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Trade Dress Update: Federal Circuit Holds that Multi-Colored Product Packaging Marks May Be Inherently Distinctive

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On April 8, 2020, the Federal Circuit vacated and remanded the Trademark Trial and Appeal Board's decision that had upheld the Trademark Office's refusal to register a multi-colored product packaging mark on the ground that it was not inherently distinctive.

Background

The appellant in this matter, Forney Industries, sells accessories and tools for welding and machining. Forney applied to register its proposed mark (below) used on packaging for its welding and machining goods.

The Trademark Examiner refused registration under Sections 1, 2 and 45 of the Lanham Act finding the mark "is of a type that can never be inherently distinctive," and that Forney presented no evidence that the mark had acquired distinctiveness. Forney appealed to the Board, where Forney argued that its mark was not just a color mark but a "distinctive design and layout of colors on its packaging that functions as a 'symbol'". Forney attempted not to preempt the use of the colors red, yellow, and black, but instead to protect the particular combination of these colors, arranged in a particular design. However, the Board affirmed the examiner's refusal. The Board held that a color mark, whether applied to a product or its packaging, can never be inherently distinctive and may only be registered on a showing of acquired distinctiveness. The Board also held that, in the alternative, Forney's color mark could not be inherently distinctive without a well-defined peripheral shape or border.

Federal Circuit Decision

On appeal, the Federal Circuit vacated the Board's decision. First, the Board wrongly conflated product design and product packaging marks in reaching its conclusion that a color-based trade dress mark on product packaging can never be inherently distinctive. Whereas product design frequently serves purposes other than identification, product packaging is often intended to serve a source-identifying function. The Federal Circuit thus held that color marks can be inherently distinctive when used on product packaging, depending upon the character of the color design.

In reaching its conclusion, the Federal Circuit pointed to Supreme Court precedent, which held that "there is no rule absolutely barring the use of color alone" as a trade dress. *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 162 (1995).[1] Additionally, other circuit courts have found that color marks on product packaging can be inherently distinctive. As a result, the Federal Circuit held, the Board should have considered whether Forney's proposed mark met the criteria for inherent distinctiveness, rather than simply concluding that it could not be inherently distinctive simply by virtue of being a color mark.

Second, the Federal Circuit held that the Board wrongly concluded that product packaging color marks cannot be inherently distinctive absent a well-defined peripheral shape or border. The Board provided no explanation for this position, which was a departure from the traditional criteria for assessing whether a trade dress serves a source-identifying function: "(1) whether the trade dress is a 'common' basic shape or design; (2) whether it is unique or unusual in the particular field; (3) whether it is 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) whether it is capable of creating a commercial impression distinct from the accompanying words." *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977).

The Board should have analyzed whether, under the *Seabrook* factors, the combination of colors and the design those colors create on Forney's product packaging act as a source-identifier for the goods in the packaging. Disagreeing with both rationales for the Board's decision, the Federal Circuit vacated the decision and remanded the proceeding to the Board to consider whether Forney's proposed mark is inherently distinctive under the *Seabrook* factors when viewed as a whole.

Takeaway

The Federal Circuit's decision rejects the bright line rule that multi-colored marks can never be inherently distinctive on product packaging. Unlike single-color marks, which as a matter of law are not inherently distinctive and require secondary meaning to be protectable, multi-colored marks may be inherently distinctive and should be analyzed under the *Seabrook* factors.

[1] In *Qualitex*, the issue was whether a *single* color was eligible for trademark protection. The Court held that a single color could never be inherently distinctive, but could be protectable if it acquired secondary meaning.

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