

‘Unbinding’ precedent: TM protection for packaging colour schemes now more attainable

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In early April, the US Court of Appeals for the Federal Circuit handed a small but significant victory to trademark owners in a case involving colour marks for product packaging. Andrea Anderson of Holland & Hart reports.

A “double bind” is an apt way to describe the challenges faced by brand owners seeking to establish rights in the colour scheme of their packaging when launching a new product. For the most part, the US Patent and Trademark Office (USPTO) has refused to register such asserted marks absent a showing of acquired distinctiveness (sometimes called “secondary meaning”).

However, brand owners can’t establish acquired distinctiveness until after their product becomes commercially successful and well-recognised.

And by that time, the packaging colour scheme may have been so copied and knocked-off that the brand owner cannot establish the “substantially exclusive use” also necessary for acquired distinctiveness.

As a practical matter, this “double bind” has precluded federal trademark registration for many packaging colour marks—until now.

The US Court of Appeals for the Federal Circuit’s ruling in *In Re: Forney* rejected the Trademark Trial and Appeal Board’s (TTAB’s) conclusion that colour marks for product packaging were incapable of inherent distinctiveness.

In reversing and remanding the decision, the Federal Circuit held that colour packaging marks that otherwise meet the traditional requirements for inherent distinctiveness are protectable and registrable.

Located in Fort Collins, Colorado, Forney Industries offers a wide array of tools and accessories used primarily in welding and metalworking, such as compression springs, circular saw and hacksaw blades, outdoor hearing protection devices, propane torches, soapstone pencils, and caution tape.

Forney sells its products through hardware stores, farm and ranch supply stores, and automotive supply stores. Since Forney’s product line varies in size and shape, there is no uniform size or shape for its packaging. Many of its products are packaged on “backer cards” and then encased in a plastic covering and displayed at retail locations hanging from pegboards.

Forney’s backer cards and other packaging display a solid black stripe at the top, with a yellow stripe underneath, which fades into the colour red (pictured below).



When displayed at retail, in a “brand blocked” layout, Forney’s packaging creates a strong impression.



(credit: Forney Industries)

Case history

Seeking to protect its packaging colour scheme as a trademark, Forney filed application number 86269096 to register a design consisting of its black/yellow/red colour combination as essentially “floating colour” not limited by a peripheral package shape or size, such as a rectangle.

Forney claimed that the design was inherently distinctive and did not attempt to argue that the design had acquired distinctiveness, presumably because as of the filing date of the application, it had used the mark for only four years.

The USPTO examining attorney refused registration on the ground that the applied-for colour mark was not inherently distinctive and was registrable only on the supplemental register, a US trademark register for marks that, while not immediately distinctive, may become distinctive over time.

Forney appealed to the board, arguing that relevant case law establishes that product packaging can be inherently distinctive and that there is no *per se* prohibition on finding inherent distinctiveness for colour combinations used on product packaging.

Forney distinguished colours used on products themselves, agreeing that the US Supreme Court’s *Qualitex* decision precluded registration of single colours for products absent a showing of acquired distinctiveness. But Forney argued that the Supreme Court had never addressed the issue of colour as applied to packaging.

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Admittedly, noted Forney, the Supreme Court had stated in the later *Wal-Mart v Samara Bros* decision that “design, like colour, is not inherently distinctive”. But according to the Colorado company, the court’s reference to “colour”, when taken in context of the entire opinion, was clearly a reference to product colour and not packaging colour.

This is particularly true, argued Forney, since the court went on to acknowledge that “a garish form of packaging” may have a predominant function of source identification.

Like the examining attorney, the TTAB rejected Forney’s position and held that its asserted colour mark, consisting of multiple colours applied to product packaging, was incapable of inherent distinctiveness.

The board’s decision rested on its conclusion that no legal distinction exists between colour applied to product and colour applied to packaging.

The TTAB reasoned that the Supreme Court had never distinguished product colour from packaging colour in its decisions or indicated that the distinction mattered. It went on to note that the addition of multiple colours to a single colour did not change the analysis.

On appeal, the Federal Circuit held that the board erred by concluding that a colour-based trade dress mark can never be inherently distinctive. According to the Federal Circuit, the USPTO and the TTAB erroneously read into the case law an equivalence between product colour and packaging colour that the Supreme Court had not expressed.

On the contrary, stated the Federal Circuit, “the Supreme Court’s precedent simply does not support the board’s conclusion that a product packaging mark based on colour can never be inherently distinctive”.

The Federal Circuit pointed out that, in the *Walmart* decision relied upon by the TTAB, “the Supreme Court merely held that product design trade dress can never be inherently distinctive”. It did not address the issue of product packaging marks at all.

Accordingly, the Federal Circuit reversed and remanded the case to the board to evaluate Forney’s asserted colour mark under the traditional factors for determining inherent distinctiveness of trade dress, namely: (1) whether the trade dress is a “common” basic shape or design; (2) whether it is unique or unusual in the particular field; or (3) whether it is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.

The court noted that these factors are all different ways of assessing whether consumers will perceive the trade dress as an indicator of source or origin.

A fighting chance

The Federal Circuit’s decision doesn’t mean it will now be easy for owners of asserted packaging colour marks to obtain federal trademark registration.

First, single colour packaging marks will still face an almost insurmountable burden in showing inherent distinctiveness, since the prevailing assumption is that consumers are not likely to view single packaging colours as source identifiers.

However, in the right circumstances—such as Forney’s where a packaging scheme consists of multiple colours, stands out at retail, and is unique in the industry—brand owners now at least have a fighting chance of obtaining federal trademark protection in the US immediately upon product launch. Take that, double bind.

Andrea Anderson is partner at Holland & Hart, focusing her practice on strategic trademark counsel to some of the world’s largest brand owners. She can be contacted at:

aanderson@hollandhart.com