

No. 20-1817

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IN THE  
**Supreme Court of the United States**

EZAKI GLICO KABUSHIKI KAISHA and  
EZAKI GLICO USA CORP.,  
*Petitioners,*

v.

LOTTE INT'L AMERICA CORP. and  
LOTTE CONFECTIONARY CO. LTD.,  
*Respondents.*

**On Petition for Writ Of Certiorari To  
The United States Court of Appeals  
For The Third Circuit**

**BRIEF FOR THE AMERICAN INTELLECTUAL  
PROPERTY LAW ASSOCIATION AS  
*AMICUS CURIAE* IN SUPPORT  
OF PETITIONERS**

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## INTEREST OF *AMICUS CURIAE*<sup>1</sup>

The American Intellectual Property Law Association (AIPLA) is a national bar association representing the interests of approximately 8,500 members engaged in private and corporate practice, governmental service, and academia. AIPLA's members represent a diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. AIPLA's mission includes providing courts with objective analyses to promote an intellectual property system that stimulates and rewards invention, creativity, and investment while accommodating the public's interest in healthy competition, reasonable costs, and

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<sup>1</sup> In accordance with Supreme Court Rule 37.2(a), AIPLA received consent from counsel of record for both the Petitioners and Respondents for the filing of this brief. AIPLA also provided at least 10 days' notice of its intent to file this brief to all counsel. In accordance with Supreme Court Rule 37.6, AIPLA states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than AIPLA and its counsel. Specifically, after reasonable investigation, AIPLA believes that: (i) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to the litigation in this matter; (ii) no representative of any party to this litigation participated in the authorship of this brief; and (iii) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.



basic fairness. AIPLA has no stake in any of the parties to this litigation or in the result of the case. AIPLA's only interest is in seeking correct and consistent interpretation of the law as it relates to intellectual property issues.

## SUMMARY OF ARGUMENT

AIPLA urges this Court to grant the petition for a writ of certiorari sought by Ezaki Glico Kabushiki Kaisha and Ezaki Glico USA Corp. (collectively, “Glico”) to address the proper rule for trademark functionality.<sup>2</sup>

The Lanham Act, 15 U.S.C. § 1051 *et seq.*, protects trademarks. Trademarks have many forms, including words, symbols and the overall appearance of a product’s design, packaging, or features thereof (“trade dress”). *See* 15 U.S.C. § 1052(b); *see also Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 209-10 (2000).

Functionality is a defense to trademark infringement. Functionality prevents trademark law from “inhibiting legitimate competition by allowing a producer to control a useful product feature.” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995).

The Lanham Act did not mention functionality until 1998. *See* Technical Corrections to Trademark Act of 1946, Pub. L. No. 105-330, 112 Stat. 3064 (1998); *see also* 15 U.S.C. §§ 1052(e)(5), 1064(3), 1115(b)(8). However, courts have applied principles of functionality for more than 100 years. *See, e.g., Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938). This Court has identified and applied a “traditional rule”

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<sup>2</sup> In this brief, AIPLA expresses no opinion as to the ultimate merits of the parties’ positions on the issues, including but not limited to functionality, uncontrolled licensing and laches. AIPLA only urges consistency, clarity and proper application of the law.

of functionality: “[i]n general terms, a product feature is functional,’ and cannot serve as a trademark, ***‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.’***” *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 32-33 (2001) (emphasis added) (citing *Qualitex*, 514 U.S. at 165 (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850, n.10 (1982))).

In the decision below, the Third Circuit discarded the traditional rule on the way to concluding that “a feature’s particular design is functional if it is useful.” *Ezaki Glico Kabushiki Kaisha et al. v. Lotte Int’l America Corp. et al.*, 986 F.3d 250, 255 (3rd Cir. 2021).

No other circuit has cast aside the traditional rule. Besides being the precedent of this Court for decades, the traditional rule balances trademark law’s consumer protection and brand recognition benefits with principles of patent law and free competition.

The Third Circuit’s decision destroys this balance and decimates trade dress protection because all product design, and every feature of a product design, is “useful” in some way. Consequently, trade dress is now very vulnerable to invalidation. Accordingly, trade dress owners will be more reluctant to enforce their rights against counterfeiters and other infringers. Source-identifying features of product design will fade. In the end, consumers will be hurt most because they will be less able to rely on trade dress to make purchasing decisions, including avoiding counterfeits and inferior imitations.

Nothing justifies discarding the traditional rule. Its carefully crafted balance reflects and subsumes

decades of this Court’s precedents, including most recently that a utility patent claim for a product design feature is “strong evidence” of that feature’s functionality. *TrafFix*, 532 U.S. at 31. Other checks on liability for trade dress infringement also exist, including establishing secondary meaning for product design trade dress and of course likelihood of confusion. *See Wal-Mart Stores*, 529 U.S. at 216.

The nature of trade dress amplifies the dissonance of the decision below. The trade dress that is most often counterfeited and otherwise copied typically relates to well-known products sold nationwide. Such ubiquity, in combination with a low threshold for declaratory judgment jurisdiction, will allow accused infringers to forum shop and sue in the Third Circuit, and exploit the decision below.

Moreover, functionality is a potentially lethal challenge to all trademarks, regardless of age, distinctiveness, accumulated goodwill or registration status. Here, Glico has used the trade dress at issue for more than 50 years. The trade dress has been a registered U.S. trademark for more than 30 years, and an “incontestable” registration for more than 20 years. Yet the Third Circuit still affirmed summary judgment based on functionality, despite repudiating the district court’s reliance on “strong evidence” of a relevant utility patent, and numerous alternative designs. *TrafFix*, 532 U.S. at 31; *see also Ezaki Glico*, 986 F.3d at 260.

AIPLA urges this Court to grant Glico’s petition for certiorari to address the proper rule of trademark functionality.

## REASONS FOR GRANTING THE PETITION

### I. FUNCTIONALITY AND THE TRADITIONAL RULE

For more than 100 years, courts have applied functionality principles to balance consumer protection and brand recognition benefits with principles of patent law and free competition.

In 1902, for example, a maker of patented modular bookcases sued a competitor for patent infringement and unfair competition based on copying of its bookcase “system,” including “sizes, styles, material, and finish.” *Globe-Wernicke Co. v. Fred Macey Co.*, 119 F. 696, 703-04 (6th Cir. 1902). The patent was invalidated. *Id.* at 702-703. As to unfair competition, the Sixth Circuit acknowledged that “[w]ithout a doubt, a party may adopt distinguishing marks to denote the origin of production as being his own, or he may adopt some other peculiar method of distinguishing his own goods, and thus retain the benefit of the good reputation which he has acquired for them.” *Id.* at 704 (emphasis added). However, the Sixth Circuit affirmed dismissal of the unfair competition claim because it was based on “common features” of the bookcase and not any “special characteristics.” *Id.*; see also *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896) (rejecting unfair competition claim based on the “form in which the defendant made his machines” in view of an expired utility patent).

In 1938, this Court ruled that National Biscuit could not stop Kellogg from selling a similar, unpatented “pillow-shape” biscuit, despite possible consumer confusion, because “[t]he evidence is persuasive that this form is functional—that the cost of the

biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape.” See *Kellogg*, 305 U.S. at 122 (1938); see also Restatement (First) of Torts §§ 742 (1938) (“[a] feature of goods is functional ... if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them; it is non-functional if it does not have any of such effects.”).

The traditional rule of functionality emerged in *Inwood Laboratories*, 456 U.S. at 850 n.10. With regard to alleged wrongful copying of the appearance of blue and blue-red pills, which required establishing that the appearance was “not functional,” this Court remarked that “*[i]n general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.*” *Id.* (emphasis added) (citing *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964); *Kellogg*, 305 U.S. at 122 (1938)).<sup>3</sup>

In *Qualitex*, this Court reversed a holding that color alone could not serve as a trademark, finding no “principled objection to the use of color as a mark in the important ‘functionality’ doctrine of trademark law.” *Qualitex*, 514 U.S. at 164. *Qualitex* quoted and applied the *Inwood* formulation of functionality. *Id.* at 169.<sup>4</sup>

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<sup>3</sup> *Inwood* focused on the appellate court’s mistake “in setting aside findings of fact that were not clearly erroneous” with regard to infringement of *Inwood*’s “CYCLOSPASMOL” trademark for the pills. *Id.* at 2191.

<sup>4</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), considered whether the appearance of a restaurant could be protected as a trademark without proof of accumulated consumer goodwill. Although *Two Pesos* cited *Inwood* for the proposition

In 1998, Congress added functionality to the Lanham Act as an enumerated defense to trademark infringement. *See* Pub. L. No. 105-330 at § 201, 112 Stat. 3064, 3069; *see also* 15 U.S.C. §§ 1064(3), 1115(b)(8). According to the House Report, Congress made this amendment “to clarify confusion among certain courts over functionality issues.” House Report 105-194 (105<sup>th</sup> Congress); 15 U.S.C. §§ 1064(3), 1115(b)(8); *see also Wilhelm Pudenz, GmbH v. Littlefuse, Inc.*, 177 F.3d 1204, 1209-12 (11th Cir. 1999) (discussing legislative history of the amendment). The “confusion” related only to the availability of functionality as a defense and its burden of proof. *See, e.g., Shakespeare Co. v. Silstar Corp. of America, Inc.*, 9 F.3d 1091 (4th Cir. 1993) (ruling that functionality is not an “authorized ground” to cancel a trademark); *Publications Int’l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 339-340 (7th Cir. 1998) (discussing “circuit conflict” with functionality burden of proof). Notably, Congress declined to define “functional” in the Lanham Act, suggesting its approval of the *Inwood* formulation.

The most significant and recent decision of this Court addressing functionality is *TrafFix*. *TrafFix* called the *Inwood* formulation the “traditional rule” and concluded that a dual-spring mechanism for keeping road signs upright could not serve as a trademark because it was functional. *TrafFix*, 532 U.S. at 33. The critical fact in *TrafFix* was the existence of an

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that trademark protection depends on “nonfunctionality,” this Court did not apply the *Inwood* formulation because functionality was not at issue. *Id.* at 764-65; *see also TrafFix*, 532 U.S. at 33 (In *Two Pesos*, “the Court at the outset made the explicit analytic assumption that the trade dress features in question ... were not functional.”).

expired utility patent relating to the dual-spring mechanism, which had “vital significance” and was “strong evidence” of functionality. *Id.* at 29.

In sum, the traditional rule of the functionality doctrine is a thoughtful balancing of competing interests that courts have formulated and followed for more than 100 years. Congress has not attempted to replace it, and it should be preserved.

## II. THE THIRD CIRCUIT IS NOW INCONSISTENT WITH ALL OTHER CIRCUITS IN APPLYING THE TRADITIONAL RULE

Before, and especially since *TrafFix*, circuit courts have applied the traditional rule. *See, e.g., I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998) (pre-*TrafFix*); *Sulzer Mixpac AG v. A&N Trading Co.*, 988 F.3d 174 (2nd Cir. 2021); *Shire US Inc. v. Barr Laboratories, Inc.*, 329 F.3d 348 (3rd Cir. 2003); *McAirlaids, Inc. v. Kimberly-Clark Corp.*, 756 F.3d 307 (4th Cir. 2014); *Board of Supervisors for Louisiana State University Agricultural and Mechanical College v. Smack Apparel Co.*, 550 F.3d 465 (5th Cir. 2008); *Groeneveld v. Lubecore*, 730 F.3d 494 (6th Cir. 2014); *Bodum v. Top New Casing*, 927 F.3d 486 (7th Cir. 2019); *Frosty Treats Inc. v. Sony Computer Entertainment America Inc.*, 426 F.3d 1001 (8th Cir. 2005); *Herman Miller, Inc. v. Blumenthal Distributing, Inc.*, 963 F.3d 859 (9th Cir. 2020); *Craft Smith, LLC v. EC Design, LLC*, 969 F.3d 1092 (10th Cir. 2020); *Dippin’ Dots, Inc. v. Frosty Bites Distribution, LLC*, 369 F.3d 1197 (11th Cir. 2004); *In re Becton Dickinson*, 675 F.3d 1368 (Fed. Cir. 2012). In doing so, the careful



balance of competing interests most recently reaffirmed in *TrafFix* has been preserved and reinforced throughout the United States.

By contrast, the heading of Part II of the decision below foreshadows the demise of the traditional rule: “TRADE DRESS LAW DOES NOT PROTECT PRODUCT DESIGNS THAT ARE USEFUL.” *Ezaki Glico*, 986 F.3d at 255. The decision chastised Glico’s argument on the traditional rule as “... too narrow. It misreads the Lanham Act’s text and its relationship with the Patent Act. Under both the statute and the case law, ***a feature’s particular design is functional if it is useful.***” *Id.* (emphasis added).

The decision paints with too broad a brush. By jettisoning this Court’s traditional rule in favor of an adage that “functional” is “useful,” the Third Circuit replaced a thoughtful balance of interests with a new standard of colloquial functionality that threatens all trade dress.

This Court has wisely avoided the allure of a simple adage, appreciating that all product design, and every feature of product design, is “useful” in some way. The best balance for consumers and brand owners is to protect product design, product design features, and combinations thereof, that may be “useful” but are not “essential” and do not materially affect the cost or quality of the article. These filters shield valid and valuable trade dress from opportunistic challenges, and ultimately help consumers.

Ironically, the Third Circuit previously applied the traditional rule in *Shire*, 329 F.3d at 354. While the decision below does not purport to overrule or distinguish *Shire* and mentions *Inwood* in passing, its

elevation of colloquial functionality above the traditional rule is inescapable. In the Third Circuit, functional now equals useful. *See Ezaki Glico*, 986 F.3d at 255, 257.

The Third Circuit based its decision on the “ordinary meaning” of functionality because “the Lanham Act does not define functionality.” *Id.* at 256. In doing so, the Third Circuit erred by ignoring the meaning of functionality enshrined over decades in the traditional rule (in this Court, in the Third Circuit’s *Shire* decision, and elsewhere) in favor of dictionary definitions, writing:

A feature's design is functional if it is ‘designed or developed chiefly from the point of view of use: UTILITARIAN.’ *Functional* (def. 2a), *Webster's Third New International Dictionary* (1966). So something is functional as long as it is “practical, utilitarian”—in a word, useful. *Functional* (def. 2d), *Oxford English Dictionary* (2d ed. 1989). The word requires nothing more.

*Id.* No other circuit court decision since *TrafFix* has exalted a colloquial meaning of functionality over the traditional rule, although district courts have been reversed for this legal error. *See, e.g., Frosty Treats*, 426 F.3d at 1007 (reversing because functionality was evaluated “using the colloquial meaning of ‘functional’ rather than the specialized meaning” of the traditional rule). Potential infringers may now wield colloquial functionality as a potent weapon in the Third Circuit, instead of having to respect the careful balance required by the traditional rule.

In elevating a colloquial meaning of functionality above all else, the Third Circuit took additional liberties with the second prong of the traditional rule, “affects the cost or quality.” It, and the district court, did not discuss any “cost” factors in their decisions, and none of the “useful” features are expressly related to “quality.” Instead the Third Circuit simply concluded that “[s]o long as the design improves cost, quality, **or the like**, it cannot be protected as trade dress. The shape need only be useful, not essential.” *Ezaki Glico*, 986 F.3d at 258 (emphasis added). The Third Circuit does not elaborate on what “or the like” means, but it further shows how colloquial functionality replaced the traditional rule in the decision.

The Third Circuit’s reasoning also erroneously assumes that Congress’ silence as to a statutory definition for functionality is a void in need of judicial clarification. In fact, as stated previously, the void reflects Congress’ implied approval of the *status quo* of the traditional rule. House Report 105-194 (105<sup>th</sup> Congress); 15 U.S.C. §§ 1064(3), 1115(b)(8); *see also Wilhelm Pudenz*, 177 F.3d at 1209-12.

Because the Third Circuit’s standard of colloquial functionality has a much lower threshold, the evidence needed to challenge trade dress as functional is now considerably less in that circuit.

Functionality “is a question of fact that, like other factual questions, is generally put to a jury.” *McAirlaids*, 756 F.3d at 310 (citing *In re Becton, Dickinson*, 675 F.3d at 1372; *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1258 (9th Cir.2001)).

Here, Glico owns two U.S. trademark registrations relating to appearances of “POCKY” products.

Each registration is “prima facie evidence of the validity of registered mark ... .” 15 U.S.C. § 1115(a). Moreover, each registration has become “incontestable” and thus is “conclusive evidence of the validity of the registered mark ...,” 15 U.S.C. § 1115(b), subject only to limited statutory defenses, including functionality. 15 U.S.C. § 1115(b)(8). Lotte had the burden of proof to establish this limited statutory defense. *See* 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (3d ed. 1995) § 7.26[3][d], at 7-128 (because a registration is prima facie evidence of validity, the burden of proving functionality is on the defendant).

The decision below acknowledged several types of evidence to prove functionality, including but not limited to evidence that (1) the features are claimed in a utility patent, (2) “there are only a few ways to design a product ... .” (3) “a feature or design makes a product work better,” (4) “a product’s marketer touts a feature’s usefulness,” *Ezaki Glico*, 986 F.3d 259 (citations omitted); *see also Georgia-Pac. Consumer Prods. LP v. Kimberly-Clark Corp.*, 647 F.3d 723, 727–28 (7th Cir. 2011); *Disc Golf Ass’n, Inc. v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-41 (C.C.P.A. 1982).

With regard to (1), as stated previously, “[a] utility patent is **strong evidence** that the features therein claimed are functional.” *TrafFix*, 529 U.S. 33. (emphasis added). Here, the district court found that a Glico utility patent covered the trade dress, and relied on this “strong evidence” to grant summary judgment of invalidity for functionality. *Ezaki Glico Kabushiki Kaisha et al. v. Lotte Int’l America Corp. et al.*,

2019 WL 8405592 at \*7 (D.N.J. 2019). However, the Third Circuit rejected this evidence as “irrelevant” because it concluded that the utility patent ***did not*** cover the trade dress. *Ezaki Glico*, 986 F.3d at 260.

Despite removing this lynchpin from the district court’s analysis, the Third Circuit nonetheless affirmed summary judgment because “many other factors show that Pocky’s trade dress is functional and so not protectable.” *Id.* No other circuit court has affirmed summary judgment of functionality despite repudiating “strong evidence” that the product design was previously claimed in a utility patent. *Compare Id. with Dippin’ Dots*, 369 F.3d 1197, *Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855 (7th Cir. 2010), *Georgia Pacific*, 647 F.3d 723, *McAirlaids*, 756 F.3d 307, and *CTB, Inc. v. Hog Slat, Inc.*, 954 F.3d 647 (4th Cir. 2020).

With regard to (2), the existence of alternative designs, the Third Circuit acknowledged evidence of at least nine alternative designs (and Glico claimed more than 30 alternative designs), but stated that this evidence was “hardly dispositive.” *Ezaki Glico*, 986 F.3d at 260. Many other circuits hold that evidence of alternative designs creates a genuine issue of material fact sufficient to preclude summary judgment of invalidity for functionality. *See, e.g., Moldex-Metric, Inc. v. McKeon Prods., Inc.*, 891 F.3d 878 (9th Cir. 2018).

With regard to (4), the touting of a feature’s usefulness, the Third Circuit concluded that “[t]here is plenty of evidence that Ezaki Glico promotes Pocky’s ‘convenient design.’” *Ezaki Glico*, 986 F.3d at 260. The Third Circuit identified advertisements such as

“[w]ith plenty of sticks in each package, Pocky lends itself to sharing anytime, anywhere, and with anyone,” to “confirm that Pocky’s design is functional.” *Id.*

Summary judgment is not an appropriate vehicle for factual determinations about the effect of advertisements on functionality, particularly over a long duration. Glico’s “POCKY” product has been advertised for more than 50 years. Unless Glico’s lawyers force its marketing team to always use bland and boring phrases like “Eat Pocky, It is Good,” there will be advertisements from which functional themes could be inferred. Rather than cherry-picking such advertisements at summary judgment on the way to finding “usefulness,” the finder of fact should be allowed to weigh and assess their import at trial and under the proper standard.

In sum, granting summary judgment based on a colloquial meaning of functionality and with limited and competing evidence destroys the traditional rule and its factual balancing. Despite a repudiation of “strong evidence” of relevant utility patents and numerous alternative designs, the Third Circuit concluded that a few advertisements and “useful” features created no genuine issue of material fact as to functionality. This should not happen under these circumstances to a registered and incontestable trademark that has been in use for more than 50 years. *See also Vuitton Et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 773 (9th Cir. 1981).

### III. NO OTHER CIRCUIT HAS DISPLACED THE TRADITIONAL RULE WITH AN ASSESSMENT OF COMPETITIVE DISADVANTAGE

After elevating a colloquial meaning of functionality above all else, the Third Circuit acknowledged that the traditional rule still offers “ways of showing usefulness,” for example, being “essential to the use and purpose” or “affect[ing] the cost or quality.” *Ezaki Glico*, 986 F.3d at 257 (citations omitted). According to the Third Circuit, yet another way to show “usefulness” is via supplemental language about the traditional rule from *Qualitex*, namely that “[a]t least in some cases, a feature is functional and unprotected if the ‘exclusive use of [the feature] would put competitors at a significant non-reputation-related disadvantage.’” *Id.* (citing *TrafFix*, 532 U.S. at 32; *Qualitex*, 514 U.S. at 165).

*TrafFix* ruled that “[i]t is proper to inquire into a ‘significant non-reputation related disadvantage’ in cases of [a]esthetic functionality” like *Qualitex*. *TrafFix*, 532 U.S. at 32 (citing *Qualitex*, 514 U.S. at 165). Most circuits recognize aesthetic functionality and “competitive disadvantage” as being distinct from utilitarian functionality and the traditional rule. *See, e.g., CTB v. Hog Slat*, 954 F.3d at 657-58, n.5 (4th Cir. 2020); *Herman Miller*, 963 F.3d at 865 (9th Cir. 2020) (identifying competitive disadvantage as a test for aesthetic functionality not utilitarian functionality). Competitive disadvantage has been called a “fact-intensive test.” *Sulzer Mixpac*, 988 F.3d at 183.

The Third Circuit did not separately analyze aesthetic functionality in its decision. However, it inferred from *TrafFix* that it is not improper to inquire

about competitive disadvantage even in utilitarian functionality cases. *See Ezaki Glico*, 986 F.3d at 257 (although competitive disadvantage “is especially apt for proving aesthetic functionality, the Court has not specifically limited it to that context”) (citing *TrafFix*, 532 U.S. at 33). The Third Circuit then deflated *Glico*’s arguments against utilitarian functionality because they relied “only” on the traditional rule (*i.e.*, instead of also considering competitive disadvantage). *See Ezaki Glico*, 986 at 257 (“Though *Ezaki Glico*’s forceful brief repeats ‘essential’ [from the traditional rule] more than four dozen times and structures its case around that touchstone, the authority does not support its drumbeat” that the traditional rule is the only way to find utilitarian functionality); *see also* Transcript of Oral Argument at p. 5 (J. Bibas) (“I see essential is one way to show that it’s functional, but I don’t see that that’s the only way.”) (Jul. 9, 2020).

This interpretation is incorrect because “[t]he *Qualitex* decision did not purport to displace [the] traditional rule.” *TrafFix*, 532 U.S. at 33. Accordingly, it is improper to inquire into competitive disadvantage in utilitarian functionality cases because it would displace the traditional rule. No other circuit recognizes competitive disadvantage as displacing the traditional rule. Neither party argued that competitive disadvantage displaced the traditional rule in the context of utilitarian functionality. *See, e.g.*, Appellee’s Br. 47. But the Third Circuit adopted this position *sua sponte* as part of elevating a colloquial meaning of functionality above all else. Now the Third Circuit stands as an outlier to all other circuits.



#### IV. THE NATURE OF PRODUCT DESIGN TRADEMARKS MAGNIFIES THE UNCERTAINTY OF CIRCUIT SPLITS

Product design is protectable as a trademark only if it has acquired secondary meaning. *See Wal-Mart Stores*, 529 U.S. 205. Secondary meaning exists when “in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.” *Id.* at 211 (citing *Inwood Labs.*, 456 U.S. at 851 n.11). Secondary meaning typically requires lengthy use and significant sales volume. For example, more than 10 years of use, 1.5 million items sold and \$65 million in revenue was insufficient to establish secondary meaning in a product design trademark for a personal organizer. *See Craft Smith*, 969 F.3d 1092.

*Craft Smith* exemplifies the high threshold for secondary meaning for product design trade dress. Often, the product design in question is for ubiquitous products, *e.g.*, famous, well-known and familiar smartphones, shoes, snacks and cola bottles (these famous products are also most likely to be copied). These products have been sold in quantities of millions, if not billions, throughout the United States and worldwide (not to mention millions, if not billions of dollars in advertising) for many years if not decades. In such circumstances, personal jurisdiction over the brand owner is likely in all geographic circuits, including the Third Circuit. *See Ford Motor Co. v. Montana Eighth Judicial District Court*, \_\_ U.S. \_\_, 141 S. Ct. 1017 (2021) (“there is a strong ‘relationship among the defendant, the forum, and the litigation’—the ‘essential foundation’ of specific jurisdiction” because

Ford “systemically served a market”); *see also* *C5 Medical Werks, LLC v. CeramTec GMBH*, 937 F.3d 1319 (10th Cir. 2019) (reviewing personal jurisdiction in context of declaratory judgment and trademark cancellation claim). Venue is also likely proper in the Third Circuit, particularly as to foreign owners. *See* 28 U.S.C. § 1391(c)(3). Thus, it will be difficult for trade dress owners to avoid being challenged in the Third Circuit.

All trade dress is vulnerable because it is difficult, if not impossible, to conceive of a product design that is not “useful” in one way or another. Even the case law examples added by the Third Circuit in its first amended opinion as not being functional are vulnerable to attack. *See Ezaki Glico*, 986 F.3d at 257. For example, the “C”-shaped handle of a French press coffee maker could be seen as “useful” because it allows the French press to be picked up, is more ergonomic or uses less material than a straight handle, or lessens the chance of a spill. *Id.* (citing *Bodum*, 927 F.3d at 492–93). As another example from *Qualitex*, the green-gold color of the pads in *Qualitex* could be seen as “useful” because it provides a pleasing, contrasting color or implies eco-friendliness. *See Ezaki Glico*, 986 F.3d at 257 (citing *Qualitex*, 514 U.S. at 166). Looking at the district court’s holding in *Inwood Laboratories*, any one of the reasons provided for functionality of the blue and blue-red colors of pills could bar trade dress protection based on an unbounded assessment of “usefulness.” *See Inwood*, 456 U.S. at 853.

Consumers will be hurt, as brand owners will be more reluctant to enforce their rights against counterfeiters and other infringers, and source-identifying product design indicia that support buying decisions

will evaporate. When brand owners decide to enforce their rights, they may need to preemptively sue outside the Third Circuit, at higher cost and to the detriment of judicial economy.

Nor is the Third Circuit's approach necessary to protect consumers and free competition. Ample other checks on trade dress can mitigate aggressive claims. For example, all trademarks must be distinctive of a product's source. *See Wal-Mart*, 529 U.S. at 216. Product design trade dress can never be inherently distinctive, and thus must have acquired secondary meaning. *Id.* Accordingly, it can be challenged as lacking secondary meaning. The owner also bears the burden of proving likelihood of confusion. Here, neither of these doctrines seem at issue because "POCKY" has been sold for more than 50 years and the Lotte product looks identical. Also, other traditional trademark defenses remain in place (here, naked licensing and laches are asserted). Moreover, to the extent a court believes a trade dress registration overreaches, it has the power to order partial cancellation of the registration. *See* 15 U.S.C. § 1119 ("In any action involving a registered mark the court may ... order the cancellation of registrations, **in whole or in part** ... "); *see also Louboutin v. Yves St. Laurent*, 696 F.3d 206 (2d Cir. 2012) (amending trade dress registration instead of invalidating based on aesthetic functionality). In sum, there are many ways for litigants and courts to counter aggressive trade dress claims that do not require destroying all trade dress.

## CONCLUSION

In the decision below, the Third Circuit ignored the traditional rule of functionality in favor of the imprecise proposition that “a feature’s particular design is functional if it is useful.” *Ezaki Glico*, 986 F.3d at 255. The ruling stands as an outlier to other circuits who have embraced the traditional rule, and circuits have now drifted further apart—this time dramatically.

The traditional rule is more nuanced for the simple reason that all trade dress for production configurations is “useful” in one way or another. There must be more to functionality or else it would swallow all product design trade dress.

AIPLA urges this Court to grant the petition for a writ of certiorari sought by Glico to address the proper rule governing trademark functionality. Allowing the decision below to stand broadens a circuit split, creates uncertainty and is harmful to a unitary national trademark system.

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