TRADE DRESS PROTECTION OF BUSINESS DÉCOR:
WHAT IS THIS TERTIUM QUID?

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While parties admit the dispute involves arcane trademark matters . . . it really comes down to a simple idea. ‘This is a case of somebody ripping off somebody’s good idea, rather than doing it on their own . . . We don’t want them competing with us with our own look.’

I. INTRODUCTION

In 1992, the U.S. Supreme Court held that inherently distinctive trade dress in the form of business décor—that of a chain of Mexican restaurants, described as “a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals”—could be protected from infringement in *Two Pesos, Inc. v. Taco Cabana, Inc.* (hereinafter referred to as *Two Pesos*). The *Two Pesos* decision is the seminal case on trade dress protection of business décor under the Lanham Act. The Lanham Act, or the Trademark Act of 1946—the intent of which is to prevent the use of deceptive trademarks and unfair competition—provides, in part, a federal cause of action for trademark infringement.

Specifically, Section 43(a) of the Lanham Act provides a cause of action to anyone who is likely to be damaged when another person uses in commerce any “word, term name, symbol, or device, or any combination thereof . . . which is likely to cause confusion . . . as to the origin, sponsorship, or approval of . . . her goods.” This statute includes protection for trade dress. Trade dress involves a product or business’s

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1 Charles Boisseau, *Eaternity Gets New Hearing: Supreme Court Takes Two Pesos Case*, HOUSTON CHRON., Jan. 28, 1992, (Business), at 1 (quoting Taco Cabana President Richard Cervera upon hearing the news of the Supreme Court’s grant of Two Pesos’ petition for writ of certiorari).


3 See id. at 776.


8 See 15 U.S.C. § 1125(a)(3) (“In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”). See also Traffix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 29 (2001) (stating that “Congress confirmed this
“overall image and appearance” and “may include features such as size, shape . . . color combinations, texture, graphics, or even particular sales techniques.”

Through a series of cases, starting with Two Pesos, the Supreme Court has outlined several key elements for a finding of unregistered trade dress protection. First, these cases reinforce the “well-established rule that trade dress protection may not be claimed for product features that are functional.” Further, the current state of Lanham Act jurisprudence clearly holds that there will be trade dress protection for product design only upon a showing of secondary meaning (indicating that the trade dress has acquired distinctiveness which serves to identify the product with its manufacturer or source). Secondary meaning “occurs when in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.”

At face value, this last holding, as decided in the 2000 case, Wal-Mart Stores, Inc. v. Samara Bros., Inc. (hereinafter referred to as Samara Bros.), seems to contradict the Two Pesos case, in which the Court specifically held that trade dress in the form of business décor could be protected from infringement on the sole basis of inherent distinctiveness and without a showing of secondary meaning. The Court, in Samara Bros., rejected this asserted contradiction by drawing a potentially ambiguous distinction between business décor and product design, and by characterizing décor as either product packaging or “else some tertium quid akin to product packaging.” (Tertium quid is from the Latin, meaning “third thing.”) However, in not providing further clarification on the boundaries of this protected classification of business décor, the Court established a legal taxonomy with somewhat blurry boundaries for subsequent lower courts’ analyses.

As such, it is little surprise that, in the last eight years since the Samara Bros. decision, the federal district courts and courts of appeals have generated a wide range of decisions on the extent of Lanham Act protection for asserted business décor trade dress. This paper will analyze what the lower federal courts have done to define the statutory protection for trade dress by amending the Lanham Act to recognize this concept and referencing 15 U.S.C. § 1125(a)(3)).

9 Gen. Motors Corp. v. Urban Gorilla, LLC, 500 F.3d 1222, 1226 (10th Cir. 2007). See also Two Pesos, 505 U.S. at 765; ROBERT C. DORR & CHRISTOPHER H. MUNCH, TRADE DRESS LAW § 2.01 (2d ed. Supp. 2000).
12 Traffix Devices, 532 U.S. at 29. See also Samara Bros., 529 U.S. at 214; Two Pesos, 505 U.S. at 769.
13 See Traffix Devices, 532 U.S. at 28. See also Samara Bros., 529 U.S. at 216.
14 See Samara Bros., 529 U.S. at 210.
15 See Two Pesos, 505 U.S. at 776.
16 See Samara Bros., 529 U.S. at 214-15.
17 See AMERICAN HERITAGE COLLEGE DICTIONARY 1401 (3d ed. 1993) (defining tertium quid as “something that cannot be classified into either of two groups considered exhaustive”).
18 See, e.g., Gary Myers, Statutory Interpretation, Property Rights, and Boundaries: The Nature and Limits of Protection in Trademark Dilution, Trade Dress, and Product Configuration Cases, 23 COLUM.-VLA J.L. & ARTS 241, 253 (2000) (noting the acknowledgment of Justice Scalia, the author of the unanimous Samara Bros. opinion, that the distinction was not clear).
contours of décor trade dress in light of the relevant Supreme Court jurisprudence. Specifically, this paper will outline the facts, procedural history, and judicial determinations of the Two Pesos case, as it remains the only Supreme Court precedent on the precise topic of trade dress protection for business décor; examine the Samara Bros. case’s treatment of business décor trade dress as a possibly undefined outlier and the effect of this judicial twist on subsequent trade dress litigation; explore the similarities and differences in the lower federal courts’ decisions on trade dress infringement after the distinction of Two Pesos made in Samara Bros.; and discuss whether reconciliation of these trade dress decisions is possible without a clearer line demarcation of the possible tertium quid of business décor.20

II. THE SAGA OF TWO PESOS: THE SUPREME COURT PRECEDENT FOR BUSINESS DÉCOR TRADE DRESS INFRINGEMENT CLAIMS

In order to prevail on a Section 43(a) Lanham Act trade dress infringement claim, a plaintiff must prove three elements: “(1) the trade dress of the allegedly copied product is either ‘inherently distinctive’ or has achieved ‘secondary meaning’ among consumers, (2) the copied features of the trade dress are primarily ‘nonfunctional,’ and (3) the two trade dresses in question are likely to be confused by the relevant purchasing public.”21 Since Samara Bros., many federal courts have applied this analysis pursuant to claims for injunctive relief and/or damages for trade dress infringement.22 Because the Two Pesos case remains the sole Supreme Court precedent for business décor trade dress infringement claims,23 it serves as an important touchstone for all federal court jurisprudence on this matter.24 As such, it is important to examine in detail the facts, procedural history, and judicial determinations of this case.

20 See Myers, supra note 18, at 243 (stating “[t]here is no complete solution to the line-drawing problem in trade dress . . . There will always be uncertainty as to the scope of protection available for trade dress”).

21 DORR & MUNCH, supra note 9, at § 2.03 (stating that, as a general rule, these three elements of proof have been adopted by all of the federal courts of appeals). See, e.g., Dippin’ Dots, Inc. v. Frosty Bites Distrib., LLC, 369 F.3d 1197, 1202 (11th Cir. 2004); Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1258 (9th Cir. 2001). Although the federal circuit courts are consistent in the application of the three elements of proof that are required to prevail on a Lanham Act trade dress infringement claim, there is variation among the courts regarding the likelihood of confusion element. See JEROME GILSON & ANNE GILSON LALONDE, THE LANHAM ACT: TIME FOR A FACE LIFT? 4-7 (2002) (“Although there is considerable overlap among the circuit [likelihood of confusion] factors, many are phrased differently and hence are susceptible to different meaning.”). See also Barton Beebe, An Empirical Study of the Multifactor Tests for Trademark Infringement, 94 CALIF. L. REV. 1581, 1583 (2006) (analyzing the 13 circuits’ 13 different multifactor tests for likelihood of consumer confusion).


A. THE U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS DECISION

Taco Cabana, L.P. was begun as a taco stand by two brothers, Felix and Mike Stehling, in San Antonio in September 1978\(^\text{25}\) and has since grown “to over 140 restaurants employing over 4,000 people.”\(^\text{26}\) Two Pesos was opened in Houston in December 1985 by Marno McDermott and Jim Blacketer and expanded rapidly.\(^\text{27}\) The competition between these two Mexican fast-food restaurants soon swept through the state.\(^\text{28}\) However, in January 1987, Taco Cabana International, Inc. and Taco Cabana, Inc. claimed that Two Pesos’ competition was unfair and filed suit against Two Pesos in the U.S. District Court for the Southern District of Texas, Houston Division, alleging trade dress infringement and trade secret misappropriation.\(^\text{29}\) On February 6, 1987, Two Pesos filed a counterclaim, seeking “$60 million in damages to compensate for Taco Cabana’s ‘unjustified and malicious activity.’”\(^\text{30}\)

With respect to the Lanham Act claim, Taco Cabana described its trade dress as:

[A] festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.\(^\text{31}\)

Taco Cabana alleged approximately 36 aspects of trade dress similarities between its restaurants and Two Pesos’ restaurants. Specifically, Taco Cabana claimed that “the counter faces the main entrance at the same angle; the condiment table is the same shape . . . they both use paper plates and plastic silverware; and margaritas are the only mixed drink they serve.”\(^\text{32}\)

On October 26, 1998, after a month-long trial, the federal jury decided in favor of Taco Cabana on the trade dress infringement and trade secret misappropriation claims.\(^\text{33}\) Regarding the trade dress infringement claims, the jury found that:

1. Taco Cabana has a trade dress;
2. Taco Cabana’s dress, taken as a whole, is non-functional;
3. the dress is inherently distinctive;
4. the dress has not acquired secondary meaning in the Texas market;
5. customers might likely associate or confuse a Taco Cabana

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\(^{27}\) See Taco Cabana Int’l, 932 F.2d at 1117.

\(^{28}\) See Supreme Court to Have Last Word in Texas Taco War, AUSTIN AM.-STATESMAN, Apr. 22, 1992, at B2 (“The dueling food emporiums are competing head-to-head in several markets, including Houston, Dallas and El Paso.”).

\(^{29}\) See Daniel Benedict, Taco Houston Firms Face Separate Suits Charging Copied Concepts, HOUSTON CHRON., Apr. 3, 1987, (Business), at 1. See also Taco Cabana Int’l, 932 F.2d at 1116.

\(^{30}\) Benedict, supra note 29, at 1.

\(^{31}\) Taco Cabana Int’l, 932 F.2d at 1117.

\(^{32}\) Daniel Benedict, Taco Cabana Wins $1 Million, HOUSTON CHRON., Oct. 28, 1988, (Business), at 1.

\(^{33}\) See id.
As a result, the jury “awarded $306,000 for lost profits, $628,300 for lost income, and $0 for loss of good will” to Taco Cabana. These damages were in line with 15 U.S.C. § 1117(a), which provides that the forms of monetary relief that are available for a Section 43(a) Lanham Act claim are “(1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.” After the jury verdict, “the district court denied Two Pesos’ motions for judgment n.o.v. and for a new trial.”

Further, in a November 1998 post-trial hearing, presiding Judge John V. Singleton, Jr. indicated his inclination to “enhance the [jury] damages” based on Two Pesos’ willful behavior. In expressing this position, Judge Singleton stated that, after accompanying the jury to view the restaurants, it was his belief that “[t]he similarity is overwhelming in every aspect—every aspect of the operation. The conclusion is obvious. Taco Cabana got there first, and Two Pesos copied.” In a December 22, 1988, hearing, true to his word, Judge Singleton “doubled [the] jury’s award for trade dress infringement] from $934,300 to $1,868,600.”

In accordance with this open court decision, final judgment was entered on December 30, 1988. Pursuant to 15 U.S.C. § 1117(a) and to a judicial finding that “Two Pesos intentionally and deliberately infringed Taco Cabana’s trade dress,” Taco Cabana was awarded enhanced damages of $1,868,600 for trade dress infringement. Further, “having determined that this case [was] exceptional, in view of the deliberate infringement and misappropriation of Taco Cabana’s trade dress by Defendant,” Judge Singleton awarded the plaintiffs their attorneys’ fees in accordance with the Lanham Act.

Additionally, the district court ordered Two Pesos to make the following changes to all of its Texas restaurants in operation as of the date of the final judgment:

34 Taco Cabana Int’l, 932 F.2d at 1117.
35 Id.
36 15 U.S.C. § 1117(a) (2000). For a general description of the monetary damages available for a Section 43(a) Lanham Act claim, see DORR & MUNCH, supra note 9, at § 4.05[D].
37 Taco Cabana Int’l, 932 F.2d at 1117.
38 Daniel Benedict, Two Pesos Must Get New Look, HOUSTON CHRON., Nov. 8, 1988, (Business), at 1.
39 Id.
40 Daniel Benedict, Judge Raises Damages on Two Pesos, HOUSTON CHRON., Dec. 24, 1988, (Business), at 1.
41 15 U.S.C. § 1117(a) (2000) provides that “[i]n assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount . . . Such sum in either of the above circumstances shall constitute compensation and not a penalty.”
42 See id.
44 Id.
45 Id. at *4-5.
(1) Exterior – Install a step-up or other roofline structure which eliminates the “step-down” effect between the two box silhouette structures as well as the drive-through roofline (make all roof elevations of the same height).

(2) Exterior – Eliminate the stripes around the top of the building and use only white neon lighting if any neon lighting is used.

(3) Exterior – Change to a solid color awning by painting existing awnings or replacing them with solid color awnings.

(4) Exterior – Install at least three false or painted windows on the exterior side walls of the restaurants . . .

(5) Interior – Paint the front face of the pickup counter and both sides of the wall between the interior dining and the interior patio white or the grey/green color.47

Finally, the district court ordered that, for a year, Two Pesos would display an interior sign in the ordering area and an exterior sign in the customers’ entrance on all of its restaurants which stated the following:

NOTICE: TACO CABANA originated a restaurant concept which Two Pesos was found to have unfairly copied. A Court Order requires us to display this sign to inform our customers of this fact to eliminate the likelihood of confusion between our restaurants and those of TACO CABANA.48

In addition to remedying the likelihood of confusion that resulted from Two Pesos’ trade dress infringement, it appears that this final aspect of the judgment was responsive to the willful behavior of the defendant as established in the jury trial.49

B. THE U.S. COURT OF APPEALS FOR THE FIFTH CIRCUIT DECISION

Two Pesos appealed the decision of the district court to the U.S. Court of Appeals for the Fifth Circuit.50 On appeal, Two Pesos claimed (1) that the district court erred in its jury instructions on the definition of protectable trade dress and on the trade dress elements of functionality;51 (2) that the district court erred in its “failure to address the quality of inherence”52 in its jury instruction on distinctiveness and that the jury’s finding of inherent distinctiveness contradicted its finding of no showing of secondary

47 Taco Cabana Int’l, 1988 U.S. Dist. LEXIS 16068, at *1-2. The final judgment also provided that Two Pesos’ restaurants that were not yet in operation were ordered to make these changes and several other interior and exterior changes prior to commencement of operation. See id. at *3-4.

48 Id. at *2.

49 See, e.g., DORR & MUNCH, supra note 9, at § 6.06 (“[E]quitable factors relating to the copying must also be taken into account. Two Pesos provides an excellent example where the defendant’s misconduct influenced all other aspects of the fact-finding process. A review of the trial record . . . indicates that the defendant’s management engaged in commercial espionage and other egregious misconduct.”).


51 See Taco Cabana Int’l, 932 F.2d at 1117-19.

52 See id. at 1120.
meaning;\(^5\) (3) that the district court erred in its jury instruction on likelihood of confusion;\(^4\) (4) that the district court erred in its issuance of injunctive relief;\(^5\) (5) that monetary damages for trade dress infringement required actual confusion;\(^6\) and (6) that the district court abused its discretion in awarding enhanced damages and attorneys’ fees.\(^7\) The circuit court rejected Two Pesos’ assignments of error and affirmed the judgment of the district court.\(^8\)

On appeal, Two Pesos contested the propriety of the jury instruction on the definition of trade dress. The district court instructed the jury that:

“[T]rade dress” is the total image of the business. Taco Cabana’s trade dress may include the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior kitchen floor plan, the décor, the menu, the equipment used to serve food, the servers’ uniform and other features reflecting the total image of the restaurant.\(^9\)

Two Pesos argued that this jury instruction impermissibly expanded the definition of protectable trade dress, essentially claiming that the jury had been misled to believe that “Taco Cabana had a right to preclude competitors from using a Mexican theme for a Mexican restaurant.”\(^6\) The appellate court rejected this argument, stating that Two Pesos could use elements of Taco Cabana’s trade dress, but that it could “not copy Taco Cabana’s distinctive combination of layout and design features . . . [or Taco Cabana’s] distinctive integration of components.”\(^6\) With this analysis, the Fifth Circuit found no error in the district court’s jury instructions on the definition of protectable trade dress.

Two Pesos also appealed the district court’s jury instructions on functionality, which provided, in part, that:

Even if the trade dress is made up of individual elements, some of which serve a functional purpose, the trade dress may be protectable so long as the combination of these individual elements . . . is arbitrary. On the other hand, if you find that Taco Cabana’s trade dress taken as a whole must be used by others in order to compete in the Mexican fast-food restaurant business, then you should find that Plaintiff’s trade dress is functional and not protectable. The inquiry into whether Taco Cabana’s trade dress is functional or non-functional should not be addressed to whether individual elements fall within the definition, but whether the whole collection of elements taken together are functional or non-functional.\(^6\)

In analyzing this assignment of error, the Fifth Circuit emphasized that Taco Cabana did not seek trade dress protection for individual elements, but instead, for “a

\(^5\) See id. at 1120-21.
\(^4\) See id. at 1122-23.
\(^5\) See id. at 1126.
\(^6\) See id.
\(^7\) See id. at 1127-28.
\(^8\) See id. at 1128.
\(^9\) Id. at 1118.
\(^6\) Id.
\(^6\) Id.
\(^6\) Id. at 1118-19.
particular combination of elements which constitute trade dress as a whole.”63 The court noted that the district court may have overstated the law slightly, but it upheld the district court’s jury instructions on functionality because the jury instructions were neither misleading nor prejudicial to Two Pesos.64 Further, the Fifth Circuit found that “the record contain[ed] ample evidence that Taco Cabana’s trade dress [was], taken as a whole, nonfunctional.”65

The Fifth Circuit also found no reversible error with respect to the district court’s jury instructions on inherent distinctiveness, which were as follows:

Distinctiveness is a term used to indicate that a trade dress serves as a symbol of origin. If it is shown, by a preponderance of the evidence, that Taco Cabana’s trade dress distinguishes its products and services from those of other restaurants and is not descriptive and not functional, then you should find that Taco Cabana’s trade dress is inherently distinctive.

The appellate court acknowledged that the instruction was not a paragon of semantic clarity; however, it also determined that the instruction was proper because “distinctive trade dress that is neither descriptive nor functional is ipso facto inherently distinctive.”66 Further, the court noted that “the jury finding that the trade dress is not merely descriptive means that the dress is arbitrary, fanciful, or suggestive”—or “inherently distinctive.”67 Finally, the court rejected Two Pesos’ claim that the jury’s finding of inherent distinctiveness contradicted its finding of no showing of secondary meaning, emphasizing that a showing of secondary meaning is not required when there has been a finding of inherent distinctiveness in trade dress.68

Thereafter, the Fifth Circuit quickly disposed of Two Pesos’ claims of error in the jury instruction on likelihood of confusion and proceeded to Two Pesos’ assignments of error regarding remedies.69 The Fifth Circuit found Two Pesos’ assertion that the injunctive relief was punitive rather than compensatory to be without merit;70 disagreed with Two Pesos’ claim that actual confusion was the requirement for a monetary award under the Lanham Act;71 and found that the jury award was reasonable compensation for the trade dress infringement.72 Finally, based on Two Pesos’ “brazen”73 imitation and copying of Taco Cabana’s trade dress, the Fifth Circuit Court of Appeals found that there was no abuse of discretion in the awarding of enhanced damages and attorneys’ fees.74

63 Id. at 1119.
64 See id.
65 Id.
66 Id. at 1120.
67 Id. at 1120 n.8.
68 Id. at 1120 n.7.
69 Id. at 1122-23.
70 Id. at 1126.
71 Id.
72 Id. at 1127.
73 Id. at 1127.
74 Id. at 1127-28.
C. THE U.S. SUPREME COURT DECISION

Following the Fifth Circuit decision, Two Pesos sought an appeal to the U.S. Supreme Court. On January 27, 1992, the U.S. Supreme Court granted Two Pesos' petition for writ of certiorari, limited to the question of whether the "trade dress of a restaurant may be protected under § 43(a) of the [Lanham Act], based on a finding of inherent distinctiveness, without proof that the trade dress has secondary meaning." Oral arguments were heard on April 21, 1992. In oral argument, counsel for Two Pesos recognized the difficulty in dealing with the particular trade dress at issue: "We’re not dealing with a little logo, or a little mark, or a name, or what the public traditionally recognizes as an identifier. We are dealing with a whole restaurant appearance. And when you deal with a whole business appearance or with a whole product appearance, different rules apply."

Several Justices of the Court also appeared to struggle with the classification of the overall image of a restaurant within the milieu of trade dress protection. During oral argument, Justice Scalia foreshadowed his tertium quid distinction of business décor trade dress in the Samara Bros. opinion in the following exchange with Kimball Corson, the attorney representing Two Pesos:

MR. CORSON: The analogy is packaging, sir.
JUSTICE SCALIA: Is—the analogy is—
MR. CORSON: Packaging.
JUSTICE SCALIA: Packaging.
MR. CORSON: Packaging for the product. Yes, I think this—the ambiance of the restaurant, the whole package there is analogous, as it were, to a wrapper on a label on a fertilizer jar.
JUSTICE SCALIA: I don’t think it is packaging. I think you’re disagreeing. You’re saying it is packaging? I don’t think it is packaging. I think you’re talking about the substance of what’s being sold. You’re selling atmosphere and food, the two of them. You can have wonderful food in a lousy atmosphere. I’m not going to pay as much money.
MR. CORSON: If that’s the case—
JUSTICE SCALIA: This is not the package. This is what I’m paying for.
MR. CORSON: If that’s the case, Justice Scalia, then what you are doing is protecting the delivery of a product, and making the provision of that particular product exclusive to one source so that the competitors may not sell that product. And that is a fundamental, massive limitation on competition. Consider an

75 See Two Pesos, Inc. v. Taco Cabana Int’l, Inc., 502 U.S. 1071 (1992). The limited granting of the petition for writ of certiorari was met with excitement by Two Pesos’ attorney, Kimball Corson. See Boisseau, supra note 1, at 1 (quoting Corson’s response to the decision as “Whoopee!”).
76 See id. at 764.
77 See also Ron Hutcheson, Taco Titans Clash in Duel over Décor, FT. WORTH STAR-TELEGRAM, Apr. 22, 1992, at A1.
example: Let’s say you had McDonald’s, 15 or 20 years ago. It had pretty much—
JUSTICE SCALIA: You can sell the same kind of a product, you just can’t copy the other fellow’s ambiance.
MR. CORSON: If you—
JUSTICE SCALIA: You can have your own.79

This apparent struggle over classification of décor or ambiance trade dress was not a focal point, however, of the June 26, 1992, unanimous decision that was delivered by Justice White in the lead opinion.80

At the outset of the lead opinion, the Court determined that “trade dress that is inherently distinctive is protectible under § 43(a) without a showing that it has acquired secondary meaning.”81 The Court further explained that suggestive, arbitrary, or fanciful marks, “because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection.”82 The Court continued its analysis of distinctiveness by elucidating that “the general rule regarding distinctiveness is clear: An identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning.”83 Finally, the Court reaffirmed the well-established principles that “eligibility for protection under § 43(a) depends on nonfunctionality” and that “liability under § 43(a) requires proof of the likelihood of confusion.”84

In applying these principles to the Court of Appeals’ decision, the Supreme Court affirmed the lower court’s finding that “Taco Cabana’s inherently distinctive trade dress was entitled to protection despite the lack of proof of secondary meaning.”85 In doing so, the Court added in dicta that:

[Adding a secondary meaning requirement could have anticompetitive effects . . . Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator’s dress in other markets and to deter the originator from expanding into and competing in these areas.86

D. A “RESOLUTION” TO THE TWO PEZOS SAGA

On September 1, 1992, approximately three months after the Supreme Court decision, Taco Cabana again filed suit against Two Pesos in the U.S. District Court for the Southern District of Texas, alleging that Two Pesos had failed to make all of the

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79 Id.
80 See Two Pesos, 505 U.S. at 763. A concurring opinion was filed by Justice Scalia, and opinions concurring with the judgment were filed by Justices Stevens and Thomas.
81 Id. at 767.
82 Id. at 768.
83 Id. at 769.
84 Id.
85 Id. at 770.
86 Id. at 775.
changes ordered by the federal district court in December 1988. Two Pesos denied the allegations. The parties settled this case after being referred to mediation in June 1993, filing a joint motion for dismissal in July 1993, which was granted by the district court. In the interim between the filing of the suit and its settlement, Taco Cabana offered to buy out Two Pesos in a $22 million deal, which Two Pesos accepted.

This acceptance resulted in Taco Cabana’s acquisition of its former rival, “eliminating [Taco Cabana’s] primary competitor and spurring a sudden expansion to more than 100 locations in eight states.” Ironically, fallout from this acquisition would eventually lead to a shareholders’ lawsuit “that alleged top executives and directors failed to disclose how poorly the chain had fared in integrating the Houston stores of competitor Two Pesos.” Even more ironically, six years after the Supreme Court decision, Taco Cabana announced a complete overhaul of the appearance of its restaurants in a “re-imaging campaign.”

III. THE NEW TWIST FOR BUSINESS DÉCOR TRADE DRESS PROTECTION: THE SAMARA BROS. DISTINCTION OF TWO PESOS

Media coverage of the Two Pesos litigation elicited a variety of opinions. The Supreme Court decision of the case was hailed by many parties to be a resolution to the “longstanding legal quandary on how readily recognizable a business’s ‘trade dress’ must be to the public before it can be protected under federal trademark law.” However, others viewed the decision as the opening of a floodgate, increasing the potential number of trade dress infringement of business décor cases.
These latter observers proved prescient, with many Lanham Act cases being filed in the months after the *Two Pesos* decision. Over the next eight years, business décor Lanham Act cases continued to be litigated throughout the country with varying interpretations of alleged inherent distinctiveness of décor. However, the Supreme Court did not provide any true further commentary on the difficult issue of trade dress protection of a complete business appearance until the 2000 *Samara Bros.* case, and this commentary only added an enigmatic twist to trade dress infringement litigation.

The *Samara Bros.* case was not a business décor case; instead, it concerned the issue of whether the trade dress product design of seersucker children’s clothing had been infringed under the Lanham Act. However, in the oral argument for the *Samara Bros.* case, both the petitioner and the respondent sought clarification of the *Two Pesos* standard of inherent distinctiveness. Specifically, counsel for the petitioner stated that “the lower courts and certainly all trademark advocates are asking this Court to clarify *Two Pesos.*” During oral argument, the Justices provided somewhat cryptic responses on this issue; for example, Justice O’Connor said, “Well, it’s just—it’s hard to know how to define inherently distinctive. It’s— it’s sort of like pornography: I know it when I see it. How—how are we supposed to define that term?”

With regard to the classification of the décor trade dress at issue in *Two Pesos*, arguments from across the spectrum were made from all sides of the bench. Counsel for the petitioner argued that “*Two Pesos* was more of a packaging [of restaurant services] case,” to which both Justices Ginsburg and O’Connor replied that it was often very difficult to distinguish a product from packaging. Counsel for the respondent claimed that the trade dress at issue in *Two Pesos* could “create a new, difficult distinction, the one between packaging and trade dress,” which might “depend on whether you think the restaurant was serving food or serving a dining experience. If the restaurant is

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97 See *Myers*, supra note 18, at 243 (“Litigation concerning the subject matter and extent of protection available for . . . trade dress has increased considerably in recent years, particularly as trademark owners have become aware . . . of the generous protections that the Supreme Court accorded to trade dress in *Two Pesos.*”).


100 529 U.S. 205 (2000).


102 *Samara Bros.*, 529 U.S. at 207-08.


104 See id.

105 See id.

106 See id.
serving food, then it’s a package. If it’s serving a dining experience, then the ambiance and the layout are part of it.”107 To this argument, Justice Stevens replied that “one can interpret Two Pesos to just relate to packaging rather than product.”108 With this range of opinion, clarification of the standard of inherent distinctiveness in Two Pesos or of the classification of the protected trade dress at issue in Two Pesos was not attained during the oral argument of Samara Bros. Further, such clarification remained tangential, at best, after the delivery of the decision.109

Ultimately, in the Samara Bros. decision, the Supreme Court found that product design is not inherently distinctive and that it will only be protectable trade dress upon a showing of secondary meaning.110 In countering the respondent’s contention that Two Pesos “forecloses a conclusion that product-design trade dress can never be inherently distinctive,”111 the Court’s unanimous opinion, written appropriately by Justice Scalia,112 specifically stated:

Two Pesos unquestionably establishes the legal principle that trade dress can be inherently distinctive . . . but it does not establish that product-design trade dress can be. Two Pesos is inapposite to our holding here because the trade dress at issue, the décor of a restaurant, seems to us not to constitute product design. It was either product packaging—which, as we have discussed, normally is taken by the consumer to indicate origin—or else some tertium quid that is akin to product packaging and has no bearing on the present case.113

This dicta has had a substantial impact on the determination of trade dress infringement cases since the Samara Bros. case.114 By equating business décor trade dress with packaging or with an undefined third thing with an implied je ne sais quoi, rather than providing direct clarification on the boundaries of the protected classification of décor, the Court established a legal standard with indistinct margins.115

107 See id.
108 See id.
111 Id. at 214.
112 See supra notes 79-80 and accompanying text.
113 Samara Bros., 529 U.S. at 215-16.
115 See Smith, supra note 104, at 248 (stating that the Samara Bros. decision “left open the question of what to do with the Two Pesos case, which did not rest, as Scalia noted, on making such distinctions [as] Scalia admitted that Two Pesos did not fit neatly into the product packaging/product design dichotomy.”). See also Joseph J. Ferretti, Product Design Trade Dress Hits the Wall ... Mart: Wal-Mart v. Samara Brothers, 42 IDEA 417, 444 (2002); Sheldon W. Halpern, A High Likelihood of Confusion: Wal-Mart, Traffix, Moseley, and Dastar – The Supreme Court’s New Trademark Jurisprudence, 61 N.Y.U. ANN. SURV. AM. L. 237, 270-71 (2005) (describing Samara Bros. as “maddening in [its] specifics, leaving behind [it] unanswered questions both as to [its] analytic bases and [its] consequences, and troublesome issues of implementation for the lower courts.”).
IV. THE STATE OF TRADE DRESS INFRINGEMENT LITIGATION AFTER TWO PESOS AND SAMARA BROS.

Since the 

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decision, U.S. courts have generated a wide range of decisions on the extent of Lanham Act protection for trade dress business décor.116 Specifically, courts have shown disparity in their classification of trade dress business décor itself, falling on all sides of Justice Scalia’s product packaging or tertium quid taxonomy.117 Some courts have utilized the tertium quid categorization in their treatments of décor trade dress.118 Analyses in other case decisions have concluded that business décor trade dress falls into a product packaging classification.119 Finally, some courts have avoided the issue altogether, proceeding directly to their examination of the Lanham Act claim.120

In addition to the disparity over classification of business décor within the trade dress spectrum, courts also have shown great variation with respect to the trade dress distinctiveness analysis for décor. Some federal courts have avoided a determinative inherent distinctiveness analysis by concluding that the plaintiff has failed to establish other prima facie elements of the trade dress infringement claim.121 Perhaps recognizing this judicial hesitance, the parties in other business décor trade dress cases have avoided the inherent distinctiveness issue by not asserting it as a basis for their claim but rather by seeking a determination of acquired distinctiveness via a showing of secondary meaning.122 In other cases, inherent distinctiveness has been asserted by the parties; however, the courts in those cases have rejected the claim that the décor trade dress at issue is comparable to that of Two Pesos and has required a showing of secondary meaning.123 Finally, some courts have proceeded, with relatively no question as to what type of analysis is required for trade dress business décor, to the inherent


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distinction, “a new trade dress battleground has been created and ambitious litigants will undoubtedly be eager to argue before a judge that what appears to be a product design is not a product design at all; it is tertium quid”).

117 See supra note 117 and accompanying text. See also Halpern, supra note 118, at 254 (“[I]t is not necessarily only at the margins that we will be required to make the no less inefficient distinction among product design, product packaging, and some tertium quid. By avoiding the construction of an analytic model of distinctiveness in favor of a categorical rule, the Court may simply be moving the problem around and not solving it.”).


122 See, e.g., Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252 (9th Cir. 2001).

123 See, e.g., Yankee Candle Co. v. Bridgewater Candle Co., 259 F.3d 25, 28-29 (1st Cir. 2001).
distinctiveness issue by applying the classic Abercrombie test for evaluating inherent distinctiveness of trademarks. In order to determine whether these varying decisions of the lower federal courts can be reconciled in light of current Supreme Court jurisprudence on trade dress infringement, it is important to parse through representatives of the approaches that have been taken in each of these types of business décor Lanham Act cases.

A. CATEGORIZATION OF BUSINESS DÉCOR TRADE DRESS: TERTIUM QUID OR PRODUCT PACKAGING?

Generally, lower federal courts have used one of three methods in the categorization of business décor in trade dress infringement cases: (1) classification of the décor as a tertium quid that is akin to product packaging; (2) classification of the décor as product packaging; or (3) avoidance of any explicit or implicit classification. Each of these methods merits further review.

1. THE TERTIUM QUID APPROACH

In a 2003 case, Best Cellars, Inc. v. Wine Made Simple, Inc. (hereinafter referred to as Best Cellars), the U.S. District Court for the Southern District of New York classified the claimed protected décor as some tertium quid akin to product packaging that was still subject to product packaging trade dress analysis. In this case, the court was presented with cross-motions for summary judgment on the plaintiff wine retailer Best Cellars’ claims for injunctive relief, alleging that the defendant, a competing wine retailer, had infringed upon its business décor trade dress. Specifically, the plaintiff claimed protection of:

[T]he total effect of the interior design of its store, which it describes as: (1) eight words differentiating taste categories; (2) eight colors differentiating taste categories; (3) eight computer manipulated images differentiating taste categories; (4) taste categories set above display fixtures by order of weight; (5) single display bottles set on stainless-steel wire pedestals; (6) square 4”x4” cards with verbal descriptions of each wine (“shelf talkers”) with text arranged by template; (7) shelf talkers positioned at eye level, below each display bottle; (8) bottles vertically aligned in rows of nine; (9) storage cabinets located beneath vertically aligned bottled; (10) materials palette consisting of light wood and stainless steel; (11) mixture of vertical racks and open shelving display fixtures; (12) no fixed aisles; (13) bottles down and back-lit; and (14) limited selection (approximately 100) of relatively inexpensive wine.

124 See Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976) (classifying the four categories of trademarks as generic, descriptive, suggestive, and arbitrary or fanciful).
125 See, e.g., Best Cellars, Inc. v. Grape Finds at Dupont, Inc., 90 F. Supp. 2d 431 (S.D.N.Y. 2000) (applying the Abercrombie test to determine whether a wine retailer’s trade dress was inherently distinctive).
127 See id. at 70.
128 See id. at 65.
129 Id. at 70.
Before the court started its analysis of the distinctiveness of Best Cellars’ trade
dress, it first placed the asserted trade dress into the context of relevant Supreme Court
and Second Circuit jurisprudence, stating that “the interior décor category fits
awkwardly into the classifications of trade dress law, constituting either product
packaging or a ‘tertium quid’ akin to product packaging.” It noted that “[u]nlike more
traditional trade dress cases that concern product packaging (like water bottles) . . . or
product designs (like children’s clothing) . . . this case concerns the interior décor of a
retail establishment where customers purchase other products.” In delineating the
proper classification, the district court explicitly stated that “[i]nterior décor is thus
clearly not product design” and implicitly selected the tertium quid akin to product
packaging label for the décor trade dress at issue.

Still, the court concluded that it was “appropriate to analyze the Best Cellars’
interior décor trade dress under the product packaging standard for inherent
distinctiveness set forth [in the Abercrombie test].” In applying this test, the district
court determined that Best Cellars had met its burden to show a “protectable
[inherently distinctive] interior décor trade dress [because] . . . the elements, as
combined, make up a distinct and arbitrary total visual image to consumers.” The
court then proceeded to the likelihood of confusion inquiry and ultimately resolved that
“because reasonable minds could disagree as to the degree of similarity” between the
wine shops at issue, the question was “not suited for summary judgment.” Accordingly, the court denied the parties’ cross-motions for summary judgment on the Lanham Act 43(a) claim for injunctive relief.

Other federal courts have also applied a tertium quid akin to product packaging
standard to business décor. In the 2007 John Allan Co. v. Craig Allen Co. case, the U.S.
District Court for the District of Kansas analyzed the asserted protectable trade dress
(that of a “‘look and feel’ of an old-world men’s club and not a barber shop”) under the
rubric of décor that is akin to product packaging of salon services. Unlike Best Cellars
and other cases that treat interior décor as a tertium quid akin to product packaging,
other courts have seemingly relied upon a classification of décor trade dress as product
packaging. The 2003 Goddard, Inc. v. Henry’s Foods, Inc. case (hereinafter referred to as
Goddard) is a representative of the latter.

2. THE PRODUCT PACKAGING APPROACH

In Goddard, the plaintiff, Goddard, Inc. d/b/a Freshway Food Systems, asserted a
Lanham Act claim against the defendant, Henry’s Foods, Inc. Both Freshway’s and
Henry’s were involved in the convenience store food service program business.
Freshway’s alleged that Henry’s had infringed upon its trade dress, which was

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130 Id. at 70 (citing Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 215 (2000)).
131 Id. at 70.
132 Id. at 70.
133 Id. at 70.
134 Id. at 71.
135 Id. at 81.
136 Id.
137 505 F. Supp. 2d 986, 1004 (D. Kan. 2007) (“This case is ‘akin’ to product packaging; plaintiff is
selling essentially the same product at all of its locations; only the ‘packaging’ of the product is not
the same.”).
139 See id. at 1031, 1039-40.
140 See id. at 1024-25.
described generally in the amended complaint as “a unique retail environment which includes an open store design so that customers can see product categories from the moment they enter the store, a unique combination of fixtures, displays, locations, and a menu heretofore not utilized by any other retail company”\(^{142}\) and specifically in subsequent briefings to the court as including “its store design, its use of awnings, its color scheme, its menu design, its price structure, its ingredient labels, and its ‘Frequent Buyer Club’ punch cards.”\(^{143}\) The defendant moved for summary judgment on the Lanham Act claim.\(^{144}\) In analyzing the defendant’s motion for summary judgment, the magistrate judge for the U.S. District Court for the District of Minnesota found, as a matter of law, that the plaintiff’s claimed trade dress was not inherently distinctive;\(^{145}\) that the plaintiff’s claimed trade dress had not acquired distinctiveness “by virtue of secondary meaning;”\(^{146}\) and that the plaintiff’s claimed trade dress was functional.\(^{147}\) As such, the court granted the defendant’s motion for summary judgment on the trade dress issue.\(^{148}\)

The importance of the Goddard case to the discussion of the Samara Bros. product packaging/tertium quid distinction for business décor trade dress is how the court utilized the concept of packaging as the foundation for its treatment of the asserted protectable trade dress at issue. In initially outlining the extent of trade dress protection under the Lanham Act, the Goddard court classified protectable trade dress as a simple dichotomy: product design or product packaging.\(^{149}\) Because the court then proceeded to the question of whether Freshway’s claimed trade dress was inherently distinctive, it is clear, in light of the Samara Bros. holding that product design is never inherently distinctive, that it viewed the trade dress at issue as product packaging.\(^{150}\) Further, in its acquired distinctiveness analysis, the court highlighted the plaintiff’s inconsistent asserted trade dress in terms of its “total package.”\(^{151}\) Finally, in its functionality analysis, the court found that the elements of the claimed trade dress were essentially functional packaging of the fast food service counter.\(^{152}\) The Goddard case and its classification of décor trade dress as packaging is fairly typical of the somewhat more implicit approach that some federal courts have taken when equating décor with product packaging.\(^{153}\)

3. THE GLOSSING-OVER APPROACH

Rather than explicitly (or even implicitly) classifying the décor trade dress at issue within the product packaging/tertium quid akin to product packaging rubric, many federal courts, after Samara Bros., have avoided the issue completely. These courts have

\(^{142}\) Id. at 1043.
\(^{143}\) Id.
\(^{144}\) Id. at 1031.
\(^{145}\) See id. at 1046.
\(^{146}\) Id. at 1046, 1049.
\(^{147}\) See id. at 1049-50.
\(^{148}\) See id. at 1050.
\(^{149}\) See id. at 1040.
\(^{150}\) See, e.g., id. at 1039-46.
\(^{151}\) Id. at 1048.
\(^{152}\) See id. at 1049-50 (finding that uniforms “serve as ‘arbitrary embellishment[s] primarily adopted for purposes of identification’ . . . but also adorn employees so as to comply with social mores”).
\(^{153}\) See, e.g., Best Cellars, Inc. v. Grape Finds at Dupont, Inc., 90 F. Supp. 2d 431, 449 (S.D.N.Y. 2000) (equating the trade dress at issue with the trade dress of Two Pesos and summarizing the Samara Bros. decision as finding that the “Two Pesos holding does not apply to trade dress cases involving the trade dress of a product itself, as opposed to a product’s packaging”).
glossed over this classification and have proceeded directly to the analysis of the core trade dress infringement elements. An example of this type of approach can be seen in a 2002 Western District of North Carolina case that involved competing barbecue restaurants. In *Rib Buddies, LLC v. Fat Buddies, LLC* (hereinafter referred to as *Rib Buddies*), the plaintiff moved for a temporary restraining order and preliminary injunction based on alleged trade dress infringement of its restaurant.

The analysis in *Rib Buddies* did not begin with a characterization of whether the asserted trade dress was product packaging or *tertium quid* akin to packaging. Instead, the federal magistrate judge started with an overview of the restaurants’ interior trade dress, finding that “both feature corrugated stainless or galvanized metal wall coverings above rough-sawn wooden wainscoting, inverted galvanized pan lights, brown paper bag place mats, rolls of paper towels on the tables, wooden benches in a booth configuration, and similar attire for wait staff.” The court then proceeded to the standard injunctive relief analysis of which party would likely prevail at trial. The court determined, using the *Abercrombie* test, that the plaintiff would likely be able to prove at trial that its interior décor trade dress was inherently distinctive:

> [I]t is more probable than not that plaintiff will be able to prove that its trade dress, when taken as a whole, is at least “suggestive,” in that it likely infers that plaintiff’s products and services derive from down-home, old-fashioned, and rather primitive origins, and that the customer is paying for good food, rather than any frills.

Other federal courts have also taken this glossing-over approach in their treatment of business décor trade dress cases, choosing to focus on the prima facie elements of a Lanham Act trade dress infringement claim rather than entering the debate on the proper trade dress categorization of business décor. Yet, these courts, which have avoided either an explicit or an implicit *Samara Bros.* classification of décor trade dress, do not present a consistent approach to the proper determination of trade dress distinctiveness for business décor. Like the product packaging/*tertium quid* variation, federal courts have applied varying strategies with respect to the distinctiveness analysis.

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156 See id.

157 Id. at *2-3.

158 See id. at *3-11.

159 See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).


161 See, e.g., *Do the Hustle, LLC v. Rogович*, No. 03 Civ. 3870, 2003 U.S. Dist. LEXIS 10445, at *25-39 (S.D.N.Y. June 19, 2003) (not explicitly or implicitly classifying the décor trade dress at issue as either product packaging or *tertium quid*).

162 See supra notes 79-80 and accompanying text.

B. BUSINESS DÉCOR TRADE DRESS AND DISTINCTIVENESS ANALYSIS

The federal courts’ divergent classifications of business décor pale in comparison to the incongruity that courts have shown with respect to the trade dress distinctiveness analysis for this décor. Since Samara Bros., courts have utilized a variety of approaches to this distinctiveness inquiry. In order to determine if further clarification is needed on business décor trade dress by the Supreme Court, it is important to dissect these various federal decisions in trade dress litigation.

1. RESOLUTION OF BUSINESS DÉCOR TRADE DRESS CASES BASED ON ELEMENTS OTHER THAN INHERENT DISTINCTIVENESS

By concluding that the plaintiff has failed to establish other prima facie elements of a Lanham Act trade dress infringement claim, some federal courts have avoided a determinative inherent distinctiveness analysis altogether. This approach has been based on judicial determinations that the plaintiff has failed to properly articulate a consistent definition of the asserted protectable trade dress; that the asserted trade dress is functional and therefore unprotected under the Lanham Act; and/or that there is a lack of likelihood of confusion between the trade dresses at issue.

For example, in 
HI Ltd. Partnership v. Winghouse of Florida (hereinafter referred to as HI Ltd. Partnership), the plaintiffs, HI Ltd. Partnership and Hooters of America, Inc., asserted that their restaurant trade dress was being infringed by the defendant, Winghouse of Florida, Inc. During the trial, the U.S. District Court for the Middle District of Florida granted the defendant’s motion for judgment as a matter of law. The district court premised its decision upon a finding of functionality and lack of likelihood of confusion. However, at the outset of its opinion on the Rule 50 motion, the court emphasized the plaintiffs’ “considerable difficulty in articulating the specific components of their trade dress,” such that Hooters’ trade dress had “been a veritable ‘moving target’ throughout this litigation.”


165 See Abercrombie & Fitch Stores, 280 F.3d at 644 (finding that the plaintiff’s claim of trade dress infringement for its store décor failed as “Abercrombie’s failure to describe these setups in its complaint and its brief or include a depiction of one in the record indicates that its claim of trade dress in its in-store presentation lacks sufficient particularity”); John Allan Co., 505 F. Supp. 2d at 1007 (denying the plaintiff’s motion for injunctive relief for the plaintiff’s failure to establish consistently the elements of its trade dress that would be eligible for protection and stating that the court “cannot conclude that plaintiff has identified a protectable trade dress when plaintiff’s description of its trade dress has continuously changed”).

166 See, e.g., Racetrac Petroleum, 2003 U.S. Dist. LEXIS 1569, at *46 (granting the defendant’s motion for summary judgment on a trade dress infringement claim primarily on a finding that the plaintiff failed to raise a fact issue on nonfunctionality).


168 See HI Ltd. Partnership, 347 F. Supp. 2d at 1257. See also Adrienne P. Samuels, Chicken Joints Embroiled in Lawsuit Over Their Looks, ST. PETERSBURG TIMES, Mar. 26, 2003, at 6B.

169 See HI Ltd. Partnership, 347 F. Supp. 2d at 1257.

170 Id. The court eventually ascertained that the plaintiffs were seeking protection for the following trade dress:

- the Hooters Girl uniform; rough-hewn rustic interior woodwork, including light colored wooden walls and floors; dining tables consisting of red wood of varying hues, surrounded by lighter pine wood, and covered with a shiny epoxy; a table-top setup consisting of a wooden vertical paper towel spool, wood-weave plateware, and table
The court then proceeded to gloss over the distinctiveness analysis in its statement that “[t]he only component of Plaintiffs’ trade dress that is either distinctive or has achieved secondary meaning is the Hooters Girl.” However, the court chose not to explicate this statement based on its finding that the Hooters Girl was functional, and, therefore, not protectable trade dress:

The Hooters Girl is not entitled to trade dress protection because the evidence establishes to a legal certainty that the Hooters Girl is primarily functional. As Hooters has represented to state and federal regulatory agencies investigating complaints of discrimination, the Hooters Girl is not a marketing tool. Rather, Hooters has admitted that the Hooters Girl’s predominant function is to provide vicarious sexual recreation, to titillate, entice, and arouse male customers’ fantasies. She is the very essence of Hooters’ business. This essential functionality disqualifies the Hooters Girl from trade dress protection.

Finally, the court stated that the differences between the overall appearances of the restaurants “are so marked that no reasonable jury could find that there exists a likelihood of confusion.” With these findings of functionality and lack of likelihood of confusion, the court avoided the specific distinctiveness analysis as applied to business décor trade dress and granted the motion for judgment as a matter of law on the trade dress infringement claims. In the HI Ltd. Partnership case, one can note a preference of the court to base its overall business décor trade dress infringement determination on a finding other than that of inherent distinctiveness, which is illustrative of other courts’ treatments of these cases. However, other federal courts have used findings of acquired distinctiveness by virtue of secondary meaning to resolve their business décor decisions.

tents; a parchment paper menu bearing the story of the restaurant on its reverse side; surfboards; wall-mounted photographs of celebrities taken with servers; pictures of girls in attractive swimwear; road signs displaying clever sayings; hula hoops; large-bulb Christmas lights; wall-mounted sports memorabilia; bumper stickers; and “beachy” music from the ‘50s through the ‘80s.

See id.

171 Id. at 1259.
172 The court makes some variable cross-references to the Hooters Girl and the Hooters Girl uniform throughout the decision. See id. at 1258-59. Of course, an issue could be raised that the court’s treatment of the Hooters Girl as trade dress would not constitute analysis of business décor trade dress. See also Dianne Avery & Marion Crain, Branded: Corporate Image, Sexual Stereotyping, and the New Face of Capitalism, 14 DUKE J. GENDER L. & POL’Y 13, 30 (2007) (“In some situations, the human being wearing the ‘trade dress’ merges with the brand image delineated by the employer’s appearance code. In such cases, the ‘functionality’ and centrality of the human being in conveying (or in being) the employer’s branded product disqualifies the employer’s interest from trade dress protection under the law.”).
174 Id. at 1259
175 Id.
2. RESOLUTION OF BUSINESS DÉCOR TRADE DRESS CASES BASED ON AN ACQUIRED DISTINCTIVENESS THROUGH SECONDARY MEANING ANALYSIS

Perhaps in response to the judicial avoidance of addressing inherent distinctiveness, as exemplified in the HI Ltd. Partnership case, in other décor trade dress cases, the parties themselves have not asserted inherent distinctiveness as a basis for their claim. Rather, these parties have sought a determination of acquired distinctiveness via a showing of secondary meaning. For example, in Clicks Billiards, Inc. v. Sixshooters, Inc. (hereinafter referred to as Clicks Billiards), the U.S. Court of Appeals for the Ninth Circuit addressed a district court’s grant of a motion for summary judgment on a business décor trade dress infringement claim raised between two pool halls. In the Clicks Billiards case, the plaintiff, Clicks Billiards, Inc. recognized the holding in Two Pesos that business décor trade dress could be inherently distinctive, the court noted that “Clicks has not claimed that its trade dress is inherently distinctive, only that it has acquired secondary meaning.” The Ninth Circuit proceeded to find that the plaintiff had “come forward with sufficient evidence of secondary meaning in the form of both a consumer survey and testimony from various witnesses to defeat summary judgment on this point.” The court also found that the plaintiff had presented evidence that was sufficient to raise an issue of fact as to nonfunctionality and likelihood of confusion, ultimately reversing the federal trial court’s grant of the defendant’s motion for summary judgment.

In other cases, inherent distinctiveness of décor trade dress has been asserted by the parties; however, the court has rejected the proffered trade dress as being the equivalent of that protected, inherently distinctive trade dress in Two Pesos and has required a showing of secondary meaning. A case that is representative of this approach is the 2001 Yankee Candle Co. v. Bridgewater Candle Co. case (hereinafter referred to as Yankee Candle Co.). In this case, the plaintiff, Yankee Candle Co., claimed “that the distinct combination of elements comprising its candle sizes and shapes, quantities sold, labels, Vertical Design System, and catalog stem from ‘arbitrary’ choices and are thus ‘inherently distinctive’ and entitled to trademark protection.” Specifically, Yankee Candle Co. argued that these décor elements of trade dress constituted product packaging or a tertium quid akin to product packaging.

The U.S. Court of Appeals for the First Circuit rejected this argument, stating that it did not view the “claim as akin to the restaurant décor upheld as potentially inherently distinctive in Two Pesos, which the Supreme Court later described as a ‘tertium quid’ that is akin to product packaging.” In support of this view, the court stated that “Yankee has not made a claim as to the overall appearance of an entire store, but has instead isolated certain characteristics of its candle display in stores.” As such, the court found that Yankee’s trade dress claim fell under the product design/configuration category and that Yankee had to prove that the trade dress “had attained secondary meaning in order for it to be protected under the Lanham Act.”

176 See 251 F.3d 1252, 1267 (9th Cir. 2001).
177 Id. at 1257 n.1.
178 Id. at 1263.
179 See id. at 1267.
180 259 F.3d 25 (1st Cir. 2001).
181 Id. at 28.
182 Id. at 28-29.
183 Id. at 29.
184 Id.
185 Id.
that this determination was the result of following the Supreme Court’s instructions on close trade dress cases in *Samara Bros*:

> [T]he Supreme Court instructed us on how to deal with claims that were at the margin of product design/configuration: “To the extent that there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design . . .” We follow that advice here.186

The First Circuit determined that Yankee had “not introduced any of the direct evidence—surveys or consumer testimony—traditionally used to establish secondary meaning” and that its presented circumstantial evidence was “insufficient for a reasonable juror to find that the trade dress had acquired a secondary meaning.”187 As such, the grant of summary judgment on Yankee’s Lanham Act claim was affirmed.188

3. RESOLUTION OF BUSINESS DÉCOR TRADE DRESS CASES BASED ON AN UNQUESTIONED INHERENT DISTINCTIVENESS ANALYSIS

*Clicks Billiards* and *Yankee Candle Co.* illustrate several federal courts’ resolutions of business décor trade dress based on an acquired distinctiveness through secondary meaning analysis, whether that analysis is party-selected or court-imposed.189 This approach to business décor trade dress cases differs from those cases in which resolution is based on trade dress infringement element analysis other than distinctiveness.190 In marked contrast to all of these approaches, some courts have proceeded, with relatively no question as to what type of analysis is required for trade dress business décor, to the inherent distinctiveness issue by applying the *Abercrombie* test for inherent distinctiveness in trademarks.191 Under the *Abercrombie* test:

> [T]rade dress is classified on a spectrum of increasing distinctiveness as generic, descriptive, suggestive, or arbitrary/fanciful. Suggestive and arbitrary or fanciful trade dress are deemed inherently distinctive and thus always satisfy the first prong of the test for protection. A descriptive trade dress may be found inherently distinctive if the plaintiff establishes that its mark has acquired secondary meaning giving it distinctiveness to the consumer. A generic trade dress receives no Lanham Act protection.192

A primary example of a case that utilized this final approach to business décor trade dress is *Best Cellars, Inc. v. Grape Finds at Dupont, Inc.* (hereinafter referred to as *Grape Finds*). In this case, the U.S. District Court for the Southern District of New York recognized that the action presented “difficult issues, particularly with respect to the law of trade dress protection, itself a complex and shifting field of judicial interpretation.”193 However, in the progression of its analysis on the plaintiff’s motion

186 Id. at 31 (citing Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 215 (2000)).
187 Id. at 42-43.
188 Id. at 43.
189 See supra notes 180-92 and accompanying text.
190 See supra notes 168-79 and accompanying text.
193 Id. at 434.
for a preliminary injunction in this action that involved “a unique concept, the retail sale of wine by taste, captured and exemplified in the particular trade dress of the Best Cellars stores.” The court immediately analyzed the inherent distinctiveness of the asserted décor trade dress. The court defined the Abercrombie test; applied it in great detail to the décor trade dress at issue in the case; found that the plaintiff had demonstrated that its trade dress was arbitrary; determined that the plaintiff had met its burden under the standard of a preliminary injunction of establishing the inherent distinctiveness of its trade dress; established that the plaintiff had shown a substantial likelihood of confusion; and granted the motion for preliminary injunction. This unquestioning inherent distinctiveness analysis approach has been adopted by other federal courts following the Samara Bros. decision.

V. CONCLUSION

Much has been made in academic and practitioner circles of the Samara Bros.’ commentary regarding Two Pesos and its effect on trade dress infringement litigation. Some critics still disagree with the basic underlying validity of business décor trade dress foundational claims in Two Pesos, while others have advanced alternative tests for trade dress analysis. Just as the attorneys in the Samara Bros. oral argument called for clarification of Two Pesos, many commentators in the last eight years have called for various means of refinement to the tertium quid distinction of Samara Bros. In light of this debate, one might wonder whether post-Samara Bros. business décor trade dress cases can be reconciled without a Supreme Court resolution to the tertium quid dilemma. Arguably, because of the variation in federal courts’ approaches to business

194 Id.
195 Id. at 451.
196 See id. at 434-61.
197 See, e.g., Rib Buddies, LLC v. Fat Buddies, LLC, No. 2:02CV48-C, 2002 U.S. Dist. LEXIS 6908, at *5-7 (W.D.N.C. Apr. 17, 2002).
199 See supra notes 79-80 and accompanying text.
200 See Smith, supra note 104, at 282 (arguing for a two-part test, which “would be applicable to all types of trade dress:

First, the party claiming that its trade dress has trade distinctiveness would have to prove that there is a custom in the trade to use the claimed design features as source identifying. Second, the party would have to show that their trade dress is unusual in light of the nature of the design features common for the product or service.”).

201 See supra notes 79-80 and accompanying text.
décor trade dress cases, one might prefer at least a clearer line demarcation by the Supreme Court of the boundaries of Lanham Act protection for décor.

Even so, it appears that such a demarcation is not truly necessary and that, in fact, reconciliation of the business décor trade dress federal court cases can be had without further Supreme Court elucidation if these decisions are evaluated through a trade dress perspective—that of “overall image or appearance.”203 Despite variety in process or structure, at the core of each of these decisions is a determination of the court on whether or not the foundational basics of a Lanham Act trade dress infringement case (distinctiveness, nonfunctionality, and likelihood of confusion) have been established.204 This shared, central analysis is appropriate and need not be refined by a new Supreme Court holding for two reasons. First, this type of analysis comports with the requirements of the Lanham Act205 and with Supreme Court jurisprudence on trade dress.206 Second, given the highly fact-specific nature of these cases, it is logical for courts to anchor decisions to this prima facie inquiry.207

However, in spite of this substantive validity, it appears that a consistent method of analysis for this back-to-the-basics approach, rather than a revamping of all décor trade dress analysis, might be of some assistance to parties to future business décor trade dress litigation and to the courts as well. As such, it seems that federal courts should no longer concern themselves with the struggle over classification of business décor as product design, product packaging, or some tertium quid akin to product packaging. Instead, claims based on overall business décor trade dress should be analyzed with the Two Pesos and Samara Bros. premises in mind: the décor of a business is not product design or product packaging. It is a third thing—a type of trade dress that can be inherently distinctive.208 With that starting point, the court can then proceed to the inquiry of whether the plaintiff has met the burden to establish protected décor trade dress.209

If the burden of establishing protected trade dress is met by the plaintiff, the court can address the distinctiveness or functionality question. Depending on the nature of the case, it may be preferable for the court to first address the functionality element, as that will often make the distinctiveness analysis obsolete.210 Indeed, this was the course of action employed by the Supreme Court in the unanimous Traffix Devices, Inc. v. Mktg. Displays, Inc. decision.211 Addressing the element of functionality first also meets the Lanham Act’s statutory requirements.212 If the court determines the décor trade dress to be nonfunctional, an inherent distinctiveness analysis can follow by employing the Abercrombie spectrum of distinctiveness. This type of judicial decision-making is

204 See supra note 21 and accompanying text.
208 See Samara Bros., 529 U.S. at 215-16; Two Pesos, 505 U.S. at 765.
211 532 U.S. 23, 33 (2001) (“Functionality being established, whether MDI’s dual-spring design has acquired secondary meaning need not be considered.”).
consistent with the statutory requirements of the Lanham Act\textsuperscript{213} and it finds positive reference in the \textit{Two Pesos} case, the seminal case on business décor trade dress.\textsuperscript{214} If the asserted décor trade dress does not meet the standard of inherent distinctiveness, the court can then consider whether the trade dress has acquired distinctiveness by virtue of secondary meaning. Finally, if the court resolves the distinctiveness analysis in the affirmative, then it can conclude with an examination of the third and final prima facie element of trade dress infringement—likelihood of confusion—which would once again be in line with the statutory requirements of the Lanham Act.\textsuperscript{215}

This humble approach is simply a collective reflection of the overall method of resolution of business décor trade dress cases after \textit{Samara Bros}. Such an approach would seemingly meet the statutory intent of the Lanham Act, which is not to “enable monopolistic use of a commercial idea, but rather . . . to guard against confusion in the marketplace that would harm both buyers and sellers.”\textsuperscript{216} Further, this structure of analysis would also guard against the “misuse or over-extension of trade dress.”\textsuperscript{217} Of course, perhaps the most ideal advice to potential litigants in a business décor trade dress suit is to encourage innovation in décor to avoid such litigation altogether. Simply, “there are any number of ways to make the trade dress of a . . . [business] appealing to the public without spending all the profits in litigation that is likely to last for years.”\textsuperscript{218}

\textsuperscript{213} See 15 U.S.C. § 1052(e), (f) (2000). See also Myers, \textit{supra} note 18, at 301-02 (arguing that the Lanham Act “mandate[s] that marks be categorized in accordance with their source-indicating capacity” as “(1) inherently distinctive (and automatically eligible for protection), (2) descriptive (and protected only upon a showing of secondary meaning), or (3) generic or functional (and hence ineligible for trademark protection under any circumstances”).

\textsuperscript{214} See \textit{Two Pesos}, 505 U.S. at 768 (“Marks are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful.”).


\textsuperscript{218} Rib Buddies, LLC v. Fat Buddies, LLC, No. 2:02CV48-C, 2002 U.S. Dist. LEXIS 6908, at *12-13 (W.D.N.C. Apr. 17, 2002).