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## THE PUBLIC INTEREST AND THE RIGHT TO COPY NONFUNCTIONAL PRODUCT FEATURES

In formulating rules governing a businessman's duplication of the design or appearance of a competitor's product,<sup>1</sup> the judiciary must reconcile several divergent interests.<sup>2</sup> The public interest in lower prices and free competition demands that businessmen be free to copy products and product configurations<sup>3</sup> that are unprotected by federal patent and copyright laws.<sup>4</sup> Because a product's distinctive appearance may assist consumers in identifying its manufacturer, however, the public interest may be served by limiting product imitation.<sup>5</sup> For example, the unique, heart-shaped configuration of a medicine tablet may indicate to a prospective purchaser that it is produced by a particular company in which the customer places his trust for quality

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1. As used in this Note, the term "product" does not include an item's "trade dress" such as packaging. For example, simulation of the configuration of a clock excludes the box in which the clock is marketed.

2. See generally Note, *Competitive Torts*, 77 HARV. L. REV. 888, 909-11 (1964).

3. One court has stated:

[I]mitation is the life blood of competition. It is the unimpeded availability of substantially equivalent units that permits the normal operation of supply and demand to yield the fair price society must pay for a given commodity. Unless such duplication is permitted, competition may be unduly curtailed with the possible resultant development of undesirable monopolistic conditions.

American Safety Table Co. v. Schreiber, 269 F.2d 255, 272 (2d Cir.), *cert. denied*, 361 U.S. 915 (1959) (citations omitted).

4. U.S. CONST. art. I, § 8, cl. 8 provides: "The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." The federal patent law is codified at 35 U.S.C. §§ 1-293 (1970); the Copyrights Act is codified at 17 U.S.C.A. §§ 1-810 (Supp. 1977).

A "mechanical" patent may be awarded for the invention or discovery of "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101 (1970). In contrast, a design patent, which creates a legal monopoly for the configuration of a manufactured article, is awarded for the invention of "any new, original and ornamental design." 35 U.S.C. § 171 (1970). Similar to the qualifications for a mechanical patent, a design patent will be granted only if the design advances the prior art and includes inventive genius. *Id.*; General Time Instruments Corp. v. United States Time Corp., 165 F.2d 853 (2d Cir.), *cert. denied*, 334 U.S. 846 (1948); see 1 R. CALLMANN, UNFAIR COMPETITION, TRADEMARKS & MONOPOLIES § 16.3 (3d ed. 1967).

5. See notes 35-36 *infra* & accompanying text.

and integrity.<sup>6</sup> If this feature could be copied by a competitor who marketed a similar product, customers might be confused as to the tablet's source.<sup>7</sup> A product's appearance, such as the pleasing pink color of an upset stomach preparation,<sup>8</sup> also may contribute to its popularity. The copying of such a novel characteristic, therefore, may be unethical, particularly if development or promotion of the product's distinguishable trait required significant expenditures of time, effort, or money.<sup>9</sup>

The tort of unfair competition traditionally has provided the framework within which to balance the competing interests in product simulation. If the copier has attempted reasonably to distinguish his product from that of a competitor, state courts of equity generally have permitted the copying of unpatented "functional" product features. The reproduction of "nonfunctional" product characteristics, in contrast, usually has been subject to injunction.

In 1964, however, the United States Supreme Court curbed the development of the law of unfair competition when it decided *Sears, Roebuck & Co. v. Stiffel Co.*<sup>10</sup> and *Compco Corp. v. Day-Brite Lighting, Inc.*<sup>11</sup> In sweeping language, the Court held that state courts could not enjoin the copying of products or product features unprotected by valid federal patents or copyrights.<sup>12</sup> Many courts consequently abandoned the traditional rules of unfair competition and permitted the copying of product features that previously would have been protected from simulation. Nevertheless, courts subsequently have attempted to temper the doctrine of *Sears* and *Compco*, returning to the rules that prevailed before the decisions in those two cases.

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6. *Ross-Whitney Corp. v. Smith Kline & French Labs.*, 207 F.2d 190, 196-97 (9th Cir. 1953).

7. *Id.*; see text accompanying notes 37-39 *infra*.

8. See *Norwich Pharmacal Co. v. Sterling Drug, Inc.*, 167 F. Supp. 427, 431-32 (N.D.N.Y. 1958), *rev'd*, 271 F.2d 569 (2d Cir. 1959), *cert. denied*, 362 U.S. 919 (1960) (plaintiff failed to show secondary meaning or functionality of tablet's pink color).

9. [A]t first glance it might seem intolerable that one manufacturer should be allowed to sponge on another by pirating the product of years of invention and development without license or recompense and reap the fruits sown by another. Morally and ethically such practices strike a discordant note. It cuts against the grain of justice to permit an intruder to profit not only by the efforts of another but at his expense as well.

*American Safety Table Co. v. Schreiber*, 269 F.2d 255, 271-72 (2d Cir.), *cert. denied*, 361 U.S. 915 (1959) (citation omitted).

10. 376 U.S. 225 (1964).

11. 376 U.S. 234 (1964).

12. *Sears, Roebuck & Co. v. Stiffel*, 376 U.S. at 232-33; *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. at 237-39.

This Note will analyze the courts' reaction to the copying of unpatented features designed solely to indicate a product's origin. After tracing the development of the law of product simulation before the decisions in *Sears* and *Compco*, the Note will discuss the evolving judicial response to those decisions, especially as it reflects the competing interests inherent in this area of the law, and will suggest a means of resolving controversies involving these complex issues.

#### TRADITIONAL RECONCILIATION OF THE COMPETING INTERESTS: THE LAW OF PRODUCT SIMULATION PRIOR TO SEARS AND COMPCO

Attempting to prevent the simulation of unpatented product features and configurations, manufacturers have invoked several doctrines embodied in the law of unfair competition. "Passing off" and "misappropriation," for example, are tortious acts that may be prevented by injunctions against the copying of product features. To recover for the tort of passing off, a plaintiff must document both that relief is needed to avert customer confusion and that the feature being duplicated possesses certain utilitarian aspects. In contrast, charges of misappropriation have relied on traditional notions of equity to achieve protection of innovators' property rights.

##### *Passing Off*

Recognized under the general concept of unfair competition,<sup>13</sup> a claim of passing off is based on the principle that no one has the right to sell his goods as those of another.<sup>14</sup> A blatant form of passing off is the filling of an order with the product of one manufacturer after a customer requests the merchandise of another.<sup>15</sup> In this situation, the customer is deceived as to the source of his purchase, and the manufacturer whose product specifically was requested not only loses

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13. Little consensus exists as to the scope of the law of unfair competition. The concepts of bribery, commercial disparagement, misappropriation, passing off, and trademark infringement are perhaps the most commonly articulated principles included within this subject. See, e.g., 1 R. CALLMANN, *supra* note 4, § 15.1(c); Note, *Competitive Torts*, 77 HARV. L. REV. 888, 890-91 (1964). The uncertain scope of unfair competition derives partially from its flexibility to "exist in any endeavor to which human ingenuity lends itself." *Pocket Books, Inc. v. Meyers*, 178 Misc. 59, 59, 33 N.Y.S.2d 39, 40 (Sup. Ct.), *rev'd per curiam*, 265 App. Div. 17, 37 N.Y.S.2d 596 (1942). See Pollack, *Unfair Trading by Product Simulation: Rule or Rankle*, 23 OHIO ST. L.J. 74, 74-75 (1962).

14. Perhaps the earliest expression of this principle is found in *Croft v. Day*, 49 Eng. Rep. 994, 996 (Ch. 1843).

15. See 1 R. CALLMANN, *supra* note 4, § 4.1.

a sale but also risks injury to his reputation if the substituted product is of inferior quality.

Passing off also may result if a product is affixed with another's trademark. Because a trademark, such as a label or distinctive packaging, indicates the origin of a product, its duplication by a competitor could lead to customer confusion as to the merchandise's source. The goods of a manufacturer who has copied his competitor's trademark usually are passed off as the products of the trademark's original owner.

Acknowledging that a product's distinctive features may serve recognitional purposes, courts have applied many trademark law rules to the tort of passing off to enjoin the copying of features that merely indicate a product's origin. According to the majority rule, the copying of a non-functional feature that has acquired a secondary meaning and whose use by a competitor would cause customer confusion as to the product's source may be enjoined.<sup>17</sup> After a satisfaction of this test's specifications, the similarity of the product features will create an inference of intent to pass off.<sup>18</sup>

### *Functionality*

A product usually includes two components: functional features and arbitrary embellishments. A functional characteristic is one that

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16. See 3 *id.* § 84.1(a).

17. See, e.g., *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299 (2d Cir. 1917). Consonant with the majority rule, § 741 of the RESTATEMENT OF TORTS (1938) provides:

One who markets goods, the physical appearance of which is a copy or imitation of the physical appearance of the goods of which another is the initial distributor, markets them with an unprivileged imitation . . . if his goods are of the same class as those of the other and are sold in a market in which the other's interest is protected, and

. . .

(b) the copied or imitated feature has acquired generally in the market a special significance identifying the other's goods, and

(i) the copy or imitation is likely to cause prospective purchasers to regard his goods as those of the other, and

(ii) the copied or imitated feature is non-functional or, if it is functional, he does not take reasonable steps to inform prospective purchasers that the goods which he markets are not those of the other.

*Id.*

18. See, e.g., *Enterprise Mfg. Co. v. Landers, Frary & Clark*, 131 F. 240, 241 (2d Cir. 1904).

affects the "purpose, action or performance, or the facility or economy of processing, handling or using" the product.<sup>19</sup> Obvious types of functional features include those that either insure the product's operation<sup>20</sup> or reduce its cost of manufacture.<sup>21</sup>

Unlike nonfunctional features, which may not be copied and used as part of a product if their association with a competitor's goods is likely to create customer confusion, functional traits generally may be duplicated freely.<sup>22</sup> This doctrine of functionality<sup>23</sup> evolved as a means of preventing the infringement by the law of unfair competition on the operation of the federal mechanical patent laws.<sup>24</sup> For example, if a particular product fails to qualify for a patent because it does not satisfy the relevant federal standards,<sup>25</sup> it should be denied protection from unprivileged reproduction under the law of unfair competition. To award such a monopoly would prevent the copying of a product feature placed in the public domain by the federal patent laws.<sup>26</sup> As a result, a court will permit a manufacturer to copy those traits of a competitor's item that it finds to be functional.

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19. RESTATEMENT OF TORTS § 742, at 628-29 (1938). See, e.g., *West Point Mfg. Co. v. Detroit Stamping Co.*, 222 F.2d 581, 591 (6th Cir.), cert. denied, 350 U.S. 840 (1955).

20. See, e.g., *Luminous Unit Co. v. R. Williamson & Co.*, 241 F. 265 (N.D. Ill.), aff'd per curiam, 245 F. 988 (7th Cir. 1917) (reflector, luminous bowl, and lighting fixture essential to diffuse light from electric lamp); *Marvel Co. v. Pearl*, 133 F. 160 (2d Cir. 1904) (compressible rubber bulb essential to whirling spray discharge from syringe).

21. See, e.g., *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670 (S.D.N.Y. 1963) (size, shape, and location of holes in cigarette lighter windscreen); *Diamond Expansion Bolt Co. v. United States Expansion Bolt Co.*, 177 App. Div. 554, 164 N.Y.S. 433 (1917) (expansion bolts and anchors for use with lag screws).

22. See, e.g., *Bliss v. Gotham Indus., Inc.*, 316 F.2d 848 (9th Cir. 1963).

23. For a detailed analysis of the doctrine of functionality see Note, *Unfair Competition and the Doctrine of Functionality*, 64 COLUM. L. REV. 544 (1964). [hereinafter cited as *Unfair Competition*].

24. See, e.g., *Duo-Tint Bulb & Battery Co. v. Moline Supply Co.*, 46 Ill. App. 3d 145, 151, 360 N.E.2d 798, 803 (1977). Of course, the functionality doctrine does not preclude conflicts between the law of unfair competition and the federal design patent laws: configurations protected by the latter are nonfunctional. Cf. *Hopkins v. Waco Prods., Inc.*, 205 F.2d 221, 223-24 (7th Cir. 1953) (designs dictated by functional requirements generally are unpatentable). Conflict between these two areas of the law has been avoided under the assumption that their operation protects different interests. See text accompanying note 90 *supra*.

25. See 35 U.S.C. §§ 101-103 (1970).

26. Functional features, which

are common property, may be made by any manufacturer of such an article, and cannot be appropriated as a trade-mark. Where the article itself is one which any one of common right may make, no

Some courts have expanded the concept of functionality to include any feature that is an "important ingredient in the commercial success of the product,"<sup>27</sup> while defining as nonfunctional those traits "unrelated to basic consumer demands in connection with the product."<sup>28</sup> The Ninth Circuit recognized this doctrine of "aesthetic functionality"<sup>29</sup> in *Pagliero v. Wallace China Co.*,<sup>30</sup> in which the plaintiff was permitted to copy the distinctive design of the defendant's hotel china. Because the product's economic success derived largely from the esteem with which purchasers regarded the design, the court found this feature to be functional. To enjoin the copying of the design, the court stated, would render the defendant "immune from the most direct and effective competition" in the sale of his product.<sup>31</sup> Although the public interest benefits by permitting unpatented product features to be copied, some courts nevertheless have rejected the doctrine of aesthetic functionality.<sup>32</sup>

### *Secondary Meaning*

If a nonfunctional product feature acquires a secondary meaning, its copying will be enjoined whenever customer confusion as to the

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person by making that article . . . can convert that article itself into a trade-mark and thereby acquire an exclusive right to make it in perpetuity. To allow this would be to destroy the 17-year limitation of the patent system.

Daniel v. Electric Hose & Rubber Co., 231 F. 827, 833-34 (3d Cir. 1916). *See also* Shredded Wheat Co. v. Humphrey Cornell Co., 250 F. 960 (2d Cir. 1918) (L. Hand, J.), in which the court stated: "Under the guise of protecting against unfair competition, we must be jealous not to create perpetual monopolies." *Id.* at 964.

27. *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952); *accord*, *J.C. Penney Co. v. H.D. Lee Mercantile Co.*, 120 F.2d 949, 954 (8th Cir. 1941).

28. 198 F.2d at 343.

29. *See Unfair Competition*, *supra* note 23, at 564-65.

30. 198 F.2d 339 (9th Cir. 1952).

31. *Id.* at 344.

32. *See, e.g., Haeger Potteries, Inc. v. Gilner Potteries*, 123 F. Supp. 261 (S.D. Cal. 1954). In *Haeger Potteries* the defendant manufactured and profitably sold exact copies of the plaintiff's ashtrays, the commercial success of which was attributable to the item's pleasing appearance. Rather than characterizing the design as functional because of its popularity, the court held that it was non-functional and thus was protected from copying. The court reasoned that "[i]f the aesthetic quality of the form were held to be functional, then every feature of a product, even the ornamental and nonutilitarian, would be functional. It is the utility to hold ashes, and not a precise shape or form, which is 'the natural and characteristic action' of an ashtray." *Id.* at 271.

source of the product would result.<sup>33</sup> A feature acquires secondary meaning if prospective customers associate it with a particular manufacturer or source, regardless of whether the customer knows the name of the manufacturer or source.<sup>34</sup> Providing an indicia of origin, the product feature serves as a trademark, the copying of which would allow one businessman to pass off his goods as those of another. Because a nonfunctional characteristic assists neither the performance nor the manufacture of the product, but merely indicates the goods' origin, the traditional law of unfair competition holds that no danger to free competition arises from an injunction against the copying of those features.<sup>35</sup>

Similarly, functional product features may acquire secondary meanings. Unlike an injunction preventing the duplication of nonfunctional characteristics, however, a similar prohibition against the copying of functional features necessarily would affect the product's performance, ease of manufacture, or marketability. Therefore, if purchaser confusion may occur from the imitation of functional features, the copier must take only reasonable measures, such as labelling or otherwise marking his product in an indicative manner to distinguish it from that of his competitor.<sup>36</sup>

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33. See, e.g., *Ideal Toy Corp. v. Adanta Novelties Corp.*, 223 F. Supp. 866 (S.D.N.Y. 1963) (doll dressed in distinctive clothing); *Republic Molding Corp. v. B.W. Photo Utilities*, 124 U.S.P.Q. 358 (S.D. Cal. 1959) (plastic vegetable bin design); *Frawley Corp. v. Penmaster Co.*, 131 F. Supp. 28 (N.D. Ill. 1954) (retractable ball point pen).

34. See, e.g., *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299 (2d Cir. 1917) (L. Hand, J.), in which the court stated:

[I]t is an absolute condition to any relief whatever that the plaintiff . . . show that the appearance of his wares has in fact come to mean that some particular person—the plaintiff may not be individually known—makes them, and that the public cares who does make them, and not merely for their appearance and structure.

*Id.* at 300. This is the definitive explication of the rule. See, e.g., *French Amer. Reeds Mfg. Co. v. Park Plastics Co.*, 20 N.J. Super. 325, —, 90 A.2d 50, 54-55 (1952).

35. *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952).

36. See, e.g., *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526 (1924) (labelling required to distinguish pharmaceutical preparations with identical appearance and taste); *Champion Spark Plug Co. v. A.R. Mosler & Co.*, 233 F. 112 (S.D.N.Y. 1916) (L. Hand, J.) (coloring required to distinguish nearly identical spark plugs); RESTATEMENT OF TORTS § 741(b) (ii) (1938).

Compliance with such a requirement will not be compelled, however, if it involves an expenditure of money that would unreasonably burden the copier's ability to compete. For example, in *Shredded Wheat Co. v. Humphrey Cornell Co.*, 250 F. 960 (2d Cir. 1918), the shape and appearance of the plaintiff's breakfast biscuit were found to be functional features that had acquired secondary meaning.



*Customer Confusion*

Absent a competing public interest in the appearance of a product, such as the prevention of customer confusion from the simulation of a product feature with a secondary meaning, the copying of an unpatented or uncopyrighted product feature generally is permissible.<sup>37</sup> Proving customer confusion under the traditional rules of unfair competition, however, does not require evidence of actual inaccurate associations by purchasers. Rather, a showing that secondary meaning exists and that customer confusion is likely to occur suffices.<sup>38</sup> Although the concept of customer confusion usually pertains only to the misapprehensions of prospective purchasers as to a product's source, at least one court has extended the doctrine to include any person who may be confused, even after the merchandise's sale.<sup>39</sup>

*Misappropriation*

In restricting the copying of product features to the extent necessary to avoid customer confusion, an injunction prohibiting passing

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Judge Learned Hand ordered a six month probationary period to determine whether the defendant could produce a biscuit with characteristics that, when served without its wrappings, would indicate its source, but would not be so costly as to hinder competition.

One court has held that a defendant who deliberately attempts to pass off his goods as those of another may be required to alter the copied, although functional, features of his product. *American Safety Table Co. v. Schreiber*, 269 F.2d 255 (2d Cir.), *cert. denied*, 361 U.S. 915 (1959). This result has been described as "perhaps unjustifiable." Stern & Hoffman, *Public Injury and the Public Interest: Secondary Meaning in the Law of Unfair Competition*, 110 U. PA. L. REV. 935, 970 n.158 (1962).

37. "In the absence of some recognized right at common law, or under the statutes . . . a man's property is limited to the chattels which embody his invention. Others may imitate these at their pleasure." *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279, 280 (2d Cir. 1929) (L. Hand, J.) (citations omitted), *cert. denied*, 281 U.S. 728 (1930). *But see* notes 40-53 *infra* & accompanying text.

38. *See, e.g., Zippo Mfg. Co. v. Manners Jewelers, Inc.*, 180 F. Supp. 845, 847 (E.D. La. 1960).

39. *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955). In *Mastercrafters* the defendant incorporated the distinctive design of the plaintiff's nonelectric "Atmos" clock into an inexpensive electric copy. The defendant's packaging and the extreme difference in price between the two clocks led the court to find that purchasers probably could distinguish between the two products. Nevertheless, the Second Circuit granted an injunction against the copying of the nonfunctional features of the plaintiff's clock because acquaintances of persons who had purchased the defendant's clock could believe it was manufactured by the plaintiff, especially if the electrical cord had been hidden. *Id.* at 466.

off primarily promotes the public interest.<sup>40</sup> The doctrine against misappropriation, in contrast, permits an injunction against the duplication of product traits to protect an innovator's property rights.<sup>41</sup> The Supreme Court articulated the latter doctrine in *International News Service v. Associated Press*,<sup>42</sup> in which the International News Service (INS) sold, as its own, news reports from the Associated Press's (AP) early editions. Although the INS did not pass off its reports as those of AP, it had competed unfairly<sup>43</sup> by "endeavoring to reap where it had not sown."<sup>44</sup> According to the Court, the admitted taking of salable material, gathered through the labor, skill, and financing of the AP, was an act of appropriation that should be characterized as "unfair competition in business."<sup>45</sup>

*International News*'s misappropriation doctrine met with little acceptance in subsequent product simulation cases.<sup>46</sup> A diversity case based on the federal common law, *International News* lost its marginal precedential value<sup>47</sup> after *Erie Railroad v. Tompkins*'s<sup>48</sup> holding that the substantive law of the states must be applied in federal courts.<sup>49</sup> Moreover, some commentators have criticized the doctrine's application because an injunction against copying is based not on the public interest but on a court's determination that the defendant's conduct is unfair or unethical to his competitors.<sup>50</sup>

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40. See Stern & Hoffman, *supra* note 36, at 936-41.

41. See 2 R. CALLMANN, *supra* note 4, § 60.3.

42. 248 U.S. 215 (1918).

43. The Court stated:

It is said that the elements of unfair competition are lacking because there is no attempt by defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical, cases of unfair competition. But we cannot concede that the right to equitable relief is confined to that class of cases.

*Id.* at 241-42 (citations omitted).

44. *Id.* at 239.

45. *Id.* at 239-40.

46. See, e.g., *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279, 280 (2d Cir. 1929). See 2 R. CALLMANN, *supra* note 4, § 60.2.

47. See, e.g., *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 113 n.1 (1938) (applying *Erie* to law of product simulation); Peterson, *The Legislative Mandate of Sears and Compco: A Plea for a Federal Law of Unfair Competition*, 69 DICK. L. REV. 347, 355-56 (1965).

48. 304 U.S. 64 (1938).

49. *Erie* eliminated the concept of a federal common law by holding that the federal courts were to apply the substantive law of the states in diversity cases unless the matters in question were governed by the United States Constitution or an act of Congress. *Id.* at 78.

50. See generally Stern & Hoffman, *supra* note 36.

*International News* never has been overruled, however, and several states have applied the misappropriation doctrine. For example, in the 1956 decision of *Dior v. Milton*,<sup>51</sup> the defendant copied some of the plaintiff's dress designs. The plaintiff had not yet marketed the original dresses; the designs therefore could not have acquired a secondary meaning. Moreover, no evidence of passing off existed. Nevertheless, the New York Supreme Court based its rejection of the defendant's motion to dismiss the suit on the misappropriation doctrine.<sup>52</sup> Because the doctrine is intended to protect the innovator's property rights, a demonstration that the copied feature had acquired a secondary meaning was unnecessary.<sup>53</sup>

#### THE SEARS AND COMPCO DECISIONS

The Supreme Court's decisions in the companion cases of *Sears, Roebuck & Co. v. Stiffel Co.*<sup>54</sup> and *Compco Corp. v. Day-Brite Lighting, Inc.*<sup>55</sup> cast into doubt the validity of much of the law of unfair competition. In *Sears*, the Stiffel Company had been granted design and mechanical patents on a "pole lamp," a steel tube extending from floor to ceiling with attached lighting fixtures. After Stiffel had enjoyed a period of commercial success, Sears marketed an almost identical but unlabelled copy of the plaintiff's pole lamp at a price significantly lower than that of the originator.<sup>57</sup> Stiffel then brought suit for patent infringement and unfair competition.

Addressing the charge of patent infringement, the district court held that Stiffel's design and mechanical patents were invalid for want of invention.<sup>58</sup> As to the charge of unfair competition, however, the court found not only that customer confusion between the two products was likely, but that misapprehension already had occurred.<sup>59</sup> The district court consequently enjoined Sears from selling pole lamps similar to those of the plaintiff's model.<sup>60</sup>

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51. 9 Misc.2d 425, 155 N.Y.S.2d 443 (Sup. Ct.), *aff'd mem.*, 2 App. Div. 2d 878, 156 N.Y.S.2d 996 (1956).

52. 9 Misc.2d at 431-35, 155 N.Y.S.2d at 452-55. The facts in *Dior* also supported a claim based on unjustifiable interference with the plaintiff's contractual rights. *Id.* at 440, 155 N.Y.S.2d at 460.

53. See *Santa's Workshop, Inc. v. Sterling*, 282 App. Div. 328, 122 N.Y.S.2d 488 (1953).

54. 376 U.S. 225 (1964).

55. 376 U.S. 234 (1964).

56. 376 U.S. at 226.

57. Sears' retail price for its pole lamps was approximately equivalent to Stiffel's wholesale price. *Id.*

58. *Id.*

59. *Id.*

60. *Id.*

The Court of Appeals for the Seventh Circuit affirmed the decision.<sup>61</sup> Although it questioned whether the district court had made a finding of secondary meaning, the appellate court held that, under the applicable Illinois law,<sup>62</sup> a showing that customers had associated the product with the original manufacturer was not mandatory. Rather, proof of unfair competition required only that a "likelihood of confusion as to the source of the products" existed.<sup>63</sup> The Supreme Court reversed. Reasoning that the plaintiff had gained monopoly protection under the law of unfair competition only because no federal patent protected its pole lamps, the Court cited the "familiar doctrine" that "a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an article which lacked the levels of invention required for federal patents."<sup>64</sup> If a state could not encroach directly on the federal patent laws, the Court continued, it could not do so indirectly by invoking its law of unfair competition.<sup>65</sup>

*Sears* also limited the relief available to manufacturers of unpatented products whose competitors market products with identical features. Noting that the appellate court had affirmed the defendant's liability solely because purchaser confusion was probable the Court concluded that the public's mere inability to distinguish between similar articles was insufficient to justify injunctive and monetary relief.<sup>66</sup> Instead, to assist the customer in identifying products whose features could be copied without offending the federal patent laws, the state could require labelling or other similar protective measures. Regardless of the existence of lesser state-provided protections, however, if a product was unpatented or uncopyrighted, a state could not discourage its duplication by providing either injunctive or monetary relief.<sup>67</sup>

In *Compco Corp. v. Day-Brite Lighting, Inc.*,<sup>68</sup> plaintiff Day-Brite brought an action for design patent infringement and unfair competition based on the defendant's copying of Day-Brite's fluorescent lighting fixtures and distinctive reflector ribbing. As in *Sears*, the district court held invalid the plaintiff's patents on the lighting fixtures but found the defendant guilty of unfair competition under

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61. *Stiffel Co. v. Sears, Roebuck & Co.*, 313 F.2d 115 (7th Cir. 1963).

62. *Id.* at 118. See note 75 *infra*.

63. 313 F.2d at 118 n.7.

64. 376 U.S. at 231 (footnote omitted).

65. *Id.*

66. *Id.* at 232.

67. *Id.* at 232-33.

68. 376 U.S. 234 (1964).

Illinois law. By copying the Day-Brite fixture ribbing, a functional feature that had acquired a secondary meaning, Compco had created potential or actual customer confusion.<sup>69</sup> Accordingly, the court ordered injunctive and monetary relief.<sup>70</sup> Citing the likelihood of confusion and the principles of "old fashioned honesty," the Seventh Circuit affirmed.<sup>71</sup>

The Supreme Court again reversed. The majority opinion stated that, even if the finding of secondary meaning were accepted, an injunction against the copying of an unpatented article would conflict with the federal patent laws.<sup>72</sup> Because unpatented product features remain in the public domain and therefore are available for duplication, states could require only that copiers identify their products. Whether a design is nonfunctional or essential, has acquired a secondary meaning, or causes confusion among customers, were questions relevant only to the determination of violations of state mandated precautionary measures.<sup>73</sup> Justice Harlan's concurrence, however, indicated that he would subject copying to state restrictions if a court found, other than by inference, that the duplication had been undertaken with the deliberate intent and the effect of palming off one's goods as those of another.<sup>74</sup>

### *The Broad Sweep of Sears and Compco*

The Supreme Court could have reversed the decisions of the lower court in *Sears* and *Compco* on grounds narrower than its broad pre-emption approach. In both its doctrinal basis and its application of state law, the Seventh Circuit had erred in affirming the injunctions against copying. As authority for granting an injunction against product copying solely on a showing of likelihood of confusion, the court cited a trade name infringement case rather than a product simulation dispute.<sup>75</sup> In *Sears* and *Compco*, moreover, the enjoined

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69. See *id.* at 235.

70. See *id.* at 235-36.

71. Day-Brite Lighting, Inc. v. Compco Corp., 311 F.2d 26 (7th Cir. 1962). "The capacity of the plaintiff's design to serve the plaintiff in somewhat the manner of a trademark does constitute a 'protectable right'." *Id.* at 30.

72. 376 U.S. at 237.

73. *Id.* at 238.

74. 376 U.S. at 239 (Harlan, J., concurring).

75. In both *Sears* and *Compco*, the Seventh Circuit cited *Independent Nail & Packaging Co. v. Stronghold Screw Prods., Inc.*, 205 F.2d 921 (7th Cir.), *cert. denied*, 346 U.S. 886 (1953), for the proposition that unfair competition under Illinois law could be found simply on a showing that customer confusion probably would result from the copying of a competitor's product. 313 F.2d at 30; 311 F.2d at 118. Because *Independent Nail* involved the use of trade names, the Supreme

product features were functional,<sup>76</sup> thus falling within a classification traditionally unprotected from copying under state laws of unfair competition.<sup>77</sup> Finally, the district court in *Sears* had made no finding as to whether any part of the plaintiff's pole lamps, functional or nonfunctional, had acquired a secondary meaning.<sup>78</sup> If prospective purchasers do not associate a feature with its manufacturer, then a finding that customer confusion will result from the copying is improbable.<sup>79</sup> Clearly, the Court's sweeping holding need not have encompassed nonfunctional features useful only as indicia of origin.<sup>80</sup>

#### THE LAW OF UNFAIR COMPETITION UNDER SEARS AND COMPCO

*Sears* and *Compco* produced two significant changes in the state law of unfair competition. These cases reduced the permissible scope of the remedies for unfair competition that previously had been available and increased the plaintiff's burden of proof to warrant such relief.

Based on the principle that state law may not prohibit the copying of articles unprotected by a patent or copyright, the Court limited the potential state relief that could be granted for the marketing of products containing features copied from another's goods to actions in which the plaintiff proves the violation of a state labelling requirement or other precautionary measure enacted to prevent public deception.<sup>81</sup> Although damages could be awarded for a failure to comply

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Court questioned its precedential value as to the Illinois law of product simulation. See 376 U.S. at 228 n.2; 376 U.S. at 236 n.3.

76. In *Compco*, the district court found specifically that in strengthening the product, the distinctive ribbing in the plaintiff's lighting fixture was functional. See 311 F.2d at 28. Although no express finding was made in *Sears*, the lamp's design appears to have been functional in that it served to mount the lighting fixture from the ceiling to the floor. See 376 U.S. at 226.

77. See notes 19-26 *supra* & accompanying text.

78. See 376 U.S. at 226-27.

79. See notes 33-36 *supra* & accompanying text.

80. See Derenberg, *Product Simulation: A Right or Wrong?*, 64 COLUM. L. REV. 1192, 1204 (1964). Soon after the decisions in *Sears* and *Compco*, five commentators in a symposium reached different conclusions as to the meaning of the Court's holdings. See *Symposium, Product Simulation: A Right or a Wrong?*, 64 COLUM. L. REV. 1178 (1964).

81. 376 U.S. at 238. The Court apparently assumed that customer confusion as to the source of products that otherwise are identical can be alleviated by a labelling requirement. This supposition may be erroneous because purchasers often identify an item by its unique configuration rather than by the manufacturer's name. See Derenberg, *supra* note 80, at 1206. But see Treece, *Copying Methods of Product Differentiation: Fair or Unfair Competition?*, 38 NOTRE DAME L. REV. 244 (1963). "The literacy rate is high enough in the United States

with such measures,<sup>82</sup> the Court's broad language indicated that the act of copying alone could not provide a basis for recovery.<sup>83</sup> To authorize further state interference, the Court reasoned, would conflict with the federal policy of "allowing free access to whatever the federal patent and copyright laws leave in the public domain."<sup>84</sup>

Despite their extensive restrictions on potential state remedies, the decisions in *Sears* and *Compco* did not foreclose injunctive relief against all forms of unfair competition. Rather, they prevented only prohibitions against the copying of unpatented or uncopyrighted products features. Thus, an injunction could issue to prevent further filling of orders with one manufacturer's products after purchasers had requested the goods of another.<sup>85</sup>

Aside from its recognition that this blatant form of passing off could be enjoined, however, the Court implicitly disapproved injunctions against passing off based entirely on evidence that a product had acquired a secondary meaning. In *Sears* the Court criticized the appellate court's affirmance of a finding of unfair competition based solely on evidence that the two pole lamps were sufficiently similar in appearance to present a likelihood of confusion.<sup>86</sup> That a likelihood of confusion alone can support neither an injunction against copying nor an award of damages suggests that states must require more evidence of unfair competition than a showing that a nonfunctional product feature has acquired secondary meaning: actual instances of confusion apparently must be demonstrated.

The principal advanced in *Sears* and *Compco*, allowing the public to copy products and product features unprotected by the patent and copyright laws, may have overruled *International News Service v. Associated Press*.<sup>87</sup> Although the former opinions did not cite *International News*, the application of the misappropriation doctrine to permit liability for the copying of unpatented or uncopyrighted goods<sup>88</sup> is inconsistent with the policy advanced in *Sears* and *Compco* of insuring free access to such products.

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... to justify the courts in requiring consumers who care about source to read names on labels." *Id.* at 261.

82. 376 U.S. at 238.

83. *Id.*

84. *Id.*

85. *See generally Id.*

86. *Id.*

87. For a discussion concluding that *Sears* and *Compco* overruled *International News* see *Columbia Broadcasting System, Inc. v. DeCosta*, 377 F.2d 315, 318-19 (1st Cir. 1967), *cert. denied*, 389 U.S. 1007 (1968).

88. *See* notes 40-53 *supra* & accompanying text.

The rationale adopted by the Court in *Sears* and *Compco* suggests that the mere existence of the federal patent and copyright laws precludes liability for the copying of product features unprotected by those laws. Such an assertion, however, contravenes the commonly recognized independence of the law of trademark and unfair competition from that of patent and copyright. The two legal areas foster disparate interests: the law of unfair competition's prohibition against the copying of nonfunctional product features used as trademarks serves the public interest by preventing customer confusion,<sup>89</sup> but the patent and copyright laws offer a reward for individual inventive genius.<sup>90</sup> *Sears* and *Compco*, therefore, appear to have altered much of the traditional approach to the law of product simulation.

### JUDICIAL REACTION TO SEARS AND COMPCO

#### *Early Decisions: A Strict Application of Sears and Compco*

In the decade following the Supreme Court's decision in *Sears* and *Compco*, lower courts generally interpreted those opinions as severely

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89. See notes 13-18 *supra* & accompanying text.

90. Arnold, *A Philosophy on the Protections Afforded by Patent, Trademark, Copyright and Unfair Competition Law: The Sources and Nature of Product Simulation Law*, 54 TRADEMARK REP. 413, 432 (1964). The trademark protection afforded product designs under the Lanham Act, 15 U.S.C. §§ 1051-1127 (1970), also may conflict with the patent and copyright laws. The distinctive configurations of bottles, as opposed to the product contained therein, frequently have been the subject of Lanham Act registration, 15 U.S.C. §§ 1051, 1091 (1970). See, e.g., *In re Pepsi-Cola Co.*, 120 U.S.P.Q. 468 (T.T.A.B. 1959); *Ex parte Haig & Haig Ltd.*, 118 U.S.P.Q. 229 (Comm'r of Patents, 1958). In *In re Minnesota Mining and Mfg. Co.*, 335 F.2d 836 (C.C.P.A. 1964), the court permitted registration of a product configuration but did not comment on whether the protection afforded federally registered trademarks would conflict with the federal design patent law. In *In re Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964), the court remanded the case to the Trademark Trial and Appeal Board to determine whether a bottle configuration covered by a design patent could be registered as a trademark on a showing of secondary meaning. *Id.* at 932. Finding that no secondary meaning had attached to the form of the bottles, the Board refused to permit registration. Although the Court of Customs and Patent Appeals affirmed the Board's decision, a concurring opinion queried whether the patent and trademark laws were in conflict. *In re Mogen David Wine Corp.*, 372 F.2d 539, 542 (C.C.P.A. 1967) (Smith, J., concurring). Judge Smith discerned no conflict, however, because the design patent law and the federal trademark law protect different interests:

The purpose of federal design patent laws is to encourage the creation of ornamental designs. The inventor receives, for a limited time, a federal right to exclude others from making, using, or selling the patented design throughout the United States. . . . Federal trademark



limiting the law of unfair competition.<sup>91</sup> For example, in *Tappan Co. v. General Motors Corp.*,<sup>92</sup> decided by a federal district court in 1965, the plaintiff alleged unfair competition on the ground that the defendant had copied the former's electric ranges, including those non-functional features that had acquired a secondary meaning. Granting the defendant's motion for summary judgment,<sup>93</sup> the court held that, assuming reproduction had occurred, under *Sears* and *Compco* the defendant could be required only to label its electric ranges. Because the defendant's product already displayed its name and trademark, it was not answerable to the plaintiff,<sup>94</sup> absent other evidence of passing off.

The court in *Tappan* assumed, as did the Supreme Court in *Sears* and *Compco*, that a labelling requirement could prevent customer confusion when a competitor copies product features serving as trademarks. Because purchasers tend to recognize products not by the name of the manufacturer but by their distinctive appearance, however, the validity of this assumption is questionable.<sup>95</sup> Particularly after manufacturers have advertised their goods extensively on television and in magazines, identification from the product's appearance is probable. This situation occurred in *Remco Industries, Inc. v. Toyomenka, Inc.*,<sup>96</sup> decided by a New York district court in 1968, in which the plaintiff had promoted its new toy jeep through an extensive television advertising campaign directed at children. After the jeep had become commercially successful, the defendant marketed a similar toy.

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laws, independent in origin from design patent law, have the dual purpose of protecting both the trademark owner and the public from confusion, deception and mistake.

*Id.* at 543. *See also* 328 F.2d 925, 929-30, in which the court stated: "The underlying purpose and the essence of patent rights are separate and distinct from those appertaining to trademarks. No right accruing from the one is dependent upon or conditioned by any right concomitant to the other."

91. *See* Comment, *Unfair Competition and Product Simulation: Reactions to Sears and Compco*, 18 S.D.L. REV. 480, 490-93 (1973).

92. 245 F. Supp. 972 (N.D. Ohio 1965), *aff'd*, 380 F.2d 888 (6th Cir. 1967).

93. A second count alleged infringement of the plaintiff's patents. 245 F. Supp. at 973.

94. *Id.* at 977-78. *See* *Bose Corp. v. Linear Design Labs, Inc.*, 467 F.2d 304 (2d Cir. 1972). In *Bose* the plaintiff alleged, *inter alia*, that the defendant competed unfairly in copying the distinctive shape of the plaintiff's high fidelity loud speaker. Although conceding that the nonfunctional features of the plaintiff's design had acquired a secondary meaning, the court held that the defendant's label militated against a finding of passing off. *Id.* at 309-10. *Accord*, *Laura Secord Candy Shop Ltd. v. Barton's Candy Corp.*, 368 F. Supp. 851 (N.D. Ill. 1973) (candy); *Bercy Indus., Inc. v. Mechanical Mirror Works, Inc.*, 274 F. Supp. 157 (S.D.N.Y. 1967) (portable illuminated mirror).

95. *See* note 81 *supra*.

96. 286 F. Supp. 948 (S.D.N.Y.), *aff'd per curiam*, 397 F.2d 977 (2d Cir. 1968).

Rejecting the claim that the distinctive, nonfunctional features of the jeep enabled "small children to readily recognize the little vehicle as the one advertised on T.V.,"<sup>97</sup> the court held that the plaintiff had failed to establish that the nonfunctional features of his product had acquired a secondary meaning.<sup>98</sup> Even if secondary meaning were established, the court continued, under *Sears* and *Compco* the copying of plaintiff's jeep by defendant could require only that the latter label his product.<sup>99</sup>

The district court's purported application of *Sears* and *Compco* to prohibit an injunction in the latter instance, however, would have produced an unsatisfactory result. A labelling requirement might be of little aid in protecting against customer confusion if the product in dispute is purchased primarily by or for youngsters. Children probably will identify and choose an item, not by a label they often cannot read, but by product features they recognize through exposure to media such as television advertisements. Confusion of product identity could arise among consumers of all ages, as a consequence of the use of marketing methods such as mass media and mail-order solicitations that guarantee no explicit disclosure of product labels. Only an injunction can prevent purchaser misapprehension in a situation when the product's source is identified solely by the distinctiveness of its features.

Although injunctions have been issued in other product simulation cases following *Sears* and *Compco*, the decisions in *Tappan*, *Remco*, and several other cases<sup>100</sup> illustrate that liability for passing off now

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97. 286 F. Supp. at 952.

98. *Id.* at 953. Prior to the decisions in *Sears* and *Compco*, the copying of nonfunctional features of children's toys, if such characteristics had acquired a secondary meaning, often was enjoined. *See, e.g.,* *Ideal Toy Corp. v. Adanta Novelties Corp.*, 223 F. Supp. 866 (S.D.N.Y. 1963) (sale of similarly dressed dolls enjoined to prevent customer confusion). The possibility that prospective customers will be children may be an important factor in determining the likelihood of purchaser confusion. *Id.* at 869.

99. The court stated:

*Compco* also makes it clear that the inability of consumers to tell two products apart does not provide a basis for the [injunctive] relief sought by plaintiff. Rather the focus is upon whether the facts, if shown, of confusion, secondary meaning and the like make applicable a state's law requiring such precautions as labelling.

286 F. Supp. at 966. A similar conclusion was reached in *Kingsway, Inc. v. Werner*, 233 F. Supp. 102 (E.D. Mo. 1964), in which the plaintiff and defendant manufactured the same style of plastic chess set.

100. *See, e.g.,* *Bose Corp. v. Linear Design Labs, Inc.*, 467 F.2d 304, 310 (2d Cir. 1972); *Kingsway, Inc. v. Werner*, 233 F. Supp. 102, 104 (E.D. Mo. 1964).

requires much stronger evidence than the mere act of copying.<sup>101</sup> Despite the difficult burden of demonstrating positively that the copier is attempting to sell his own goods as those of another, some plaintiffs have been successful in extreme cases. In *B. H. Bunn Co. v. AAA Replacement Parts Co.*,<sup>102</sup> decided by the Fifth Circuit in 1971, the defendant, a former salesman for the plaintiff, made copies of the unpatented portions of the plaintiff's automatic tying machine. In marketing the copies as replacement parts for the plaintiff's machines, the defendant used the plaintiff's order number system, parts descriptions, and pricing scale. The court deemed this combination of factors sufficient to affirm a finding of passing off.<sup>103</sup>

Similarly, in *Crossbow, Inc. v. Dan-Dee Imports, Inc.*,<sup>104</sup> a 1967 decision, the defendant made exact copies of the plaintiff's "Drink-Lite" novelty. When his copies malfunctioned, the defendant used the plaintiff's product as a model in trade shows to obtain orders for his imitation. In addition, the defendant copied much of the plaintiff's packaging plan. Again, the totality of these factors sufficiently evidenced an intent to pass off.<sup>105</sup>

A strict application of *Sears* and *Compco* in cases of product simulation requires that an injunction against unfair competition be sufficiently narrow to permit the copying of unpatented or uncopyrighted features. In *Bunn*, therefore, the defendant was enjoined from using the plaintiff's order number system, parts descriptions, and pricing scale, but he remained free to make copies of the unpatented portions of the plaintiff's machine.<sup>106</sup> Similarly, in *Crossbow*, the court issued an injunction prohibiting the filling of orders gained through use of the plaintiff's novelty as a trade show sample, but allowing the actual manufacture of copies of the item.<sup>107</sup> Conversely, when the trial court in *Riback Enterprises, Inc. v. Denham*<sup>108</sup> issued a blanket in-

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101. See, e.g., *Remco Indus., Inc. v. Toyomenka*, 286 F. Supp. 948 (S.D.N.Y.), *aff'd per curiam*, 397 F.2d 977 (2d Cir. 1968), in which the court stated:

When *Compco* and *Sears* are applied to the facts of this case, it is quite clear that the plaintiff has attempted to attach greater consequences to defendants' alleged copying than the law permits. The inference of intent to deceive that plaintiff seeks to draw from copying is not a permissible one and plaintiff's theory that palming off may be inferred from mere copying is erroneous.

*Id.* at 955.

102. 451 F.2d 1254 (5th Cir. 1971).

103. *Id.* at 1263-64.

104. 266 F. Supp. 335 (S.D.N.Y. 1967).

105. *Id.* at 339.

106. 451 F.2d at 1269.

107. 266 F. Supp. at 341.

108. 452 F.2d 845 (2d Cir. 1971).

junction restraining the defendant from selling format copies of the plaintiff's greeting cards, the United States Circuit Court of Appeals for the Second Circuit involved *Sears* and *Compco* to set aside the injunction.<sup>109</sup>

*Later Cases: A Narrowing of Sears and Compco*

Recent cases in the law of product simulation reveal significant judicial dissatisfaction with the rationale of *Sears* and *Compco*. Interpreting these Supreme Court decisions narrowly, several courts have granted relief in a manner consistent with the law of unfair competition as it had developed prior to 1964. Moreover, some decisions indicate a renewed interest in the doctrine of misappropriation.

In 1976, the Court of Appeals for the Eighth Circuit decided *Truck Equipment Service Co. v. Fruehauf*,<sup>110</sup> in which the defendant copied the exterior design of the plaintiff's grain semi-trailer. The plaintiff brought an action under section 43(a) of the Lanham Act<sup>111</sup> for injunctive and monetary relief, but the district court only awarded the plaintiff damages, thus permitting the defendant to continue using the design.<sup>112</sup> On appeal, the Eighth Circuit found moot the need for equitable relief<sup>113</sup> but affirmed as to the defendant's liability for copying the plaintiff's design.<sup>114</sup>

The appellate court's decision rested both on the traditional protection against passing off and on the doctrine of misappropriation. Affirming the district court's findings that the plaintiff's design for

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109. *Id.* at 848-49.

110. 536 F.2d 1210 (8th Cir.), *cert. denied*, 429 U.S. 661 (1976).

111. Section 43(a) of the Lanham Act, 15 U.S.C. § 1125 (1970), provides in pertinent part:

Any person who shall affix, apply, or annex, or use in connection with any goods . . . a false designation of origin, . . . including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, . . . shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

If a plaintiff cannot obtain relief for trademark infringement under § 32 of the Lanham Act, 15 U.S.C. § 1114 (1970), because he has not registered his trademark, *see* note 90 *supra*, he nevertheless may seek relief under § 43(a). *See, e.g., Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1008 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975).

112. 536 F.2d at 1213.

113. *Id.* at 1213-14 n.1.

114. *Id.* at 1222-23.

its semi-trailers was nonfunctional and had acquired a secondary meaning, the court also agreed that the defendant's copying actually had caused customer confusion.<sup>115</sup> The court noted the ample evidence of customer confusion in the record in rejecting the defendant's contention that the design could not have acquired a secondary meaning.<sup>116</sup> Moreover, the Eighth Circuit stated, even if secondary meaning were not proved, liability for copying could be based on the defendant's misappropriation of the plaintiff's design.<sup>117</sup>

The court perceived no conflict between the law of trademark, under which the plaintiff's design was protected, and the federal patent laws, in that "each is directed at a different purpose."<sup>118</sup> Nor did the decisions in *Sears* and *Compco* demand a different result in *Truck Equipment*. Because the issue in the former cases was whether states could "extend the effective term of patent protection granted by the federal statutes," the appellate court correctly concluded that the Supreme Court's discussion of the questions of functionality and secondary meaning was dictum.<sup>119</sup> Consequently, the Eighth Circuit expressly rejected the rationale of *Sears* and *Compco* that the existence of the federal patent laws prohibits liability for the copying of unpatented product features.<sup>120</sup>

The view that state law may authorize injunctions against the reproduction of unpatented product features that become common law trademarks was expressed in *Time Mechanisms, Inc. v. Quonaar*.<sup>121</sup> Determining that the defendant copied the distinctive appearance of the plaintiff's parking meters,<sup>122</sup> a New Jersey district court found that the design was nonfunctional, had acquired a secondary meaning, and, when used by the defendant, had led to customer confusion.<sup>123</sup> Together, these facts constituted common law trademark infringement under the Lanham Act<sup>124</sup> and also evidenced passing off under state law. The court adopted the Eighth Circuit's rationale

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115. *Id.* at 1217-21.

116. *Id.* at 1220.

117. *Id.*

118. *Id.* at 1215. See notes 89-90 *supra* & accompanying text.

119. *Id.* at 1214. See also notes 75-80 *supra* & accompanying text.

120. 536 F.2d at 1215.

121. 422 F. Supp. 905 (D.N.J. 1976).

122. The top portion of the plaintiff's parking meters was shaped like an "ice cream cone." *Id.* at 908.

123. *Id.* at 913-14. The court noted evidence of actual customer confusion. For example, purchasers had complained to the plaintiff about the defendant's meters, erroneously believing them to be manufactured by the plaintiff, and customers had inquired whether the plaintiff had sold his business to the defendant. *Id.* at 914.

124. See note 111 *supra*.

in *Truck Equipment*<sup>125</sup> that the law of trademark protected interests different from those under the patent laws, and held that *Sears* and *Compco* did not prevent federal protection of product features that had become trademarks.<sup>126</sup> Moreover, in an extension of *Truck Equipment*, the district court stated that it did not "read *Sears* and *Compco* to bar the application of New Jersey law of unfair competition in trademark cases."<sup>127</sup> Because the defendant had breached federal and state law, he was enjoined permanently from duplicating the plaintiff's design.<sup>128</sup>

A Florida federal district court reached a similar conclusion in *Teledyne Industries, Inc. v. Windmere Products, Inc.*<sup>129</sup> Based on the plaintiff's claim of patent infringement, the defendant was preliminarily enjoined from importing and marketing a showerhead spray nozzle similar to the plaintiff's patented "Water Pik Shower Massage."<sup>130</sup> Addressing the plaintiff's second contention that the defendant was competing unfairly, the court held that *Sears* and *Compco* did not prevent the state's law of unfair competition from enjoining the copying of nonfunctional product features "which serve only to indicate origin or to identify the product."<sup>131</sup> Because such replication evinced the defendant's intent to pass off his product as that of the plaintiff,<sup>132</sup> the court granted a preliminary injunction against further copying of the nonfunctional shape, color, and lettering style of the plaintiff's product.<sup>133</sup>

The recent erosion of the rationale of *Sears* and *Compco* illustrates judicial dissatisfaction with the manner in which the Supreme Court reconciled the competing interests in the law of product simulation.<sup>134</sup>

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125. See text accompanying notes 110-120 *supra*.

126. 422 F. Supp. at 910.

127. *Id.* at 915.

128. *Id.*

129. 433 F. Supp. 710 (S.D. Fla. 1977).

130. *Id.* at 741.

131. *Id.* at 738.

132. *Id.*

133. *Id.* at 741.

134. The Supreme Court itself has been reluctant to extend a broad view of federal preemption to other areas of business regulation. In *Goldstein v. California*, 412 U.S. 546 (1973), the Court held that neither the constitutional copyright clause nor the federal copyright act had preempted the state's prerogative to punish those engaging in "record piracy" or "tape piracy," although such conduct was not prohibited by the federal copyright act. *Id.* at 560, 570. In their dissents, four Justices viewed the Court's opinion as contrary to the rationale of *Sears* and *Compco* that unpatented and uncopyrighted articles may be copied freely by the public. 412 U.S. at 574 (Douglas, J., dissenting); 412 U.S. at 578-79 (Marshall, Brennan, Blackmun, J.J., dissenting). In *Kewanee Oil Co.*

Although the public has an interest in the promotion of free competition resulting from unhindered access to product features unprotected by patents or copyrights, it has a competing interest in being apprised of a product's source. Ensuring source identity, moreover, coincides with a third public policy of safeguarding the interests of a manufacturer who has become associated with his product's distinctive features. Protection of this association not only promotes the marketing of high quality goods but also facilitates consumer distinction of similar items and prevents the diffusion of the original manufacturer's goodwill and reputation among competitors who copy the distinctive, nonfunctional features of his product.<sup>135</sup>

That the misappropriation doctrine may have renewed vitality in product simulation cases as an alternative to liability for passing off has been suggested not only by *Truck Equipment* but also by the 1977 decision in *Merrell-National Laboratories, Inc. v. Zenith Laboratories, Inc.*<sup>136</sup> Alleging that the defendant manufacturer produced an unpatented drug in tablet form with color and configuration identical to those of the plaintiff's drug, the latter proved that the defendant retailers had filled orders for its drug with the defendant manufacturer's product.<sup>137</sup> The New Jersey Federal District Court invoked the state law of unfair competition to enjoin this blatant form of passing off.<sup>138</sup> Although the court found neither that the nonfunctional features of the plaintiff's drug had acquired a secondary meaning nor that their duplication would result in customer confusion, it also invoked the state law of unfair competition to issue a preliminary injunction preventing the defendant manufacturer from selling a

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*v. Bicon Corp.*, 416 U.S. 470 (1974), the Court held that the operation of the federal patent laws does not prevent the states from protecting trade secrets. *Id.* at 478-79. Once again, Justice Douglas's dissent described the Court's decision, which permitted the copying of articles unprotected by the federal patent law, as contradictory to the philosophy of *Sears and Roebuck*. 416 U.S. at 495.

135. *Cf. Truck Equip. Serv. Co. v. Fruehauf*, 536 F.2d at 1215 (quoting S. Rep. No. 1333, 79th Cong., 2d Sess. 1275 (1946)), in which the court stated:

Trademarks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other. Trademarks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates. To protect trademarks, therefore, is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not.

136. 194 U.S.P.Q. 157 (D.N.J. 1977).

137. *Id.* at 158.

138. *Id.* at 161. See text accompanying note 15 *supra*.

product containing a shape and color similar to those of the plaintiff's tablets.<sup>139</sup>

The opinion in *Merrell-National Laboratories* did not mention expressly the theory of misappropriation; nevertheless, the result is explicable only by reference to that doctrine. By enjoining further retailer substitution, the court could have prevented further lost sales of the plaintiff's tablet resulting from that passing off while simultaneously ensuring that patients received the medicine they requested; it need not have proscribed the defendant's manufacturing of the tablets. Moreover, in protecting the plaintiff's property rights in its goodwill and reputation, the court's language suggests a reliance on the doctrine of misappropriation:

[W]hile the promotion of competition in products in the public domain is favored, the competitive advantage obtained by the earlier entrant into the field in terms of the goodwill associated with his name is entitled to protection. For though the goodwill of an unpatented product or device is in the public domain, . . . the goodwill, name and reputation of the producer remain his private property and may not be traded upon or exploited by his competitors.<sup>140</sup>

#### RECONCILIATION OF THE COMPETING INTERESTS: A PROPOSAL

As the decisions in *Sears* and *Compco* demonstrate, many judicial opinions fail to recognize the interests involved in the law of product simulation.<sup>141</sup> The Seventh Circuit in *Sears* and *Compco* had permitted injunctive relief against copying based solely on the visual similarity between competing products. The court of appeals' position, which entirely failed to consider the public interest in free access to product characteristics, however, was no less extreme than the Supreme Court's conclusion that product simulation should never be enjoined, even when the copied feature served only to identify the product's origin. Clearly, a balancing of competing interests is necessary.

Courts can achieve this balance through a broad construction of the doctrine of functionality, coupled with a strict requirement that the elements of secondary meaning and customer confusion be proved before an injunction is granted in a suit involving the passing off offense. The rule that functional product characteristics may be copied freely insures that competitors will have access to unpatented

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139. *Id.*

140. *Id.* at 160 (quoting *Pezon et Michel v. Earnest R. Hewin Assocs., Inc.*, 270 F. Supp. 423, 427 (S.D.N.Y. 1967)).

141. *See Stern & Hoffman, supra* note 36, at 941-44.



features relating to a product's operation or economy of manufacture. To this traditional concept of functionality, courts should append the expanded principle of aesthetic functionality to provide competitors with the license to copy all unpatented product features that the public deems pleasing.<sup>142</sup>

The interest in free competition requiring access to a product's functional features, however, does not mandate placing in the public domain those nonfunctional traits that have acquired a secondary meaning and whose copying likely would create customer confusion. Rather, a product's arbitrary embellishments should be protected from duplication when these two elements have been proven. A return to these traditional principles of fair competition will not only deter purchaser deception but also will encourage manufacturers to market high quality goods, by assuring that their reputation, to the extent it is associated with a product's ornamentations, will be protected. The interest in protecting nonfunctional product characteristics from duplication to prevent customer misapprehension necessarily requires proof that the feature has acquired a secondary meaning and that its copying will create customer confusion; otherwise, a competitor's imitation of a particular feature probably will not lead to the public's misidentification of a product's source. Because the doctrine of misappropriation enjoins copying for purposes other than the protection of the public from confusion, its application in the law of product simulation consequently should be discouraged.

Protection against the passing off offense requires that the remedy of an injunction against an imitator be available as an alternative to a simple labelling order. The duplication of features with a secondary meaning is tolerable if a labelling requirement could prevent customer confusion. When a labelling requirement is insufficient to prevent the public's misidentification of a product's source, however, injunctive relief against copying should be available.<sup>143</sup> Only if the

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142. See notes 27-32 *supra* & accompanying text. Competitors must be permitted to copy features that the public finds aesthetically pleasing to prevent the originator from exercising a perpetual monopoly over a characteristic that is an important reason for the commercial success of a product. The court's refusal in *Haeger Potteries, Inc. v. Gilner Potteries*, 123 F. Supp. 261 (S.D. Cal. 1954), to apply the doctrine of aesthetic functionality resulted in an injunction against the copying of an unpatented product feature demanded by the public. See note 32 *supra*.

143. See note 81 *supra*. For example, in *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975), the defendant was enjoined from copying on its cloth patches the plaintiff's hockey team emblems. The lower court had ordered the defendant only to place on its packaging a label stating that the emblems neither were authorized

courts may exercise their traditional powers of equity in product simulation cases can they reconcile the competing interests optimally.

### CONCLUSION

The law of product simulation has been unsettled since the Supreme Court's decisions in *Sears* and *Compco*. In their attempts to clarify the law in this area, courts are required to balance competing public interests in preserving unrestrained competition through the maintenance of the general right to copy unpatented or uncopyrighted product features while protecting against customer confusion as to a product's origin. These interests might be harmonized best through the continuance of the recent judicial propensity to construe the Court's decisions in *Sears* and *Compco* narrowly. To augment this narrow interpretation, the judiciary should effectuate the states' law of unfair competition and thereby provide a meaningful deterrent to the passing off offense. The implementation of state law, however, must be restricted to the purpose of preventing customer misapprehension. Consequently, the courts should foster competition through the adoption of an expanded definition of functionality and should provide relief against passing off, equitable or otherwise, only when the traditional elements of that offense can be proved.

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by nor had emanated from the plaintiffs. *Id.* at 1008. The Fifth Circuit reversed, however, because the labelling requirement was insufficient to prevent unfair competition:

The exact duplication of the symbol and the sale as the team's emblem satisfying the confusion requirement of the law, words that indicate it was not authorized by the trademark owner are insufficient to remedy the illegal confusion. Only a prohibition of the unauthorized use will sufficiently remedy the wrong.

*Id.* at 1013.