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Imitation Out Of Fashion

Crucial 2nd Circuit says that
designs

have trade dress protection

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Traditionally in the garment industry, imitation has been pervasive and generally tolerated. Styles introduced by top fashion designers often set the trends followed by the entire industry. Now that tradition is under legal attack.

In the case of *Samara Brothers Inc. v. Wal-Mart Stores Inc.*, 165 F.3d 120 (2d Cir. 1998), the U.S. Court of Appeals for the 2nd Circuit recently refused to disturb a jury's determination that protectable trade dress resided in a line of fashionable children's clothing based solely upon the "inherent distinctiveness" of the line. And the *Samara Brothers* case does not stand alone. Similar claims of trade dress infringement based on alleged copying of a fashionable clothing line are pending in *Abercrombie & Fitch v. American Eagle Outfitters*, 98-CV-569, filed June 2, 1998 (S.D. Ohio).

In *Samara Brothers*, Wal-Mart was found to

have willfully infringed Samara Brothers' trade dress by knocking off designs incorporated into a line of children's clothing. In addition to awarding \$912,857 for copyright infringement, the U.S. District Court had awarded \$240,459 for trade dress infringement under §43(a) of the Lanham Act, injunctive relief, and attorney fees and costs of \$275,000 and \$33,196 respectively. In a split decision, the 2nd Circuit upheld the jury's determinations of liability and damages awards, except with respect to one of the children's outfits found by the court not to be protected as part of Samara's trade dress. The court remanded the case for modification of the injunction, consistent with its determinations on the scope of the protectable trade dress. (A petition filed by Wal-Mart for rehearing *en banc* was pending at the time of publication.)

A PROFOUND SIGNAL

The *Samara Brothers* decision has potentially far-reaching implications—that is, if it does not prove to be, as the dissent predicts, an "aberra-



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tional result . . . limited to the precise facts of this case.” The impact of the case is most profound for the signal that it sends concerning the potential trade dress protectability of product configurations, and particularly of product lines.

Because of the nature of the trade dress at issue and the specific courts involved, the effect of *Samara Brothers* on the clothing industry may be substantial. As Wal-Mart argues in its petition for rehearing, “Consistency within the Second Circuit in trade dress cases involving clothing designs is particularly important given the significant presence of both the garment industry and the retail industry in the Southern District of New York where this case was tried.”

Previously, clothing-related designs had been protectable by copyright and design patent to some extent. Indeed, the largest recovery against Wal-Mart was on claims that it infringed 13 of Samara Brothers’ registered copyrights on various designs for decorative appliques used on the clothing. However, clothing copyrights are generally obtainable only for design features that can be identified separate from utilitarian aspects of the clothing item and that are capable of existing independently. 17 U.S.C. §101. Clothing items per se, as useful articles, are not copyrightable. *Whimsicality Inc. v. Rubie’s Costume Co. Inc.*, 891 F.2d 452 (2d Cir. 1989). Patents, on the other hand, are subject to stringent requirements of novelty and nonobviousness.

The prospect that clothing designs—and, particularly, lines of clothing design—may be protectable as trade dress represents a substantial new inroad, one that is potentially at odds with the age-old tradition of imitation in the apparel business. *Samara Brothers* suggests there is a potent new weapon available to fend off competitors that would seek to mimic a successful product line.

In the past, the 2nd Circuit has taken a hard line with respect to trade dress infringement claims brought under §43(a) of the Lanham Act. Prior to the Supreme Court’s decision in *Two Pesos Inc. v. Taco Cabana Inc.*, 505 U.S. 763 (1992), the law in the 2nd Circuit was that trade dress, unlike federally registered trademarks, would only be protectable if shown to have acquired secondary meaning, i.e., that purchasers of the goods had come to associate a particular trade dress with a particular product source. (Since acquiring secondary meaning generally requires a sig-

nificant market presence over a substantial amount of time, establishing acquired secondary meaning is generally not possible for recent market entrants.) “Inherent distinctiveness” of the trade dress, standing alone, was insufficient in the 2nd Circuit.

DEFINING ‘DISTINCTIVE’

In 1992, *Two Pesos* resolved a conflict between the 2nd Circuit position and the 5th Circuit position, which recognized the protectability of trade dress based upon inherent distinctiveness. The Supreme Court adopted the position of the 5th Circuit: “We see no basis for requiring secondary meaning for inherently distinctive trade dress protection under §43(a) but not for other distinctive words, symbols or devices capable of identifying a producer’s product.”

The inherent distinctiveness of the trade dress in *Two Pesos*—a Mexican restaurant motif—was assumed and not at issue before the Supreme Court. Thus, while *Two Pesos* made clear that inherent distinctiveness alone is sufficient to confer protectable status on trade dress, the decision left open the question of when trade dress is, and when it isn’t, inherently distinctive.

Following *Two Pesos*, the 2nd Circuit confronted the inherent-distinctiveness issue in several cases, once again taking its characteristic hard line. The court applied a rigorous analytical approach to determining the existence of any inherent distinctiveness of trade dress, especially trade dress alleged to reside in a product’s configuration, as opposed to its packaging. An even more stringent test was applied to trade dress alleged to exist across a line of products. In view of those decisions and until the court’s recent decision in *Samara Brothers*, it appeared questionable “whether [in the 2nd Circuit] a product’s design could ever be protectable trade dress.” *Nabisco Inc. v. PF Brands Inc.*, 99 Civ. 0008 (SAS), 1999 U.S. Dist. LEXIS 922, *24-25 (S.D.N.Y. Feb. 3, 1999).

In *Knitwaves Inc. v. Lollytogs Ltd.*, 71 F.3d 996 (2d Cir. 1995), the 2nd Circuit refused to recognize inherent distinctiveness in a line of children’s sweaters having a fall motif. The court described the clothing at issue: “Each item in the group incorporated design elements intended to express a ‘fall’ motif, such as leaves, acorns, squirrels, and the like, for introduction for the fall 1990 season. In addition, the sweaters employed what Knitwaves designers describe as innovative color schemes, using ‘fall’ colors, such



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as mustards and browns, rather than the usually brighter children's tones." The 2nd Circuit based its decision heavily on its conclusion that "since the primary purpose of Knitwaves' sweater designs is aesthetic rather than source-identifying, Knitwaves' 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 the source."

Significantly, the court concluded that the 2nd Circuit test for inherent distinctiveness traditionally applied to trademarks—which was established by *Abercrombie & Fitch Co. v. Hunting World Inc.*, 537 F.2d 4 (2d Cir. 1976), and subsequently extended to trade dress in the form of product packaging in *Paddington Corp. v. Attiki Importers & Distributors Inc.*, 996 F.2d 577 (2d Cir. 1993)—was inapplicable. As the court explained in *Knitwaves*:

Under the Abercrombie test [as laid out in Paddington], marks are classified as either (1) generic, (2) descriptive, (3) suggestive, or (4) arbitrary or fanciful. . . . While generic marks can never serve to distinguish a source, and descriptive marks require a demonstration of secondary meaning in order to become distinctive, suggestive and arbitrary or fanciful marks are considered to be inherently distinctive. . . . We do not find the analysis of Paddington appropriate in the case before us, in which the trade dress at issue consists of a product's features—the artwork on a sweater—rather than, as in Paddington, a product's packaging.

In the court's view in *Knitwaves*, the *Abercrombie* classifications "make little sense when applied to product features." The 2nd Circuit's test for inherent distinctiveness in product design, announced in *Knitwaves*, is whether the design at issue "is likely to serve primarily as a designator of origin of the product." As to those sweater designs, this test was found not to have been met in view of *Knitwaves*' "primarily aesthetic" objective.

Thus, the subjective intent of a producer in incorporating certain design features is a key, if not dispositive, factor with regard to whether those features will be considered inherently distinctive.

Knitwaves was followed by *Landscape Forms Inc. v. Colombia Cascade Co.*, 113 F.3d 373 (2d Cir. 1997). The trade dress at issue in *Landscape Forms* was alleged to reside in a line of site furniture, e.g., benches and trash cans, used in airports, parks, shopping malls, and similar locations. A representative characterization of the alleged trade dress was provided by one of *Landscape Forms*' witnesses:

There's a lot of curves and soft corners that go on. There's a lot of structural heft when you look at it. It seems to float in this rather heavy-looking framework, and I think in that regard all the pieces seem to tie together, the common thread being, in my mind, that very heavy structure that sort of lets the elements float inside of there.

In the court's view, this and other "similarly laudatory descriptions" failed to indicate a unique combination of features that made the trade dress inherently distinctive under the *Knitwaves* test, i.e., "likely to be perceived by consumers as bearing the stamp of their maker."

A HEIGHTENED UNEASE

The 2nd Circuit in *Landscape Forms* saw the tension between the recognition of trade dress in product configurations and the "strong federal policy in favor of vigorously competitive markets." It cited with approval an earlier 2nd Circuit observation, in *Jeffrey Milstein Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27 (2d Cir. 1995), that an overextension of trade dress protection could undermine restrictions in copyright and patent law designed to avoid monopolization of unpatentable or uncopyrightable products and ideas. The court expressed a

heightened unease about cases, like *Landscape Forms*, where trade dress was alleged to reside within a product line: "[A] claim of trade dress covering an array of items is likely to be broader than one for an individual product's design. Accordingly, when protection is sought for an entire line of products, our concern for protecting competition is acute."

Consistent with that concern, the 2nd Circuit noted, "[A] trade dress plaintiff seeking to protect a series or line of products faces the particularly difficult challenge of showing that the appearance of its several products is sufficiently distinct and unique to merit protection as recognizable trade dress."

The court acknowledged that trade dress may protect the "overall look" of a product, and also that a combination of individual elements (nondistinct in themselves) may collectively be indicative of source. Nonetheless, the court in *Landscape Forms* held that a "focus on the overall look of a product does not permit a plaintiff to dispense with an articulation of the specific elements which comprise its distinct dress." In particular, "a plaintiff's inability to explain to a court which aspects of its product design(s) merit protection may indicate that its claim is pitched at an improper level of generality, i.e., the claimant seeks protection for an unprotectable style, theme or idea."

Refusing to find protectable trade dress in the line of site furniture, the 2nd Circuit held that *Landscape Forms* had failed to articulate and support its claimed trade dress with sufficient particularity.

Knitwaves and *Landscape Forms* set the stage for *Samara Brothers*. *Knitwaves* requires a subjective intent on the part of the producer to designate, with the alleged trade dress, the source of the products. *Landscape Forms* imprints upon *Knitwaves* a second requirement that one seeking trade dress protection also be able to articulate clearly

the specific elements that make up the trade dress. In neither of these cases was the trade dress at issue—product configurations alleged to exist across a line of products—found to be protectable. Now *Samara Brothers* has reached an opposite conclusion with respect to a line of children’s clothing.

Addressing the subjective-intent and specific-articulation requirements of *Knitwaves* and *Landscape Forms*, respectively, the 2nd Circuit panel majority in *Samara Brothers* found the case to be “entirely distinguishable”:

Here, the jury heard testimony of Samara’s Vice-President for sales that Samara chose to design its line of spring/summer seersucker children’s clothing using consistent design elements so that the look would be identified with Samara, building up brand loyalty. Samara has produced this very same product line for years, and it represents, according to the witness’ testimony, “the core [of Samara’s] business” and the “lifeblood of the company.” . . . In Knitwaves, by contrast, the two sweaters were part of a line of fall clothes that had never before been manufactured by Knitwaves nor did the evidence reveal any intent on the part of Knitwaves to establish the “fall motif” as its core product by which it would be recognized in the market place.

Contrasting the articulation of elements found to be too abstract to qualify as trade dress in *Landscape Forms* (“furniture ‘which is at once massive, yet appears to float’ ”), the court described the specific and, in its view, sufficient articulation of the elements of *Samara Brothers*’ trade dress:

Those specific design elements in the record, from designer Kathy Gosda’s testimony, included the typical use of: seersucker fabric; large bold appliques; large collars with appliques generally integrated into the collar and any pockets on the garment; general absence of printed images, black outlines, alphanumeric characters, three-dimensional features or heavy ornamentation (such as bibs or fringe) which are frequently used in children’s clothing; and full-cut, one piece conservative bodies.

According to the court, “this level of specificity appears to meet the concerns raised by *Landscape Forms*.”

Samara Brothers resolves, in the affirmative, the previous doubt concerning the availability of trade dress protection for product lines in the 2nd Circuit. Such protection may be afforded based upon the inherent distinctiveness of the trade dress and without establishing acquired secondary meaning. Trade dress is inherently distinctive if it can be shown to be

likely to serve primarily as a designator of product origin. Such likelihood can be (and was in *Samara Brothers*) established by (1) showing an intent to use the alleged trade dress to designate the source of the goods and (2) clearly articulating the specific elements that comprise that trade dress.

In the view of the *Samara Brothers* dissent, the high bar to trade dress protection for a product line that the 2nd Circuit “so emphatically raised” in *Knitwaves* and *Landscape Forms* has now been lowered. The panel majority would likely reply that the standard has not changed, but rather that *Samara Brothers* cleared the high bar, by satisfying the requirements established by *Knitwaves* and *Landscape Forms*. Either way, time will tell whether *Samara Brothers* is a trendsetter or a decision destined for the judicial clearance rack.

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