Federal Circuit reshapes the rules for color marks on product packaging

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The Federal Circuit has stated a new rule with respect to color trademarks on product packaging, overturning the Trademark Trial and Appeal Board which stated that a color mark cannot be inherently distinctive. In doing so, the Federal Circuit overturned Trademark Trial and Appeal Board precedent and opened the door for registration of color marks which have not been used for a substantial period of time.

Background
The applicant, Forney Industries, Inc., filed an application for various welding and machining goods covering the following color mark:
The applicant sought to register its mark without claiming acquired distinctiveness. The colors are located on the applicant’s packaging and labels. The Examiner refused the application, stating that color marks, such as the applied-for mark, are not registrable without proof of acquired distinctiveness. The TTAB held that a color mark cannot be inherently distinctive if it does not appear with a “well-defined peripheral shape or border.”

**The Federal Circuit decision**

The Federal Circuit found that the TTAB incorrectly held that a multi-color trade dress mark cannot be inherently distinctive and “(presumably in the alternative)” that color product packaging marks cannot be inherently distinctive if they do not have a well-defined peripheral shape or border. *In re: Forney Indus., Inc.*, 2019-1073, p. 6 (Fed. Cir. Apr. 8, 2020).


Taking *Two Pesos* first, the Federal Circuit noted the Supreme Court’s ruling recognized that a restaurant’s interior trade dress (i.e., its overall décor) can be inherently distinctive. *Id.* at p. 7 (citing *Two Pesos Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 770 (1992))

Moving to *Qualitex*, the Court restated the Supreme Court’s holding that “a special shade of green-gold color on a dry cleaning pad was protectable by trade dress” because a color alone may serve as a trademark “where that color has attained ‘secondary meaning.” *Id.* at 8 (quoting *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 163 (1995)). Notably, the Federal Circuit then stated that “[a]lthough the *Qualitex* ruling implied that a showing of acquired distinctiveness may be required before a trade dress mark based on color alone can be protectable, it did not expressly so hold.” *Id.* at 8.

Ending with *Wal-Mart*, the court discussed how the Supreme Court differentiated between product design and product packaging marks, wherein product design marks, “with respect to at least one category of mark – color – . . . can never be inherently distinctive.” *Id.* at 8 (citing *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 211-12 (2005) (citing *Qualitex*, 514 U.S. at 162-163)). The Federal Circuit explained this distinction by noting the *Wal-Mart* reasoning, which states that “product design almost invariably serves purposes other than source identification” whereas “product packaging derives from the fact that the very purpose of . . . encasing [a product] in a distinctive packaging, is most often to identify the source of the product.” *Id.* at 8 (quoting *Wal-Mart*, 529 U.S. at 212).

Judge Kathleen O’Malley, writing for the Federal Circuit’s three-judge panel of herself, Judge Timothy Dyk and Judge Raymond Chen, drew from the three precedents to hold that the applicant’s multi-color mark on product packaging “falls firmly within the category of marks the Court described as potential source identifiers.” *Id.* at 9. In remanding, the court instructed the TTAB to reconsider whether the mark could be inherently distinctive. *Id.* at 9-10.

Judge O’Malley’s opinion also rejected the TTAB’s “alternative conclusion” that a color mark may be inherently distinctive when used in a distinctive shape. *Id.* at 10. Such a ruling follows naturally from its rejection of the first ruling that color marks on product packaging cannot be inherently distinctive.

**Analysis and impact**

Although it is framed otherwise, the Federal Circuit’s ruling appears to deviate, at least in part, from the Supreme Court’s precedent in *Qualitex*. The Federal Circuit stated that the *Qualitex* ruling “implied that a showing of acquired distinctiveness” is required to protect a color mark but “it did not expressly so hold.” *Id.* at 8. The language from Qualitex, however, is seemingly clear:

> if trademark law permits a descriptive word with secondary meaning to act as a mark, why would it not permit a color, under similar circumstances, to do the same? We cannot find in the basic objectives of
trademark law any obvious theoretical objection to the use of color alone as a trademark, where that color has attained "secondary meaning" and therefore identifies and distinguishes a particular brand (and thus indicates its "source") . . . .

It would seem, then, that color alone, at least sometimes, can meet the basic legal requirements for use as a trademark . . . . See U. S. Dept. of Commerce, Patent and Trademark Office, Trademark Manual of Examining Procedure §1202.04(e), p. 1202-13 (2d ed. May, 1993) (hereinafter PTO Manual) (approving trademark registration of color alone where it "has become distinctive of the applicant's goods in commerce"

*Qualitex*, 514 U.S. at 1162-63. Notably, however, the operative language from *Qualitex* discusses a “theoretical objection to the use of color alone as a trademark,” and the mark in that case had acquired distinctiveness. Thus, the Federal Circuit is arguably correct that *Qualitex* did not expressly hold that secondary meaning is required, even if the *Qualitex* decision seems to suggest otherwise.

This notwithstanding, the Federal Circuit found otherwise, which changes the rules for adjudging the ability to register color marks.

On the other hand, a more narrow reading of the Court’s ruling is that it only applies to registration of “multi-color product packaging marks,” which were not at issue in *Qualitex*; the trade dress in *Qualitex* was a single-color dry cleaning pad applied directly to the product in the context of an infringement case. Indeed, in its summation of its ruling, the Federal Circuit stated that it “conclude[d] that the Board erred in stating that a multi-color product packaging mark can never be inherently distinctive.” *Id.* at 11.

Practically speaking, it seems likely that the US Patent and Trademark Office Examiners will continue to issue Office actions, refusing registration for color-only marks. However, if a reasonable response to the Office action is filed, providing compelling arguments for why a color-only product packaging mark is inherently distinctive, it seems Examiners must fully consider those arguments and grant registrations for those marks that may be considered inherently distinctive. What would constitute “inherent distinctiveness” in a color mark, however, remains to be seen and will certainly be borne out in arguments to Examiners (and to courts) in the future.

Find out more about this decision by contacting either of the authors.

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