

**Competition or Source Identification:
Allowing Consumers to Expropriate Aesthetically Functional Trade Dress**
Ian Ayres* and Xiyin Tang**

Abstract: Trade dress offers perpetual protection to product and packaging design features that can help consumers identify a product's source. These design features might be valued by consumers *not only* because of their source identifying function, but also because consumers find the design or package features beautiful, independent of the goodwill of the producer. Thus manufacturers who produce red-soled shoes or whiskey with a red melted-wax seal might gain what courts have called a "non-reputation-related" competitive advantage if consumers find these features to be aesthetically functional.

This Article argues that courts, in assessing questions of aesthetic functionality, should give particular weight to surveys asking consumers whether they would be better off if competitors were allowed to use a protected trade dress feature in their own products. Just as, under the doctrine of genericide, consumers are able to "expropriate" trademarks if consumers find it more beneficial to associate the language feature of the trademark with competitors' products, consumers should also be able to "expropriate" trade dress rights of a particular manufacturer if they find it more beneficial to have these design and packaging features available to be associated with competitors' products. The law of trade dress, like that of trademark, should be tailored to further consumer welfare; creating a genericide analog for cancelation of trade dress can further this central goal.

This Article reports "proof of concept" results of our proposed consumer surveys with regard to seven different forms of existing trade dress – including not only Louboutin's red-soled shoes and Maker's Mark's red-drip wax seal, but also Gucci's famous "diamond motif" and Emeco's Navy chair. We implement our surveys as a between-subject randomized experiment that allows us to causally estimate the intensity of consumer preferences as well as the impact of "guiding" subjects on the likely consequences of forgoing trade dress protection. Our subjects reported markedly different preferences to protect the different species of trade dress. For example, a strong statistical-majority of market consumers favored continued protection of the famous Gucci "diamond motif," but a statically-significant majority indicated they would be better off if other manufacturers were allowed to produce Emeco's Navy chair design.

*William K. Townsend Professor, Yale Law School. Ian.ayres@yale.edu

**Assistant Professor of Law, University of California, Los Angeles (January 2020). Pranav Bhandarkar and Zachary Shelley provided excellent research assistance.

TABLE OF CONTENTS

INTRODUCTION	2
I. OBTAINING AND LOSING PRODUCT DESIGN PROTECTION.....	4
A. Obtaining Trademark Protection for Product Designs.....	4
B. Losing Protection.....	7
1. <i>Functionality</i>	7
2. <i>Aesthetic Functionality</i>	8
3. <i>Who Decides (relying on what types of evidence)?</i>	10
4. <i>The Genericide Analogy</i>	13
II. OUR PROPOSAL	15
A. A Revealed-Preference Standard for Aesthetic Functionality.....	16
B. Survey Implementation.....	19
1. <i>Who</i>	19
2. <i>What</i>	20
3. <i>When</i>	21
III. AN EMPIRICAL TEST CONSUMER PREFERENCES REGARDING CONTINUED PROTECTION OF SEVEN EXISTING TRADE DRESSES	21
A. Experimental Design.....	24
1. <i>Blocking and Balance</i>	28
2. <i>Representativeness of Experimental Subjects and Interpretation Caveats</i>	28
B. Results	30
1. <i>All-or-nothing Protection Preferences</i>	30
2. <i>Treatment Effects</i>	32
3. <i>Unforced No-Protection Preferences</i>	34
4. <i>Demographic Effects</i>	36
CONCLUSION.....	38

INTRODUCTION

These expensive, these is red bottoms, these is bloody shoes
from Cardi B's *Bodak Yellow* (2017)¹

Christian Louboutin's red-soled shoes are iconic. To Cardi B and her listeners, they are symbols of wealth, status and perhaps sexual empowerment.²

In 2011, Louboutin brought suit against another venerable fashion house, Yves Saint Laurent ("YSL"), claiming that YSL's monochrome red shoe infringed upon Louboutin's trademarked red sole. YSL counterclaimed, seeking a court declaration that Louboutin's red sole mark should be cancelled for, *inter alia*, aesthetic functionality—that is, because the red-sole mark served purposes other than to distinguish the shoes as being produced by Louboutin. On appeal, the Second Circuit held that YSL's monochrome shoe was not a use of, nor confusingly similar to, Louboutin's red sole mark, rendering the aesthetic functionality question moot.

Yet the question remains: Would the world be a better place if competitors were eventually able to produce red-soled shoes resembling Christian Louboutin's design? On one hand, protecting these design features might generate source-identifying benefits associated with trademarks more generally. Distinguishing shoes created by Christian Louboutin can promote a reputational market, which aids consumers both by reducing their search costs and by creating better incentives for producers to invest in quality, with less fear of competitors free-riding on those investments.³ Moreover, granting exclusive rights to produce these design features can help create "positional goods" which gain part of their value from a controlled supply (including limits on competitors' ability to offer them).⁴ On the other hand, prohibiting competitors from offering these features eliminates the possibility of price competition over features which consumers find valuable regardless of the source of the feature (for example, a red sole being inherently desirable because of its come-hither, sex appeal quality), and hence might accordingly reduce consumer welfare.

Trade dress law has responded to this ambiguity by empowering judges to deny trade dress protection to functional product design features. If a court finds that a trade dress feature "is essential to the use or purpose of the article or if it affects the cost or quality of the article," the feature will be ineligible for protection.⁵ When aesthetic functionality is at issue, courts will deny protection if they find that "the feature would put competitors at a significant non-reputation-related disadvantage."⁶ The idea is that features which are valued because of their impact on the cost or quality of the good should not be protected even if those features produce some source-identifying benefits. As the Restatement (Third) of Unfair Competition concludes: "The rule excluding functional designs from the subject matter of trademark law is an attempt to identify

¹ <https://genius.com/12365695>. Pitchfork [named this line one of the fifteen](#) year-defining lyrics of 2017.

² The classic theory of the "Veblen" good as those high-cost goods that signal one's higher social status to others has been called into question by Barton Beebe's article *Intellectual Property Law and the Sumptuary Code*, 123 HARV. L. REV. 809 (2010), which argues that individuals seek to *distinguish* themselves, rather than *elevate* themselves, through consumption. This theory applies to *all* trademarks, not just luxury items.

³ See generally William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J. L. & Econ. 265 (1987).

⁴ But see Beebe, *supra* note 2.

⁵ *Inwood Laboratories v. Ives Laboratories, Inc.*, 456 U.S. 844, 850 n. 10, 102 S. Ct. 2182, 2186 n. 10 (1982).

⁶ *Id.* n. 10.

situations in which the public and private interest in avoiding [source] confusion is outweighed by the anticompetitive consequences of trademark protection.”⁷

This Article proposes that courts, in assessing questions of trade dress functionality, should give particular weight to surveys asking consumers whether they would be better off if competitors were allowed to use certain trade dress features in their own products. Of course, there remains a continuing role for courts to assess whether a trade-dress feature “affects the cost . . . of the article,” but consumers are better placed than judges to determine whether a feature affects “the quality” of a good in ways that confer “a significant non-reputation-related” advantage on the trade dress holder.⁸ More specifically, market-consumers are better placed to weigh whether the source-identifying and other potential reputation-related benefits outweigh the potential competitive detriments of protection. The Restatement’s claim is that current doctrine attempts to deny protection where the harms exceed the benefits of protection. But current doctrine creates all-or-nothing categories that are both over- and under-inclusive. An aesthetically functional feature that produces “significant non-reputation-related disadvantage” might produce even larger reputation-related benefits, but current doctrine would force judges to deny protection – even though protection would, on net, benefit consumers. Conversely, a judge finding that an aesthetic feature does not cause competitors to face “a significant non-reputation disadvantage” is bound to protect a feature even if a substantial majority of consumers believe they would be better off without such protection. Our simple idea is that because consumers are better positioned than judges and juries to determine whether they would be made better or worse off by protecting trade dress features, judges should defer more to those consumer preferences. Trade dress, like trademark law more generally, is best conceived as furthering consumer welfare by asking when the consumer interest in preserving the reputational benefits of protection exceed the competitive benefits of non-protection.

Our consumer-deference approach is analogous to another defense in trademark law for word marks called “genericide.”⁹ Under this doctrine, consumers are able to “expropriate” trademarks if consumers find it more beneficial to associate the language feature of the trademark with a general category products rather than one specific manufacturer of that product. Hence, when consumers choose to use “aspirin” to refer to the genus of pain relievers instead of the particular product made by Bayer, courts will respond by cancelling the mark. Genericide teaches that trademarks as source-identifiers are worthy of protection from competitor use only so long as consumers find the source-identifying usage to be valuable. A similar argument should also apply to functionality analyses of trade dress. Consumers should be able to “expropriate” trade dress rights of a particular manufacturer if they find it more beneficial to have these design and packaging features available to be associated with competitors’ products. Consumers can signal their preference for non-exclusive meaning of trade-marked words by their own non-source-identifying use of those words. But because consumers do not have an opportunity to express preferences for non-source-identifying uses of trade dress features through their observed behavior, it is natural instead to ask them through surveys whether they would be better off with

⁷ Restatement (Third) of Unfair Competition § 17 cmt. a.

⁸ See generally *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159 (1995) (commonly cited as the genesis of the aesthetic functionality doctrine).

⁹ See, e.g., *Elliott v. Google, Inc.*, 860 F.3d 1151, 1156 (9th Cir. 2017) (“Genericide occurs when the public appropriates a trademark and uses it as a generic name for particular types of goods or services irrespective of its source. For example, ASPIRIN, CELLOPHANE, and ESCALATOR were once protectable as arbitrary or fanciful marks because they were primarily understood as identifying the certain goods. But the public appropriated those marks and now primarily understands aspirin, cellophane, and escalator as generic names for those same goods.”).

non-source-identifying uses of these features. Thus, creating a genericide analog for cancellation of trade dress can promote the central goal of furthering consumer welfare.

This Article shows how our proposed consumer surveys might be implemented by reporting the results of surveys with regard to seven different forms of existing trade dress – including Louboutin’s red-soled shoes, Maker’s Mark’s red-drip wax seal, Gucci’s famous “diamond motif,” and Emeco’s Navy chair. These surveys provide powerful “proof of concept” evidence that analogous surveys are feasible and demonstrate how market consumers can express markedly different preferences for protecting different species of trade dress. For example, a strong statistical majority of market consumers favor continued protection of the Gucci’ “diamond motif,” but a statically-significant majority indicate they would be better off if other manufacturers were allowed to produce Emeco’s Navy chair design. We implement our surveys as a between-subject randomized experiment that allows us to causally estimate the intensity of consumer preferences as well as the impact of “guiding” subjects on the likely consequences of forgoing trade dress protection.

The remainder of the Article is divided into three parts. Part I describes the current law of how trade dress responds to the problem of functional features. Part II more fully explains why courts should give more deference to consumer protection preferences and provides more details on how to structure consumer surveys to elicit those preferences. Part III empirically applies our survey by asking more than one thousand Mechanical Turk respondents about whether they would be better off if particular trade dress features were protected from competition. We conclude by suggesting other ways that trademark law could be reformed to give consumers more control over the durability and scope of protection.

I. OBTAINING AND LOSING PRODUCT DESIGN PROTECTION

Trade dress protection is to product design what traditional trademark protection is to word marks. In this Part, we give a brief overview of the scope of protection for product features—such as labels, packaging, or overall appearance—and then discuss one of the most commonly asserted defenses to a claim for trade dress infringement: aesthetic functionality. In exploring both the benefits and the limits to the oft-criticized aesthetic functionality doctrine, this Part lays the groundwork for our proposed approach to invalidating trade dress protection, one that is rooted not in judge-determined perceptions of beauty but rather directly in the use of consumer survey evidence.

A. Obtaining Trademark Protection for Product Designs

The appearance, packaging, or label of a product is protected under a branch of trademark doctrine known as “trade dress.”¹⁰ A plaintiff hoping to protect her product packaging or design as trade dress must clearly delineate the precise design elements that she is claiming as the relevant “dress”—otherwise, trademark protection for products may easily “degenerate into a question of

¹⁰ See also *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209-210 (2000) (describing trade dress as either a “symbol” or a “device” within the meaning of § 2 of the Trademark Act, 15 U.S.C. §1052).

quality, or beauty, or cachet.”¹¹ In *Wal-Mart Stores, Inc. v. Samara Bros.*,¹² the Supreme Court distinguished between two types of trade dress—product design and product packaging.¹³ Product design, the Court held, can never be inherently distinctive.¹⁴ Rather, someone looking to register product design as trade dress must show secondary meaning—that is, that the primary significance of the design identifies the source of the product, rather than the product itself.¹⁵ On the other hand, product packaging *can* be inherently distinctive, thus foregoing any need to show secondary meaning.¹⁶ The seemingly slippery slope between what constitutes “packaging” and what constitutes “design” has vexed courts, commentators, and the United States Patent and Trademark Office (“PTO”) for some time—with the PTO specifically warning its examining attorneys that, per the Supreme Court’s dicta in *Samara Bros.*, “where there are close cases, trade dress should be classified as product design for which secondary meaning is always required.”¹⁷

The rationale for protecting trade dress, just like for protecting traditional trademarks, has been articulated as dual-pronged: (1) rewarding producers and encouraging competition, by enabling those who create quality goods to differentiate their successful product and ward off copycats; and (2) protecting consumers, by reducing search costs.¹⁸ While framed as dual-pronged, the goal of rewarding producers is ultimately undergirded by the goal of promoting consumer welfare via enhanced product competition. Trademark law protection facilitates reputational competition by allowing a producer to differentiate its product from those of its competitors.¹⁹ In a world without such product differentiation, quality competition is reduced, as producers have little incentive to ensure that their products are of consistent or high quality if the source of those products cannot be traced.²⁰ Worse still, without trademarks, consumers would have no way of making their preference for one particular producer over another known through their purchasing

¹¹ *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 117 (2d Cir. 2001) (“Thus, the ‘focus on the overall look of a product [or products] does not permit a plaintiff to dispense with an articulation of the specific elements which comprise its distinct dress.’”).

¹² 529 U.S. 205 (2000).

¹³ The decision also introduced an additional complexity by noting that the restaurant décor at issue in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) was either product packaging that might be inherently distinctive (and thus need no secondary meaning)—“or else some tertium quid that is akin to product packaging.” *Id.* at 1345. Thus, really, Wal-Mart introduced *three* types of protectable trade dress—product packaging, product design, and some “tertium quid” that may, like packaging, be inherently distinctive. See *Best Cellars, Inc. v. Wine Made Simple, Inc.*, 320 F.Supp.2d 60, 69-70 (S.D.N.Y. 2003) (analyzing the interior design of a wine store as tertium quid and thus akin to packaging).

¹⁴ *Id.* at 215.

¹⁵ *Id.* at 211.

¹⁶ *Id.* Of course, and as with the Court’s delineation of a third category of “tertium quid” (in Latin, “a third thing”), it seems bizarre to determine that the restaurant décor at issue in *Two Pesos* constitutes product packaging or something akin to product packaging, and not something more akin to the product.

¹⁷ See TMEP § 1202.02(b)(ii).

¹⁸ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774, 112 S. Ct. 2753, 2760, 120 L. Ed. 2d 615 (1992).

¹⁹ See *Publications Intern., Ltd. v. Landoll, Inc.*, 164 F.3d 337, 339, 49 U.S.P.Q.2d 1139 (7th Cir. 1998) (“[T]he seller will be able to appropriate the benefits of making a product that consumers like and so he will have an incentive to make a good product.”).

²⁰ See Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 467 (2005) (“The law reduces consumer search costs in order to facilitate the functioning of a competitive marketplace. Informed consumers will make better-informed purchases, which will increase their overall utility and push producers to develop better quality products. Trademark law, then, aims to promote more competitive markets by improving the quality of information in those markets.”).

decisions.²¹ As Stacey Dogan and Mark Lemley have pointed out, “[t]he primacy of competition in trademark law stands in stark contrast with other areas of intellectual property law, which insulates creators from competition in order to encourage future acts of creation.”²² Whereas copyrights and patents are derived from the Constitution’s Progress Clause (which provides that the progress of the useful arts and sciences be furthered by providing limited monopolies to inventors and authors for their creations),²³ trademark laws are a uniquely economic beast,²⁴ deriving their power from the Commerce Clause.²⁵ Addressing other circuits’ concerns that awarding trademark protection for product design could actually be anticompetitive by awarding a perpetual monopoly²⁶ to the first comer to any shape or design, the Supreme Court noted in *Two Pesos* that “[o]nly nonfunctional, distinctive trade dress” may be protected.²⁷ The Court’s limitation reinforces the trademark’s central concern with consumer welfare. Protecting functional trade dress—no matter how distinctive or source identifying—would reduce competitors’ ability to offer that functionality and thereby impermissibly interfere with consumer welfare.

Eight years later, in its *Samara Bros.* decision, the Supreme Court emphasized the anti-competitive potential of trade dress protection, finding that “[c]onsumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves”—and that “new entrants” could be shut out of the market precisely because of threats of trade dress suit by first comers.²⁸ Requiring secondary meaning for product design is necessary, according to the Court, precisely because “almost invariably, even the most unusual of product design—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or appealing.”²⁹

Thus, *Samara Bros.* made the case that product design can be either useful, or aesthetically appealing—and found that product design features are “almost invariably” intended to “render the product more useful or appealing. Indeed, features that make a product more pleasing make it more useful in the sense that the product has greater aesthetic functionality. Consumers will be better off, it follows, if competitors can enter the market and replicate the same product design that serves useful or aesthetic purposes. And therein lies the justification for one of the most oft-criticized and fascinating defenses to a claim for trade dress infringement: the doctrine of aesthetic functionality.

²¹ See, e.g., Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 417 (1999) (“[B]y enabling consumers to connect information to precise product[s] more accurately, trademarks help consumers express more accurately their preferences and tastes for the varying mix of product features, quality, and prices each finds desirable. Trademarks can, therefore, help ensure that the pricing signals received by producers from the market...more accurately reflect consumers’ actual tastes and preferences....”).

²² Dogan & Lemley, *supra* note 20, at 467.

²³ See Art. I, Sec. 8, cl. 8 (Congress may “promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries”).

²⁴ But see Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. Rev. 621, 623-24 (2004) (arguing that an economic analysis of trademark law is incomplete, for it cannot explain recent developments such as dilution).

²⁵ See *Christian Faith Fellowship Church v. adidas AG*, 841 F.3d 986, 989 (Fed. Cir. 2016) (noting that in order to federally register a trademark, goods must be transported *between* states, such that the sale or transport “would be subject to Congress’s power under the Commerce Clause, which includes its power to regulate interstate commerce”).

²⁶ Subject to critical limitations, see *infra* Part II.B.

²⁷ *Two Pesos, Inc.* at 774.

²⁸ *Samara Bros.*, 529 U.S. at 213.

²⁹ *Id.*

B. Losing Protection

Unlike copyright and patent terms, the length of protection for trademarks is, in theory, perpetual. There is no eventual dedication to the public domain. No balancing of public interest with private good, excepting a few critical limitations, such as the requirement that the mark be continuously used.³⁰

Of the other defenses that result in the invalidation of a trademark or trade dress, perhaps the greatest and most contentious—and one of the *only* invalidating defenses for trade dress—is the functionality doctrine and its related cousin, aesthetic functionality.

1. Functionality

Functionality doctrine in trademark law remains one of the most important tools in a defendant's arsenal—one that can invalidate an otherwise valid trademark, once and for all. If a mark is deemed “functional,” it cannot be trademarked. Traditionally, such “functionality” was reserved for “utilitarian” functionality (distinguished from aesthetic functionality).³¹ An easy and illustrative primer on the functionality defense is the traffic sign stand that was the subject of the Supreme Court's 2001 decision on functionality, *TrafFix Devices, Inc. v. Marketing Displays, Inc.*³² Respondent Marketing Displays, Inc. (“MDI”) had formerly held two utility patents for a dual-spring design in which outdoor signs could be kept upright despite heavy winds.³³ After its patent expired and a competitor, TrafFix, began to sell sign stands with a similar dual-spring mechanism, MDI brought suit for trademark infringement, and the case eventually found its way to the Supreme Court. The Court found significant that MDI in that instance had been the holder of a utility patent. In other words, “[a] prior patent . . . has vital significance in resolving the trade dress claim.”³⁴ The Court's reasoning on utilitarian functionality, much like its decision three years later in *Dastar Corp v. Twentieth Century Fox Film Corp*³⁵ (in which the Court held that the holder of an expired copyright cannot then turn to trademark law³⁶), appears to evidence an underlying fear that trademark protection could be used to perpetually protect what otherwise, under patent and copyright, would expire.

Thus, the functionality doctrine teaches that insulating product features that contribute to the product's value can inhibit competition, and ultimately consumer interests, and provide a basis for invalidating trade dress protection for functional features.

³⁰ That is, trademark rights accrue on a “use it or lose it” basis. Nonuse of a mark for three years constitutes prima facie evidence of abandonment, which opens up the availability of a mark for others to use. See Lanham Act § 45, 15 U.S.C.A. § 1127 (“A mark shall be deemed to be ‘abandoned’ . . . (1) When its use has been discontinued with intent not to resume such use.”); *Russell v. Caroline-Becker, Inc.*, 336 Mass. 161, 166, 142 N.E.2d 899, 902 (1957) (abandonment of a mark “paves the way for future possession and property in another person”).

³¹ Much has been written on both utilitarian and aesthetic functionality in trademark law, so we will not belabor the point here. See, e.g., Michael S. Mireles, Jr., *Aesthetic Functionality*, 21 TEX. INTELL. PROP. L.J. 155 (2013); Mark P. McKenna, (Dys)functionality, 48 HOUS L. REV. 823 (2011); Mark A. Thurmon, *The Rise and Fall of Trademark Law's Functionality Doctrine*, 56 FLA. L. REV. 243 (2004); A. Samuel Oddi, *The Functions of ‘Functionality’ in Trademark Law*, 22 HOUS L. REV. 925 (1985).

³² 532 U.S. 23, 121 S. Ct. 1255, 149 L. Ed. 2d 164 (2001).

³³ *Id.* at 30.

³⁴ *Id.*

³⁵ 539 U.S. 23, 123 S. Ct. 2041, 156 L. Ed. 2d 18 (2003).

³⁶ *Id.* at 34.

2. *Aesthetic Functionality*

Aesthetic functionality would seem in some ways to both be a natural extension of the functionality doctrine as well as a clear oxymoron. For example, an early discussion of aesthetic functionality in the 1938 *Restatement of Torts* notes that “[w]hen goods are bought largely for their aesthetic value, their features may be functional because they definitely contribute to the value and thus aid the performance of an object for which the goods are intended.”³⁷ The *Restatement* further emphasizes that a “determination of whether or not such features are functional depends upon the question of fact whether the prohibition of imitation by others will deprive the others of something which will substantially hinder them in competition.”³⁸ Or, as the Supreme Court would put it many years later, if a certain product design serves utilitarian or aesthetic purposes, then “[c]onsumers should not be deprived of the benefits of competition” resulting from allowing others to enter the market.³⁹ This concern is all the more acute with product features—the heart of trade dress law—rather than “traditional” trademarks (in the form of word marks or logos). As Lemley and Dogan put it, “[i]f a manufacturer could use trademark law to prevent the copying of features that made its product superior in form of craftsmanship, consumers would suffer, because competitors could never enter the market for those features and drive prices down.”⁴⁰

*Pagliero v. Wallace China Co.*⁴¹ is often cited by scholars as one of the first, if not *the* first, court decision to formulate what is now known as the “aesthetic functionality” doctrine.⁴² In *Pagliero*, the Ninth Circuit held that dinnerware china patterns that satisfied both “a demand for the aesthetic as well as for the utilitarian”—*i.e.*, where the “attractiveness and eye-appeal of the design sells” the product—the product design is functional, and hence not protectable as a trademark.⁴³ Thus *Pagliero* formulated the test for aesthetic functionality as one where, “[i]f the particular [product] feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright.”⁴⁴

Of course, this “important ingredient” test covers too much, as the Ninth Circuit itself insinuated in revisiting *Pagliero* decades later. In 1981, the same Circuit, writing in *Vuitton Et Fils S.A. v. J. Young Enterprises, Inc.*, clarified that the “policy expressed in *Pagliero* and the cases designed under it is aimed at avoiding the use of a trademark to monopolize a design feature which, *in itself and apart from its identification of source, improves the usefulness or appeal of the object it adorns.*”⁴⁵ In other words, “[f]unctional features of a product are features which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a

³⁷ Restatement (First) of Torts § 742 (1938). The Restatement is also where the classic example of a heart-shaped candy box being aesthetically functional comes from.

³⁸ *Id.*

³⁹ Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 213 (2000).

⁴⁰ Dogan & Lemley, *supra* note 21, at 470.

⁴¹ 198 F.2d 339 (9th Cir. 1952).

⁴² See Justin Hughes, *Cognitive and Aesthetic Functionality in Trademark Law*, 36 CARDOZO L. REV. 1227, 1239 (2015) (noting that the 1938 Restatement of Torts “provided the germ for the aesthetic functionality doctrine which emerged, perhaps as early as a 1941 Eight[h] Circuit case, but certainly no later than a 1952 Ninth Circuit decision, *Pagliero v. Wallace China Co.*”).

⁴³ 198 F.2d at 343-44.

⁴⁴ *Id.* at 343.

⁴⁵ *Id.* at 774 (emphasis added).

particular entity made, sponsored, or endorsed a product.”⁴⁶

The dominant (if not potentially muddled⁴⁷) version of the aesthetic functionality test came in 1995, with the Supreme Court’s decision in *Qualitex Co. v. Jacobson Products Co., Inc.*, which considered whether a color can ever be functional.⁴⁸ The Court held that the functionality doctrine “forbids the use of a product’s feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is ‘essential to the use or purpose of the article’ or ‘affects [its] cost or quality.’”⁴⁹ The example the Court used was one in which the color of a pill may not only serve to identify its source, but also identify the type of medication (blood, nighttime drug, etc.) it is.⁵⁰ The Court thus reasoned that this formulation of the functionality doctrine would protect competitors “against a disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features.”⁵¹ While the “non-reputation-related” test has come to dominate aesthetic functionality doctrine, it bears pointing out that this test is, in many ways, simply a reiteration of the principle articulated by the Ninth Circuit in *Vuitton*: it asks whether a specific producer is looking to monopolize features of a product that consumers find desirable for some reason other than the mere fact that that specific producer (for example, Louis Vuitton) produced it. If this is the case, one producer should not be permitted to use trademark law to monopolize a beneficial product feature, in turn driving up prices and reducing consumer choice to the potential detriment of overall consumer welfare.⁵²

In a 2011 high-profile fashion dispute in which Christian Louboutin sued to enjoin YSL from manufacturing an all-red shoe, the district court for the Southern District of New York applied the “significant non-reputation-related” test in holding that Louboutin’s red sole shoe was aesthetically functional for a host of non-reputation-related reasons: for example, that the color red on an outsole gives the shoe “energy”; that the color red is “sexy” and serves as a come-hither to the opposite sex from the women who wear the shoes.⁵³ In the decision invalidating Louboutin’s red-sole mark, the district court judge concluded: “To attract, to reference, to stand out, to blend in, to beautify, to endow with sex appeal—all comprise nontrademark functions of color in fashion.”⁵⁴

On appeal, the Second Circuit avoided considering whether Louboutin’s red sole mark is aesthetically functional, holding instead that because Louboutin’s trademark is limited to a *contrasting* red sole, whereas the allegedly infringing Yves Saint Laurent shoe was monochromatic. The court found that YSL did not use Louboutin’s red sole mark, nor was YSL’s

⁴⁶ 644 F.2d 769, 774 (9th Cir. 1981).

⁴⁷ See 1 McCarthy on Trademarks and Unfair Competition § 7:80 (5th ed.) (disagreeing with Justice Kennedy’s dicta in *Traffix* that aesthetic functionality was the heart of the *Qualitex* decision).

⁴⁸ 514 U.S. 159, 115 S. Ct. 1300, 131 L. Ed. 2d 248 (1995).

⁴⁹ *Id.* at 169.

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² See Dogan & Lemley, *supra* note 20, at 463 (“If competition brings the best products to consumers at the lowest prices, departure from the competitive market requires a compelling justification.”).

⁵³ *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, 778 F. Supp. 2d 445, 454 (S.D.N.Y. 2011) *aff’d in part, rev’d in part and remanded sub nom.*, *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206 (2d Cir. 2012).

⁵⁴ *Id.*

use confusingly similar to the Louboutin mark.⁵⁵

Although Louboutin failed in its effort to block YSL from marketing its red-soled shoe, by losing on the narrower ground of non-infringement, Louboutin maintained the validity of trade dress protection with regard to contrasting red-soled shoes. Nonetheless, the Second Circuit's decision leaves open the possibility that Louboutin's as-modified mark (a red sole contrasted with a different color upper) could be deemed by a later court to be aesthetically functional—and indeed, the district court's finding provides plenty of fodder for the argument that a red sole on a shoe certainly does provide non-reputation-related advantages. The Second Circuit held that even if a “design feature is not ‘functional’ from a traditional perspective, it must still pass the fact-intensive *Qualitex* test and be shown not to have a significant effect on competition in order to receive trademark protection.”⁵⁶ The decision explicitly adopted a balancing approach in which courts “must carefully weigh ‘the competitive benefits of protecting the source-identifying aspects’ of a mark against the ‘competitive costs of precluding competitors from using the feature.’”⁵⁷ As we will argue below, we believe this balancing approach is the appropriate method for assuring that trade dress protection enhances consumer welfare. But more importantly, the court's analysis of *whether* a red sole might be “aesthetically functional” brings us to two important questions: Who should decide whether a certain product feature is “aesthetically functional” and upon what type of evidence should it make this determination?

3. *Who Decides (Relying on What Types of Evidence)?*

Under current law, functionality is a question of fact. *Ex ante*, at the time of registration, the requirement that trade-dress features be non-functional is decided by the USPTO.⁵⁸ The burden of proof at time of registration is on the examining attorney who “must establish a prima facie case that the proposed trade dress mark sought to be registered is functional.”⁵⁹ To establish a prima facie case, examining attorneys “must not only examine the application content (i.e., the drawing, the description of the mark, the identification of goods or services, and the specimen, if any), but also conduct independent research to obtain evidentiary support for the refusal.”⁶⁰ When there is a question of functionality, examining attorneys routinely request information from the applicant regarding one or more of the “*Morton-Norwich* factors”:

(1) the existence of a utility patent that discloses the utilitarian advantages of the design sought

⁵⁵ *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 228 (2d Cir. 2012) (affirming district court's denial of a preliminary injunction, but not on the basis of aesthetic functionality—rather, on the basis that the red sole on YSL's monochromatic shoes was “neither a use of, nor confusingly similar to, the Red Sole Mark”).

⁵⁶ *Id.* at 220.

⁵⁷ *Id.* citing *Fabrication Enters., Inc.*, 64 F.3d at 59.

⁵⁸ Trademark Manual of Examining Procedure [hereinafter TMEP], §1202.02 (“When an applicant applies to register a product design, product packaging, color, or other trade dress for goods or services, the examining attorney must separately consider two substantive issues: (1) functionality; and (2) distinctiveness. In many cases, a refusal of registration may be necessary on both grounds....If a proposed trade dress mark is ultimately determined to be functional, claims and evidence that the mark has acquired distinctiveness or secondary meaning are irrelevant and registration will be refused.”). Pursuant to 15 U.S.C. Section 1070, any trade dress applicant who wishes to contest the decision of the examining attorney may appeal to the Trademark Trial and Appeal Board (“TTAB”).

⁵⁹ See *In re Becton, Dickinson & Co.*, 675 F.3d 1368, 1374, 102 USPQ2d 1372, 1376 (Fed. Cir. 2012) and TMEP § 1202.02(a)(iv).

⁶⁰ TMEP § 1202.(a)(iv).

- to be registered;
- (2) advertising by the applicant that touts the utilitarian advantages of the design;
 - (3) facts pertaining to the availability of alternative designs; and
 - (4) facts pertaining to whether the design results from a comparatively simple or inexpensive method of manufacture.⁶¹

The USPTO has adopted a cramped interpretation of “aesthetic functionality.” The Trademark Manual of Examining Procedures warns that “examining attorneys should exercise caution in the use of the term ‘aesthetic functionality’” and concludes as an empirical matter that in “most situations, reference to aesthetic functionality will be unnecessary.”⁶² The Trademark Office wants evidence of aesthetic functionality to “turn on evidence of particular competitive advantages” resulting from use of the proposed mark.⁶³ But in applying this standard, they have largely limited the concept of “aesthetic functionality” to color features of a mark.⁶⁴ For example, in *In re Florists’ Transworld Delivery Inc.*,⁶⁵ the TTAB found the color black for floral packaging to be aesthetically functional because “there was a competitive need for others in the industry to use black in connection with floral arrangements and flowers in order to communicate a desired sentiment or occasion such as elegance, bereavement, or Halloween.”⁶⁶

The USPTO’s reading of what constitutes “aesthetic functionality” leaves out the possibility that trade dress features (which might convey source-identifying information) will be aesthetically appealing to consumers in ways that place competitors at a significant non-reputational disadvantage. Examining attorneys who bear the burden of establishing a *prima facie* case of functionality have little effective opportunity to assess whether a mark is aesthetically functional in this broader sense of being aesthetically appealing to consumers. As a result, questions of aesthetic functionality are largely relegated to *ex post* litigation.

Ex post, at the time of trial, the question of whether trade dress features are functional is decided by the trier of fact: by juries or in bench trials by judges, with the burden on the party

⁶¹ *In re Becton, Dickinson & Co.*, 675 F.3d 1368, 1374-75, 102 USPQ2d 1372, 1377 (Fed. Cir. 2012); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-1341, 213 USPQ 9, 15-16 (C.C.P.A. 1982); TMEP § 1202.02(a)(v). The USPTO follows courts in distinguishing between “*de facto* functional features, which may be entitled to trademark protection, from *de jure* functional features.” TMEP § 1202.02(a)(iii)(B). The shape of a Coke bottle may be *de facto* functional in that it holds liquid, but it is not *de jure* functional because the source-identifying shape does not preclude competitors from using other designs which achieving the same liquid-holding function. *Id.*

⁶² TMEP § 1202.02(a)(vi). The USPTO asserts that many claims of aesthetic functionality are really claims of ornamentation. We disagree. Refusals for ornamentation concern applications where the mark does not convey source-identifying information. TMEP § 1202.03. Refusals for aesthetic functionality concern applications where the mark (including trade dress applications) *does* convey source-identifying information but also is a feature that is aesthetically appealing to consumers in a way that would give the mark holder a significant non-reputation related advantage.

⁶³ TMEP § 1202.02(a)(vi).

⁶⁴ *See id.*

⁶⁵ 106 USPQ2d 1784, 1791 (TTAB 2013).

⁶⁶ 106 USPQ2d 1784 (TTAB 2013) (quoting TMEP *See* 1202.02(a)(viii) (discussing potential functionality of sound, color, and flavor marks); *see also* Brunswick Corp. v. British Seagull Ltd., 35 F.3d 1527, 1532, 32 USPQ2d 1120, 1123 (Fed. Cir. 1994), *cert. denied*, 514 U.S. 1050 (1995) (finding the color black for outboard motors aesthetically functional because it provided competitive advantages such as ease of coordination with a variety of boat colors and reduction in the apparent size of the engines); *In M-5 Steel Mfg., Inc. v. O’Hagin’s Inc.*, 61 USPQ2d 1086, 1096 (TTAB 2001) (finding roof tile design, *inter alia*, aesthetically functional because “applicant’s roof designs which match the appearance of surrounding roof tiles are more pleasing in appearance”).

(usually a competitor of the dress holder) challenging registered trade dress as functional.⁶⁷ Courts' current treatment of aesthetic functionality in hotly contested litigations is captured by the recent *Apple v. Samsung* litigation, in which Apple sued Samsung, for, *inter alia*, infringing on Apple's iPhone trade dress. Samsung defended, in part, by arguing that the dress in question was aesthetically functional.⁶⁸ The jury was instructed that:

If you find that the preponderance of the evidence shows that limiting Apple's competitors' use of the feature would impose a significant non-reputation-related competitive disadvantage, then you must find the trade dress functional and thus unprotectable. However, the fact that the feature contributes to consumer appeal and saleability of the product does not mean that the trade dress is necessarily functional.⁶⁹

In making this determination the jury was told that it could consider (i) "whether the particular design or product feature yield[ed] a utilitarian advantage over how the product might be without that particular design or product feature"; (ii) "whether an alternate design could have been used, so that competition in the market for that type of product would not be hindered by allowing only one person to exclusively use the particular design or configuration"; (iii) whether the particular design or configuration has been touted in any advertising as a utilitarian advantage, explicitly or implicitly"; and "whether the particular design or feature results from a relatively simple or inexpensive method of manufacture."⁷⁰ The district court subsequently found that the jury's finding that Apple's trade dress was not aesthetically functional was supported by substantial evidence in part because surveys introduced by Samsung at trial indicated that "only between 1% and 5% of purchasers are motivated by phone design and appearance."⁷¹

Triers of fact—particularly judges but even juries, by nature of their selective and small composition—are poorly positioned to adjudicate by themselves what features consumers find aesthetically attractive. Consumer surveys, in contrast, are better positioned to assess whether certain trade dress "improves the [consumer] appeal of the object it adorns" or whether it affects the product's "quality" in the eyes of consumers.⁷² The *Qualitex* "significant non-reputation-related disadvantage" test asks whether a competitor is disadvantaged by trade dress protection where such a disadvantage stems from non-reputation-related consumer preferences for the trade dress features. Accordingly, the *Samsung* litigation's introduction of survey evidence from iPhone consumers concerning whether trade dress features motivated their purchases is an important step

⁶⁷ See 1 MCCARTHY ON TRADEMARKS § 7:72 ("If plaintiff has a federally registered trademark or service mark in the design feature, the burden of proof on functionality shifts to defendant, for a registration is at least prima facie evidence of validity."); see also *Fuddrucker's, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 842–43 (9th Cir.1987) (reversible error to fail to give an instruction defining nonfunctionality). However, with regard to unregistered trade dress, the burden is on the party claiming trade dress protection bears the burden of rebutting the presumption that the dress is functional. *Apple, Inc. v. Samsung Elecs. Co.*, 920 F. Supp. 2d 1116, 1123 (N.D. Cal. 2013).

⁶⁸ *Apple Inc. v. Samsung Elecs. Co.*, No. 11-CV-01846-LHK, 2014 WL 4145499, at *3 (N.D. Cal. Aug. 20, 2014).

⁶⁹ *Apple Inc. v. Samsung Elecs. Co.*, No. 11-CV-01846-LHK, Dkt No. 1893, at 84.

⁷⁰ *Id.*

⁷¹ *Apple, Inc. v. Samsung Elecs. Co.*, 920 F. Supp. 2d 1079, 1096 (N.D. Cal. 2013), *aff'd in part, rev'd in part*, 786 F.3d 983 (Fed. Cir. 2015), *rev'd and remanded*, 137 S. Ct. 429, 196 L. Ed. 2d 363 (2016). This survey had been originally introduced by Samsung to argue that Apple had not been severely damaged by any trade dress infringement and therefore was not entitled to injunctive relief or damages. See *id.*

("Samsung cannot credibly argue that consumers are not motivated by aesthetics in hoping to avoid an injunction or damages award, and simultaneously argue that aesthetics are a significant motivator in hopes of invalidating Apple's trade dress.").

⁷² *Vuitton Et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 774 (9th Cir. 1981).

in the right direction. But such survey evidence is rarely introduced in cases adjudicating whether trade dress is aesthetically functional. The factors the jury are told to consider fail to include this kind of consideration and instead emphasize that “consumer appeal and saleability” is not necessarily enough to establish functionality.⁷³ The instructions ask the jury to consider the availability of other designs that could produce similar competitive benefits, but not whether alternative marking could produce similar source identification. The closest that the functionality factors come to capturing consumer appeal is in asking whether the defendant has “touted” the advantages of its dress features explicitly or implicitly. Nowhere is the trier of fact, much less the consumer, called upon to balance the competitive costs against the source-identifying benefits of trade dress protection on consumer welfare.

While functionality defenses at least have some rooting in logic by nature of courts using evidence of an expired utility patent as a strong guiding principle, invalidation of a product feature on the basis of aesthetic functionality is barely so principled. For example, in *Pagliero*, the Ninth Circuit, in holding that china designs were aesthetically functional, relied on affidavits submitted by the defendant relying on the defense, noting that these affidavits “repeat over and over again that one of the essential selling features of hotel china . . . is the design.”⁷⁴ Other courts have simply opined without citation to any record evidence (and certainly not survey evidence) that a certain style may be necessary to effectively “compete” in the market.⁷⁵ At bottom in all these results is the finding that a product feature should become unprotectable because the design confers non-*trademark*-related benefits.⁷⁶ But courts have taken it upon themselves to make this analysis, rather than citation to evidence of what *consumers* think—withstanding the fact that it is consumers that robust competition is, ostensibly, meant to protect.⁷⁷

4. *The Genericide Analogy*

In contrast to this current standard for adjudicating aesthetic functionality, courts in assessing whether a mark has become generic focus on consumer preferences. A word mark is held to be generic when consumers cease referring to the mark in its source-identifying sense, but demonstrate a revealed-preference by their own usage of the word to refer to the product generically. Just like aesthetic functionality, the doctrine of genericide recognizes that competitors and the public writ large will be put at a disadvantage if they cannot use a certain mark for reasons having nothing to do with freeriding on the original mark holder’s reputation. As the Seventh

⁷³ Cf. Restatement (Third) of Unfair Competition 17 (when aesthetic considerations play an important role in the purchasing decisions of prospective consumers, a design feature that substantially contributes to the aesthetic appeal of a product may qualify as “functional”); *Goscicki v. Custom Brass & Copper Specialties, Inc.*, 229 F. Supp. 2d 743, 750 (E.D. Mich. 2002) (citing the Restatement in holding that, where the trade dress holder admitted that the style of the trade dress has an aesthetic appeal, and where competitor copied the trade dress precisely for this aesthetic appeal, the trade dress is aesthetically functional).

⁷⁴ *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952) (“Instead, all the ‘Baroque’ style silverware use essentially the same scrolls and flowers as a way to compete in the free market.”); *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 643 (6th Cir. 2002) (noting that allowing plaintiff monopoly over primary color combinations would result in a “paucity of comparable alternative features”).

⁷⁵ *Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 735 F. Supp. 141, 144 (S.D.N.Y.), *aff’d*, 916 F.2d 76 (2d Cir. 1990).

⁷⁶ See also McKenna, *supra* note 31.

⁷⁷ See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 213 (2000) (“Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves.”).

Circuit put it, when the public “decides to use the trademark to designate not the particular manufacturer’s brand but the entire product comprising all the competing brands, the trademark is dead no matter how vigorously the holder has tried to prevent this usage.”⁷⁸

Genericide doctrine establishes that trademark ownership is less secure than traditional estates in property. Federal courts in our capitalist system expressly allow the public to “expropriate” this form of property. Thus, in *Murphy Door Bed Co. v. Interior Sleep Systems*,⁷⁹ the court cancelled a trademark where an alleged infringer carried its burden of establishing that the public had “expropriated a term established by a product developer.” The ability of the public to expropriate trademarks is not limited to usage of the mark to refer to “the genus of which the particular product or service is a species.”⁸⁰ If the public prefers to give a trademarked term any alternatively sourced product or service, the trademark owner loses the right to prevent the producers of that product from using the mark. For example, Judge Richard Posner extinguished the Illinois High School Association’s trademark in the term “March Madness,” not because the public used the term generically to refer to basketball tournaments, but because the public used the term to refer to another product, the NCAA’s tournament:

Let “March Madness” be called not a quasi-generic term, or a term on its way to becoming generic, but a dual-use term. Whatever you call it, it’s a name that the public has affixed to something other than, as well as, the Illinois high school basketball tournament. A trademark owner is not allowed to withdraw from the public domain a name that the public is using to denote someone else’s good or service, leaving that someone and his customers speechless.⁸¹

Unlike aesthetic functionality, genericide and dual use analyses rely largely on consumer evidence. For example, courts may rely on dictionary definitions or media usage to determine whether a mark is generic.⁸² More critically, however, courts have explicitly held that properly-conducted consumer surveys (which are also used in several other instances in trademark cases, most notably on the issues of consumer confusion and secondary meaning⁸³) may be used to

⁷⁸ *Illinois High Sch. Ass’n v. GTE Vantage Inc.*, 99 F.3d 244, 247 (7th Cir. 1996), as amended (Dec. 3, 1996).

⁷⁹ 874 F.2d 95 (2d Cir. 1989).

⁸⁰ *Surgicenters of America, Inc. v. Medical Dental Surgeries, Co.*, 601 F.2d 1011, 1014 (9th Cir. 1979).

⁸¹ *GTE Vantage Inc.*, 99 F.3d at 247. Interestingly enough, the court in *GTE Vantage* seems to adopt an earlier proposal by Rochelle Dreyfuss, which advocated for certain “dual-use” words—marks that are used generically in an “expressive” sense and marks that are used in their source-identifying function. The Seventh Circuit specifically invokes the impoverishment-to-language argument in noting that the term “March Madness” may be deemed a “dual-use term,” in that allowing one mark owner exclusive control over use of the term would “withdraw from the public domain a name that the public is using to denote someone else’s good or service, leaving that someone and his customers speechless.” *Id.* Dreyfuss had previously made the same argument in an influential article, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, (1990).

⁸² See *Murphy Door Bed Co. v. Interior Sleep Sys., Inc.*, 874 F.2d 95, 101 (2d Cir. 1989).

⁸³ In addition to using consumer surveys to determine genericness, secondary meaning, and likelihood of confusion, courts have also in some instances accepted dilution surveys. See *Gucci Am., Inc. v. Guess?, Inc.*, 831 F. Supp. 2d 723, 740 (S.D.N.Y. 2011), on reconsideration in part, No. 09 CIV. 4373 SAS, 2011 WL 6326032 (S.D.N.Y. Dec. 16, 2011). And, of course, in Lanham Act false advertising cases, consumer surveys are routinely used to show the purchasing public’s takeaway from a certain advertisement. See *Johnson & Johnson * Merck Consumer Pharm. Co. v. Smithkline Beecham Corp.*, 960 F.2d 294, 298 (2d Cir. 1992) (“Thus, the success of a plaintiff’s implied falsity claim usually turns on the persuasiveness of a consumer survey.”).

support a genericide claim.⁸⁴ This makes sense when one considers that the primary question in all genericide cases turns whether consumers prefer to use a particular mark as source-identifying or not?

Not only is there no similarly robust evidentiary basis for invalidating trade dress (under the functionality or aesthetic functionality doctrine), but there is also no judicial mechanism for consumers to express their preferences when it comes to product design, thus answering definitively the question that courts up until now have merely only guessed at: will protecting a certain mark *in fact* put competitors at a “significant non-reputation-related disadvantage?” The doctrine of genericide recognizes that consumers’ preferences should play the central role in determining whether a mark owner should be given exclusive use of the mark.⁸⁵

Our proposal—to use consumer surveys to evaluate consumer preferences on whether or not to protect certain trade dress—solves both of these problems with the aesthetic functionality doctrine. One, it provides a robust evidentiary basis for a doctrine that, as currently used, is simply nothing more than one court’s intuition as to whether a certain product design may better serve consumer interests with no evidence on what those consumers actually *prefer*, or whether consumer welfare—the end goal of trademark law—is in fact better served by protecting or not protecting certain trade dress. Second, it provides a similar ability for consumers to express their preferences for trade dress in the same way they can express preferences for word marks. Because there is no current way for consumers to “use” trade dress to reveal their preference for competitors’ use of the dress features, our proposed consumer preference survey gives consumers a way to express their preferences as to the “genericness” of trade dress.

In the following Part, we discuss our proposal and how it should be implemented in more detail.

II. OUR PROPOSAL

At bottom, both genericide and the functionality defense is about protecting “the public interest in enhancing competition.”⁸⁶ This objective is even more pressing as applied to trade dress rather than “traditional” trademarks (word marks and logos), as producers seek increasingly to assert monopolies over potentially useful or appealing physical features rather than merely symbolic word marks or logos. Preserving free market competition over features that provide non-reputational benefits is precisely the outcome the functionality defense is meant to avoid. As the Court noted in *Qualitex*, it is the “province of *patent* law, *not* trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time...after which competitors are free to use the innovation.”⁸⁷ In contrast to this competition-inhibiting effect of patent law, the Court saw that “by protecting a firm’s reputation,” trademark law “seeks to promote competition.”⁸⁸ Trademarks stimulate competition, by letting a business

⁸⁴ *Stuhlbarg Int’l Sales Co. v. John D. Brush & Co.*, 240 F.3d 832, 840 (9th Cir. 2001).

⁸⁵ *See Elliott v. Google, Inc.*, 860 F.3d 1151, 1156 (9th Cir.), cert. denied, 138 S. Ct. 362, 199 L. Ed. 2d 264 (2017) (“[T]he holder of a valid trademark may become a victim of genericide. Genericide occurs when the public appropriates a trademark and uses it as a generic name for particular types of goods or services irrespective of its source.”).

⁸⁶ *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 827 (3d Cir. 1981).

⁸⁷ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) (emphasis added).

⁸⁸ *Id.* at 164.

compete on quality without fear that other firms will free-ride by offering lower-quality items produced under the same name. The functionality doctrines – including the aesthetic functionality doctrine – can be seen as an attempt to make sure that trademark is on net pro competitive. While courts have framed the question in terms of competition, the ultimate goal of trademark law should be solely to promote consumer welfare.

In many cases, from *Traffix*⁸⁹ to *Dastar*⁹⁰, a former copyright or patent owner, having found itself confronting an expired term, turned to trademark in an attempt to continue their monopolistic grip over what had been intended, under patent and copyright law, for the public domain. Without some means of maintaining the appropriate boundaries between copyrights/patents and trademarks, what was intended for the public domain may fall out of grasp, confined to an eternity of trademark protection.⁹¹ This is what limiting doctrines like functionality, genericide, and abandonment are meant to prevent. Robust competition and the public interest are benefitted by strengthening and refining such doctrines, and in this Part, we make the argument for why trade dress should only be protected where the public interest is indeed benefitted (or, as we put it in our study, if consumers feel that they are better off with protection than they are with nonprotection).

A. A Revealed-Preference Standard for Aesthetic Functionality

The law episodically recognizes that adjudicating aesthetic functionality requires balancing the consumer benefits of source identification against the consumer cost of prohibiting competitors from offering the dress features.⁹² But juries are not well placed, and are not asked, to explicitly balance these competing effects. It is not just that there are “difficulties inherent in evaluating the aesthetic superiority of a particular design,” but it is even more difficult to assess whether any aesthetic superiority is sufficient to justify eliminating the source-identifying benefits of the dress.⁹³ The mere fact that design features enhance a product’s consumer appeal and salability for non-reputational reasons does not by itself tell us whether these enhancements should be sufficient to justify disrupting the reputational market that trade dress protection facilitates. And vice versa. The mere fact that a mark produces reputational source-identifying benefits does not by itself tell us whether these source-identifying benefits are sufficient to justify eliminating the non-reputational benefits of competition.

Aesthetic functionality adjudication could be improved by asking triers of fact to give more weight to surveys asking consumers whether they believe continued trade dress protection would make them better off. These surveys would ask consumers to weigh the reputation-fostering benefits of protection against its competition-eliminating costs. Thus, our proposal asks courts to

⁸⁹ *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 30 (2001).

⁹⁰ *Dastar Corp v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 34 (2003).

⁹¹ Of course, it is not so simple as that. There will be instances under which a work may rightly qualify for both trademark and copyright, and there is no form of “abuse” in continuing to maintain one’s trademark rights even after the copyright (or patent) has expired. See Hughes, *supra* note 42, at 1265-66.

⁹² See, e.g., Restatement (Third) of Unfair Competition § 17 cmt. c (1995) (“[T]he public interest in copying may conflict with the interest in preventing confusion as to the source or sponsorship of goods and services. The rule excluding functional designs from the subject matter of trademark law is an attempt to identify situations in which the public and private interest in avoiding confusion is outweighed by the anticompetitive consequences of trademark protection.”).

⁹³ Restatement (Third) of Unfair Competition § 17 (1995).

give more deference to consumer preferences. Just as genericide doctrine gives central prominence to the preferences of consumers revealed by whether their usage is source-limited or not,⁹⁴ aesthetic functionality doctrine should give central prominence to whether, say, whiskey consumers would prefer for red melted wax to only adorn the bottles of Maker's Mark or not. It is unreasonable to give a trade dress owner perpetual, exclusive use of design or packaging features when consumers believe they would be better off with non-exclusive use.⁹⁵

A possible concern with our proposal is that giving the consumers a genericide-like ability to "expropriate" trade dress property (by placing such protected designs in the public domain) would inappropriately undermine the investment incentives of the trade dress holders. These investment incentives include advertisement investments to develop a second, source-identifying meaning for the dress features as well as investments in the quality of the product or service itself.⁹⁶ The argument is that consumers might be better off in the long run if they did not have the ability to expropriate what they deem to be aesthetically functional trade dress. But the law should discourage producers from making investments in features that consumers may subsequently commit to the public domain.⁹⁷ Investment incentives for creating novel functional and aesthetically functional features are separately handled by utility and design patents. But these alternative incentive devices, unlike trademarks, are of limited duration and ultimately place the features in the public domain where they can be practiced by any competitor.

A second and related concern is whether consumers are sufficiently sophisticated to assess the potential impacts of allowing competitors to incorporate trade dress features in their own products. Consumers might have difficulty determining, *inter alia*, how expropriation would change (i) the dress owner's incentives to invest in quality and advertising; (ii) the dress owner's ability to signal source through other, less functional, marks; (iii) the price charged for products incorporating the features offered by the current dress owner and its rivals. As an initial matter, concerns about consumer error are not clearly more present here than in many other consumer durable decisions. It may be hard for consumers to assess the impact of a mortgaged home purchase or even a tattoo. But the law is generally loathe to displace consumer choice. Moreover, we will show below how surveys can be constructed to illicit "guided" consumer preferences that alert respondents to possible positive and negative consequences of continuing to protect the trade dress. This is not to deny that consumer preferences with regard to protection may be imperfect. But the central issue is one of relative competency. Judges and juries are also imperfect oracles of whether continued protection will harm or benefit consumers. Placing greater weight on the preferences of consumers on whether to continue to protect the trade dress of red-soled shoes or

⁹⁴ Genericide makes inferences from consumers' preferences when speaking to infer what their preferences would be when listening/observing. If consumers themselves use a trademarked word generically, including in expressive, non-commercial contexts, courts infer that they would prefer that competitors of the mark owner be able to use the term commercially as well. The consumer surveys that we are proposing give even more direct evidence about consumers' lived preferences. Our proposal, like genericide, puts consumers in the driver's seat over the meaning of symbols.

⁹⁵ Our proposal still leaves a role for triers of fact to give weight to whether "a product's feature as a trademark [puts] a competitor at a significant disadvantage because the feature is 'essential to the use or purpose of the article' or 'affects [its] cost or quality. *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 169 (1995).

⁹⁶ Landes & Posner, *supra* note 3 at 265-66 ("[T]rademarks encourage producers to invest in quality by ensuring that they, and not their competitors, reap the reputation-related rewards of that investment.").

⁹⁷ Louis Kas have separately made similar arguments about the efficiency of having property owners take into account the possibility of an uncompensated expropriation via eminent domain. Louis Kaplow, *An Economic Analysis of Legal Transitions*, 99 Harv. L. Rev. 509, 617 (1986).

melted red-wax bottles is likely to improve the quality of decisionmaking in aesthetic functionality determinations.

The potentially disruptive effect of a court's finding that dress features are aesthetically functional is particularly likely with regard to goods where the distinctiveness of the features in and of themselves is valued by the consumer. Consumer respondents asked whether they believe they would be better off with or without some particular kind of trade dress protection may underestimate the extent to which non-protection will destroy the cachet of the product associated with the very features they wish to open to competition. Barton Beebe has emphasized how individuals seek a level of "optimal distinctiveness," in part by consuming products that confer distinction (though not necessarily hierarchical superiority) upon the consumer.⁹⁸ Consumer respondents asked whether they believe they would be better off with or without some particular kind of trade dress protection may underestimate the extent to which non-protection will destroy the cachet of the product associated with the very features they wish to open to competition, much like the Sneetches in Dr. Seuss's story who stop coveting the stars on their bellies once this mark is readily available to all comers.⁹⁹ Some design features may have value in large part because they are consumed by a limited (distinctive) consumer type. Trade dress protection may be responsible for giving some products the "Veblen good" quality, such that demand decreases as prices become more competitive. One might conjecture that consumers who are de facto excluded from consuming the hierarchically distinctive trade dress features would like the Sneetches without stars on their bellies, clamor to open up these features to wider market availability.¹⁰⁰ But we will show below that even consumers in the broader market of the trade dress product are often supportive of maintaining protection for high-cachet dress features that they have never consumed.¹⁰¹ One might consider excluding from our proposal trade dress related to product packaging, because features of packaging might be thought to be less likely to be functional than product design.¹⁰² However, the aesthetic functionality (read beauty) of Apple iPhone packaging might easily add to the consumer appeal of the product.¹⁰³ If consumer surveys indicate that ending a particular form of trade dress protection will enhance consumer welfare,¹⁰⁴ we can think of no persuasive reason why courts should override the consumer interest to preserve this Veblen-like cachet.¹⁰⁵

⁹⁸ Beebe, *supra* note 2, at 823-24.

⁹⁹ DR. SEUSS, THE SNEETCHES AND OTHER STORIES (1953).

¹⁰⁰ Beebe emphasizes that not all marks of distinction are hierarchical. See *supra* note 98 and accompanying text.

¹⁰¹ See *infra* III.C.

¹⁰² As mentioned above, it can be difficult in some situations to distinguish packaging dress from design dress or what Justice Scalia referred to as "tertium quid" dress). See *supra* notes 13-17 & accompanying text.

¹⁰³ One of the authors experiences tactile pleasure from opening the Maker's Mark wax covered bottle.

¹⁰⁴ We take a *de gustibus* approach to the source of consumer preferences. See <https://www.merriam-webster.com/dictionary/de%20gustibus%20non%20est%20disputandum>. In practice, this means that consumers might indicate through a survey that they would be better off ending trading dress protection because utility they might get in denying other consumers the cachet of hierarchical trade dress features. Or consumers might wish to reduce the value of a particular mark holder's assets because of enmity toward the mark holder.

¹⁰⁵ The ability of manufacturers to use other trademarks to identify the product source may be insufficient to maintain the cachet as well as design features that can more readily be identified post-sale by third parties. Hence, the choice of consumers to expropriate product design features is particularly like to increase the likelihood of post-sale confusion. See Beebe, *supra* note 2, at 851 ("[C]ourts in the United States and around the world have increasingly held that this form of confusion, *even in the minds of those who would never purchase Gucci shoes*, is actionable, if only because the brand's reputation for exclusiveness is damaged.").

B. Survey Implementation

This section dives into some of the more detailed questions of how a consumer protection-preference survey might be implemented. We envision an adversarial process in which both defendant and plaintiff are empowered to introduce and test the competency of their opponent's surveys. We are fortunate that many of the details of implementation (such as how to identify market consumers) have existing judicial standards as consumer surveys are routinely used in major trademark litigation to aid triers of fact in determining likelihood of confusion, secondary meaning, and dilution.¹⁰⁶

1. *Who*

An important initial question is determining the relevant category of people to survey. One possible approach would be to survey just the “brand purchasers,” those people who have or are likely to purchase the good or service in question if the dress protection were to continue. Future brand purchasers might prefer to end the dress protection because more competition over the dress features might reduce the brand's price. But one might also imagine that brand producers might prefer to maintain the product's exclusivity (as well as the source-identifying function of the trade dress). While our empiricism below identifies and reports on the protection preferences of brand consumers, we believe that consumer preference survey should include the broader class of market consumers where the market is defined as the set of products that plausibly compete with the branded product.¹⁰⁷ We adopt this broader definition in the empirical section below as our more authoritative analysis. Non-brand, market purchasers have legitimate interests in whether dress features have continued protection. Ending protection would allow competitors of the trade dress owner to offer trade dress features in products that the market purchasers prefer. And the increased competition may reduce the price of the original trade-dressed that induces them to begin to purchase the product. On the other hand, non-brand market purchasers may prefer that trade dress protection continue because they benefit from the source-identifying function of the dress (for example, to help them not mistakenly purchase the brand).

As an empirical matter, we will show below that non-brand, market purchasers at times do support continued protection of trade. But if a substantial majority of market purchasers would be better off if trade dress protections were discontinued, we see no reason why the preferences of brand purchasers should have a privileged position, with a veto right preventing what otherwise would be a finding of dress functionality.

An even larger class of respondents might be appropriate with regard to “famous” trade dress which prevents producers of even unrelated products from incorporating the trade dress into their product packaging or design. In such cases, the consumers of these unrelated products should

¹⁰⁶ See *infra* note 144 and accompanying text.

¹⁰⁷ As in antitrust litigation, the set of plausible substitutes might be defined in terms of cross price elasticity of demand (or supply). Ian Ayres, *Rationalizing Antitrust Cluster Markets*, 95 YALE L.J. 109, 125 (1985).

The existing trademark likelihood of confusion factors already asks whether particular products sufficiently compete with each other to be considered in the same market. See *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979); see also *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 458 (2d Cir. 2004) (analyzing competing goods by whether they “serve the same purpose, fall within the same general class, or are used together”).

also have a say on whether the benefits of such anti-dilution dress protection is outweighed by the costs.¹⁰⁸

2. *What*

To our knowledge, the only time a consumer survey has been introduced in functionality litigation concerned the previously described *Samsung* litigation. The unusual circumstances surrounding its introduction further support the need for giving greater weight to consumer preferences in adjudicating questions of aesthetic functionality. The *Samsung* survey, which had asked iPhone consumers whether the trade dress features had motivated their purchase, was originally introduced by Samsung to argue that Apple had not been severely damaged by any trade dress infringement. The district court, in reviewing whether the trial verdict against Samsung was supported by substantial evidence, chided the defendant for interpreting the same responses differently for these two issues: “Samsung cannot credibly argue that consumers are not motivated by aesthetics in hoping to avoid an injunction or damages award, and simultaneously argue that aesthetics are a significant motivator in hopes of invalidating Apple’s trade dress.”¹⁰⁹

Asking consumers whether their purchases were motivated by trade dress features is a way to assess whether those features produce non-reputational benefits that enhance the consumer appeal of the product. Asking this type of question, whether in terms of motivation or appeal, can help a trier of fact better assess whether the trade dress features are aesthetically valued by consumers. But it is preferable to ask consumers to go further and explicitly weigh the costs and benefits of continued protection jointly by asking whether continued protection will make them better or worse off.¹¹⁰ Even features that produce substantial non-reputation related value to consumers might still be best insulated from competition, because the benefits from continued protection are valued even more highly by consumers.

Asking consumers to assess whether continued protection would make them better off does a better job than motivation or appeal questions in assessing whether continued protection is likely to enhance consumer welfare. As a theoretical matter, one would like a survey that measures intensity of consumer preferences to better assess whether a change to non-protection would be Kaldor-Hicks efficient.¹¹¹ While surveys cannot precisely measure the expected change in

¹⁰⁸ One might ask whether the protection preferences of all citizens might be considered. If, say, a trade dress owner was found to have engaged in massive child labor abuse, non-market purchasers might prefer for the rights of this corporate bad actor to be curtailed. Our proposal excludes this far reaching inquiry partly for reasons of feasibility and partly because the functionality doctrine resonates in enhancing the welfare of our citizens as consumers of products that are protected by or in competition with trade dress marks.

¹⁰⁹ *Apple, Inc. v. Samsung Elecs. Co.*, 920 F. Supp. 2d 1079, 1096 (N.D. Cal. 2013), *aff’d in part, rev’d in part*, 786 F.3d 983 (Fed. Cir. 2015), *rev’d and remanded*, 137 S. Ct. 429, 196 L. Ed. 2d 363 (2016). The *Samsung* example also suggests that an infringing defendant who tries but fails to establish a “aesthetic functionality” may inadvertently increase the damages that it must pay.

¹¹⁰ Instead of asking whether consumers would be better off if *all* competitors were allowed to incorporate the trade dress into their products, one might ask in a more piecemeal fashion whether consumers would be better off if a particular competitor were free to incorporate the features. While piecemeal enhancements of competition, moving market from monopoly- to duopoly- production of the features might enhance consumer welfare, the current statutory treatment of functionality resonates more with an all-or-nothing protection result.

¹¹¹ Scenario X would be Kaldor-Hicks efficient to scenario Y if, after going from X to Y, the winners could have compensated the losers. See Kaldor, *Welfare Propositions of Economics and Interpersonal Comparisons of Utility*, 49 ECON. J. 549 (1939); Hicks, *The Foundations of Welfare Economics*, 49 ECON. J. 696 (1939).

consumer utility from providing or failing to provide trade dress protection, we will show below that by manipulating the options available (for example by giving respondents a less forced set of possible responses that admit to more uncertainty) one can collect some indicators of respondent's preference intensity.

Survey designers are well aware that how questions are framed can seriously impact results. In the following section, we experiment with different ways of framing the question to find out the impact of a variety of different frames. Consumer preference survey results should be susceptible to adversarial cross-examination and an adversarial process where both litigants are free to introduce their own evidence of consumer preference.

3. *When*

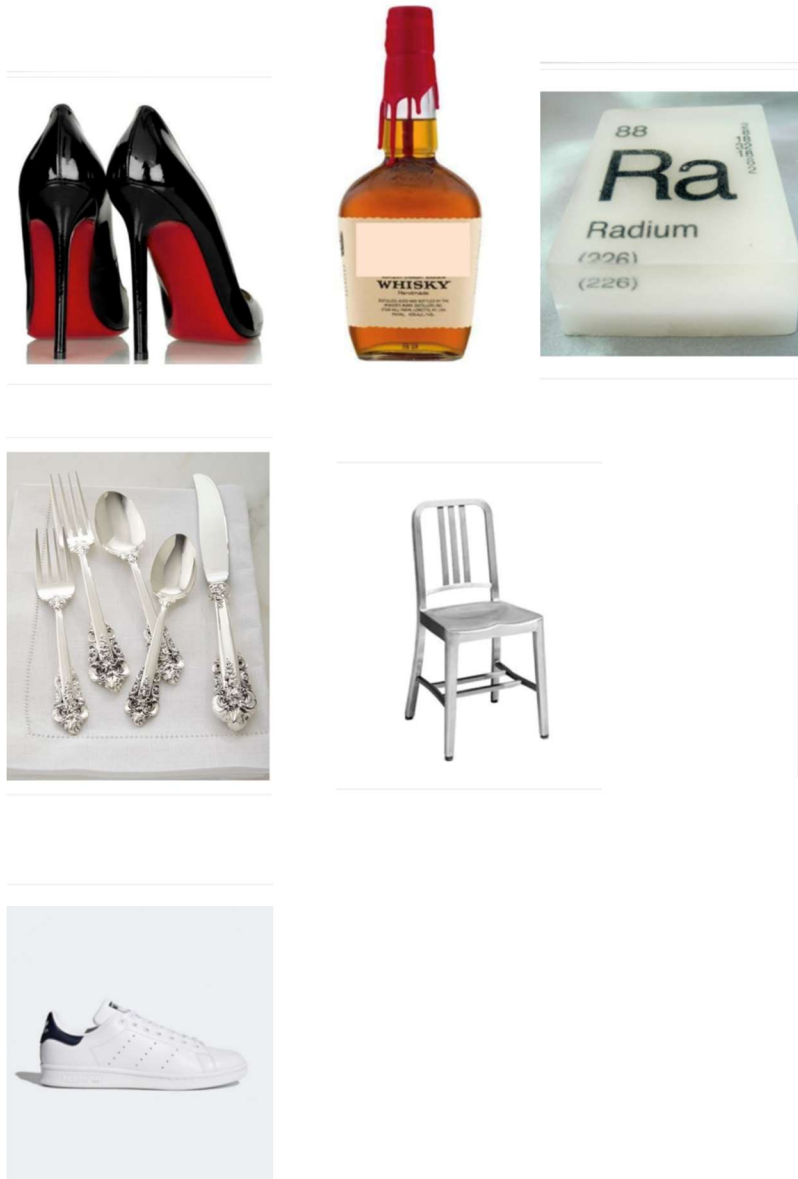
We envision that aesthetic functionality assessments would continue to occur during post registration court adjudication. In this *ex post* setting, the competitor wanting the ability to practice the trade dress features would be able to rebut the presumption of non-functionality that attaches to registered trade dress by introducing survey evidence that consumers would be better off without continued dress protection. One might imagine also requiring trademark applicants at the time of application to produce survey evidence showing that consumers believe they would be better off if the dress features were protected from competition. Such survey evidence might be used to assure that these features are non-functional. Imposing such an *ex ante* duty on trade dress applicants raises difficult issues of implementation that cause us to eschew including it in our proposal. Trade dress applicants currently have no such duty to prove that their features are non-functional. Rather the Lanham Act places the initial burden on the Trademark Office examiner to establish at least a *prima facie* case of functionality if it wishes to reject an application on this ground.¹¹² Requiring applicants to present consumer surveys *ex ante* would impose a substantial cost on applicants and would entail amending the Lanham Act. An advantage of our proposal is that it can be accomplished without amending the statute.¹¹³

III. AN EMPIRICAL TEST OF CONSUMER PREFERENCES REGARDING CONTINUED PROTECTION OF SEVEN EXISTING TRADE DRESSES

This part presents the results of a randomized vignette experiment in which we asked just over 1000 MTurk subjects to assess whether they would be better off if protection continued with regard to seven different types of trade dress, photographs of which (as they appear in the survey) are shown below:

¹¹² TMEP §1202.02.

¹¹³ We would however contemplate the ability of trade dress owners after losing protection through *ex post* functionality litigation to subsequently reapply if they can produce evidence that consumers have changed their minds and now view protection more favorably. At this reapplication stage, the past finding of aesthetic functionality would serve as *prima facie* evidence that dress features continued to be functional. But just as trademark owners might be able to reclaim trademarks if they can show that the public no longer uses a term generically, trade dress owners might be able to reclaim protection if they can show that consumers now believe that the benefits of protection (such as source-identification and the protection of Veblen-like distinction) outweigh its costs.



Each of these seven trade dress were chosen because they have been subjected to aesthetic functionality defenses—some of them successful. We have discussed *supra* several of the most well-known of these cases, and we will now briefly discuss each of the trade dress in the order in which they appear.

First: One may recognize the red-soled shoe as the mark in dispute in *Christian Louboutin v. Yves Saint Laurent Am. Holding, Inc.*¹¹⁴ The Second Circuit had declined to decide whether Louboutin’s “red-soled” shoe was aesthetically functional, holding instead that it need not address the issue because Yves Saint Laurent was not using Louboutin’s “red-soled” mark.¹¹⁵ In *Maker’s Mark Distillery, Inc. v. Diageo N. Am.*,¹¹⁶ the Sixth Circuit rejected a functionality defense by the

¹¹⁴ 696 F.3d 206 (2d Cir. 2012).

¹¹⁵ *Id.* at 228.

¹¹⁶ 679 F.3d 410 (6th Cir. 2012).

defendant, holding that Maker's Mark's "red drip wax seal" was not functional, whether under the traditional functionality doctrine or the aesthetic functionality doctrine.¹¹⁷ However, the opposite occurred in *Bubble Genius LLC v. Smith*.¹¹⁸ There, the district court held that the trade dress owner could not "claim exclusive use of the periodic table of elements from the public domain to make its novelty soaps," citing the aesthetic functionality doctrine.¹¹⁹

The *Bubble Genius* court relied in part, in its aesthetic functionality analysis, in *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co*, which held that the plaintiff could not protect the "baroque" pattern on its silverware.¹²⁰ Again, the decision as to functionality was arrived at as the result of a bench trial rather than through any input by the purchasing public—notwithstanding the fact that the *Wallace* court specifically compared aesthetic functionality to the genericide doctrine, which focuses exclusively on evidence of how *consumers* in the real world are using trademarks.¹²¹

The remaining three trade dress have vigorously withstood attempted functionality defenses. The Emeco "Navy" chair, for example, withstood defendant Restoration Hardware's preliminary attempt to dismiss based on the functionality defense.¹²² A more hard-fought litigation ensued over the famous Gucci "Diamond Motif"—the criss-crossing double Gs that form a diamond-like grid across the Gucci purse depicted. In Gucci's subsequent trial against Guess?, Guess? asserted—and lost—an aesthetic functionality defense.¹²³

Finally, Adidas continues to vigilantly protect the overall trade dress in its Stan Smith sneaker, which Adidas defined in its 2017 litigation against Skechers as a "classic tennis-shoe profile with a sleek white leather upper", "three rows of perforations in the pattern of the well-known Three-Stripe Mark", "a defined stitching across the sides of each shoe enclosing the perforations", "a raised mustache-shaped colored heel patch, which is often green", and, finally, "a flat tonal white rubber outsole".¹²⁴ The defendant, Skechers, asserted defenses of both aesthetic functionality and utilitarian functionality—as well as an argument that the Stan Smith trade dress was "generic"¹²⁵. The court rejected all of these defenses.

These seven trade dress examples were chosen to include a range of prestige and hierarchical distinction with the Louboutin shoe, the Gucci Diamond Motif, the Emeco Navy chair, the Wallace Silversmiths silverware on the higher end and the Stan Smith, Maker's Mark, and the Bubble Genius soap dress on the lower end. Additionally, two of the seven trade dress (Wallace Silversmiths and Bubble Genius) have been invalidated by a court—which allows us to test whether consumer preferences align with the judicial assessments. And, finally, the Gucci diamond motif is especially notable as it has been held, by a court, to constitute a "famous" trade dress eligible for antidilution protection, as well.¹²⁶ The common denominator in all of the above is that

¹¹⁷ *Id.* at 418-19 ("Even assuming we were to recognize aesthetic functionality doctrine, regardless of which test we would apply under that doctrine, the outcome is the same. Under either test, Cuervo's appeal on the claim does not succeed.... There is more than one way to seal a bottle with wax to make it look appealing....").

¹¹⁸ 239 F.Supp.3d 586 (E.D.N.Y. 2017).

¹¹⁹ *Id.* at 596.

¹²⁰ 916 F.2d 76, 81 (2d Cir. 1990); *see also supra* Section I.

¹²¹ *See* Part I.

¹²² *Emeco Indus. v. Restoration Hardware*, 2012 U.S. Dist. LEXIS 173965, at *2 (N.D. Cal. 2012).

¹²³ *Gucci Am., Inc. v. Guess?, Inc.*, 868 F.Supp.2d 207, 294 (S.D.N.Y. 2012).

¹²⁴ *Adidas Am., Inc. v. Skechers United States*, 2017 U.S. Dist. LEXIS 122459, *15 (D. Ore. 2017).

¹²⁵ *See supra* Part I.

¹²⁶ *Gucci Am., Inc.*, 868 F. Supp. at 219.

it was judges alone who decided the protectability of these trade dress, without the use of any consumer surveys.

A. Experimental Design

The online survey had three principle sections concerning consumer behavior, consumer preferences regarding trade dress protection and consumer demographic information. The survey began by screening subjects based on their self-reported age and willingness to consent. Only adult subjects who consented were allowed to proceed to answer the first set of questions concerning their consumption behavior.¹²⁷ These consumption questions asked whether the subject had recently purchased or was likely in the future to purchase either branded products of the owners of the seven types of trade dress described above or competitor products in the same product market.¹²⁸ These consumption questions allowed us identify whether subjects were or likely will be purchasers of the trade dress brands as well as those who were likely to be consumers in the larger marketplace of the particular trade dress products. This section ended by asking subjects whether, by looking at each of the seven foregoing trade dress photographs, they could identify the trade dress brand from among a list of a half-dozen market competitors. For example, with regard to Bubble Genius, subjects were asked if they could identify the soap bar shown in the photo:

¹²⁷ After an initial set of consumer behavior questions we also asked:

People vary in the amount they pay attention to these kinds of surveys. Some take them seriously and read each question, whereas others go very quickly and barely read the questions at all. If you have read this question carefully, please select "5" below. (*Select one only*)

Subjects were excluded if they failed to answer this attention-testing question correctly. 1,086 subjects began the survey:

0 were excluded for failing to consent.

2 were excluded for selecting an age of "18 or below" or responding "Prefer not to answer"

24 were excluded for failing to select "5" in response to attention question

11 excluded for failing to finish the survey

After these exclusions, the final dataset included observations from 1,049 distinct MTurk subjects.

¹²⁸ For example, subjects who indicated that they had purchased women's shoes were asked to indicate which brands they had purchased in the last 2 years. And subjects were also asked whether they were "likely to purchase women's shoes" in the next 2 years and to indicate the brands they were likely to purchase.



Do you know the name of the company who produces the soap bar shown in the photo?
(Select one only)

☐ L'Occitane

☐ Lush

☐ Bubble Genius

☐ The Body Shop

☐ Bath & Body Works

☐ Aesop

☐ Kiehl's

☐ Don't Know

The remainder of the survey then asked subjects a set of questions regarding their consumer preferences regarding protection for each of the seven types of trade dress, and ended by asking subjects a variety of demographic questions – including questions about their gender, race, class and education.

The subjects' answers to the questions concerning their consumer preferences regarding trade dress protection provided the central survey outcomes. For these questions, subjects were randomly assigned to one of eight groups – created from the possible combinations of three dichotomous arms (2 x 2 x 2). These three arms varied the way the central consumer protection questions were framed. The “guidance” arm varied whether or not the subjects were offered guidance on potential consumer benefits and costs of trade dress protection. The “forced preference” arm varied whether or not the subjects were given the additional option of replying “Unsure/Don’t Care/No Opinion” when asked whether trade dress protection would make them better off. The “14-year arm” varied whether or not the subjects were given the additional option of expressing a preference for granting the trade dress holder just 14 years of protection.

The purpose of these arms was to causally test the effect of particular frames and protection options. The guidance arm sought to test whether giving subjects information about the potential consumer benefits and costs of protection would impact their willingness to protect. Emphasizing the consumer impacts might make the subjects focus on whether continued protection would make them better off as consumers. Guidance might also help consumer make more informed choices about the possible impacts of continued protections. The guided treatments included statements indicating that the judge deciding whether to give trade dress protection believes that protection might increase the cachet or quality of the product or make the product more identifiable, but might also lead to products with the trade dress having higher prices or being less available to consumers.

The “forced” and “14-year” arms sought to test whether giving subjects additional options would impact their protection preferences. Instead of giving subjects the all-or-nothing choice of perpetual versus no protection, these arms allowed subjects to express weaker or less extreme protection preferences. In this way, these options helped causally test the strength of the subjects' preference for or against protection. The intermediate length of 14 years was chosen because it was the length available for design patents at the time the trade dress was initially awarded. Allowing subjects to signal a preference for time-limited protection also gave subjects the ability to signal a preference for rewarding innovation (notwithstanding the question asking them to assess

what form of protection would make them better off as consumers). Finally, the inclusion of these additional options allows us to use between-subject comparisons to assess whether a version of the “independence of irrelevant alternatives” property holds.¹²⁹

To better see how these various arms were implemented, consider the following screenshots concerning the Louboutin trade dress.¹³⁰ After answering the consumer behavior questions, all subjects were shown the following photograph and told “Currently, **Christian Louboutin** is the only designer that sells red-soled shoes shown in the photo.”



The subjects were then randomly assigned to a treatment group that presented some version of a court vignette and question. For example, the most sparse framing (the unguided/forced/no 14-year treatment group) presented subjects with the following:

Imagine that a court is deciding whether only one designer, Christian Louboutin, should be permitted to sell shoes with red soles, as shown in the photo. In this hypothetical, the judge is interested in learning which decision will make individual consumers better off.

Please select one of the following:

- ☐ As a consumer, I think I'd be better off if, for an unlimited number of years, only Christian Louboutin was permitted to sell shoes with red soles.
- ☐ As a consumer, I think I'd be better off if, at any point in time, all designers were permitted to sell shoes with red soles.

Subjects who were in the “unforced” arm were in addition to the foregoing two options also given the option of answering:

- ☐ Unsure/Don't Care/No Opinion

Subjects who were in the “14-year” arm were in also given the option of answering:

- ☐ As a consumer, I think I'd be better off if, for the next 14 years, only Christian Louboutin was permitted to sell shoes with red soles.

Subjects who were in the “guided” arm were also shown a version of the following addition to the vignette that appeared just before “Please select one of the following”:

The judge believes that if only Christian Louboutin can sell shoes with red soles, red-soled shoes will probably cost more and be less available, but will be more easily identifiable as Christian Louboutin shoes and might have more cachet and higher quality.

¹²⁹ See KENNETH J. ARROW, SOCIAL CHOICE AND INDIVIDUAL VALUES (2ND ED. 1970). For example, if 50% of subjects given the all-or nothing protection choice (i.e., in the “unforced/no 14-year arm”) prefer no protection, it would violate an axiom of rational choice theory if we observed 60% of subjects preferring no protection when subjects were given the additional option of replying “Unsure/Don't Care/No Opinion.”

¹³⁰ Screenshots for the entire survey and all treatments can be found in our web appendix.

Because these three arms were independently implemented, there were eight distinct combinations/treatments. For example, one treatment group (unguided, 14-year, unforced) received both the “Unsure/Don’t Care/No Opinion” and the 14-years of protection option. In addition to these three core randomized arms, the survey also implemented four forms of randomization to help neutralize what might have otherwise biased subject responses. For example, we randomized the order of preference options, randomly assigning half of subjects to “longest to shortest protection length” treatments and half to “shortest to longest protection length treatments.”¹³¹ Randomization on this dimension was to help assure that subjects did not simply anchor on a particular preference because it was the first option listed.

Guided participants also were randomly divided into two groups, half were presented, as in the proceeding screenshot, with the possible consumer costs of protection before their potential benefits, while the other half were presented with potential benefits before costs.¹³² Randomizing the order of potential effects was to help assure that the guidance did not implicitly increase the salience of potential costs relative to potential benefits (or vice versa).

Each subject’s random assignments to a treatment group type remained fixed with regard to all seven trade dress questions concerning their protection preferences.¹³³ The survey also randomized the order in which the seven types of trade dress were presented to the subjects.¹³⁴ In addition to asking subjects about their preferences for limiting the ability of other purse manufacturers to sell purses with the Gucci diamond motif pattern, we also asked whether subjects would be better off if producers were limited from using the diamond motif pattern “in connection with unrelated goods (for example, an electric drill or a hemorrhoid cream)”:

Now imagine that a court is deciding whether other producers should be prohibited from using the diamond motif (GG pattern) in connection with unrelated goods (for example, an electric drill or a hemorrhoid cream) where a court has found that consumers are unlikely to think that the product was manufactured or licensed by Gucci. In this hypothetical, the judge is interested in learning which decision will make individual consumers better off.

Please select one of the following:

- ☐ As a consumer, I think I'd be better off if, for an unlimited number of years, only Gucci was permitted to sell unrelated goods using the diamond motif (GG pattern).
- ☐ As a consumer, I think I'd be better off if, at any point in time, all designers were permitted to sell unrelated goods using the diamond motif (GG pattern).

¹³¹ The screenshot in the text shows “longest to shortest” treatment because the perpetual protection precedes the no protection option. The 14-year option, when given, always appeared in the between the perpetual of zero protection options. The unforced option of “Unsure/Don’t Care/No Opinion,” when given always appeared as the last option.

¹³² Because the guided arm was randomly assigned to “cost-first” and “benefit first” subgroups, in expectation 50% of subjects were unguided, 25% were “guided-cost-first” and 25% were “guided-benefit-first.”

¹³³ There were thus 24 treatment groups: 3 (unguided/guided-cost-first/guided-benefit-first) x 2 (forced/unforced) x 2 (14-year/no 14-year) x 2 (longest-to-shortest protection length/shortest-to-longest protection length). An individual subjects assignment remained constant for all 7 trade dress consumer protection questions. See Web Appendix for screenshots of all treatments groups and see *infra* note 9 (discussing balance and exclusion of one of the 24 treatment groups).

¹³⁴ We also randomized the order of the possible answers for several consumer behavior and consumer demographic questions. For example, we randomized the order of listed brands when asking whether consumers had purchased particular brands in the past. And we randomized whether the bin sizes for family income were increasing or decreasing. For details see, Web Appendix Part II.

The purpose of this question was to assess whether the protection afforded to Gucci's "famous" trade dress under the Federal Trademark Dilution Act of 1995 was likely to make consumers better or worse off.

1. Blocking and Balance

Randomization was successfully implemented by blocking on the guidance, forced-preference, and 14-year arms with sub-blocking for guided subjects with regard to whether benefits or costs were mentioned first. Blocking assured that different treatment groups filled in equally as additional subjects participated in the experiment. The size of the final tester groups is reported in the Web Appendix, Figure A1.¹³⁵

We also tested to see whether randomization resulted in a sample that was well balanced across pre-treatment demographic variables with regard to the guidance, forced-preference and 14-year arms. The results (which are reported in Web Appendix, Figure A2) indicate that with regard to the vast majority of pre-treatment variables, there was as one would expect from randomization no statistical difference between the dichotomous samples. For example, both the forced and unforced samples had 74% white subjects.¹³⁶ The similarity of the subjects on pre-treatment variables increases the reliability of drawing causal inferences from differences in sample outcomes.¹³⁷

2. Representativeness of Experimental Subjects and Interpretation Caveats

The 1,049 subjects used in this study participated through the auspices of Amazon Mechanical Turk ("MTurk") an online task completion marketplace.¹³⁸ For this project, subjects followed a link from MTurk's website to a survey hosted by Qualtrics, an online survey platform. Any worker located in the United States who wanted to take the survey could do so. The MTurk

¹³⁵ As expected, the number of subjects in the 8 individual unguided treatment groups is approximately double the number of subjects in the individual guided treatment groups, because there are two guided groups (benefits-first and cost-first) corresponding to each unguided treatment group. Due to a coding error in the Qualtrics survey, one of the 24 treatment groups (the Guided/Unforced/Benefit-First/No 14-Year/Shortest-First group) mistakenly included a 14-year option. As a result, another treatment group (the Guided/Unforced/Benefit-First/14-Year/Shortest First group) had additional responses.

¹³⁶ The few instances of statistical differences (for example, 4% of unguided and 6% of guided samples were Asian subjects ($p = 0.05$)) were consistent with what would expect from random variation. 5 of 99 tests displayed significant differences with $p < 0.05$.

¹³⁷ Angrist and Pischke note that balance on pretreatment variables helps assure RCT validity. See JOSHUA D. ANGRIST AND JÖRN-STEFFEN PISCHKE, *MASTERING 'METRICS: THE PATH FROM CAUSE TO EFFECT* (2015).

¹³⁸ See *supra* note 1 (describing criteria for inclusion).

marketplace has been used extensively to produce data for papers in economics,¹³⁹ law,¹⁴⁰ political science, and other social science disciplines.¹⁴¹

For this research, MTurk respondents were paid between \$2.50 and \$4.00. Amazon charges a 40% commission based on respondent payment amounts for HITs of greater than 10 respondents. The data was collected between October 23, 2018 and November 2, 2018.

An important limitation of an MTurk survey is that the MTurk worker population, while restricted to the U.S., is not representative of the U.S. population at large.¹⁴² Our analysis corroborates these findings (see Online Appendix Figure A3, providing summary statistics for our sample compared to U.S. population as represented by a July 2015 CPS Survey). Our survey sample was approximately 5 percentage points more male as well as twice as young compared to the U.S. population as a whole (69% of our sample was between 18-39 years old, compared to 35% in the U.S. population). About 74% of our respondents were white (compared to 70% in the U.S. population).

To respond to this concern with representativeness, we also “weighted” survey estimates, where we estimated the joint-distribution proportions of U.S. population represented in 40 gender/age/region groups. This process gives more weight to demographic types of respondents who were relatively underrepresented in the survey and thus can improve the representativeness of the survey estimates.¹⁴³

However, there is no guarantee that either the weighted or unweighted preferences of the subjects in our survey sample are representative of the preferences of either trade dress consumers or consumers of manufacturers who compete with the trade dress brands. Accordingly, the results of our survey can at most represent “proof of concept” evidence. Evidence from our survey that a majority of consumers would be better off if trade dress protection were cancelled should not be taken as even *prima facie* evidence that the trade dress should be removed from the USPTO registry. Rather, the importance of the survey is to demonstrate that (i) a survey can be designed to elicit credible information about consumer preferences (including information about the strength of those preferences), and (ii) consumers can display markedly different protection preferences for different forms of trade dress. There already exists a substantial and long-standing literature on how to design and administer trademark surveys to produce evidence of likelihood of confusion,

¹³⁹ See e.g., Ilyana Kuziemko, Michael I. Norton, Emmanuel Saez and Stefanie Stantcheva. 2015. “How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments.” *American Economic Review*, 105(4):1478-1508.

¹⁴⁰ See e.g., Ian Ayres & Fred Vars, [Gun \(Self\) Control](#), UNIVERSITY OF PENNSYLVANIA LAW REVIEW (forthcoming 2018); Ian Ayres, [Voluntary Taxation and Beyond - the Promise of Social-Contracting Voting Mechanisms](#), 19 *American Law & Economics Review* 1 (2016); Ian Ayres, Emad Atiq, Sheng Li, Michelle Lu, Christine Tsang, and Tom Maher. 2014. “A Randomized Experiment Assessing the Accuracy of Microsoft’s ‘Bing It On’ Challenge Claims,” 26 *Loyola Law Review* 1.

¹⁴¹ See e.g., Connor Huff and Dustin Tingley. 2015. “‘Who are these people?’ Evaluating the demographic characteristics and political preferences of MTurk survey respondents,” *Research and Politics*, 1.

¹⁴² Berinsky et. al. argue that MTurk workers are more representative than “convenience samples,” but less so than expensive representative samples like the Current Population Survey. Adam J. Berinsky, Gregory A. Huber, Gabriel S. Lenz. 2012. “Evaluating Online Labor Markets for Experimental Research: Amazon.com’s Mechanical Turk,” *Political Analysis* 20 (3). Huff and Tingley (2015) extend this analysis.

¹⁴³ Details of this weighting methodology which utilized data from the July 2015 Current Population Survey are included in the Web Appendix.

“secondary meaning, genericness, dilution, and functionality.”¹⁴⁴ Expert witnesses testifying in trademark litigation have developed credible methods for assuring that survey respondents are drawn from “an appropriate ‘universe’ of respondents.”¹⁴⁵ A protection preference survey of the type described above but directed to a representative set of market consumers would be admissible to establish whether a majority of consumers believes they would be better off without the law granting a single manufacturer trade dress protection.¹⁴⁶

C. Results

In this section, we report our central results concerning consumer protection preferences. As argued above, courts should focus primarily on the preferences of consumers in the relevant market regardless of whether they are likely to purchase the incumbent trade dress brand – because the legal choice to open the dress features to competitors might improve the price and features of other brands in the market. Accordingly, our analysis here focuses on survey respondents that we dub “market purchasers” because they indicated they were past or likely future purchasers in the product market that included the incumbent trade dress producer. We also analyzed the preferences of “brand purchasers,” the set of past or likely future purchasers of the trade dress brand itself. While we had a total of 1,049 qualifying respondents who answered the full survey, when we restrict our attention to the preference of market purchasers, there were (as depicted in Figure 1) between 543 and 1,012 respondents for specific trade dress markets. Moreover, when we restrict ourselves to the subset of market purchasers who were brand purchasers, the number of respondents for particular brands falls to between 47 and 522. While the censoring of our data limits the power of our analysis, our preferred metric of market purchasers still retains a substantial sample of over 500 respondents with regard to each trade dress market.

1. *All-or-nothing Protection Preferences*

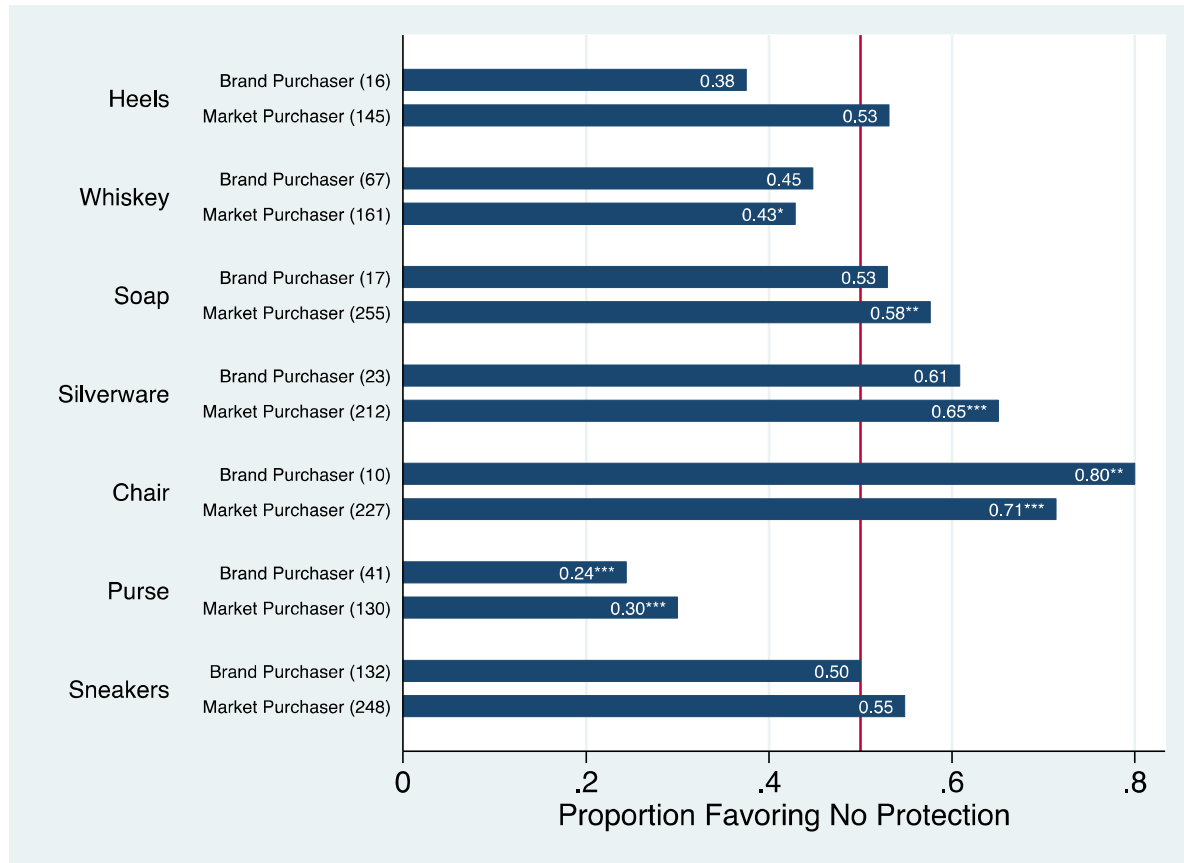
The core metric of consumer preference for survey respondents who were given the all-or-nothing choice concerning trade dress protection is depicted in Figure 1 below. This figure shows the proportion of market and brand consumers for each of the seven types of trade dress who indicated they would be better off as consumer if other manufacturers were allowed to sell products incorporating the trade dress at issue:

¹⁴⁴ Robert H. Thornburg, *Trademark Surveys: Development of Computer-Based Survey Methods*, 4 J. MARSHALL REV. INTELL. PROP. L. 91 (2005). *See also, e.g.*, Vincent N. Palladino, *Secondary Meaning Surveys in Light of Lund*, 91 TRADEMARK REP. 573 (2001).

¹⁴⁵ *Simon Prop. Group L.P. v. mySimon Inc.*, 104 F. Supp. 2d 1033, 1038 (S.D. Ind. 2000).

¹⁴⁶ *See* Federal Rules of Evidence 702 & 703.

Figure 1: Proportion of Brand and Market Purchasers Indicating They Would Be Better Off If Other Manufacturers Were Allowed To Sell Products with Trade Dress Features (Dichotomous-Choice Subjects Only)



Notes: The above graph provides the proportion of survey respondents favoring non-protection of the product in question, restricted those who received a dichotomous-choice survey (forced responses and no 14-year option). Numbers in parentheses adjacent to the labels indicate the number of respondents who fall within that group (for instance, there are 16 brand purchasers and 145 market purchasers of Christian Louboutin heels). Asterisks next to the proportions in the bars indicate statistical significance of that proportion's difference relative to 0.5 (** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$).

One can see that a slight majority (53 and 55%) of the market purchasers say they would be better off if Louboutin red-soled shoes and Adidas Sam Smith shoes were not protected. But we have previously argued that trade dress registration should only be cancelled if a statistically significant majority believes they will be better off without dress protection. Under that standard, the figure shows that statistically significant majorities (ranging between 58 and 71%) of market purchasers of the Bubble Genius soap, the Wallace silverware and the Emeco Navy chair expressed a competitive preference—saying they would be better off it was not protected.

Because Figure 1 provides the results of consumers who were given an all-or-nothing choice, the complementary proportions indicate the percentage of consumers who indicated they would be better off if the trade dress holder were granted protection for an unlimited number of

years. The figure shows huge heterogeneity in market purchasers' protection preferences. For some types of dress, protection preferences of market purchasers were statistically indistinguishable from 50%. For other types of dress, clear statistical majorities preferred either protection or non-protection. While 71% of market purchasers would be better off without protection for the Emeco Navy chair, 70% of market purchasers of purses indicated they would be better off if the Gucci diamond motif pattern continued to receive perpetual purse protection. We found a similar statistically significant majority preferred protection of the Gucci diamond motif pattern even as applied to (wildly) unrelated products – such as hemorrhoid creams and electric drills.¹⁴⁷

If we limit our analysis to the subset of market purchasers who were brand purchasers, we still see that a majority of brand purchasers of these three products would prefer non-protection (but only the Emeco Navy chair exhibited a statistically significant majority preference). As we have previously argued, focusing on the brand purchasers inappropriately ignores the consumer welfare of the other market participants – but even so we still find heterogeneous responses (with statistically significant support for non-protection of one form of trade dress paired with statistically-significant support for protection of the Gucci pattern).

2. Treatment Effects

The initial results summarized in Figure 1 failed, however, to exploit the randomized treatment described above. Specifically, they did not test whether (i) providing subjects with guidance about the possible costs and benefits of protection would influence their answers or (ii) whether giving respondents options beyond the all-or-nothing protection choices would reduce their preference for competition.

Figure 2 provides the results of regressions which report our core tests of treatment effects. These multivariate regressions look for the impact of the randomly assigned treatments on the likelihood of competitive/no protection preferences for the 5,614 response we received across the seven different trade dress types.¹⁴⁸

¹⁴⁷ See Figure A4 in the Web Appendix for the separate regressions for protection of the diamond motif from unrelated goods.

¹⁴⁸ Observations from individual respondents will appear in the regression multiple times if they were market purchasers in more than one dress market.

Figure 2: Across-Product Regressions of Market Purchasers and Guided-Question Market Purchasers Indicating They Would Be Better Off If Other Manufacturers Were Allowed To Sell Products with Trade Dress Features

Stacked Regressions: Protection Preferences on Core Independent Variables with Robustness Checks		
	Market Purchasers	Guided Market Purchasers
Guided	0.0175 (0.0130)	
Unforced Option	-0.0926*** (0.0130)	-0.100*** (0.0184)
14 Year Option	-0.0305** (0.0131)	-0.0136 (0.0187)
Longest to Shortest	-0.0192 (0.0130)	-0.0193 (0.0184)
Benefit First		-0.0405** (0.0184)
Constant	0.550*** (0.0241)	0.559*** (0.0341)
Observations	5,614	2,808
R-squared	0.060	0.066
Product FE	Y	Y
Non-Market Consumers Present	N	N
Respondent-Level Clustering	N	N
Robust standard errors in parentheses		
*** p<0.01, ** p<0.05, * p<0.1		

Note: The above table provides the results of multivariate OLS regressions of having a non-protection preference on the core independent variables in our study, measured across all products. The sample size at the bottom of each column reflects the number of observations in our dataset when reshaped to be in stacked (panel) form (i.e. the dataset is in units of respondent-product), with the appropriate sample restrictions in each column to focus on market and guided market purchasers. The specification in Column 1 is: $y_{ij} = b_0 + b_1(\text{guided})_{ij} + b_2(\text{unforced})_{ij} + b_3(\text{fourteen year})_{ij} + b_4(\text{longest to shortest})_{ij} + f_j + e_{ij}$, whereas the specification in Column 2 is: $y_{ij} = b_0 + b_1(\text{unforced})_{ij} + b_3(\text{fourteen year})_{ij} + b_4(\text{longest to shortest})_{ij} + b_5(\text{benefit first})_{ij} + f_j + e_{ij}$. In particular, the regressions are indexed by respondent i and product j . y_{ij} represents the outcome of interest (whether the respondent favored no trade dress protection; f_j represents product fixed effects; and e_{ij} is an error term. As the table shows, the only variation in our survey design that appears to have statistically significant effects on non-protection probability is an unforced answering scheme; in line with IIA, this decreases the probability of electing no trade dress protection.

The first column in Figure 2 shows that guided subjects were not statistically more or less likely to favor unrestricted competition use of the dress. While the regression indicates that guided

respondents were 1.75 percentage points more likely to favor no protection, this estimate was not statistically different than 0. Moreover, the second column of the figure shows that how the guidance was framed was not statistically significant. Guided subjects who were told first about the potential consumer benefits of protection were 4.05 percentage points less likely to favor unrestricted competition than subjects who were first told about the potential consumer costs of protection and this result was statistically significant. So how the guidance was framed matters, but the fact of guidance itself had no statistically causal effect on the subjects' protection preferences.

The two specifications in Figure 2 also report consistent stories about the other treatment effects. The regression shows that adding the "Unsure/Don't Care/No Opinion" option significantly reduced the willingness of respondents to choose the no-protection option. Adding this unforced option reduced the likelihood that respondents will choose no protection as their preferred outcome by 9.26 percentage points, and this treatment effect was highly significant ($p < 1\%$) in both specifications. As discussed above, including this unforced response option in the survey design is a way to capture the intensity of respondent preferences. Subjects who were offered the additional alternative to unlimited protection and still indicated a preference for no protection are likely to have a more certain or intense preference for the unconstrained result.¹⁴⁹

The regressions indicate in contrast that adding the 14-year protection option had no comparable treatment effect. The first column estimates that subjects who were presented the 14-year options were 3.05 percentages points less likely to select no protection, but the estimate of this effect in both regressions was not statistically distinguishable from zero. The regressions indicate that this intermediate option was not sufficiently attractive to alter subjects' no-protection preference – suggesting that the dichotomous preferences reported above in Figure 1 were not driven by the absence of an intermediate protection alternative.

Finally, the regression results suggest that the anti-anchoring aspect of the survey design produced insignificant treatment effects. Subjects' willingness to prefer no protection was not statistically effected by whether the no protection option was presented first or last in the list of options. The regression indicates that subjects who were presented with the unlimited protection as the first response option were 1.9 percentages points less likely to choose no protection, but this treatment effect was not statistically distinguishable from 0.

A weighted regression reported in the Web Appendix tells a similar story.¹⁵⁰ The regression, which gives more weight to observations that are underrepresented in our survey sample relative to their prevalence in the national population, finds again that unforced subjects were statistically less likely to choose "no protection" and that none of the other randomized treatments were statistically distinguishable from zero.

3. Unforced No-Protection Preferences

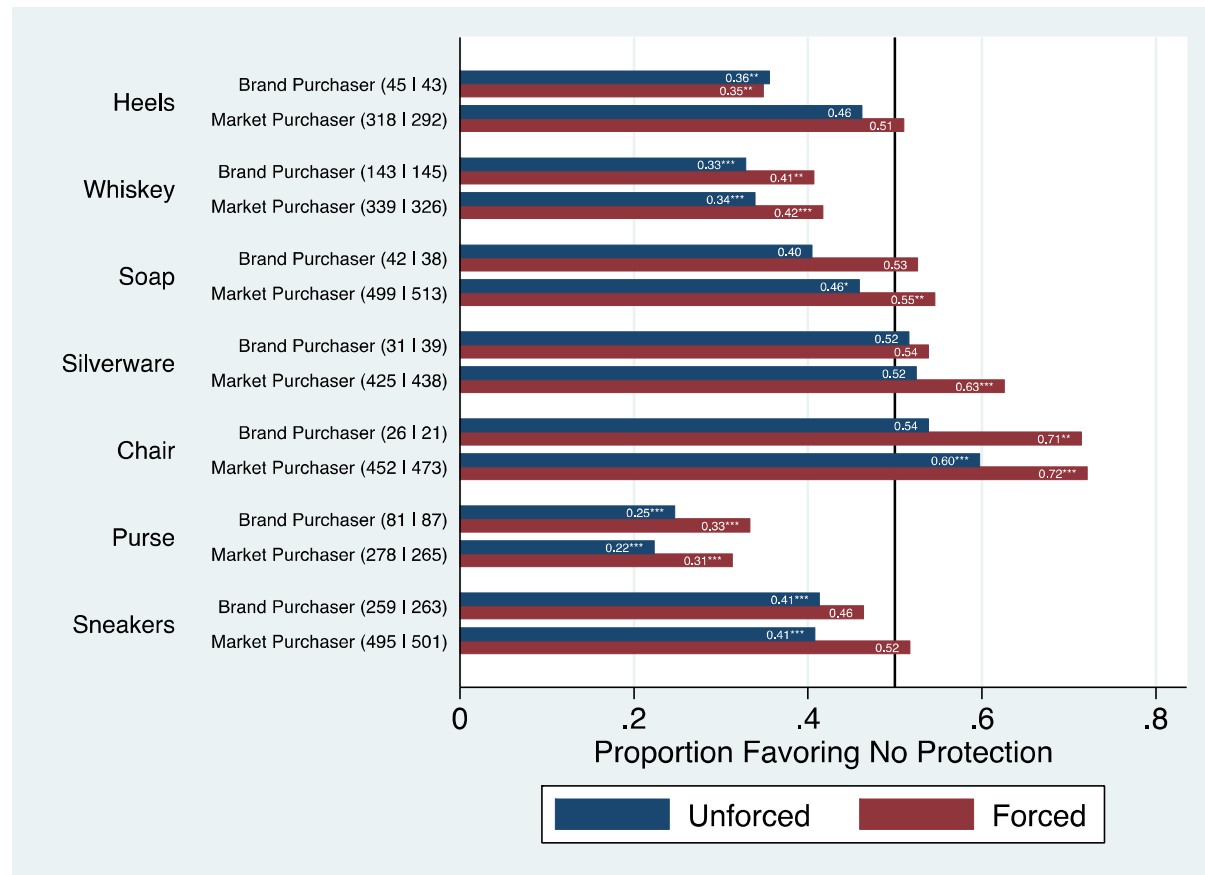
The stacked regression results of Figure 2 suggest that a more conservative approach to identifying the dress where a statistical majority of market consumers favor no protection would be to focus on respondents who were given the additional "Unsure/Don't Care/No Opinion." The

¹⁴⁹ The finding that the no-protection response statistically declined when subjects were given additional options also is consistent with axiom of rational decision making. See *supra* text accompanying note 3 (discussing independence of irrelevance alternatives).

¹⁵⁰ See Web Appendix, Figure A5.

stacked regressions indicate that a substantial proportion (over 9 percentage points) of the forced respondents who indicated a “no protection” preference would have done otherwise if given the more ambivalent option. A power of the randomized survey design is that it allows us to analyze how a statistically similar group of unforced respondents would express their protection preferences. These alternative preferences of market consumers are displayed in Figure 3.

Figure 3: Proportion of Brand and Market Purchasers, Divided by Forcing Group, Indicating They Would Be Better Off If Other Manufacturers Were Allowed To Sell Products with Trade Dress Features



Note; The figure shows the proportion of respondents favoring no trade dress protection, measured across the entire sample and disaggregated by the answer forcing scheme received by the respondent. Numbers in parentheses adjacent to the labels indicate the number of respondents who fall within that group; those to the left indicate the number of unforced purchasers, and those to the right indicate the number of forced purchasers (for instance, there are 45 unforced and 43 forced brand purchasers of Christian Louboutin heels). Asterisks next to the proportions in the bars indicate statistical significance of that proportion's difference relative to 0.5 (***) $p < 0.01$, ** $p < 0.05$, * $p < 0.1$).

The figure shows that as in the prior regression, the proportion of unforced respondents who favor a no-protection result tends to be lower than the proportion of forced respondents – as can be seen for all 7 market purchaser comparisons and for 6 of the 7 brand purchaser comparisons. Even if we limit our analysis to the unforced market consumers the figure shows that a majority of both brand and market purchasers of the Wallace Silversmith silverware and Emeco Navy Chair say they would be better off it was not protected. If we limit our attention to those unforced

preferences that were statistically above 50%, we find that a statistically significant majority (60%) of market purchasers indicate they would be better off if Emeco Navy chair were not protected.¹⁵¹ If we limit our attention to the even smaller group of respondents who were given both the 14 year and the unforced option, we again find that a statistically significant majority (60%) of market purchasers indicate they would be better off if Emeco Navy chair were not protected.¹⁵² This result continues to hold if we weight the survey results, as described above, to give more weight to respondent demographic types who were underrepresented in our survey sample relative to their prevalence in U.S. population.¹⁵³

The figure again shows a remarkable heterogeneity in market purchaser preferences regarding different dress types – with statistically significant minorities of several types opting for the protection option. Thus, while the earlier caveats about respondent representativeness are still controlling, the survey presents consistent and robust evidence of a strong consumer preference against continued dress protection for the Navy chair. We also tested for correlations between consumer protection preferences and respectively the relative status of the good within its product category and the judicial adjudication of the functionality question. We regressed the protection preferences in the same stacked regression reported above in Figure 4, but instead of adding in product fixed effects controls, we added an indicator variable if a district court found the trade dress to be functional and a second indicator variable if the trade dress product was sold for a price substantially above the median price in its product category.¹⁵⁴ We emphasize that the coefficients on these additional variables should be interpreted with caution as they were not assigned randomly. Our results, while at best suggestive, because we found that judicial assessments of functionality were not statistically predictive of how consumers would answer the protection question. However, we did find a statistically significant coefficient on the status variable—indicating a tendency of consumers to be more willing to have courts invalidate high status goods than those goods that were not coded high status.

4. Demographic Effects

Finally, our Web Appendix reports analysis of whether (i) particular demographic groups were more inclined to favor protection or competition, and (ii) the guided, forcing or 14 treatments were different across different demographic groups.¹⁵⁵ Our analyses of demographic data suggest that women and African Americans were less likely to prefer the competitive outcome, while self-described liberals and respondents with more education were more likely to prefer the competitive (no-protection) outcome. For example, women respondents were 7.6 percentage points less likely than men respondents to favor no protection; African-American respondents were 10.2 percentage

¹⁵¹ Figure 3 includes observations of respondents whether or not they were presented with the 14 year option. The result that a majority of market purchasers prefer no protection of the Emeco Navy chair is robust to limiting our analysis to just those respondents who were given both the 14 year and unforced response options. See Web Appendix, Figure A6

¹⁵² *See id.*

¹⁵³ *See* Web Appendix, Figure A7.

¹⁵⁴ The details of the regression as well as the results can be found in our Web Appendix. Gucci, Louboutin, Emeco, and Wallace Silversmiths were coded as high status, while Stan Smith shoes (with a price of \$80), Maker's Mark (with an average price of \$39), and Bubble Genius were not coded as high status.

¹⁵⁵ The results in this section can be found in the Web Appendix, Figures A9-A12.

points less likely than white respondents to favor no protection. Liberal respondents were 3.7 percentage points more likely than conservative respondents to favor no protection. College graduate respondents and respondents with post-graduate degrees were, respectively, 1.7 and 4.3 percentage points more likely than high school graduates to favor no protection.¹⁵⁶

Our test for heterogeneous treatment effects revealed that the guidance treatment had different statistically significant effects on different types of demographic groups. For example, guidance of the potential costs and benefits of protection caused women respondents to be 5.5 percentage points less likely to disfavor protection, the same guidance caused African-American testers to be 9.2 percentage points more likely to disfavor protection.

5. *Implications*

While certainly a limited data set, our results suggest several legal implications. First, our results disprove the potential criticism that we should not be deferring to consumer surveys to determine trade dress protection for fear that consumers will always prefer lower prices and no protection. In fact, in our counterfactual exercise where the burden would be on the trade dress applicant to prove entitlement to protection, the only trade dress that would be able to establish such a right was also the most “Veblen” of all the products we surveyed, and also the only one that has been established to be a “famous” trade dress: the Gucci Diamond Motif. Indeed, for our dichotomous choice exercise, only 3 out of 7 dress received statistically significant answers of “no protection,” and these did *not* include the two most iconically Veblen goods: the Louboutin shoe and the Gucci Diamond Motif, both of which are the most conspicuous examples of what Barton Beebe calls the “fashion process,” being both high-status apparel goods.¹⁵⁷ Significantly, this finding was true for both market purchasers *and* brand purchasers—which defeats perhaps one’s initial inclination that those in the market for women’s heels and purses, generally, would want access to the social cachet of the Louboutin and Gucci designs at lower prices. As evidenced by both this Article’s opening line from Cardi B and the numerous references to Gucci in contemporary pop culture, these two trade dress have attained ultimate social signaling status—explaining perhaps why consumers prefer to continue protecting both, out of a desire to preserve both trade dress’ continued power for social distinction—and, perhaps, to protect each consumer’s competitive consumption choices, even if that means consciously *not* purchasing Gucci bags (a statement in and of itself).¹⁵⁸

These preliminary surveys suggest that consumers’ preferences are restrained and nuanced indicia of functionality. Rather than consumers “gone wild,” expropriating trade dress property at every opportunity, we often observed majority preference for continued protection. Consumer

¹⁵⁶ While our foregoing analysis of brand consumers included both past and future brand consumers, that is respondents indicating they either had recently purchased or were likely in the near future to purchase the dress brand, we also analyzed whether past brand consumers had different preferences than (likely) future brand purchasers. Our analysis indicates that future brand purchasers were 5.4 percentage points more likely to disfavor dress protection. Prospective consumers of the dress brand are thus more supportive of protection than past purchasers. See Web Appendix, Figure A13.

¹⁵⁷ Beebe, *supra* note 2, at 821-22.

¹⁵⁸ See also Xiyin Tang, *Against Fair Use: The Case for a Genericness Defense in Expressive Trademark Uses*, 101 IOWA L. REV. 1040 (2016).

preferences strongly align with the judicial treatment of the Gucci design. As noted above, the Gucci Diamond Motif was the only mark to establish an entitlement to *ex ante* protection, and it is the only one of the seven chosen dress that has been affirmatively held by a court to be famous within the meaning of the federal dilution statute.¹⁵⁹ This result is all the more appropriate as, because the Gucci Diamond Motif was not registered at the time of the 2012 litigation against Guess?, Gucci bore the burden of establishing fame. Consumer preferences in our dichotomous framing also tend to support the judicial invalidation of the Bubble Genius soap and the Wallace Silversmith flatware.

But the surveys also illustrate the possibility of both Type I and Type II judicial error. While a district court found Louboutin's red-sole shoe aesthetically functional, our survey did not uncover a decisive consumer preference for invalidation. Conversely, while a district could not find functionality at the motion to dismiss stage for the Navy chair design,¹⁶⁰ our surveys suggest a robust preference for invalidating Emeco's exclusive rights of production. Our survey results are thus neither wildly different from adjudicated outcomes nor merely duplicative of those outcomes. As theory would suggest, consumers perceive both a benefit to trade dress protection and a cost.

CONCLUSION

Dr. Seuss's story "The Sneetches" describes a community in which eponymous creatures come in two varieties: some have a star on their bellies and some do not.¹⁶¹ At the beginning of the tale, both groups share the belief that it is much more preferable to be Star-bellied than not.¹⁶² The Plain-bellied Sneetches are excluded from associating with their Star-bellied counterparts, until Sylvester McMonkey McBean, the "fix-it-up-chappie," comes along with his *Star-on* and *Star-off* machines. For a small fee, he begins to give stars to the Plain-Bellied Sneetches, who now are indistinguishable from their elite counterparts. The original Star-Bellied Sneetches are upset at no longer being different, so they pay McBean to remove all their stars with his *Star-off* machine. This continues back and forth "until no one can remember which Sneetches were originally what."¹⁶³

This Seuss allegory might be seen as a cautionary tale for our efforts to put consumers in control of social signifiers.¹⁶⁴ One critique of our position is that customers may not accurately predict how non-protection will cause new consumers to crowd in toward the dress features, as well as a Sneetches-like tipping point with consumptive flight, substituting toward new signifiers as the unprotected trade dress loses its distinction. Dr. Seuss's original story, which can be read as a morality tale about racial or religious subordination, ends with Sneetches of all ilks realizing

¹⁵⁹ See *supra* note 126 and accompanying text.

¹⁶⁰ See *supra* note 1 and accompanying text.

¹⁶¹ DR. SEUSS, THE SNEETCHES AND OTHER STORIES (1953). See also Ian Ayres, *Probabilistic Auctions: Why Don't Universities Raffle off Chair Endowments*, Sept. 26, 2011, <http://freakonomics.com/2011/09/26/probabilistic-auctions-why-dont-universities-affle-off-endowed-chairs/>.

¹⁶² *Id.* (The star-bellied Sneetches were heard to say:

"We're the best kind of Sneetch on the beaches
With their snoots in the air, they would sniff and they'd snort
"We'll have nothing to do with the Plain-Belly sort!").

¹⁶³ *Id.*

¹⁶⁴ Even in the original, it's not clear what the reader is to make of Sylvester McBean who is seen ride away with a literal pile of cash which he earned for metaphorically teaching the Sneetches a lesson.

that it really does not matter whether a Sneetch has a star belly or not. But whether it is socially valuable to disrupt hierarchical or socially distinctive trade dress signifiers is much more normatively ambiguous than disrupting racial or religious markers of discrimination. We do not view the human urge for “optimal distinction” to be necessarily or ubiquitously problematic.¹⁶⁵ Our current mode of competitive consumption, aided by trademark law, indeed already gives rise at times to Sneetches-like consumptive flight to the next cool thing as the hoi polloi disrupts certain sumptuary codes.¹⁶⁶ Our proposal merely allows consumers to hasten the process when the costs of distinction exceed its benefit.

As an empirical matter, disruptive tipping points can lead toward incumbent flight and degradation of signification—even when just a minority changes their behavior.¹⁶⁷ But our proposal only countenances disruption when a trier of fact is confident that voiding trade dress protection will enhance expected consumer welfare. In that sense, we allow consumers to vote to erase distinction in situations only where the incumbent producer is fighting to maintain exclusivity in the face of the decisive consumer preference for inclusion.

Consumers’ expectation of what will make them better off will, of course, at times be mistaken. But our proposal is undergirded by the conviction that consumers are better placed than judges or juries to determine whether continued trade dress protection will deny competitors the option of providing features that consumers value for non-reputation related reasons.

Indeed, while this article has focused on the potential aesthetic functionality of trade dress, our argument for courts deferring to consumer preferences might apply to other trademark issues. One might even imagine a world in which consumers had the right to expropriate the anti-confusion, anti-blurring and anti-tarnishment rights of traditional word trademarks. On this front, Judge Pierre Leval’s concerns about the descriptive functionality of certain famous marks in *TCPIP Holding v. Haar Communications* is particularly instructive.¹⁶⁸ In *Haar*, Judge Leval saw the potential costs of denying competitors the ability to use certain descriptive words as trademarks:

Descriptive marks, often asserting geographical identity or nation-wide prominence, or claiming merit or strength, abound in the U.S. marketplace. A few well-known examples are American, National, Continental, Metropolitan, Pacific, Southern, Texas, Chicago, Federated, United, Consolidated, Allied, First National, Acme, Merit, and so forth. Some of the holders of these inherently weak marks are huge companies; as a function of their commercial dominance, their marks have become famous. . . . Innumerable good-faith junior users of the same weak marks, who have developed goodwill in these marks, would be denied further use of their marks to their detriment and that of their customers. And

¹⁶⁵ Even in the original, it’s not clear what the reader is to make of Sylvester McBean who is seen ride away with a literal pile of cash which he earned for metaphorically teaching the Sneetches a lesson.

¹⁶⁶ See generally Beebe, *supra* note 2, at 828-29 (proposing that in an “increasingly massified and complex urban and now global consumer societies, it grows ever more difficult for individuals (and firms) to differentiate themselves from and make sense of the cacophony of differences,” leading eventually to a “hell of the Same,” an endpoint where the process of differentiation is doomed to fail).

¹⁶⁷ For example, in segregated housing, if black homeowners prefer living in neighborhoods that have at least 20% black residents and white homeowners prefer living in a neighborhood with at least 90% white residents, then the movement of just 11% of blacks into an all-white neighborhood can trigger white flight and tip the neighborhood toward being all black.

¹⁶⁸ *TCPIP Holding Co. v. Haar Communications, Inc.*, 244 F.3d 88 (2d Cir. 2001).

nation-wide, throughout all areas of commerce, the use of ordinary, descriptive marks like American would be restricted to one famous user (and others whose use pre-dated the plaintiff user's achievement of fame).¹⁶⁹

Words can serve other functions in addition to source identification. If consumers decisively prefer for a descriptive word that is currently associated with a famous mark to be available for use by other competitors, the law should not inhibit these alternative functions. But we would not stop there. We do not imagine that consumers would want pianos to bear a “Buick” trademark or for automobiles to be named “Steinway,” but if they found these alternative meanings on net valuable, the law should not stand in their way.

Genericide is a method by which consumer preferences for expropriation are already well recognized, and indeed in a sense “punish” certain famous marks for being too famous, whether inherently distinctive or not (one may recall advertisements run by Xerox in the ‘80s, attempting to police consumer usage of the trademarked term as a generic term for “scanning”). But word usage should not be the only route by which consumer preferences are ascertained. We imagine a world in which trademark law becomes the handmaid of consumer welfare. Deferring to consumer surveys to guide aesthetic functionality adjudication is a good place to start.

¹⁶⁹ *Id.* at 96; see also Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 693 (2004) (“The Second Circuit seeks essentially to impose a functionality limitation on the subject matter of antidilution protection.”).