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THE INTELLECTUAL PROPERTY STRATEGIST

NOVEMBER 2017

## Protecting Product Packaging and Product Configuration

By Marcus S. Harris

On Dec. 16, 2016, Diageo North America, Inc. (Diageo) sued Sazerac Company, Inc., and Sazerac Brands, LLC (collectively Sazerac) in the United States District Court for the Southern District of New York, claiming, among other things, that Sazerac had committed willful trademark infringement, trade dress infringement, unfair competition and deceptive trade practices. *Diageo North America, Inc. v. Sazerac Company, Inc.*, No. 16 CV 09747 (S.D.N.Y.).

Diageo alleged that Sazerac had redesigned its Dr. McGillicuddy's whiskey bottle and label to knock-off the appearance and unfairly trade on the reputation of Diageo's BULLEIT® brand bourbon and rye whiskey and its distinctive canteen-shaped bottle. According to Diageo, the BULLEIT canteen-shaped bottle, with its embossed lettering and rectangular label (the Bulleit Trade Dress), is intended to evoke the rugged look and feel of the American frontier. Diageo owns incontestable U.S. Trademark Registration No. 3,075,812 for the three dimensional configuration of the BULLEIT canteen-shaped bottle. In addition to injunctive relief, and the destruction of all of Sazerac's allegedly infringing materials such as labels, signs, prints, packages, and advertisements, Diageo sought unspecified money damages.

According to the complaint, Diageo has used its Bulleit Trade Dress since at least as early as 1999, and claimed that the Bulleit Trade Dress is non-functional and inherently distinctive. However, the court never reached a decision because the parties settled the case and dismissed it on April 25, 2017. According to press reports, the settlement required Sazerac to modify its bottle design.

Diageo continues to aggressively defend its Bulleit Trade Dress. Earlier this year, Diageo filed suit in the Southern District of New York claiming that the Redemption brand owned by Deutsch Family Wine & Spirits and Bardstown Barrel Selections LLC (collectively Deutsch) infringes Diageo's trademark and trade dress rights, "unfairly [trading] on the reputation of Diageo's extremely popular Bulleit brand." *Diageo North America, Inc. v. W.J. Deutsch & Sons Ltd. d/b/a Deutsch Family Wine & Spirits*, No. 17 CV 04259 (S.D.N.Y.). Diageo claims that Deutsch redesigned the Redemption whiskey bottle to mimic the Bulleit Trade Dress. Deutsch filed its amended answer on Sept. 28, 2017, denying Diageo's claims and characterizing them as groundless.

While Diageo's trade dress claims are most likely not groundless, registering and protecting product designs is challenging. Preliminarily, trade dress cannot be registered or protected as a trademark if it is functional. A product design is functional if it is "essential to the use or purpose of the article or it affects the cost or quality of the article." *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)). "A design feature of a particular article is 'essential' only if the feature is dictated by the function to be performed; a feature that merely accommodates a useful function is not enough ...." *Warner Brothers, Inc. v. Gay Toys, Inc.*, 724, F.2d 327, 331 (2d Cir. 1983).

Even if the trade dress is not functional, it must meet certain other requirements before it can be registered or protected. These requirements differ depending on whether the trade dress constitutes product packaging or product design. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000). Product packaging trade dress generally consists of the overall combination and arrangement of design elements on the package for the goods. Product design trade dress covers the shape or configuration of the product.

### **Product Design Trade Dress Requires Secondary Meaning to Register and Protect**

Consumers do not typically recognize product design as a trademark, that is, as a source identifier. Instead, they tend to recognize product design as something that makes the product more appealing. *Id.* at 213. If the trade dress is product design,

it can never be inherently distinctive. *Id.* at 214. Consequently, product design trade dress is only entitled to registration and protection after a showing that the product design has acquired distinctiveness (so-called “secondary meaning”). This generally means that product design trade dress can only be protected after it has been used for a very long time, and consumers recognize the product design as being associated with a particular brand or company.

### **Product Packaging Trade Dress Can Be Registered or Protected If It Is Either Inherently Distinctive or Has Acquired Secondary Meaning**

Product packaging trade dress, on the other hand, is often recognized by consumers as a source identifier. *Id.* at 209. “[T]he very purpose of attaching a particular word to a product, or encasing it in a distinctive packaging, is most often to identify the source of the product.” *Id.* at 212. Product packaging trade dress can be registered and protected if it is inherently distinctive or if it has acquired secondary meaning.

There is a thin line between whether trade dress constitutes product packaging or product configuration. The Supreme Court has concluded that in close cases “courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning.” *Id.* at 215. The practical effect of this is that ambiguous trade dress must acquire secondary meaning before it can be registered or protected. Trademark owners face a heavy burden in establishing distinctiveness for product configurations. *Stuart Spector Designs, Ltd. v. Fender Musical Instruments Corp.*, 94 USPQ2d 1549 (TTAB 2009). Simply asserting that a product design has been used for five years is generally not sufficient. See, e.g., *In re Ennco Display Sys. Inc.*, 56 USPQ2d 1279, 1284 (TTAB 2000).

### **When Trade Dress Is Found to Have Acquired Distinctiveness**

Trade dress acquires distinctiveness when “in the minds of the public, the primary significance of a product feature ... is to identify the source of the product rather than the product itself.” *Qualitex Co.* at 163.

Factors relevant in determining whether trade dress has acquired secondary meaning include:

1. Advertising expenditures;
2. Sales;
3. Press coverage; and
4. Consumer studies showing that the trade dress is tied to a particular brand or company.

*Id.* Often, the U.S. Patent and Trademark Office requires a large amount of evidence in the form of “look for” advertising to prove that the public recognizes the product configuration as a source-identifier (e.g., “look for our distinctive bottle shape,” “look for our well-known bottle,” etc.).

An illustration of the challenges brand owners can face in registering product configurations can be found in the difficulty that Volkswagen Aktiengesellschaft had in registering its iconic car configuration for the VW Beetle. Volkswagen filed United States Trademark Application Serial No. 74/651,998 on March 27, 1995 for the three-dimensional configuration of a car. After receiving five Office Actions and filing an appeal with the Trademark Trial and Appeal Board, Volkswagen’s mark finally achieved registration on Dec. 5, 2000.

### **When Product Packaging Trade Dress Is Inherently Distinctive**

“[A] mark is inherently distinctive if “[its] intrinsic nature serves to identify a particular source.” *Id.* at 210, 54 USPQ2d at 1068 (citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768, 23 USPQ2d 1081, 1083 (1992)). The test for determining inherent distinctiveness is set forth in *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344, 196 USPQ 289, 291 (C.C.P.A. 1977). The factors for determining whether product packaging trade dress is inherently distinctive, at least for registration purposes, include whether the trade dress is:

1. A common basic shape or design;
2. Unique or unusual in a particular field;
3. A mere refinement of a commonly adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods; or
4. Capable of creating a commercial impression distinct from the accompanying words.

*Id.* The more distinctive the design, the more likely it will be to serve as an indication of the source or sponsorship of the goods or services with which the mark is used.

### **Strategies for Registering and Protecting Trade Dress**

While Diageo was successful in registering its canteen-shaped bottle with its embossed lettering, and to date appears to have been successful in protecting its configuration trademark, many trade dress marks are found to be functional or denied protection altogether because they are not inherently distinctive or lack secondary meaning.

To increase the likelihood of successfully registering and protecting trade dress marks, trademark owners should focus on: 1) selecting marks that emphasize distinctive design elements; 2) promoting and advertising the distinctive design element; and 3) avoiding seeking to protect or register marks that contain design elements that are functional.

Diageo's Bulleit Trade Dress incorporates a non-functional canteen-shaped "American Frontier" design element that is distinctive and which, by all accounts, Diageo has promoted and advertised heavily. Sazerac may have recognized the distinctive nature of Diageo's Trade Dress when it chose to settle and modify its bottle design. It remains to be seen whether Deutsch will follow Sazerac's lead or, instead, choose to challenge Diageo.

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