

THE POTENTIAL ANTI-COMPETITIVE EFFECTS OF OVERBROAD NON-WORD TRADEMARK PROTECTION

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Abstract

Recent trends in trademark case law point to ever more abstract marks receiving trademark recognition and protection under the law. This trend is most clearly realized in business entities trademarking single colors. Claiming these colors are no longer descriptive but have acquired “secondary meaning” within their specific commercial context, these firms seek to bar all others from use. This paper reviews recent case law as well as established trademark doctrine on this topic. After making several real-world observations, this paper postulates that, under certain circumstances, this over breadth in permitted trademark subject matter may have anti-competitive effects. Because the very purpose of trademark is to foster free and fair competition, this paper urges caution against this trend, encourages an expansion of the aesthetic functionalism doctrine, and notes the inadequacy of judiciary ad-hoc functionalism as bulwark against trademark overreach.

I. Introduction

A. Illustration

In Blake Edward’s classic 1961 film adaptation of Truman Capote’s “Breakfast at Tiffany’s,” Audrey Hepburn plays Holly Golightly – a young and madcap aspiring New York socialite. In the film’s opening shot we see a yellow cab, solitary on the streets of an abandoned Manhattan avenue, pull up and deposit an immaculately dressed Holly onto the sidewalk in front of Tiffany’s & Co. department store at dawn. She saunters over to the store’s window jewelry display while enjoying a coffee and pastry. The pieces of jewelry are framed and flanked in velvet decorum colored by Tiffany’s iconic turquoise blue. She gazes at the jewelry and sips her coffee in a state of calm satisfaction before turning the corner and walking home. Later in the

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film, we learn that whenever Holly feels overwhelmed with the "mean reds" of life - fear and dread - she calms herself by visiting Tiffany & Co.'s department store; presumably to bask in the "soothing turquoise blue" of fine jewelry and apparel.²

B. Trend

In the Second Circuit's recent *Louboutin* decision,³ Tiffany & Co.'s fought to preserve the integrity of "Tiffany Blue" and filed a passionate amici brief in support of the appellant. *Louboutin*, with Tiffany & Co. and others in tow, impleaded the bench to reject the District Court's *per se* rule against single color trademarking in the fashion industry because of aesthetic functionality. The Second Circuit did just that. Citing both *Qualitex*⁴ and *Owens-Corning Fiberglass Corp.*,⁵ the Second Circuit held that, even within the special circumstances of the fashion industry, a single color – "Louboutin Red" – was protectable upon a showing of secondary meaning.⁶

The *Louboutin* case is merely the latest in a two decade long trend in which increasingly abstract subject matter has found protection under trademark law. Some scholars speculate that this is a necessity contemporaneous with our increasingly "graphic" or "image based" society⁷

² First introduced in 1845, "Tiffany Blue" currently enjoys not only undisputed international recognition and the specific Pantone Inc. designation # 1837, but also *de facto* trademark protection. The color is a registered trademark component on boxes (Reg. No. 2,359,351), shopping bags (Reg. No. 2,416,795) and on the cover of catalogs (Reg. No. 2,416,794) among other items.

³ *Christian Louboutin S.A. v. Yves Saint Laurent America Holdings, Inc.* ("YSL"), No. 11-3303-cv, 2012 WL 3832285, at *1 (2nd Cir. Sept. 5, 2012).

⁴ *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995).

⁵ *In re Owens-Corning Fiberglass Corp.*, 774 F.2d 116 (Fed. Cir. 1984).

⁶ Because the Second Circuit's found that the Louboutin mark's protection was limited to the specific circumstance of a chromatically contrasting heel to tongue combo in shoes – of which YSL did not tread upon with its monochromatic shoes - the court never got to address the crucial consideration of "consumer confusion."

⁷ MITCHELL STEPHENS, *THE RISE OF THE IMAGE, THE FALL OF THE WORD* (1998).

and others decry it as corporate appropriations of the information commons.⁸ Regardless of the source of this trend, the effects on our legal system and the society at large cannot be denied.

C. Thesis

This paper provides a brief analytical overview as to the purpose of trademark law and the doctrine which has developed to further that purpose. From there, this paper posits a new way to conceptually diagram this purpose and examines how competitive market actor's self-interest behavior, the exploitability of language, and social conventions of language heuristics dramatically affect trademark's use in the real world. Based on this analysis, this paper postulates that, under certain circumstances, grants of trademark protection over specific realizations of abstract and finite planes of expression (like color) may have anticipatable anti-competitive effects to the detriment of producers and consumers. The paper then concludes that, given its pro-competition underpinning, trademark law must guard against unintentionally creating legally enforced barriers to entry and industry protectionism.

II. Background - Legal Requirements for Protection and the Modern Trend

A. Purpose of Trademark Law

The history of trademark is the history of free and fair competition. Born out of common law torts for unfair competition, trademark law in the United States developed independent of express legislative until the passage of the Lanham Act in 1946.⁹ The congressional report of the Lanham act makes clear that trademark's main goal is "[t]o protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and

⁸ DAVID COLLIER ET. AL., SAVING THE INFORMATION COMMONS (2002).




⁹ 15 U.S.C. ch. 22.

good will by preventing their diversion from those who have created them to those who have not.”¹⁰

So, while the *function of any particular trademark* is to indicate the source of a party’s good or services, the *purpose of trademark* has always been to promote competition to benefit of consumers and producers alike.¹¹ This principle was adeptly express by Judge Pierre N. Leval in his seminal *Traffix* decision:

“The paramount objective of [] trademark law is to avoid confusion in the marketplace. The purpose ... is identification, so that the merchants can establish good will ... and the consuming public can rely on a mark as a guarantee ... The *trademark right does not protect the exclusive right to an advertising message – only the right to an identifier.*”¹²

1. Non-Word Marks

As an initial point of clarification, while we are often accustomed of thinking of trademarks as words like “Exxon®,” “Nintendo®,” or “Starbucks®,” the scope of what can be protected by trademark is actually much broader. Section 1127 of the Lanham Act defines trademark as: “any word, name, symbol, or device, or any combination thereof [used] to identify and distinguish his or her goods.” For example the iconic Nike “swoosh” () , Playboy “bunny” () , and BMW “propeller” () logos are all protected under trademark law as well.

This paper primarily addresses those “non-word trademarks” which are described as trade dress, logos, or packaging depending on the context. Broadly conceived, non-word trademarks marks may refer to “the appearance of a product when that appearance is used to identify the

¹⁰ S. REP. NO. 1333, 79th Cong., 2d Sess. 4 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275.

¹¹ “In these respects protection for trade dress exists to promote competition.” *Traffix Devices, Inc. v. MKTG. Displays, Inc.*, 532 U.S. 23 (2001).

¹² *Virgin Enterprises Ltd. V. NAWAB*, 335 f.3D 141 (ED Cir. 2003) (emphasis added).

producer”¹³ or the “total image of a product and may include such features as size, shape, color . . . , texture, graphics, or even particular sales techniques.”¹⁴ While the exact boundaries of what may be eligible for trademark protection is not precisely known, some commentators have interpreted the aforementioned *Qualitex* decision as an even broader proposition establishing that “anything that is capable of carrying meaning can serve as the subject matter of a trademark.”¹⁵

B. Doctrine for the Acquisition of Trademarks

Betraying the open-competition spirit and the common law origins of trademark law, the prerequisites necessary to acquire trademark protection over a mark are minimal. A mark must only be (1) sufficiently *distinct*, within context, to indicate its source; (2) *used in commerce*; and (3) *non-functional*. Registration with the USPTO is an optional additional step which, while securing many benefits, does not itself *grant* trademark protection but merely recognizes it.

1. Distinctiveness

i. Inherent and Acquired Distinctness

While often underappreciated by the literature, the “distinctness” of a mark¹⁶ actually has two interrelated meanings. First is the ability of a mark to indicate the *source* of the good or service as *distinct* from the source of others. Second is the separation between the mark’s symbolic *meaning* and the underlying product.¹⁷ Marks have traditionally been conceptualized as being either *inherently distinctive* – marks which, by virtue of the large “meaning gap” the mark and the good, intuitively infer source identification – or of *acquired distinctiveness* – marks

¹³ *Publications Int’l, Ltd. V. Landoll, Inc.*, 164 F.3d 337, 338 (7th Cir. 1998).

¹⁴ *Am Brit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1535 (11th Cir. 1986).

¹⁵ RATIONAL LIMITS, at 61 citing to *Qualitex*, at 162.

¹⁶ “Distinctness” is indirectly defined in 15 USC § 1127 as the ability of a mark “to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown”

¹⁷ In this sense, distinctness is essentially a measure of the “gap” between the *meaning* of a device and the *type of good or service* it adorns.

which, through society's ascription of a secondary meaning over time, have come to represent a specific source.¹⁸

ii. Establishing Distinctness and Secondary Meaning

There are two complimentary "tests" to determine whether the "gap" between a mark's meaning and its underlying product is sufficiently distinct to source the product – they are both questions of fact and sensitive to context.

The Abercrombie¹⁹ test essentially places the relationships between mark meaning and product along a spectrum of descriptiveness. In ascending order of distinctiveness, the categories are (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; and (5) fanciful. The latter three categories are considered *inherently distinctive*, descriptive marks are considered *potentially distinctive with a showing of secondary meaning*, and generic marks are considered *non-distinctive*.

In the context of non-word marks, sometimes the Abercrombie test is difficult to apply. Accordingly, the Seabrook Foods test²⁰ is occasionally adopted. Seabrook Foods considers the following factors in determining whether a symbol or design is distinctive:

"[1] whether it was a 'common' basic shape or design, [2] whether it was unique or unusual in a particular field, [3] whether it was 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 was capable of creating a commercial impression distinct from the accompanying words."

Both of these tests grope at the same two concepts of *distinctness* explored above. The common "thread" between these two tests is whether the *device* is able to evoke semiotic content

¹⁸ "[W]ords with ordinary and primary meaning of their own 'may by long use with a particular product, come to be known by the public as specifically designating that product.'" *Zatarain's, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786 (5th Cir. 1983).

¹⁹ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2nd Cir. 1976).

²⁰ *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342 (C.C.P.A. 1978).

sufficiently distinct from the inherent content or meaning of the *product*; such that the inference that the mark designates a *source* for the product is intuitive.

iii. Secondary Meaning

In *Louboutin*, *Qualitex*, and all cases that have recognized monochromatic trademark protection thus far, a crucial inquiry has been whether the producer has established “secondary meaning” for their otherwise descriptive mark. Because this paper deals exclusively with abstract non-word marks which would be analogous to “descriptive” word marks, this is an important point.

To establish secondary meaning for a descriptive mark, a party “must show that the primary significance of the term in the minds of the consuming public is not the product, but the producer.”²¹ That is, whether “in the minds of the public, the primary significance of the mark is to identify the source of the product rather than the product itself.”²² This is “primarily an empirical inquiry” into the “effectiveness in altering the meaning of the term to the consuming public” which considers (1) length and manner of use; (2) volume of sales; (3) amount of advertising; (4) nature of use of the mark; (5) survey evidence; (6) testimony; and (7) defendant’s intent in copying.^{23,24}

2. Use in Commerce

The “use in commerce” requirement is well expressed in *Blue Bell*²⁵: “The exclusive right to a trademark belongs to who first uses it in connection with specific goods. [] Such use need not have gained wide public recognition, and even a single use in trade may sustain trademark

²¹ *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938).

²² *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 211 (2000).

²³ *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225 (5th Cir. 2010).

²⁴ *Bd. of Supervisors for La. State Univ. v. Smack Apparel Co.*, 550 F.3d 465, 476 (5th Cir. 2008).

²⁵ *Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260 (5th Cir. 1975).

rights if followed by continuous commercial utilization.” The use in commerce requirement is not a difficult one to satisfy. A minimal demonstration of bona fide commercial use is sufficient for formal registration²⁶ and will create nationally recognized rights with constructive notice of the mark’s ownership to potential competitors.

3. Non-Functionality

Lastly, non-word marks may be specifically disqualified from trademark status if, as a matter of law, that non-word mark is found to have either (1) utilitarian; or (2) aesthetic *functionality*. The traditional doctrinal formulation of *utilitarian functionality* was expressed in *Qualitex*²⁷ as “a product feature is function . . . if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.” This formulation borrowed heavily from *Inwood*.²⁸ The core inquiry here is whether the mark seeking protection is not merely a mark at all but rather a component of the useful functioning of the product.

More important to this paper is the concept of *aesthetic functionality*. The doctrine, which was the primary issue of discussion in *Louboutin*, is a slightly more difficult concept to pin down. The judiciary’s discussion on the topic has focused on “competitive significance” as the key consideration and has presented the question as whether “exclusive use of the feature would put competitors at a significant non-reputational-related disadvantage.”²⁹ The Supreme Court has famously (and cryptically) noted that “sometimes color plays an important role (unrelated to source identification) in making a product more desirable, sometimes it does not. And, this latter fact ... indicates that ... ‘functionality’ does not create an absolute bar to the use of color alone as

²⁶ 15 USC § 1051.

²⁷ *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995).

²⁸ *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982).

²⁹ *Qualitex Co. v. Jaconson Prods. Co., Inc.*, 514 U.S. 159 (1995).

a mark.”³⁰ The *Inwood*, *Qualitex*, and *Traffix* lineage of cases made it clear that “[i]t is proper to inquire into a ‘significant non-reputation related disadvantage’ in cases of [a]esthetic functionality....”³¹ However, what exactly comprises a “non-reputation related disadvantage” is still not clear and has been the subject of much debate.

The policy reasons for this prohibition are straight forward. First, as a matter of doctrinal categorization, trademark wants to avoid conflict with the traditional intellectual property protection for useful ideas - patent law. However, the primary reason for the functionality-bar is to *promote competition* by denying any particular producer the ability to bar his competitors from utilizing useful elements of a product. Indeed the Federal Circuit has explicitly stated that, in both utilitarian and aesthetic senses, the “effect on competition ‘is really the crux’ of the functionality inquiry.”

4. Actual Boundaries, Consumer Confusion, and Infringement

Like so many forms of intellectual property, the true metes and bounds of a trademark are never really known until they are tested in litigation. While there are three main causes of action encoded in the Lanham Act – infringement, unfair competition, and dilution – the focus of this paper is on infringement and “the likelihood of consumer confusion” is the ultimate test of whether trademark infringement has occurred. Accordingly what is, and isn’t, protected under a given trademark is not only a question of what the mark “is” but also what the relevant consumer market’s perception of the product’s particular mark is.

The legal doctrine concerning the likelihood of consumer confusion is well laid out in *Polaroid*.³² The *Polaroid* factors for are (1) the strength of the marks; (2) the similarity of the

³⁰ *Qualitex*.

³¹ *Traffix Devices, Inc. v. MKTG. Displays, Inc.*, 532 U.S. 21 (2001).

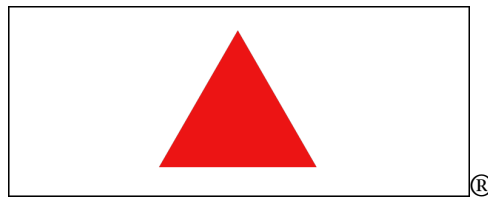
³² *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).

marks; (3) the similarity of the products or services; (4) the likelihood the senior user will “bridge the gap” into the junior users market; (5) actual confusion among consumers; (6) the junior user’s good or bad faith in using the mark; and (7) the context and sophistication of consumers. Once confusion has been found to be likely to occur, the court asks whether the amount of confusion is “appreciable” and if the type of confusion is either (1) “source” or (2) “sponsorship or affiliation” between the marks.³³

III. Properly Conceiving Non-Word Trade Mark Appropriations

A. Multi-Planar Expressions

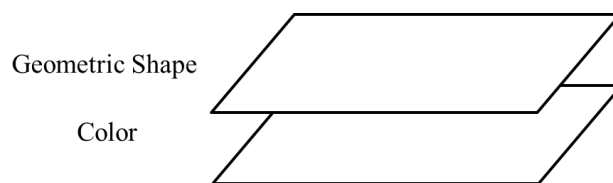
When we think about trademark protection, it is helpful to start with a proper conceptualization of what constitutes a trademark. A trademark, like any other creative act, is a combination of phenomenological elements selected and assembled across a number of planes of expressions. To illustrate this somewhat cumbersome sentence, I’m going to use the oldest recorded trademark in the United Kingdom: Bass beer’s distinctive red triangle.³⁴



While precise dissection of the triangle may be the subject of dispute, we can safely say that (at a minimum) the Bass triangle consists of elements of both (1) a geometric shape; (2) a color and *excludes all else*. As a matter of visual aid, let’s imagine the Bass triangle as occupying two “element planes” upper imposed on one another. A diagram would look like this:

³³ *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).

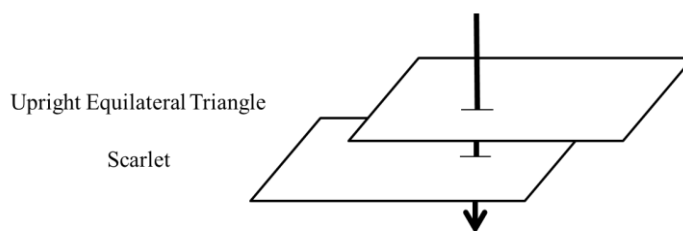
³⁴ CELIA LURY, BRANDS: THE LOGOS OF THE GLOBAL ECONOMY (2004).



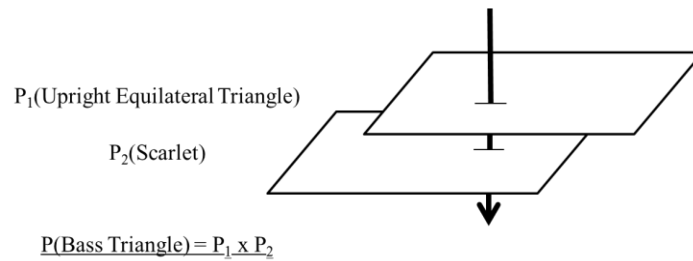
B. Piercing and Probability

Moving from *categorical* expression, the *specific* phenomenological composition of the Bass triangle mark can be expressed as two particular realization of these elemental categories: (1) the geometric shape of an “upward pointing equilateral triangle”; and (2) the color of “scarlet” – specifically the hue that results from a red value of 236, a green value of 20, a blue value of 20, a saturation of 203, and a luminescence of 120.

These particular realizations within the category can be thought of as specific points upon their respective planes. Presuming some “alignment” of planes such that each specific point is vertically adjacent to others, the trademark can be thought of as *piercing* the planes at a series of specific points.



Now, having plotted our “Bass Triangle” mark, we might wonder what the chances are a competitor might infringe upon it. Assuming that (1) our competitor acts within same elemental planes as we do; (2) and randomly selects his piercing points, the answer is, in abstract, a simple matter of multiplying probabilities. That is, multiplying the probability of selecting an “equilateral triangle” shape out of all possible shapes by the probability of selecting “red” out of all possible colors.



Of course, these assumptions are not realistic and will be explained later, *but* they do illustrate a few preliminary observations that will become important later: (1) *the kind or type of planes permitted to be considered in composing a trade mark matter enormously*; and, more importantly, (2) *infringement of a non-word trademark becomes more likely as the number of “planes” a mark operates across decreases and vice versa*.

C. Real World Phenomena

This conceptual model is a useful way to model several real world phenomena which will in turn raise questions about the wisdom of the judicial trend towards recognizing abstract mono-dimensional marks.

1. Competitive Claiming

The first, and perhaps most important, qualification is that non-word trademarks - whether logos, trade dress, design, packaging, or otherwise - are *not* chosen at random. To the contrary, the particulars of crafting these non-word marks is a multi-million dollar business; and for good reason! Despite the legal doctrine’s inability to acknowledge this in the doctrine of aesthetic functionality, non-word trademarks - broadly conceived of as “branding” - are a source of *massive* competitive advantage. Ask any marketing professional in the country and they’ll tell you that branding *née* trademark is just as much about “inducement” as it is about source “identification.”

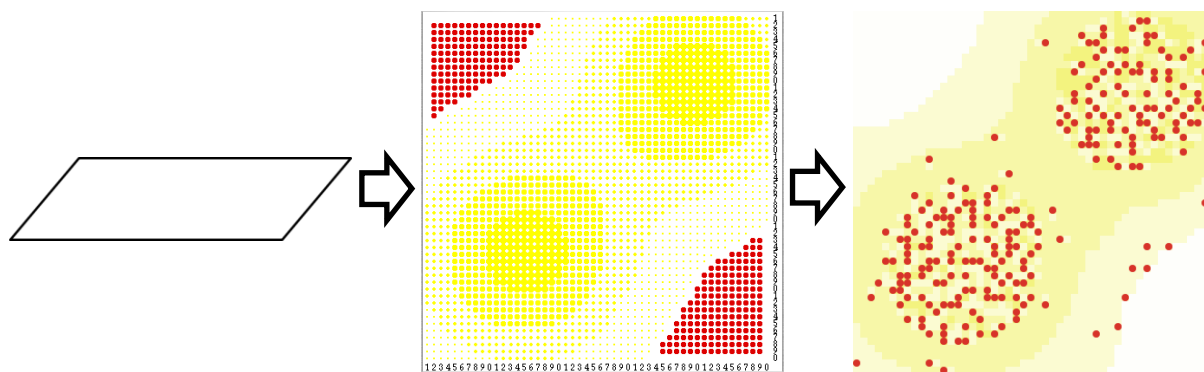
Consider color as an example. Are we surprised that the packaging of so many products is composed of bright primary colors? Does it surprise you that competitors space their dominants non-protected colors in contrast to one another? Of course not! In many markets “attention” is the name of the game and those who capture it most effective with their marks will collect a pretty premia; either in the form of the ability to charge higher prices or increased sales. So, like bacteria in a petri dish or the computer generated agents’ in Beinhocker’s “Sugarworld,”³⁵ individual agents will identify where the scarce resources they seek – here attention and distinctness – is most concentrated and then maximize its ability to capture those resources relative to competitors.

Basics of color branding seem to suggest two dimensions of attention capturing distinctness: (1) objective color distinction (colors have both social and biologically “inherent” qualities that capture human attention); and (2) inter-product distinction (that the human eye is able to tell the difference between blue and red as connotation of two separate brands of a product). Within the world of design and advertising, objectively “vibrant” eye catching colors are dominant – very few cereal boxes come in a muddled mix of brown and gray. Similarly, within a particular product market, trade dress “color brands” have two tendencies: (1) to cluster around the most vibrant real estate; and when the returns to such clustering are outweighed by inter-product distinction (2) they differentiate themselves by staking out the “next best (distinguishable) thing.”³⁶

³⁵ ERIC BEINHOCKER, THE ORIGIN OF WEALTH: EVOLUTION, COMPLEXITY, AND THE RADICAL REMAKING OF ECONOMICS.

³⁶ A perfect example of this phenomenon can be observed in the color branding of the three main artificial sweeteners - Splenda®, Equal®, and Sweet'N'Low®. All have all branded themselves in trademarked colors which nearly perfectly correspond to the three “additive colors” of cyan, magenta, and yellow. Not only are all three additive colors “pleasing,” more importantly they are *perfectly equally spaced from one another* across the color plane.

So, instead imagining each plane as undifferentiated or competing parties staking their claims at random, we can imagine the plane as looking like the figure on the left – where the increasingly yellow spots are more valuable – and the agent firms “reacting” from their initial location at the margin by strategically relocating to their placement on the “value scape” as described by the figure on the right.³⁷



2. Opportunism and the Granularity of Language

The second consideration is that, up until now, we’ve assumed that trademark protection is perfectly coterminous with the actuality of the mark. That is, that we have a method of perfect-fidelity for translating a mark’s *actual expression* as used in the commercial world into *legal expression* where they are enforced. Tragically this is not the case. Whether through registration or as tested in litigation, the legally “real” expression of mark must be encoded in language. And language, as every good lawyer knows, is a medium of expression ripe for exploitation.

Of course, the desire to maximally express a client’s rights to a piece of intellectual property through clever or strategic use of language is not new. Patent lawyers will tell you it is the foundation of good patent claim drafting. “You want to draft a claim with an eye toward

³⁷ EPSTEIN & AXTELL, GROWING ARTIFICIAL SOCIETIES: SOCIAL SCIENCE FROM THE BOTTOM UP (1996).


litigation, meaning that you want a claim that provides the maximum amount of protection but does not overlap with the prior art... You want a claim as broad as the prior art will allow.”³⁸


The analogy to trademark is obvious. When registering a trademark, you use as broad a language as you think will be defensible in ensuing litigation. E.g. there is a strong incentive to describe the Bass triangle color not as “scarlet”³⁹ or even “vermilion”⁴⁰ but as the much broader “red” - which encompasses those specific hues and many others. The chilling effect on competitors whom may consider entering the market will be undeniable. Unless that competitor believes that the information real estate you’ve staked out is both (1) indefensible; and (2) valuable enough to justify litigation, they are likely to mimic the USPTO and treat your assertion of trademark as presumptively valid. Thus, to use a basketball analogy, a trademark lawyer’s clever use of language can expand the mark’s “actuality” to a broader general claim and “box out” competitors from even the spaces *adjacent* or surrounding her client’s trademark.

3. Social Language Heuristics

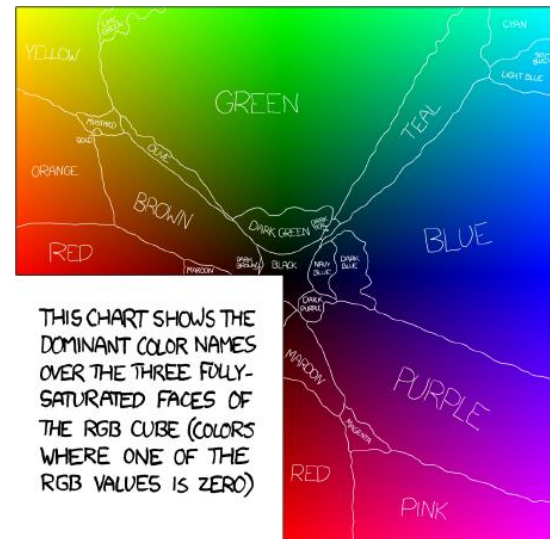
The final consideration is that we, as humans in a social space, instinctually conserve meaning-creating energy. That is, we develop linguistic heuristics to partition infinitely complex information planes into a limited and cognizable subset of identifiers. Again, the example of color is instructive. While the visible spectrum is a finite plane – we are only able to visually perceive light within a certain subsection of wavelengths - there are a high infinite number of different color shades which can be articulated. However, humanity’s use of language has found a way to reduce this enormous and complex amount of information into a much more manageable size.

³⁸ NARD ET. AL., THE LAW OF INTELLECTUAL PROPERTY 23 (2011).

³⁹ Scarlet –  - Hex triplet #FF2400, (r, g, b) (255, 36, 0), (c, m, y, k) (0, 219, 255, 0), (h, s, v) (8°, 100%, 100%).

⁴⁰ Vermilion –  - Hex triplet #E34234, (r, g, b) (227, 66, 52), (c, m, y, k) (0, 71, 77, 11), (h, s, v) (5°, 77%, 89%).

Again, let's turn to color.⁴¹ A simple research product conducted by one of my favorite online comics “xkcd”⁴² illustrates this. The comic induced 222,500 of its readers to participate in a “color naming” survey and published the results.⁴³ The survey was a simple enough; each user was presented with a hue and asked to “name” it, the survey garnered over 1.5 million appraisals. While the gender based differences in



identification are amusing, I am most interested in this chart; within which the entire color spectrum is demarcated into “color regions” based on consensus-dominant responses. The survey results indicate that the human collective mind identifies Yellow, Orange, Red, Lime Green, Mustard, Gold, Brown, Olive, Green, Maroon, Green, Dark Green, Dark Brown, Black, Dark Teal, Teal, Cyan, Light Blue, Sky Blue, Blue, Purple, Magenta, and Pink; a mere 23 different colors.

In this way social heuristics has the potential to exacerbate the earlier claim-expansion problem. This is because the “consumer confusion” standard of a trademark infringement attempts to approximate the *social perception* of a registered mark’s components in the relevant market – rather than its actual or objective character. Group language labeling, like many other anthropic phenomena, tends towards efficiency rather than accuracy. There are diminishing

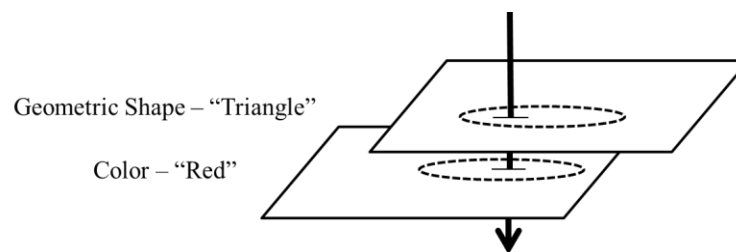
⁴¹ Other ontological categories of signifiers can suffer from this collective heuristic reductionism. Shape comes to mind. While polygons (like triangles, squares, octagons etc.) can technically have an infinite number of sides, at some point social heuristic convention will “reduce” the number of “identifiable” shapes to a finite and probably low number. Further, social and biological “inherent” qualities, like a predisposition to symmetry, will provide an approximate ordinal ranking of each shapes ability to capture attention. Both these processes are extremely useful conventions and decidedly advantageous in an evolutionary sense.

⁴² <http://xkcd.com/>

⁴³ <http://blog.xkcd.com/2010/05/03/color-survey-results/>

returns to “average” people (1) developing the lexicon; and (2) investing resource to identify increasing nuanced color distinctions. E.g. Everyone knows the color “yellow” but few can *articulate* the difference between “saffron” and “maize.” Accordingly, an honest finder-of-fact attempting to approximate “the man on the street” is less likely to appreciate the subtle differences between the protected “Tiffany Blue” and, say, the unprotected color of a robin’s egg. In their mind, though objectively distinguishable, both colors are just “blue” or, at most, a “light blue.”

To continue our earlier visualization, this effectively expands the “piercing” point at each plane to the boundary of social construction of the language signifier. I.e. the “scarlet” color and “upright equilateral triangle” shape of the Bass Triangle become a “red triangle.”



This expansion is likely to inflate in proportion to the size of the relevant market as, by their nature, heuristics increasingly obliterate distinctions as the number and diversity of people who participate in them grows.

IV. Potential for Anti-Competitive Effects

A. Theory

Starting with the observations that (1) trademark law seeks to promote free and fair competition; and (2) has always worried about balancing the right of a participant to benefit from

his good will against the dangers of excluding rivals from the necessary instruments of competition.⁴⁴ We can add the following postulations:

- (1) As trademark protection is granted over increasingly “marks” of fewer and fewer planes of expression, the probability of infringement (intentional or otherwise) increases geometrically.
- (2) There is a scarce and diverse distribution of “value” across these planes of expressions; where “value” means the ability to attract consumer attention.
- (3) Market participants recognize this and, like any other open access resource, will race to claim the most valuable real estate relative to their competitors.
- (4) Those same market participants will have an incentive to make as broad as possible legal claim over these planar spaces as trademark.
- (5) Social language heuristic will cause consumers to collapse potential objective distinctions within the planes.
- (6) Eventually, analogous to a Malthusian frontier process, the marginal value in unprotected planar space will eventually either be completely exhausted or so diminished that additional claims are not worth their marginal cost.

From these postulates a general inference emerges. Namely that trademark protection may, under certain circumstances, give market participants the ability to constrict the scope of their own competition. This constriction is both within the specific market of the holder but also more generally where “consumer confusion” or “endorsement or affiliation” may occur.

This process is actually enabled by trademark law, the very field of law meant to encourage competition. This is because (1) the doctrine of aesthetic functionality is unable to articulate its prohibition of “non-reputation related disadvantage” to include inducement to purchase that is a calculated incident to branding; and (2) the fundamental presupposition of the functionality doctrine – that functionality and aesthetics are separable – is potentially undermined by actual human consumer behavior. That is, Holly Golightly doesn’t go to the nearest jewelry store to calm herself, she goes to Tiffany’s.

⁴⁴ This is expressed ubiquitously throughout the doctrine. Most notably in Descriptive Fair Use Doctrine as discussed in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004).

The outcome is analogous to a legally created barrier to entry and will inevitably entrench a class of producers whom were able to claim primordial trademark protection. The outcome for consumer is reduced competition and quasi-oligopic pricing behavior. The trend in trademark of increasingly abstract mono-dimensional marks tempered only by judicial ad-hoc-ism is no bulwark against this problem as (1) judge are unable to appreciate the complex factual circumstances which govern the process; and (2) much commercial activity is sufficiently risk averse that they will not put millions in brand investment on the line to hope that the right judge on the right day analyzes the impact on competition issue in the right way.

B. Illustration

To illustrate, let's imagine that within a market of an indistinguishable good – say table salt – all trade dress is mono-dimensional– say color. Let's further imagine that salt has just been discovered. Recognizing its inherent tastiness and market value, I rush to market it under my red trade-dress. After pumping an enormous sum of cash into advertising campaigns which create a brand identity for “red” and establishing “secondary meaning,” I dutifully register a trademark for “red” in the context of salt and go about my business.

Because I am, at this point, a monopolist, I will overcharge and under produce my salt.⁴⁵ However, competitors will notice my lucrative business and rush to compete. One by one they enter the market and, acknowledging my trademark on “red,” will attempt to strategically navigate to the “next best” color location to maximize attention and distinctness. Because they will recognize the value to excluding other future competitors from their brand space, it is entirely probable that each will, of course, expend the resources to similarly establish “secondary

⁴⁵ DAVID FRIEDMAN, PRICE THEORY 248 (1990).

meaning” for their respective colors. Eventually, the market will completely deplete the remaining “socially cognizable colors;” say all 23 colors mentioned above.

And yet, even with 23 competitors in the market, perhaps cartelization or other quasi-oligopic conditions will arise and marginal price will still be greater than marginal cost. Accordingly, there will be still more potential competitors around the block waiting to break into the market for salt. Let’s imagine that by this point, these potential competitors have developed superior salt-extraction-technologies and are able to get it to the market cheaper than the old guard. Tragically, there are no remaining monochromatic tradenames they could use that wouldn’t infringe on an existing trademark; that is, which wouldn’t cause consumer confusion. Accordingly, they are barred from entry to the market and the entrenched industry carries on.

Aren’t we at a bad spot here? The entrenched producers have an undeserved competitive advantage in claiming the most objectively distinction / attention capturing / capacious color identifiers. Further, both the superior technology competitor and the consumer are completely out of luck. The producer can’t break into the market at all as the monochromatic trade-dress TMs are exhausted and the consumer must labor under non-optimal equilibrium pricing. Even if the superior technology firm did attempt to create some novel color (maybe pink – brown), he (and his successors) would have to continually try to “discover” this color at the margin of existing identification boundaries to avoid a law suit. These colors would, by definition, be “unfamiliar” to consumers. If he attempted to simply charge ahead and trade his product in “red,” he’d run the risk of infringement on the entrenched producer’s property rights.

V. Conclusion

Holly Golightly’s love affair with Tiffany & Co’s soothing atmosphere and brand development is not a bad thing. It helps her, in her quirky way, to deal with the difficulties of her

life of parties and courtiers and we want a commercial market which helps consumers in all their idiosyncratic preferences. However, the prospect that Tiffany's might be able to claim the right to exclude others from competing with its products performing their function (the province of patent law) simply because they are clad in "Tiffany Blue" is unsettling. This concern is exacerbated by the fact that Tiffany's is a national department store known for selling a wide variety of goods and services. The ability to essentially insulate itself from competition simply because a competitor used a shade of paint akin to its "Tiffany Blue" is problematic.

This paper has reviewed a recent trend in trademark protection as well as the doctrine of trademark law acquisition. Making several common sense observations about the nature of trademark protection and human social behavior, the paper has put forth several postulates concerning firm behavior relative to trademark protection. Lastly, this paper has theorized that, despite the Supreme Court and Second Circuit's holdings that mono-dimensional (specifically monochromatic) marks are not *per se* prohibited as trademarks, the practical effect of such abstract marks can be to create barriers to entry and suppress competition. This contradicts the underpinning of the functionality doctrine and the very purpose of trademark law.

Accordingly, in light of the observations and postulations listed above, this paper cautions against the trend of increasingly abstract and mono-dimensional trademarks. Further, this paper encourages further refinement of the definition of "non-reputation related disadvantage" to include the many revelations of modern consumer behavioral psychology – mainly, that what we buy is as much a question of our perception of the product as its objective composition. Lastly, this paper notes the inadequacy of judiciary ad-hoc functionalism as a "rule" to define the boundaries trademark. Trademark is a legal creature designed to promote free and fair competition in commercial enterprise. Making the viability of commercial

investment dependent on arbitrary judicial determinations, premised on idiosyncratic appraisal of a volatile commercial landscape, is anathema to confident investment and competition.