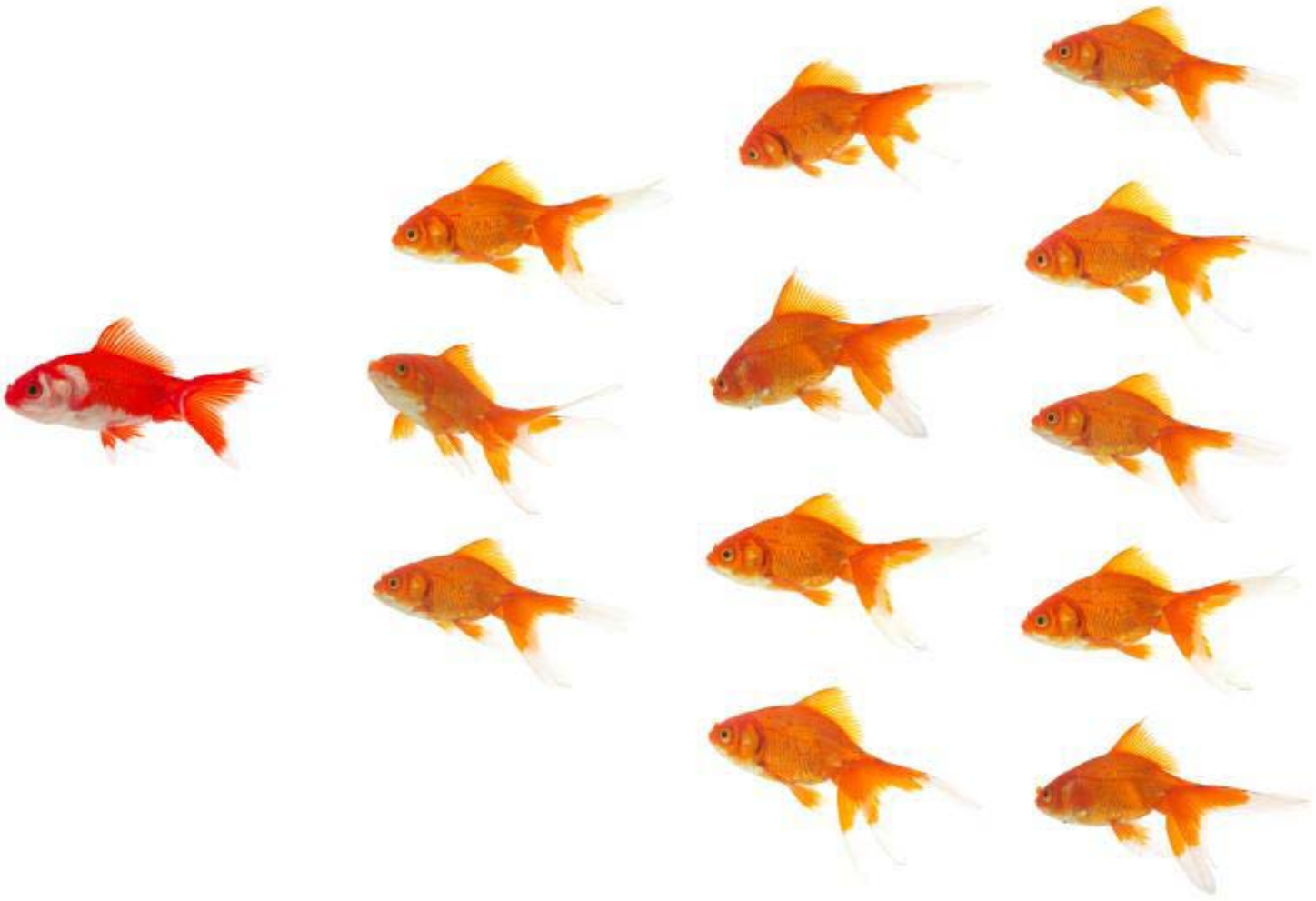
When Appearances Are Deceiving



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Product and Packaging Designs Can Be Easily Copied. Here's How Companies Protect Themselves

Imitations may be a form of flattery, but when it involves the look and feel of a product or package – a concept known as trade dress – the repercussions can be serious.

Imagine, for instance, the confusion that consumers would feel if a computer brand other than Gateway was distributed in a black-and-white cow-spotted box or if any fast-food chain other than McDonald's Inc. displayed golden arches.

The problem is that many businesses don't understand how easily the appearance of products and packaging can be legally copied, so they fail to develop and protect trade dress as they do other trademarks.

Sowing further confusion is the fact that the scope of legally protectable trade dress has narrowed in some respects and grown in others in recent years. The Supreme Court in 2000 gave companies more leeway to imitate product design as long as buyers don't associate "the look" with only the original brand. At the same time, more elements may now qualify as protectable trade dress, including colors and sounds.

So how can companies make the most of trade dress, while reducing their vulnerability to imitation? We advise laying the groundwork early, well before imitation occurs.
Companies should start by devising a distinctive design for their product, service or package. They should apply to register that trade dress with the U.S. Patent and Trademark Office, and then quickly advertise the link between "the look" and the brand to establish the distinctiveness needed to complete the registration. They should then test the power of that link in the minds of buyers with the type of survey research recognized by the courts.

We have found, as expert witnesses in more than two dozen trade-dress cases, that preparation of this kind helps companies more easily defend their valuable intellectual property – whether it is the design on the instep of a cowboy boot, the layout of a golf-course hole or the color of residential insulation. Here's a closer look at t how companies should establish themselves early to limit their exposure to copycats.

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Style Matters

Managers should start thinking about trade-dress protection in the product-development stage because the more unique the look of a product or package, the more likely buyers are to associate it with a single brand.

Only potential buyers can answer whether a product or package is visually distinct. If a new product is being tested, buyers may not yet be able to identify the look with the source, but it would be wise to make sure they don't associate the look with any other product or package on the market. After finding a style that stands out, companies can protect the look in the same way they protect a brand name and logo: by using it in commerce and acquiring distinctiveness for it; a requirement for its regulation as a trademark by the U.S. Patent and Trademark Office.

To qualify as a trademark, visual elements must be ornamental, not functional, meaning they are separate from the actual working of a product or package, Coca-Cola Co.'s hourglass bottle falls under the scope of protectable trade dress because it involves a non-functional design and shape. But when Coke puts its products in a case that is the same size and shape as the one used by all other cola makers, the can isn't protectable trade dress; it is functional.

Registering trade dress with the Patent and Trademark Office isn't a requirement for filming suit against copy-cats, so many companies wait until they are threatened by imitators before filing an application. This is a mistake. What they lose by failing to register trade dress early on is the advantage of putting on record the judgment of the Patent and Trademark Office that their trade dress is distinctive.

Defining Distinctiveness

Distinctiveness can be either *inherent* or *acquired* and is the key to claiming that visual elements have what is known as "secondary meaning" – that they are perceived by a significant portion of the buying public as coming from one brand, not more than one.

Inherent distinctiveness refers to a design, shape or color that is so unusual when it is introduced that it becomes, according to the courts, immediately or inherently distinctive. In a landmark case in 1992, the U.S. Supreme Court ruled that the interior design of Taco Cabana, a Mexican casual restaurant, was so unusual, it was inherently distinctive. Among the design features that made the interior unique: the menu board and double garage doors leading to the patio.

Acquired distinctiveness is different and much more common. It means that because of advertising, publicity, trade-show displays, or some combination of those, buyers now associate a look with

only one brand. If such association is demonstrated – by surveying consumers, for example – then that look has secondary meaning.

The Supreme Court ruled in Wal-Mart v. Samara Brothers in 2000 that inherent distinctiveness cannot apply to the look of a product itself. Consequently, visual elements identifying products must be tested over time in the marketplace to determine whether consumers associate them with a single source. But even for packaging, which has been broadly interpreted to include restaurant design, it is wise for brands to meet this test of secondary meaning to successfully claim buyer confusion when trade dress is copied.

The lesson for managers: Spend early and heavily on advertising to link visual elements to your product, service or packaging, and document the amount spent. Trade dress may be only as good as the holder's willingness to promote its association with one and only one brand.

United Parcel Service Inc. and AstraZeneca PLC are two companies that understand this necessity. UPS's "What Can Brown Do for You?" advertising slogan trumpets the package-delivery company's identification with the color brown. Similarly, AstraZeneca uses the term "the Purple Pill" in advertising for its heartburn medication Nexium and has registered the color as trade dress at the U.S. Patent and Trademark Office.

The high court ruling in 2000, that Wal-Mart Stores Inc.'s imitation of a dress design was legal as long as the look of the item wasn't associated in buyers' minds with its original source, means that a company that copies a design element quickly, before the originator has time to link that design to its own brand, could pose a serious threat. The imitator could prevail in court if its marketing efforts have led buyers to associate the design with its brand before the originating company has had a chance to do so.

Querying Consumers

Survey research can be employed to determine whether any visual element, whether registered with the Patent and Trademark Office or not, communicates to a set of buyers the single source of an unlabeled product. Courts evaluate survey methods for objectivity.

Let's use the hourglass Coke bottle to illustrate a research approach that the courts might find compelling. The trademarked name "Coca-Cola" is one way to distinguish the brand, as is the logo, or the way that name is written on every Coke container. If no distinctiveness is added by the shape of an eight-ounce bottle – if consumers don't believe that the bottle comes from only one source and thereby tells them even absent a logo or name that it contains Coca-Cola – it has no trade dress that can be defended.

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But suppose survey research is conducted by an independent research, and actual or potential cola consumers see three bottles, all unlabeled – a Coke bottle and two control bottles that are generally similar to it but differ in the one aspect that is in contention, in this case, shape. The order in which they are shown to research participants is randomly rotated. The consumers are asked about each separately: "Does this bottle come from only one source, or could it come from more than one source?" Seeing the Coke bottle, suppose 80% of consumers say "one source." That same answer is given by 8% for one of the control bottles and by 2% for the other. In each case, the next question is: "What is the name of that one source?" Then they are asked "Why do you say that" to establish that respondents are basing their answers on visual elements, not guesswork or whim. Now a marketer has evidence to preclude imitation: The bottle has secondary meaning.

If the bottle is imitated by another company, survey research can be used to show the extent of buyer confusion. In one approach, soft-drink buyers will see a Coke bottle, a second bottle (that of the imitator) and a third bottle, as a control. They will be asked whether any two of these bottle come from the same company, or two companies that are affiliated. If they say two of the bottles come from the same company, they will be asked which two, and why they say so.

Given the likelihood that survey research among buyers and potential buyers will be key to demonstrating secondary meaning, and that secondary meaning will be key to demonstrating confusion, it makes sense for a company to undertake research of this kind before imitation occurs. Too many companies assume that buyers associate a look with their brand alone, and find out only in preparation for a lawsuit that buyers are far more casual than they realized about linking a given visual element with a given brand. If the company finds that a visual element for which it wants to claim exclusivity isn't associated with its brand alone by a significant portion of the buying public, it has several options. It may try to confer secondary meaning via more marketing, or it may consider adding – and promoting – some other element to set the brand apart.

Keep in mind that potential imitators may be conducting surveys of their own. If they discover that customers don't associate a look with a single source, they may be encouraged to adopt a similar design or package.

About Endeavor

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