secondary meaning, it is also necessary under U.S. law to show that the product design in which trademark rights are claimed is nonfunctional. The Supreme Court has explained that trade dress protection may not be claimed for any product feature that is functional.¹¹ Federal law establishes that the burden of proving nonfunctionality belongs to the party claiming rights in trade dress that is not registered as a trademark.¹²

The mere fact that a claimed feature has a useful function does not necessarily mean it is legally functional and ineligible for protection under the trademark laws. Instead, a feature is deemed legally functional "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,"¹³ or if exclusive use of it "would put competitors at a significant non-reputation-related disadvantage."¹⁴ Otherwise, the feature may be entitled to trade dress protection even if it has a useful function.

A expired patent may have an adverse effect on a claim for trade dress protection because it is evidence that the claimed feature is functional. As stated by the Supreme Court in the *Traffix* case:

A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that the features are deemed functional until proved otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that the it is merely an ornamental, incidental, or arbitrary aspect of the device.

In *Traffix*, the Court concluded that the claimed feature - a dual-spring design for a flexible road sign - was functional based on the evidentiary inference of functionality arising from disclosure of the design in an expired utility patent. The Court went on to note that features disclosed in a patent might still be entitled to trade dress protection in other circumstances:

¹⁰120 S.Ct. 1339 (2000).

¹¹*Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001).

¹²15 U.S.C. §1125(a)(3).

¹³*Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 102 S.Ct. 2182 (1982).

¹⁴*Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995).

In a case where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain. There the manufacturer could perhaps prove that those aspects do not serve a purpose within the terms of the utility patent.

The Court also explained the rationale for denying trade dress protection to functional design:

The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of patent law and its period of exclusivity. The Lanham Act, furthermore, does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller.

The *Traffix* decision demonstrates the difficulty in claiming trade dress rights in product design disclosed in an expired utility patent. The mere fact that the object is useful increases the chance that it may be deemed functional. Further, the expired utility patent will be considered "strong evidence of functionality." Obviously this is a difficult standard to meet, but it may still be possible to demonstrate trade dress rights in a feature disclosed in a utility patent. For example, in *Clamp Mfg. Co. v. Enco Mfg. Co.*,¹⁵ the court held the particular design of a formerly patented C-clamp was nonfunctional because competitors could compete effectively without copying the design and several other designs were available.

Although the *Enco* case pre-dates *Traffix*, it illustrates a strategy for overcoming the adverse evidentiary presumption flowing from the patent. *Traffix* indicates that lack of competitive necessity is not sufficient to avoid a finding of functionality if the design is essential to the use or purpose of the device or if it affects the cost or quality of the device. Nevertheless, proof that the particular design is not essential to the purpose of the device could include the same kind of showing that was successful in *Enco*.

Some courts and commentators have argued that features disclosed in a patent should not be protectable as trade dress even if nonfunctional and distinctive. As explained in *Vornado Air Circulation System Inc. v. Duracraft Corp.*,¹⁶ trade dress protection should be denied because protecting a "significant inventive aspect" of the patented invention under trademark laws would interfere with the core patent goal of permitting competitors from copying from expired utility patents and would conflict with the Constitutional purpose of patent protection. Proponents of this position argue that the inventor of the device makes a bargain with the government: when she elects to have a period of patent exclusivity, she agrees in exchange that the device will fail into the public domain upon the expiration of the patent. It is a breach of that bargain to use the trademark laws in an attempt to extend that exclusivity beyond the term of the patent. The Court in *Traffix* acknowledged but did not resolve this question, stating there will be time enough to consider the matter if the proper case arises.

¹⁵870 F.2d 512 (9th Cir. 1989).

¹⁶58 F.3d 1498 (10th Cir. 1995).

Although design patents also afford a limited period of exclusivity, they do not entail the same evidentiary presumption of functionality as a utility patent, since design patent protection may only be claimed in features that are ornamental. Thus, a number of courts have granted trade dress protection to product configuration covered by a design patent.¹⁷

COPYRIGHT AS SURROGATE FOR TRADEMARK RIGHTS

Although copyrightable subject matter does not include words and short phrases, many of the devices typically protected under trademark laws - logos, label designs, packaging, product designs – may be protected as copyrightable subject matter. In some cases, such protection may have several advantages over trademark protection. Under U.S. law, copyright protection is available immediately upon creation. It does not require use in commerce or distinctiveness. The use of a copyright notice is no longer a requirement for protection. To establish copyright infringement, it is not necessary to show a likelihood of confusion. Rather, proof of access and substantial similarity is sufficient. The copyright statute also provides the possibility of obtaining statutory damages in lieu of actual damages, and attorneys fees are available to the prevailing party.

Although copyright protection is not limited by the requirement of functionality, protection is not available "useful articles" unless the work includes artistic elements that are physically or conceptually separable from the work.¹⁸

An example often cited of a device eligible for protection under both copyright and trademark law is the shape of a Mickey Mouse telephone. Although the device is a useful article, the Mickey Mouse form is independent of the article's function. Accordingly, it could be protected under copyright law. In addition, the Mickey Mouse design also serves as an indication of source specific to Disney and is protectable as a trademark.¹⁹

Imagine the introduction of an analogous product design under current law. Following the rule in *Traffix*, it is likely that the product design could not be protected as a trademark until it had enjoyed use sufficient to establish secondary meaning. Under copyright law, however, the design would be eligible for protection immediately upon creation. Thus, copyright protection could be used to prevent infringement before trademark protection is available and could be used to supplement trademark protection after secondary meaning is established.

CONCLUSION

Various strategies are available for using patents and copyrights as an enhancement to or substitute for trademark protection. The exclusive monopoly afforded under patent law provides an opportunity to build secondary meaning or brand awareness until the brand emerges strong

¹⁷See *W.T. Rogers v. Keene*, 778 F.2d 334 (7th Cir. 1985)(stating in dicta the general rule that design patent protection does not prevent the enforcement of a common law trademark in a design feature).

¹⁸See *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980)(holding that belt buckle design was protectable because it contained an sculptural aspect conceptually separable from the articles function as a buckle); *Brandir International, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142 (2d Cir. 1987)(holding that a bike rack design was not protectable because the design was not conceptually separable from the product's function).

¹⁹See Denicola, *Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles*, 67 Minn.L.Rev. 707 (1983).

and able to overcome infringements without reliance on the patent. Copyright may be used as a supplement or substitute for protection of some logos and trade dress, offering the possibility of immediate protection, simplified issues of proof and enhanced damages. The strategies are accompanied by risks and limits. By understanding the basic issues, trademark attorneys can help clients and their companies create and build stronger trademark rights.

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