



Protecting Product Configuration through Trademark Law: The Seventh Circuit Explains Functionality under the Lanham Act and the Interplay Between Patent and Trade Dress Protection

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by [Phillip Barengolts](#), [Trademark Attorney](#)

The configuration of a product may constitute protectable trade dress so long as the configuration is not functional and it signifies the source of the product, *i.e.*, has secondary meaning. Two recent companion decisions from the Seventh Circuit describe the limits of this protection and how it may be circumscribed by prior patents. See *Specialized Seating, Inc. v. Greenwich Industries, L.P.*, No. 07-1435, 2010 U.S. App. Lexis 17015 (7th Cir. Aug. 11, 2010);¹ *Jay Franco & Sons, Inc. v. Franek*, No. 09-2155, 2010 U.S. App. Lexis 17019 (7th Cir. Aug. 11, 2010).²

In *Specialized Seating*, both parties marketed "x-frame" chairs used in the live performance industry for temporary seating. Greenwich Industries owned an incontestable federal registration for the below design of its "x-frame" chair:



Specialized Seating filed a declaratory judgment action seeking to invalidate Greenwich's trade dress protection and cancel the registration because the configuration at issue was functional.

¹ Available at http://scholar.google.com/scholar_case?case=18342448388849785368.

² Available at http://scholar.google.com/scholar_case?case=17904614892635377745.



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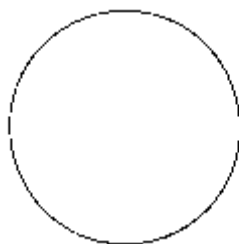
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Trade dress subject to an incontestable registration may still be attacked on a number of grounds, including that the trade dress is functional.³ Specialized Seating prevailed on its functionality claim at trial; Greenwich appealed.

The Seventh Circuit affirmed the District Court's finding that the design of the chair shown above was functional and could not be protectable trade dress. As the Seventh Circuit stated, "[The chair] looks the way it does in order to be a better chair, not in order to be a better way of identifying who made it." The Seventh Circuit found that nearly the entire configuration covered by the incontestable registration had previously been encompassed within utility patents owned by Greenwich's predecessor. Thus, functionality of the configuration was presumed under *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001). Greenwich did not overcome this presumption. It did not matter that other configurations were available because they all were functional, representing different solutions to the practical seating needs of potential customers.

Judge Easterbrook, writing for the court, also emphasized the different functions served by patent and trademark law and the need to ensure that an expired patent on a functional design was not extended indefinitely by trade dress protection. See also *Singer Manufacturing Co. v. June Manufacturing Co.*, 163 U.S. 169 (1896); *Eco Manufacturing LLC v. Honeywell Int'l, Inc.*, 295 F.Supp.2d 854 (S.D. Ind. 2003) *aff'd* 357 F.3d 649 (7th Cir. 2003).

In *Franek*, the owner of the trade dress registration for the design of a circular beach towel,⁴ shown below, filed an action for trade dress infringement against Wal-Mart and Target over their sale of Jay Franco's circular beach towels.



Reg. No. 1,502,261⁵

Jay Franco was obligated to indemnify Wal-Mart and Target and, therefore, claimed that Franek's circular beach towel configuration mark was functional and could not have trade dress protection. Jay Franco prevailed on summary judgment, the District Court agreeing that the configuration of a circular beach towel was functional and not subject to trade dress protection. The Seventh Circuit agreed.

³ Greenwich asserted counterclaims and Specialized Seating asserted other claims as well, but there is no need to discuss them here.

⁴ Woody Harrelson was an early investor in the plaintiff's business.

⁵ The trademark registration describes the mark as: "The mark consists of a configuration of a round beach towel."

The Seventh Circuit, in explaining how to determine whether a product configuration is functional stated:

If a design enables a product to operate, or improves on a substitute design in some way (such as by making the product cheaper, faster, lighter, or stronger), then the design cannot be trademarked; ... any pleasure a customer derives from the design's identification of the product's source—the joy of buying a marked good over an identical generic version because the consumer prefers the status conferred by the mark— doesn't count...In short, a design that produces a benefit other than source identification is functional.

As in *Specialized Seating*, the Seventh Circuit looked to utility patents to assess whether the circular beach towel design was functional. It found third party patents that covered circular towels with additional features which were "good evidence of [the] mark's functionality." It further found that Franek had not overcome the presumption of functionality arising from the existence of these patents.

In addition to the utility patents, the Seventh Circuit noted that Franek's own advertising highlighted the functional aspects of the round beach towel's design: tanners could swivel their bodies without repositioning their towels or standing up. These findings would have been enough and certainly sufficed to affirm the lower court's decision in this case.

Nevertheless, in dicta, the Seventh Circuit found another reason to affirm the District Court's decision – the aesthetic appeal of the circular beach towel could be functional. "The chief difficulty is distinguishing between designs that are fashionable enough to be functional and those that are merely pleasing. Only the latter group can be protected..." Discussing *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995), the Seventh Circuit stated that the Supreme Court believed that product configuration would be functional if its exclusive use by a single designer "would put competitors at a significant non-reputation-related disadvantage..." This is a problem for Franek's round-towel mark."

As the Seventh Circuit explained, a circle is too basic an element to prohibit other product designers from using it. "The more rudimentary and general the element...the more likely it is that restricting its use will significantly impair competition." Thus, "every other beach towel manufacturer is barred from using the entire shape as well as any other design similar enough that consumers are likely to confuse it with Franek's circle (most regular polygons, for example)."

These cases highlight that trade dress protection for a product configuration will be more difficult to obtain where:

- 1) the configuration is subject to a prior patent, whether one's own or another's; and
- 2) the functional aspects of the product configuration are highlighted in marketing materials.

Product design owners are well-advised to analyze the best type of protection to seek – utility patent, design patent, or trade dress protection – early in the product life-cycle.

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Phillip Barengolts is a partner with [Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP](#), a [leading intellectual property law firm](#) based in Chicago, Illinois. Pattishall McAuliffe represents both plaintiffs and defendants in [trademark](#), [copyright](#), and [unfair competition trials and appeals](#), and advises its clients on a broad range of domestic and international intellectual property matters, including [brand protection](#), [Internet](#), and [e-commerce](#) issues. Mr. Barengolts' practice focuses on litigation, transactions, and counseling in domestic and international [trademark](#), [trade dress](#), [Internet](#), and [copyright law](#).