

Aesthetic Functionality: Trademark Law’s Red Herring Doctrine

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I. Introduction.....	25
II. Definition of Aesthetic Functionality	27
A. The Underpinnings of Trademark Law.....	27
B. Trade Dress	30
C. Utilitarian Functionality	32
D. Interaction of Trademark, Copyright, and Patent Laws.....	33
E. Aesthetic Functionality, Defined.....	36
F. Judicial and Scholarly Disapproval of Aesthetic Functionality	38
III. Arguments Against Aesthetic Functionality’s Viability.....	41
A. Courts Should Not Perform an Anti-Competition Analysis with Respect to Aesthetic Features.....	41
B. Aesthetic Functionality Is Overbroad and Could Significantly Weaken General Trademark Law.....	46
C. Aesthetic Functionality Leads to a Branding Race to the Bottom, Causing an Inefficient Waste of Resources.....	48
D. Aesthetic Functionality Weakens Incentives for Companies to Invest in Their Marks and in Quality Products	50
E. Aesthetic Functionality Does Not Benefit Society Through Enhanced Competition in the Way Utilitarian Functionality Does.....	53
F. Aesthetic Functionality Increases Third-Party Confusion, Which Makes Encouraging Positive Social Action More Difficult.....	59
IV. Conclusion.....	65

I. Introduction

In a modern world replete with knock-offs and imitations of all varieties, it is no surprise that some courts have called into question the value of strong trademark protection. While trademark law often provides protection against the unauthorized imitation of marks, some courts have significantly curtailed its reach through a doctrine called “aesthetic functionality.” A facially appealing doctrine, it basically says that, to the extent that certain trademarks serve any function apart from pure source differentiation, they should not be considered protectable as intellectual property.

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Many trademarks today have acquired popular value in excess of their intrinsic ability to simply denote the origin of a product. Consider a Gucci purse. The trademark “Gucci” does not simply serve to identify the source of the purse, but also to increase the value of the purse; a Gucci purse can be sold for more than the cost of its components, labor, and overhead, or the practical utility derived from the product itself. The brand or mark “Gucci” does serve the purpose of identifying the purse’s maker, but its value is much greater than that because consumers associate the mark with quality, exclusivity, and wealth. “Gucci” is a prime example of a mark whose value far exceeds its capacity for source differentiation and is therefore a perfect candidate for legal imitation under the doctrine of aesthetic functionality.

Proponents of aesthetic functionality seek to separate the “merely aesthetic” qualities of a trademark from its “useful” source-identification quality. They assume that such a separation is possible and, indeed, in the best interest of the consumer; the idea being that, so long as the consumer is able to correctly identify source, he or she should benefit from increased competition from imitation products in the marketplace. This assumption is myopic and ignores the problems that trying to effect such a separation of aesthetic purpose and useful purpose can produce, including creating perverse incentives for consumers and companies. More importantly, the assumption overlooks the fact that, far from being an economically viable doctrine, aesthetic functionality’s widespread application cannot logically result in economic or social gain.

This article discusses the economic inefficiencies of aesthetic functionality and the harm that it could have on our ability to encourage socially responsible behavior in individuals and companies. It begins by defining aesthetic functionality and describing the doctrine’s genesis and evolution within trademark law. It then goes on to argue that aesthetic functionality has the potential to undermine the basic goals of trademark law, such as confusion prevention, and does not make economic or social sense for six essential reasons that will be discussed at length:

- 1) Aesthetic functionality requires judges to make a determination on the effects of aesthetic features on competition, which is too subjective an analysis, especially when there is no real market failure;
- 2) Aesthetic functionality has been interpreted in an overly broad fashion and could significantly weaken general trademark protection;
- 3) Aesthetic functionality must result in an identification race to the bottom, producing an inefficient use of resources;
- 4) Aesthetic functionality creates a disincentive for companies to develop, maintain, and police the use of trademarks, which increases confusion, thus hurting consumers and creating a disincentive for companies to invest in their reputations, which leads in turn to decreased quality of products;

- 5) Aesthetic functionality creates none of the competition-enhancing benefits of traditional functionality law and cannot therefore be justified on the same grounds; and
- 6) Aesthetic functionality increases the problem of third-party confusion, which negatively impacts our ability to encourage consumers and businesses to be socially responsible.

The goal of this article is to dig past our initial tendency to take a superficial stand on trademark imitation, considering the fact that trademarks are themselves widely considered to be superficial indications of source and status. The cases in which aesthetic functionality is potentially applicable are cases in which there is a market for imitating trademarks. These cases tend to involve luxury goods such as jewelry, accessories, or cars. This article does not seek to champion the cause of the makers or consumers of luxury items or to generate sympathy for their potential loss of profits. It looks beyond the inclination to cast imitation aside as a bourgeois person's problem and discusses the economic and social consequences of eroding trademark protection. The arguments presented focus on logical problems with the doctrine of aesthetic functionality and reveal potential economic and social consequences of trademark erosion that could reach people and places all around the world; that is to say, far beyond the Champs-Élysées.

II. Definition of Aesthetic Functionality

Aesthetic functionality is a doctrine that allows competitors to copy a rival company's trademark if the mark satisfies a "demand for the aesthetic as well as for the utilitarian."¹ Analyzing this definition within the context of general trademark law helps to illustrate its meaning and the consequences that wide-spread application of the doctrine could have. For this purpose, this article turns first to reviewing the basic rationales that underlie trademark law and the concept of "functionality" in general (of which aesthetic functionality is a sub-part). It then explains the difference between aesthetic functionality and the general "functionality bar." In the following sections, this article proceeds to argue that aesthetic functionality is not a viable doctrine for the six reasons stated in the introduction.

A. The Underpinnings of Trademark Law

Trademark law is the vehicle through which people obtain the exclusive right to use an identifying mark.² It is one of the most important forms of consumer protection in today's modern world.³ The United States Code defines a "trademark" as follows:

The term "trademark" includes any word, name, symbol, or device, or any combination thereof (1) used by a person, or (2) which a person has a bona fide intention to use in

¹ *Pagliari v. Wallace China Co.*, 198 F.2d 339, 344 (9th Cir. 1952).

² J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:14 (4th ed. 1996).

³ *Id.* § 2:33.

commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of goods, even if that source is unknown.⁴

Like other forms of intellectual property protection (and private property protection in general), protection of trademarks is costly to society because of various transaction costs that deplete or divert resources away from other uses.⁵ These costs can arise in the form of businesses and individuals spending time and money to register marks, to police the infringement of marks, and to litigate any infringement that does occur to protect the value of marks and avoid their becoming “generic” under trademark law, and thus losing legal protection.⁶ The trademark protection system also requires substantial overhead expenditure by society: it needs scholars and legislators to develop laws, a federal agency to promulgate and enforce them, and the court system to step in when enforcement fails.

In order to justify the costs of operating such a system, one has to look at the rationale behind trademark protection and the benefits it was designed to provide. The purpose of trademark law can be summarized as follows: “trademark law is designed to prevent sellers from confusing or deceiving consumers about the origin or make of a product, which confusion ordinarily does not exist when a genuine article bearing a true mark is sold.”⁷ The consumer protection rationale underlying trademark law is to be distinguished from the rationale underlying other forms of intellectual property, such as patent or copyright, which is to encourage innovation.⁸ Trademark law is the only form of intellectual property today that is focused on protecting consumers rather than producers and is therefore an important tool in reducing harmful corporate practices.

Trademark protection is not the law’s only tool for protecting consumers. Many federal agencies issue regulations aimed at consumer protection and causing harm to consumers is punishable under various civil and criminal laws.⁹ But even with relatively strong consumer protection laws, trademark law is necessary to protect consumers in a modern economy comprised of increasingly diversified, mammoth corporations.

⁴ 15 U.S.C. § 1127 (2006).

⁵ William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & Econ. 265, 273–80 (1987) (discussing the costs of legally enforceable trademarks).

⁶ *Id.*

⁷ *NEC Elecs. v. CAL Circuit Abco*, 810 F.2d 1506, 1509 (9th Cir. 1987) (citing *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368–69 (1924) and *Monte Carlo Shirt, Inc. v. Daewoo Int’l (Am.) Corp.*, 707 F.2d 1054, 1058 (9th Cir. 1983)).

⁸ *See, e.g., Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 34 (2001) (stating that the purpose of patent law is to reward manufacturers for their innovation in creating a particular device).

⁹ For example, the Food and Drug Administration regulates practices in producing, labeling, and selling comestible items and has made it illegal to label a food as “calorie free,” “no calories,” or “zero calories” unless the food in question contains less than five calories per serving, 21 C.F.R. §101.60 (2013).

In our increasingly global economy, though large fines, product confiscation, and injunctions remain a deterrent to making products that harm consumers, such sanctions are less likely to dissuade large corporations from employing harmful practices because their bottom lines depend on several product lines in various countries. No one agency can police compliance with any law or regulation all around the world. The sheer size of some of today's multinational corporations makes it difficult for any one sanction to succeed as a deterrent.

In contrast to traditional enforcement measures, a decrease in the consumption of a company's products can cripple it economically, almost instantaneously, without the hassle or delay of legal action. The power of media and efficient technological communication now allows for the mere allegation that a company's product or practice is harmful to dampen consumer confidence in a brand all over the world, which can significantly undermine the worth of even a large corporation.

Strong trademark protection, which provides consumers with the tools to differentiate between brands, allows consumers to directly punish companies for harmful actions through avoidance of offending brands. It gives consumers the power to police corporate behavior by voting with their wallets, without having to rely on the government and the judicial process.

In addition to consumer protection, which is the more frequently cited purpose of trademark law, trademarks also promote economic efficiency.¹⁰ They do this in two ways: (1) by allowing consumers to cut their costs of researching quality products (which can be merged into the consumer protection rationale, although this point emphasizes efficiency rather than safety) and (2) by encouraging the innovation of superior products.¹¹

As to the first point regarding cost cutting, when consumers know that they can rely on a trademark as a valid indication of source, they use trademarks as a shortcut to quality assurance, even when buying a product they have never used.¹² This is efficient for the consumer because it saves time. It is also efficient for companies because it reduces the need to expend resources to re-prove the quality of products to consumers with each new release, and these savings can be transferred to consumers.¹³

The second point regarding superior product innovation merits a longer explanation. Encouraging innovation of superior products (by recognizing companies' proprietary interest in their marks so they will invest in quality) is traditionally seen as an ancillary benefit of trademark protection, for which the primary purpose is traditionally said to be, as just explained, consumer protection.¹⁴

¹⁰ MCCARTHY, *supra* note 2, § 2:14.

¹¹ *Id.* § 2:3 (citing William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267 (1988)).

¹² *Id.* § 2:14.

¹³ *Id.*

¹⁴ *Id.* § 2:33.

The theory that a company has a right to protect its trademark because it has invested in it has been discredited by various scholars and courts.¹⁵ Landes and Posner summarize this view as follows: “the plaintiff in trademark litigation [the trademark owner] could be characterized as a ‘vicarious avenger’ of consumer interests,” as opposed to a direct plaintiff vindicating its own interests.¹⁶ However, it has also been widely argued that trademark protection should and does encourage the innovation of superior products by incentivizing companies to enhance the value of their marks by recognizing their direct proprietary interests therein.¹⁷

As this article will discuss in more detail below, some legal historians assert that the original purpose of trademark law was actually to protect the proprietary interests of firms on an unfair competition rationale, rather than to protect consumer interests.¹⁸ It is therefore not a departure from trademark law’s original purpose to recognize a firm’s proprietary interest in a mark as distinct from the consumer’s right not to be deceived. It is actually a return to trademark law’s origins. Though traditional scholarship on trademark law considers consumer protection the primary (almost to the point of being the unique) goal of trademark law, there is a strong argument for recognizing businesses’ direct proprietary rights to marks as an incentive to invest in quality as an equally important and fundamental aspect of trademark law as the consumer protection rationale.¹⁹

B. Trade Dress

The definition of trademark²⁰ is broad enough to encompass a myriad different ways by which companies might identify the source of their products.²¹ The most readily identifiable and intuitive type of trademark is a name, such as “Coca-Cola.” However, companies can also use original product packaging or the design of a product itself to indicate source and receive trademark protection therefor. This type of product identification is called “trade dress.”²² Trade dress “constitutes a ‘symbol’ or ‘device’” under the definition of trademark.²³ The Supreme Court explains that trade dress is afforded broad protection under trademark law because “human beings might use a ‘symbol’ or ‘device’ [or] almost anything at all that is

¹⁵ See, e.g., *id.* (explaining that trademark owners suing for infringement results in protecting consumers).

¹⁶ MCCARTHY, *supra* note 2, § 2:33.

¹⁷ *Id.* § 2:3.

¹⁸ See *infra* Part III.D.

¹⁹ See *infra* Part III.D.

²⁰ 15 U.S.C. § 1127 (2006).

²¹ *Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205, 209 (2000).

²² *Id.* For example, in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765, 776 (2000), the Supreme Court held that the trade dress of a restaurant, consisting of interior decorations including “a festive and vivid color scheme using top border paint and neon stripes . . . [b]right awnings and umbrellas . . .” is protectable under trademark law because the decoration is “inherently distinctive,” meaning that it is immediately indicative of source in the consumer’s mind.

²³ *Wal-Mart Stores*, 529 U.S. at 209.

capable of carrying meaning [to identify a product] . . . [the language of the statute, 15 U.S.C. § 1127], read literally, is not restrictive [to names].”²⁴

As a general rule, trade dress such as a candy wrapper, a red dripping wax seal on a bottle of bourbon, or even a restaurant decoration scheme can be inherently distinctive and receive automatic trademark protection.²⁵ For trade dress to be inherently distinctive, the packaging for which trademark protection is sought must be so obviously indicative of a source that the trademark owner need not present concrete proof that consumers automatically associate it with the source because such a showing is unnecessary.²⁶

By contrast, certain types of trade dress, such as product design, require a showing of “secondary meaning” to be protectable because it is assumed that they are not inherently distinctive.²⁷

Secondary meaning is used generally to indicate that a mark or dress ‘has come through use to be uniquely associated with a specific source.’ ‘To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.’²⁸

A couple examples of historically protectable product designs that have acquired secondary meaning include the shape of a car²⁹ and the distinctive shape of furniture.³⁰

Product designs require secondary meaning to acquire trademark protection because some designs serve to distinguish a product’s source in a consumer’s mind and some do not. For example, a consumer is not likely to associate a round table with a particular furniture designer by virtue of the table’s round shape. But a car aficionado will immediately recognize a Ferrari by its shape, without needing to see the “Ferrari” logo on the back of the car. Where the designer of a product builds up such a reputation in the consumer’s mind as to have the design of the product act as an immediate identification of its source, i.e., the manufacturer could replace a logo

²⁴ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995).

²⁵ *Storck USA, L.P. v. Farley Candy Co., Inc.*, 797 F. Supp. 1399, 1406 (N.D. Ill. 1992); *Maker’s Mark Distillery, Inc. v. Diageo N. Am., Inc.*, 679 F.3d 410, 420 (6th Cir. 2012); *Two Pesos*, 505 U.S. at 765. Other interesting trade dress items which have been held to be protectable because they can act as immediate indications of source to the consumer include bedroom furniture, *Ashley Furniture Indus., Inc. v. Sangiacomo N.A., Ltd.*, 187 F.3d 363 (4th Cir. 1999), and notebooks, *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995).

²⁶ *Chevron Chem. Co. v. Voluntary Purchasing Grps., Inc.*, 659 F.2d 695, 702 (1981) (“[T]rademark law requires a demonstration of ‘secondary meaning’ only when the claimed trademark is not sufficiently distinctive of itself to identify the producer.”).

²⁷ *Wal-Mart Stores*, 529 U.S. at 212.

²⁸ *Two Pesos*, 505 U.S. at 766 n.4 (citing RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmt. e (Tentative Draft No. 2, 1990) and *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982)).

²⁹ *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1240 (6th Cir. 1991).

³⁰ *Ashley Furniture*, 187 F.3d at 377.

with that design to identify its product to the consumer, then secondary meaning is established, and the product's design is protectable under trademark law.³¹

In this way, trademark law grants protection to not only names, but also to other aesthetic features of products that identify the source of those products to consumers, such as packaging or design.

C. Utilitarian Functionality

As discussed above, the most often-cited purpose of trademark protection is not product innovation or unfair competition, which concentrate on businesses' proprietary rights, but consumer protection.³² Traditional intellectual property scholarship teaches that the goal of encouraging product innovation is achieved through patent law, not trademark law.³³ Trademark law, therefore, attempts to carve out features from trademark protection that might otherwise be patentable, so as not to overlap with patent law and grant protection to useful, functional features without meeting the patenting standards. This carve-out concept is called functionality.³⁴

It is desirable to preserve patent law as the main legal vehicle for encouraging scientific innovation and protecting useful ideas because patent law exacts several compromises on behalf of society from a patent holder in exchange for a limited monopoly, and trademark law does not.³⁵ While the owner of a patent gets a form of monopoly over an invention, the grant of rights is limited to twenty years; in contrast, the owner of a trademark can receive exclusive use of the mark for as long as it is in use.³⁶ After twenty years, any person can reproduce a patented technology without risking infringement.³⁷ The same is not true of trademarks. Additionally, a patent holder must disclose every useful aspect of an invention specifically; he must let the public know "the manner and process of making and using it . . . [in] exact terms as to enable any person skilled in the art to which it pertains . . . to make and use the same"³⁸

By limiting the time of exclusive rights and requiring complete disclosure of the scientific processes used to develop useful articles, patent law allows the public to benefit from the usefulness of an invention by ensuring that its use will not be restricted to only one player in the marketplace after the patent term expires. Patent

³¹ *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982).

³² *See supra* Part II.A.

³³ MCCARTHY, *supra* note 2, § 2:3.

³⁴ *Id.*

³⁵ Utility Examination Guidelines, 66 Fed. Reg. 1092, 1093–94 (January 5, 2001) ("The patent system promotes progress by securing a complete disclosure of an invention to the public, in exchange for the inventor's legal right to exclude other people from making, using, offering for sale, selling, or importing the composition for a limited time.").

³⁶ 35 U.S.C. § 154 (2006) (stating that the patent term ends twenty years from the date a patent application was filed); 15 U.S.C. § 1059 (2006) (stating that all trademark registrations can be renewed for successive ten year periods with submission of a renewal application, an affidavit of continuing use, and a fee).

³⁷ 35 U.S.C. § 154 (2006).

³⁸ 35 U.S.C. § 112 (2006).

law also promotes further scientific innovation by ensuring that, once a patent expires, the public can use the processes disclosed in the patent to improve upon an invention without risking infringement.

In contrast to patent law, trademark law aims to protect only that which primarily identifies one product source from another; it does not grant protection to useful or functional methods of identifying products.³⁹ This bifurcation of source identification qualities from useful qualities is called functionality or the functionality bar.⁴⁰ Functionality is further divided into two types: (1) utilitarian functionality and (2) aesthetic functionality.⁴¹

Utilitarian functionality is trademark law's attempt to carve out functionally useful features that could qualify for protection under patent law.⁴² The correct legal test for determining whether a product feature is functional in the utilitarian (or traditional) sense is whether the feature "is essential to the use or purpose of the article or if it affects the cost or quality of the article," as stated in *Qualitex*.⁴³ Whether or not the protection of a feature stifles effective competition is not a test of utilitarian functionality, but of aesthetic functionality, which will be discussed in Section E.⁴⁴ When determining whether or not trademark protection of a feature is barred by the doctrine of utilitarian functionality, a court must look only to the *Qualitex* test above and not to any competition enhancement rationale.⁴⁵

D. Interaction of Trademark, Copyright, and Patent Laws

While distinguishing patent law from trademark law (and thereby introducing the concept of utilitarian functionality), and before distinguishing aesthetic functionality from utilitarian functionality, which is the focus of the next section, it is helpful to briefly outline the differences between copyright and trademark protection and demonstrate that one is not a substitute for the other. Copyrights are accorded to creative works and, like patents, they are intended to encourage innovation and are limited in time.⁴⁶ Trademarks, on the other hand, as discussed above, are protectable for the purpose of distinguishing one product from another.⁴⁷ There are times when copyright and trademark protection might both be available, in which case just one of the two suffices to prohibit infringement.⁴⁸ For instance, an

³⁹ See, e.g., *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 824 (3d Cir. 1981) ("The purpose of the rule precluding trademark significance for functional features is to prevent the grant of a perpetual monopoly to features which cannot be patented.") (citing *Sylvania Elec. Prods. v. Dura Elec. Lamp Co.*, 247 F.2d 730, 732 (3d Cir. 1957)).

⁴⁰ *Id.* at 824–25.

⁴¹ MCCARTHY, *supra* note 2, § 7:67, § 7:79.

⁴² *Id.* § 7:67.

⁴³ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) (citing *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)).

⁴⁴ *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32–33 (2001).

⁴⁵ *Id.*

⁴⁶ 18 AM. JUR. 2D *Copyright and Literary Property* § 2 (2004).

⁴⁷ MCCARTHY, *supra* note 2, § 6:3.

⁴⁸ *Id.* § 6:14.

artistic, creative drawing might be used as a trademark and, at the same time, be eligible for copyright protection. A few notes from Gershwin's "Rhapsody in Blue" may be used as a trademark to identify United Airlines in commercials,⁴⁹ while the music is also clearly protectable under copyright law.⁵⁰

However, trademarks consisting of one word, like "Gucci" or "Tide," or of simple trade dress that do not necessarily have enough original material to qualify for copyright protection are protectable only under trademark law and only in certain situations.⁵¹ One cannot copyright, for example, the triangle shape or a commonplace word like "universal."⁵² Everyone is entitled to use a geometric shape or common place word, but not everyone is entitled to use it in the same way, and that is due to trademark law.⁵³

While a company cannot trademark the triangle shape, a company that displays its name inside of a triangle, forming a logo, might achieve trademark protection for the logo as a whole, including the triangle, and the USPTO might decide that another company operating in the same market space cannot also display its name in a triangle because it would confuse consumers. Whether or not a certain logo will be registered by the USPTO as a trademark or rejected for being confusingly similar to a prior trademark is a highly fact-specific question that centers around preventing confusion.⁵⁴

Preventing confusion is a context-specific goal. The actual trademark is, of course, one element of it, but the space in which the mark is used and the intended consumers of a brand are also important factors.⁵⁵ While it might be confusingly similar to have two airlines called "Delta," both Delta Airlines and Delta Faucet Company are able to coexist because consumers are not likely to accidentally purchase a plane ticket from Delta Airlines when they meant to purchase a faucet from the other Delta company. Trademarks are therefore often protectable only in the sphere in which a company operates or could be expected to operate.

The ability to restrict the use of an otherwise communal-property concept, like the triangle shape, in a certain space to avoid consumer confusion is the value of trademark protection. For this reason, it is important to note that the elimination of trademark protection under a doctrine like aesthetic functionality, which will be discussed next, cannot simply be redressed under copyright law. Trademark law, while related to copyright law, serves an entirely different purpose, which copyright law by and large cannot achieve. Strong trademark protection is therefore independently necessary.

⁴⁹ Jane L. Levere, *Old Slogan Returns as United Asserts It Is Customer-Focused*, N.Y. TIMES, Sept. 20, 2013, at B7.

⁵⁰ 17 U.S.C. § 102 (2006).

⁵¹ MCCARTHY, *supra* note 2, § 6:14.

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.* § 23:25.

⁵⁵ *Id.* § 23:19.

It is also worth mentioning here that there is a form of patent protection available to “visual ornamental characteristics embodied in, or applied to, an article of manufacture.”⁵⁶ This is called a design patent, as opposed to a utility patent, which is the most common type.⁵⁷ “A design patent protects only the appearance of the article and not structural or utilitarian features.”⁵⁸ A design patent can provide protection to aesthetic features, like trademark law, but those features must be related to a particular article of manufacture.⁵⁹ The aesthetic features covered by a design patent can relate to the shape or configuration of an article of manufacture or they can be surface ornamentation, meaning that it “is inseparable from the article to which it is applied and cannot exist alone.”⁶⁰ Therefore, a typical trademark in the form of a logo would not qualify for a design patent without being tied to a particular article of manufacture, but a piece of trade dress on an article that is, on the one hand, identifiable in the consumer’s mind as the calling card of a certain manufacturer can be patented as a design as well.

The USPTO must make a determination of whether or not a certain design qualifies for a design patent, and design patents last only fourteen years from the date of grant.⁶¹ What a design patent protects is a very specific ornamental configuration on a specific product.⁶² What trademark law protects is an aesthetic feature that has developed secondary meaning in the eyes of consumers such that it serves as an identification of source. Though patent law and trademark law can both be used as protections for certain aesthetic features (just as copyright and trademark law overlap in certain cases), they serve fundamentally different purposes, last different amounts of time, and are, therefore, analyzed differently.

As a recap, aesthetic features can potentially achieve intellectual property protection under copyright law, trademark law, or in limited cases, patent law (as design patents). However, neither copyright law nor patent law have as their primary purpose to protect consumers and prevent confusion in the marketplace. Because preventing confusion requires perpetual protection and encouraging innovation arguably does not, trademarks are granted potentially unlimited protection terms, as long as they continue to be in use. Aesthetic functionality should be analyzed in the context of trademark law and its fundamental goals. The application of aesthetic functionality as a doctrine under trademark law, which undermines trademark protection, should not be ignored because other forms of protection under copyright or patent law might be available in certain cases. These are distinct forms of intellec-

⁵⁶ U.S. Patent & Trademark Office, *Design Patent Application Guide*, <http://www.uspto.gov/patents/resources/types/designapp.jsp> (last modified Aug. 13, 2012, 10:41:32 AM).

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² U.S. Patent & Trademark Office, *Design Patent Application Guide*, <http://www.uspto.gov/patents/resources/types/designapp.jsp> (last modified Aug. 13, 2012, 10:41:32 AM).

tual property protection and each merits its own analysis. This article deals with analysis under trademark law.

E. Aesthetic Functionality, Defined

As was explained briefly in the Introduction, aesthetic functionality is a doctrine that allows competitors to copy a rival company's trademark if the mark satisfies a "demand for the aesthetic as well as for the utilitarian."⁶³ Like utilitarian functionality, aesthetic functionality carves out a certain subset of otherwise protectable trademarks from eligibility for protection, and therefore opens up that subset for imitation by competitors.⁶⁴ However, unlike utilitarian functionality, aesthetic functionality does not define "useful" in the traditional sense like the test in patent law; instead, it relies on a competition enhancement rationale that essentially defines anything that enhances a competitor's advantage in the marketplace as "useful" per se.⁶⁵ Under aesthetic functionality, a trademark's useful quality is its ability to supposedly enhance competition.⁶⁶ The test for whether or not a trademark is aesthetically functional is whether or not its "exclusive use . . . would put competitors at a significant non-reputation-related disadvantage."⁶⁷

The Ninth Circuit's decision in *Pagliario v. Wallace China Co.* from 1952 is the pivotal decision in the area of aesthetic functionality.⁶⁸ Before *Pagliario*, aesthetic functionality was a concept rarely used by the courts; *Pagliario* paved the way for subsequent development of the doctrine.⁶⁹

In *Pagliario*, a competitor successfully claimed that it needed to copy a china company's original designs on china plates in order to compete in the replacement-plate industry.⁷⁰ The china's original designer, Wallace China, was well-known in the hotel industry for its distinctive plate designs and high quality plates.⁷¹ The court noted that "[p]urchase of hotel china is induced, in part, by virtue of its attractive appearance."⁷² Hotels in the area had become accustomed to buying Wallace China designs and were not interested in replacing broken plates from a new manufacturer when they had already built up a reserve of Wallace China plates because they wanted uniform place settings.⁷³ The hotels did not want to have some plates with one design and others with new designs, and that fact kept them buying from

⁶³ *Pagliario v. Wallace China Co.*, 198 F.2d 339, 344 (9th Cir. 1952).

⁶⁴ MCCARTHY, *supra* note 2, § 7:63.

⁶⁵ *Id.* § 7:79.

⁶⁶ *Id.*

⁶⁷ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) (citing *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)).

⁶⁸ *Pagliario*, 198 F.2d 339.

⁶⁹ MCCARTHY, *supra* note 2, § 7:79.

⁷⁰ *Pagliario*, 198 F.2d at 343–44.

⁷¹ *Id.* at 340.

⁷² *Id.*

⁷³ *See id.* at 343–44 (stating that the design on the plates was the main reason for purchasing from Wallace China).

Wallace China and made it difficult for new china companies to enter the replacement-plate market.⁷⁴

The defendant in *Pagliari*, a manufacturer of imitation plates, presented evidence that hotels might be tempted to buy from a different china house if the design on the plates remained consistent.⁷⁵ Convinced that granting Wallace China exclusive use of its own designs on plates would stifle competition in the industry, the court reasoned:

If the particular 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. On the other hand, where the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demands in connection with the product, imitation may be forbidden where the requisite showing of secondary meaning is made.⁷⁶

The reasoning in *Pagliari* basically leads to the conclusion that whenever consumers develop an affinity or preference for a mark, design, or distinguishing feature, the owner of the mark loses the right to exclusive use of that feature because its exclusive use by one owner would stifle competition.

One might argue that the holding in *Pagliari* makes sense because of the somewhat unique character of china—that it has to be matched perfectly, which is not always the case with other products. The imitation china company successfully argued that it was suffering from a significant non-reputation-related disadvantage. Hotels did not prefer Wallace China plates because they were better, but because they were entrenched in the hotel industry; once a hotel had invested in a certain brand of china, it could not switch to a different manufacturer unless it either threw away all of its old china or competitors were allowed to copy the design of the plates for consistency.⁷⁷

This is not an unpersuasive argument when taken at face value, and the imitation company's challenge was apparent. In order to enter the china market, the imitation company would have had to find new hotels to sell china to (possibly outside its geographic region) or convince hotels that already used Wallace China to switch to its brand because of superior quality or price. However, that is essentially the case in every industry where there are pre-existing competing products.

Granted, there is sometimes more flexibility to mix products than there might have been in *Pagliari*, but compatibility issues that cause consumers to stick with known brands are common in useful products. For example, software, which might be hard to integrate with a different company's software. Any decorating scheme, style, or attempt to project an image requires consistency. Companies of all kinds are constantly faced with the challenge of having to find new customers in estab-

⁷⁴ See *id.* (stating that granting exclusive use of the plate designs would stifle competition).

⁷⁵ *Id.*

⁷⁶ *Pagliari*, 198 F.2d at 343–44 (footnote omitted).

⁷⁷ *Id.*

lished markets or convince other companies' clients to make sometimes difficult or inconvenient switches.

The idea that there are certain advantages that are reputation-related, resulting in protectable trademarks, and others that are non-reputation-related, resulting in unprotectable trademarks, is a slippery slope. *Pagliari* may be an extreme example of entrenchment in a market that was particularly hard to break into because of the perceived need for absolute uniformity, but there are plenty of situations along a spectrum whose extremes are (i) customers switching brands with every purchase and (ii) the situation in *Pagliari*. This article will take up such situations and argue that courts are ill-equipped to determine where on the spectrum aesthetic features fall.

Though even the decision in *Pagliari* was ultimately flawed under the analysis in this article, it is at least an example of the most reasonably arguable version of aesthetic functionality; one where it would be truly difficult to overcome entrenchment, from a practical perspective. However, on the basis of *Pagliari*'s reasoning, some courts have extended the reach of aesthetic functionality to situations in which the divestment of trademark protection was fundamentally unjustified, at odds with the purpose of trademark law, and dangerous in terms of possible repercussions. This article will go on to discuss famous cases disapproving aesthetic functionality and then present arguments against its acceptance as a viable doctrine.

F. Judicial and Scholarly Disapproval of Aesthetic Functionality

Aesthetic functionality is not a majority doctrine, and many courts have disagreed with it.⁷⁸ In fact, the Ninth Circuit, which pioneered aesthetic functionality in *Pagliari*, affirmed the doctrine in the seminal case *Job's Daughters* by disapproving the prior reasoning of the Fifth Circuit, as well as opinions by a district court in the Seventh Circuit and a state court appellate decision from Illinois.⁷⁹

The Fifth Circuit squarely disagreed with the Ninth Circuit on the issue of aesthetic functionality in *Boston Professional Hockey Ass'n*.⁸⁰ In that case, the Fifth Circuit considered the legality of an NHL competitor manufacturing jerseys and other sports paraphernalia displaying NHL sports team logos without the NHL's permission.⁸¹ "Interpreted expansively, *Boston Hockey* holds that a trademark's owner has a complete monopoly over its use, including its [aesthetically] functional use, in commercial merchandising."⁸² The court stated that a professional sports

⁷⁸ See, e.g., *Bos. Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1013 (5th Cir. 1975); *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1246 (6th Cir. 1991); *Rolls Royce Motors, Ltd. v. A & A Fiberglass, Inc.*, 428 F. Supp. 689, 692–93 (N.D. Ga. 1977); *Nat'l Football League Props., Inc. v. Consumer Enters., Inc.*, 327 N.E.2d 242, 247 (Ill. App. Ct. 1975).

⁷⁹ *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919–20 (9th Cir. 1980) (disapproving of the reasoning by the courts in *Boston Hockey*, *Rolls Royce*, and *National Football League*).

⁸⁰ *Bos. Hockey*, 510 F.2d at 1008.

⁸¹ *Id.* at 1009.

⁸² *Job's Daughters*, 633 F.2d at 915.

team “has an interest in its own individualized symbol entitled to legal protection against . . . unauthorized duplication” because a team symbol is sold for its own intrinsic value rather than as a vehicle for selling some other good, which is the usual case with trademarks.⁸³

To understand the court’s distinction, consider for example, a trademark like “Tide” for laundry detergent. The average consumer might buy “Tide” brand laundry detergent in the supermarket based on the trademark “Tide,” but not for the trademark itself. A consumer uses the “Tide” trademark as an indication of the source and quality of the detergent, but not to procure access to the trademark itself. In contrast, cases involving potential aesthetic functionality involve consumers who are, in large part, buying a product for the value of the product’s trademark rather than, or in addition to, the value of the underlying product.⁸⁴

With respect to NHL logo sportswear, the Fifth Circuit in *Boston Hockey* came out with a decision that is diametrically opposed to the Ninth Circuit’s decision in *Pagliero*. The court stated:

[a]lthough our decision here may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs, we think that the two become so intermeshed when viewed against the backdrop of the common law of unfair competition that both the public and plaintiffs are better served by granting the relief sought by plaintiffs.⁸⁵

The Fifth Circuit, like the Ninth Circuit, used a competition-related rationale to arrive at its decision.⁸⁶ However, unlike the Ninth Circuit, which held that not allowing imitation would stifle competition, the Fifth Circuit held that, because the defendant company would have no business but for the NHL’s investment in its trademarks, it would be unfair competition to allow the defendant to free-ride on the NHL’s efforts.⁸⁷ To allow this unfairness would incentivize the NHL to reduce future investment and that would stifle competition by ultimately providing the public with less desirable goods.

Aesthetic functionality has been “criticized and limited” by other circuits on similar unfair competition rationales.⁸⁸ For example, in *Ferrari S.P.A. v. Roberts*, the Sixth Circuit held that aesthetic functionality did not bar the Ferrari car shape from receiving trademark protection.⁸⁹ In that case, the defendant was manufacturing imitation Ferrari car kits that could be mounted onto less expensive cars such as the Chevrolet Corvette or Pontiac Fiero to render those cars facially indistinguishable from a Ferrari to third parties.⁹⁰ The defendant argued that the imitation Ferraris did not constitute trademark infringement for three reasons:

⁸³ *Bos. Hockey*, 510 F.2d at 1010–11.

⁸⁴ *E.g., id.* at 1008; *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343–44 (9th Cir. 1952).

⁸⁵ *Bos. Hockey*, 510 F.2d at 1011.

⁸⁶ *Id.* at 1013.

⁸⁷ *Id.*

⁸⁸ *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1246 (6th Cir. 1991).

⁸⁹ *Id.* at 1247.

⁹⁰ *Id.* at 1238.

- 1) The Ferrari shape cannot be protected by trademark law because it is functional in a utilitarian sense and can therefore achieve protection only under patent law;⁹¹
- 2) There is no consumer confusion between the imitation kit and a real Ferrari at the “point of sale”;⁹² and
- 3) The shape of a Ferrari cannot be protected by trademark law because it is aesthetically functional.⁹³

As to utilitarian functionality, the court held that the shape of the Ferrari had developed sufficient secondary meaning to consumers to trump the utilitarian value of that particular shape.⁹⁴ It stated “courts have consistently rejected [the] argument that the availability of design patent protection precludes applicability of the Lanham Act for products whose trade dress have acquired strong secondary meaning.”⁹⁵

As to the argument that copying the car’s shape did not cause consumer confusion at the “point of sale,” the court held that trademark law’s “likelihood-of-confusion” inquiry looks more broadly than the original consumer to also encompass situations where third parties might be confused as to source.⁹⁶ Under this holding, making a product which is confusingly similar to an original, even if only to third parties, can constitute trademark infringement.⁹⁷ This holding will become important when discussing problems with third-party confusion in Section III.F of this article.

As to aesthetic functionality, the court disapproved the doctrine in its entirety and held that the Ferrari car shape was eligible for trademark protection on unfair competition grounds.⁹⁸ The court stated that (1) disallowing trademark protection would discourage Ferrari’s investment in its brand, which would ultimately hurt consumers, and (2) allowing companies that did not contribute to such investment to reap the benefits of the car shape’s desirability would be unjust.⁹⁹

In addition to being rejected by several courts, aesthetic functionality has also been disapproved of by leading judicial scholars.¹⁰⁰ J. Thomas McCarthy, the author of the well known treatise on trademark law *McCarthy on Trademarks and Un-*

⁹¹ *Id.* at 1239.

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Ferrari S.P.A.*, 944 F.2d at 1239.

⁹⁵ *Id.* at 1240.

⁹⁶ *Id.* at 1244.

⁹⁷ The court agreed that purchasers of the imitation Ferrari kit could not possibly be confused between the kit and an original Ferrari because they were informed of the non-genuineness of the kits and the kits were significantly cheaper than genuine Ferraris. *Id.* Regardless, it still held that the imitation amounted to trademark infringement because of the possibility of third parties being deceived by the replicas. *Id.* at 1245.

⁹⁸ *Id.* at 1247.

⁹⁹ *Id.*

¹⁰⁰ See MCCARTHY, *supra* note 2, § 7:81 (stating that aesthetic functionality is too vague and its application will lead to greater consumer confusion).

fair Competition, commented that “[a]esthetic functionality’ is an inappropriate response to a valid concern,” explaining that trademark law’s basic concept of utilitarian functionality is already broad enough to eliminate the often-cited concern about the possibility of stifling competition through overzealous trademark protection.¹⁰¹

McCarthy continued by debunking the explanation most often given in support of aesthetic functionality—that elements losing trademark protection are not necessarily used by consumers only as an indication of source and that therefore they should not be protected under trademark law:

The concern [of proponents of aesthetic functionality] is over features that are merely ornamental and therefore not perceived by customers as indicia of origin—trademarks. However, trademark law has long had a rule to deal with that situation: the “merely ornamental” rule. The “merely ornamental” rule is simply a facet of the basic trademark factual question: is the disputed feature in fact perceived by customers as a trademark or not? Do customers perceive this feature solely as attractive ornamentation or also as a symbol that identifies and distinguishes a single source?¹⁰²

Anything actually being used as a trademark by consumers to identify source should be protected under trademark law, and anything not used by consumers to identify source should not.

The important distinction is that there should not exist a situation where a name (like “Gucci”) is actually used as a trademark to identify source but loses trademark protection because of other uses or features of the trademark, such as its desirability or attractiveness to consumers. McCarthy opines that the fact that a particular aesthetic feature is desirable to the public is not sufficient to argue that its exclusive use would be a serious impediment to competition: “[b]ecause the range of possible aesthetic designs and configurations is as infinite as are the tastes that desire them, according trademark protection to aesthetic features would not greatly hinder competition.”¹⁰³

III. Arguments Against Aesthetic Functionality’s Viability

A. Courts Should Not Perform an Anti-Competition Analysis with Respect to Aesthetic Features

Recall from *Pagliero* that the basis for aesthetic functionality arose when the defendant in that case, who wanted to be able to manufacturer imitation plates, argued that to allow the plaintiff to maintain exclusive use of its design would make it impossible for the defendant to compete in the replacement-plate market because it was suffering from a significant non-reputation-related disadvantage.¹⁰⁴ The defendant’s basic argument was that, because hotels in the area were already using

¹⁰¹ *Id.*

¹⁰² *Id.* (footnotes omitted).

¹⁰³ *Id.* (quoting Deborah J. Krieger, *The Broad Sweep of Aesthetic Functionality: A Threat to Trademark Protection of Aesthetic Product Features*, 51 *FORDHAM L. REV.* 345, 380 (1982)).

¹⁰⁴ *See Pagliero v. Wallace China Co.*, 198 F.2d 339, 343–44 (9th Cir. 1952) (stating that the aesthetically pleasing design of the plates was a reason for purchasing them and that the inability to copy that design would make competition nearly impossible).

Wallace China and would not want plates with inconsistent designs, every time a plate broke they would continue buying replacement plates from Wallace China, not because the plates were necessarily preferable, but because the cost of replacing all of a hotel's china was so high as to effectively entrench Wallace China as the only viable supplier of plates and stifle competition in the industry.¹⁰⁵

This argument is appealing on its face because it is indeed difficult to imagine a hotel switching out its entire china collection in order to change the pattern. As stated above, *Pagliari* is probably the best case scenario in which to make an argument in favor of aesthetic functionality.¹⁰⁶ But even here, the fundamental problem with the ruling is that, even though it might not seem intuitive, it is completely possible for a hotel to use various plate designs for different purposes or settings. The supposed incompatibility of the new plates with the old ones is a question of aesthetics. The hotels in *Pagliari* had determined that keeping all of their china the same would be more beautiful than mixing patterns or colors.¹⁰⁷ This may sound reasonable and maybe even obvious in this context, but that is a question of taste, which varies.

Unlike with functional incompatibilities, with aesthetic incompatibilities there is no actual, objective impediment to entering the market without the right to use someone else's intellectual property. An anti-competition rationale should only kick in when consumers cannot switch brands, even if they wanted to, because of non-reputational-related and non-aesthetically-related entrenchment. If consumers like a company and decide to stick with its products, there is no market failure and no entrenchment because consumers have choices.

When is it truly not discretionary for consumers to choose a new brand? Otherwise stated, when is it so cumbersome for consumers to switch brands without allowing some infringement of intellectual property that we must tolerate infringement to enable a potential sale by a competitor?

There are many situations where consumers could switch brands with less hassle than the hotels in *Pagliari* and they just choose not to. Some consumers are just loyal to certain brands, often with respect to products such as watches, cars, and clothing, regardless of the lack of practical impediments to buying other brands. It is not the case that because a consumer purchased a Rolex watch in the past, Rolex is the consumer's only option for a watch today. However, consumer loyalty is clearly something that exists and that brands work hard to develop. This is a reputational advantage in the market and there are clearly no anti-competition issues presented here. Consumer choice is king.

There are also plenty of situations where it might be difficult to switch brands, yet consumers sometimes manage to. This usually requires superior investment on

¹⁰⁵ *Id.*

¹⁰⁶ *See supra* Part II.E.

¹⁰⁷ *See Pagliero*, 198 F.2d at 343–44 (stating that without imitation of the plate designs, there could be no direct competition).

the part of the competitor in question to minimize the difficulty of switching. In technology for example, it is often hard to integrate products with those made by different companies, such as certain software not being compatible with certain operating systems. This would be a technical or non-reputational advantage—entrenchment—just as the defendant argued was the case in *Pagliari*.¹⁰⁸ For useful, patentable items like software, the practical impossibility or prohibitive cost of presenting an alternative to an entrenched product becomes important and can lead to anti-trust problems.

Even in an anti-trust case, where is the line between (i) software that generates tied sales because it is incompatible with products manufactured by different companies and (ii) software that generates tied sales because it is designed to work so synergistically with other software from the same company that, although it would be possible to buy and use two different companies' programs, it would make sense to stick with a package? The intuitive answer is that, in the case of technically incompatible software, you could have an anti-trust issue, but in the case of synergies, you have true competition and choice.

However, the lines between the two scenarios can get blurred. It is almost always theoretically possible to develop around entrenchment in cases like the first, but it just might be too costly to materialize. Also, it can be costly not to gravitate towards a cost-effective solution, such as the second case. Buying different technology from the same company can reduce the costs of learning new systems, allow users to apply skills from one program to another, efficiently transfer data among programs, and deal with the same customer support team. So what is the difference?

The difference is really one of degree. In the first case, the word “incompatible” suggests that, absent being able to use the pre-existing compatible product, there would have to be some new invention to allow sales by a competitor to occur. In the second case, the word “synergies” suggests that being able to use the pre-existing product along with a new one would be desirable, but not necessary. In both cases, whether due to incompatibility or synergies, consumers are more likely to buy a new product from the entrenched company with the pre-existing software than from a competitor whose product cannot or will not effectively sync. The cost of overcoming entrenchment as a competitor, however, may be drastically different between the two situations. We focus, not on the competitor, but on the likelihood that the entrenchment will be overcome, if that would benefit consumers.

The point at which, due to entrenchment, the costs of introducing a superior product into the marketplace are so high that the product will not be introduced, is the point at which anti-trust issues should come into play to preserve competition for the benefit of society. That point is difficult to identify and makes for interesting anti-trust litigation.

¹⁰⁸ *Id.* at 344.

The premise of this article is that these issues should not even come into consideration when dealing with aesthetic features because there is no such thing as a non-reputation-related advantage when it comes to aesthetic features. Entrenchment for aesthetic reasons is a choice by the consumer and not real entrenchment.

Aesthetics are, by definition, a matter of taste. There can be nothing other than taste or reputation that governs peoples' aesthetic choices. Compatibility, the "need" for uniformity, and the relative desirability of lumping certain aesthetic features together is a matter of taste, which can change in a way that a physical or technical incompatibility among useful features cannot. There may be nothing a software manufacturer can do, short of inventing a new operating system, to introduce its software into the marketplace if it cannot use one that is patented. We may determine that such an option is too costly a requirement in that context and that it is economically beneficial to allow the software company to use or integrate with the existing system so society can realize the benefit of the software.

However, in the case of aesthetic products, who is to determine that two products are fundamentally incompatible? There is no objective criteria to determine which aesthetic items must go together or which cannot go together, as there is for functional features. The extra ambiguity presented by this subjective analysis would be an impermissible amount of discretion and variance in traditional anti-competition analysis.

In the case of useful, patentable articles, a judge must already contend with the difficult balancing of (i) society's interest in having a new product, (ii) the potentially prohibitive cost of bringing the new product to market without being able to use or integrate it into some previously patented technology, and (iii) the proprietary interests of the patent holder (along with the repercussions of discouraging future invention by allowing infringement).

This is already a difficult balancing act, and one that leaves significant discretion in a judge's hands. But at least in the case of functional features, it can be argued that the analysis must be undertaken, no matter how uncertain or discretionary the outcome, because there is a product at stake that simply cannot realistically enter the marketplace without invalidating some proprietary right. It is not consumer choices that are dictating this fact, regardless of how predictable or uniform consumer choices may be; rather, it is some external factor that makes consumer choice irrelevant. This absence of choice results in the necessity of undertaking the anti-competition analysis.

In the case of aesthetic features, by definition, that analysis does not have to be undertaken. In order to even contend with the anti-competition analysis described above, with respect to aesthetic features, a judge would first have to determine that an aesthetic feature cannot enter the marketplace without invalidating a proprietary right. This decision is simply too subjective. It should not be within the purview of a judge to determine when some aesthetic feature is so desirable as to prevent others from entering the marketplace and when it is not. By definition, if something is "so

desirable” it is not preventing anything—there is a choice being made by consumers.

Who is to say that all plates must be the same at every single table and that it is not in fact nicer to have different plates for different areas of a restaurant, for different courses, or even on the same table at the same time? It would certainly be possible to mix neutral or monochromatic plates with almost any design. Similarly, who is to say that furniture must always be displayed as a matching set? There are designers that make a living by precisely counteracting that notion and implementing the art of creative mixing and matching.

The fact that consumers may not want to integrate a new look with a pre-existing one is a challenge for new competitors, but that will always be a consumer’s choice, and choice is at the very heart of competition. If consumers do not buy certain plates because they choose to maintain aesthetic consistency, it is because they like aesthetic consistency more than the new plates, or the aesthetic effect of the new plates mixed with the old. That is a reputation-related disadvantage. It is a consumer preference that must be overcome in order to do well in the market.

There is no place in the aesthetic world where it could be objectively concluded that one must conform to a certain look in order to have a fair chance at competition without starting with the assumption that consumer tastes are a certain way. And even if consumer tastes are predictable and uniform, the very fact that they are tastes means that there is no anti-competition problem because there is choice.

The issue should not be “how predictable are consumer tastes and how likely is it that a competitor will be able to enter a certain market without using a popular trademark?” The fact that something might be a predictable failure does not render it a problem with respect to the market. If there is no consumer desire for any trademark other than the protected one in question, the market has made a choice and has no need for a competing mark. The fact that there is no need for a competing mark is made evident by the fact that would-be competitors use aesthetic functionality to gain permission to imitate existing ones. Allowing competitors to use the desirable trademark may redistribute profits, but it cannot be justified on the basis that consumers would not otherwise have a choice; in the case of aesthetic features, they have already made it.

It would not do to divest producers of their proprietary trademark rights every time they developed a look that consumers liked more than their competitors’. In order to justify an exception to the law of trademark protection, it should be basically impossible for consumers to benefit from a new product unless the right to trademark protection is breached.

If the benefit to consumers is basically impossible to achieve without breach because of real, objective obstacles, then there is a legitimate anti-trust issue at hand, and judges should tackle it, even though it may not be a simple, predictable analysis. Where, as in the case of aesthetics, there is no real, objective obstacle, there is no need for judges to intervene on behalf of competition because the market

has already spoken; there is no anti-competition issue. Whether a particular taste presents an objective obstacle or not is too subjective a question to be reliably determined by a judge.

B. Aesthetic Functionality Is Overbroad and Could Significantly Weaken General Trademark Law

It is difficult to define the outer limits of a doctrine that essentially allows competitors to use each other's trademarks without permission or association whenever doing so would arguably enhance competition. An argument for applying aesthetic functionality can be made, with varying degrees of persuasiveness, in any situation where the manufacturer of a product has gained a positive reputation among consumers who decide that they want to associate themselves with that manufacturer's trademark.

A particularly egregious example of the far-reaching applicability of the doctrine is the Ninth Circuit case *International Order of Job's Daughters*.¹⁰⁹ In that case, the court held that the group Job's Daughters, a women's organization related to the Masons, no longer had the exclusive right to display its trademark (a picture logo) on jewelry because the mark was being used as a symbol of association with the group rather than as an indication of the source of the jewelry.¹¹⁰

A competitor of the Job's Daughters group began producing jewelry with the group's logo to sell to members of the group and others wanting to show their affiliation with it.¹¹¹ Job's Daughters had been continuously using the mark since 1921, selling jewelry to its members through licensed jewelers.¹¹² Although the group declined to license the defendant as an official jeweler, the defendant continued to produce and sell jewelry bearing the group's distinctive mark.¹¹³ The defendant argued that, because it did not designate the jewelry as "official" Job's Daughters jewelry (though it did use the group's official logo), it was not infringing on the group's intellectual property rights.¹¹⁴ The court accepted the defendant's argument in a telling analysis that is worth excerpting in full:

Application of the *Pagliero* distinction to this case has a special twist because the name "Job's Daughters" and the Job's Daughters insignia are indisputably used to identify the organization, and members of Job's Daughters wear the jewelry to identify themselves as members. In that context, the insignia are trademarks of Job's Daughters. But in the context of this case, the name and emblem are functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship.

¹⁰⁹ See *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980) (holding that the defendant was not using the marks as trademarks).

¹¹⁰ *Id.* at 919–20.

¹¹¹ *Id.* at 914.

¹¹² *Id.*

¹¹³ *Id.* at 914–15.

¹¹⁴ *Id.* at 914, 920.

It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own intrinsic utility to consumers. We commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies.¹¹⁵

The consequence of this reasoning is deciding that essentially any time a purchaser is not mistaken as to the origin of a product, it does not matter if the product displays an otherwise protectable mark because consumers should have free access to any aesthetic features that do not exclusively designate source, even if they primarily designate source, no matter who took the time and money to develop them.

To illustrate just how broadly aesthetic functionality can be applied, the court generalized its analysis above as potentially applying to marks involving “[the] organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe.”¹¹⁶ Under this formulation, the Ninth Circuit might approve of manufacturing imitation Coca-Cola bottles upon some showing that kids these days would be more likely to buy that brand of soda because of its name. The imitation would be proper as long as the consumer is somehow given the opportunity to distinguish the original product from its imitation. If one wants to be seen drinking a Coca-Cola or feels some affinity with other Coca-Cola drinkers by virtue of a look and has the opportunity to decipher that the product they are buying did not originate at the Coca-Cola plant, what is the problem?

The imitation authorized under this holding would not consist merely of producing a similar variation of the “Coca-Cola” logo such as “Koka-Kola.” Under this line of thought, competitors would even be legally authorized to produce beverages with the actual “Coca-Cola” trademark on the label, analogous to the jewelry in *Job’s Daughters* on which the group’s actual name and logo were imitated, as long as an actual and otherwise indistinguishable knock-off bearing “Coca-Cola” had some small distinguishing mark anywhere on the bottle to give consumers the opportunity to distinguish its source. It could be sold alongside real Coca-Cola soda and prominently bear the exact same trademark.

Because the rule announced in *Job’s Daughters* essentially calls for some *de minimis* identification method, such as a tag, to allow consumers to distinguish source, while the prominent, identifying features of an article can consist of an imitation trademark and resemble an original product in every other way, this article will hereinafter refer to this rule as the “Tag Rule.”

¹¹⁵ *Job’s Daughters*, 633 F.2d at 918.

¹¹⁶ *Id.*

There are four major problems with the Tag Rule. Firstly, it causes a branding “race to the bottom” that undercuts the benefits that trademark law would otherwise provide to companies and consumers. Secondly, it disincentivizes the creation of quality trademarks and products which, contrary to traditional trademark theory, should be a recognized goal of trademark law. Thirdly, it fails to provide society with the same competition-enhancing benefits that traditional functionality law provides and cannot therefore be justified on the same grounds. Lastly, the rule causes third-party confusion, which weakens the ability to encourage socially conscious behavior in both consumers and corporations. The following sections address each of these problems at length.

C. Aesthetic Functionality Leads to a Branding Race to the Bottom, Causing an Inefficient Waste of Resources

The Tag Rule undercuts the benefits which trademark law would otherwise provide to businesses and consumers. Trademarks are important because they serve as a shortcut for quality control by consumers, create trust and goodwill between businesses and consumers, and save businesses money they would otherwise have to spend on re-proving the quality of their products to consumers with each new release.¹¹⁷

By announcing a rule that would require consumers to second guess the identifying features on which they have become accustomed to rely on when distinguishing source, the Ninth Circuit encumbers consumers’ ability to shortcut their research process and decreases the efficiency of sales transactions. Under the Tag Rule, consumers will have to know to look beyond the trademark or trade dress that would have previously indicated source to the small indication of source required by the Tag Rule. This indication will, almost by definition, be small and unnoticeable because the very purpose of a knockoff product is to imitate the original closely—to make it difficult to tell the two products apart—in order to enhance its sale potential. No one would buy a knockoff Lakers jersey if “Made by Knockoff Brand” was stitched in large letters just underneath the Lakers trademark. It is basically a universal requirement of imitation product sales that source indication be small and unnoticeable.

Because source identification under the Tag Rule must necessarily be small and unnoticeable, the process employed by consumers to differentiate products under the Tag Rule will require either some pre-purchase knowledge of where to look for the real indication of source, or a time consuming search by consumers for the tag at the point of sale. The most serious problem caused by the Tag Rule is that consumers may not know or take the time to search out the tag, which may result in the purchase of the wrong product. If consumers are poorly informed or fail to double check all tags correctly, the likelihood of confusion between authentic prod-

¹¹⁷ See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) (stating that consumers use trademarks to identify products as being made by the same producer as products they previously liked or disliked).

ucts and knockoffs increases. As discussed in the Introduction, such confusion is the very problem that trademark law was created to address.

Dissenters may argue that it does not matter if consumers buy the wrong product if the only potentially perceivable difference between an original and an imitation at the point of sale is the product's origin. But mistakes can be costly. For example, one soda company might use an ingredient in its soda that a competitor does not use and to which some consumers are allergic, even if there is no general problem with the ingredient. Though both companies make a generally harmless product, knowing its source might be essential to some consumers to protect their health. Likewise, a clothing manufacturer might use inferior or harmful products in its fabrics or dyes. A cosmetics company might conduct product testing on animals, a practice to which a consumer might feel morally opposed. But a consumer may also simply dislike the quality of an imitation product once he or she starts using it and therefore be deprived of utility and value he or she would have received from an original product. The entire purpose of trademark law is avoiding confusion as to source at the point of sale and arming consumers with obvious tools to differentiate between competing products. Increasing likelihood of confusion under the Tag Rule therefore undermines the primary benefit that trademark law was designed to confer upon consumers.

Even if, in the best-case scenario, consumers always check labels, tags, stamps, and other small indicia of authenticity allowed to replace traditional trademarks under the Tag Rule, and even if they never confuse an imitation product with an original, the Tag Rule still harms consumers and companies. Although there is a remote possibility that complete accuracy at purchase is achievable under the Tag Rule, doing research to differentiate brand-name products from imitation ones and searching for tags on products is at least somewhat time consuming and costly to consumers.

Because trademarks as we conventionally think of them would no longer be indications of source to consumers under the Tag Rule, they would lose much of their value. The new indication of source would be tags, and conventional visible trademarks would become merely ornamental, as proponents of aesthetic functionality perhaps already believe them to be. This would cause a devaluation of name brand products and the companies that make them. A Lakers jersey cannot cost one hundred dollars if every company is allowed to produce them, so the Lakers brand could not logically be worth as much post-implementation of the Tag Rule.

Whether or not this devaluation matters is a debatable question, but recognizing devaluation under the Tag Rule as inevitable is a necessary step in this analysis. Proponents of aesthetic functionality would argue that the devaluation contemplated is not a real decrease in wealth, but merely a transfer of wealth from companies to consumers, because consumers are now getting the "same" product for less. That argument assumes that a consumer is satisfied with paying less money for a product that is worth less, whereas originally the consumer was in the market for an exclusive product and was willing to pay more for it. It is not for lack of cheap alternatives that people buy a Gucci purse.

Under aesthetic functionality, there is no guarantee that consumers who were originally willing to purchase a brand-name product will see a product that has been widely imitated as a desirable substitute to the one that was exclusive, or that they will want to purchase it. Price is not the only factor a consumer considers when purchasing a product, and in the case of consumers who are willing to pay a premium for brand-name products, price is clearly a less important factor than a brand name that increases the product's value in their eyes.

If we allow the Tag Rule to replace traditionally recognizable trademarks with small indications of source, consumers who care about brand names will grow savvy to the new indication of authenticity, and tags will become the new trademarks. Consumers wanting to distinguish themselves as owning authentic merchandise may then begin to display their tags, which would make imitation products recognizable once again. The danger is that courts will then start allowing imitation manufacturers to copy original tags as well so as not to stifle competition in the marketplace and thereby force original manufacturers to devise yet another new system of source identification. The inefficiency of such a branding race to the bottom is clear.

If we begin with the premise that consumers must always have some way to differentiate between products so that they can make informed purchases, why complicate the process by allowing competitors to copy traditional indications of source, making the source-identification process more nuanced, costly, and cumbersome? Consumers want to know what they are buying, and, especially in the case of consumers who are willing to pay for a brand-name product in the first place, consumers want to display the quality of the products they buy. Accordingly, companies look for ways to differentiate their brands from other brands because that differentiation is necessary and vital to attracting consumers and staying in business.

Weakening trademark law through implementation of the Tag Rule will simply force buyers and sellers to invent new methods for proving and displaying authenticity. The new methods may not be as effective as traditional trademarks at avoiding consumer confusion among products. Further, even if effectiveness is achieved, these new methods will certainly be more costly than traditional trademarks and cause resources to be diverted from more productive uses.

D. Aesthetic Functionality Weakens Incentives for Companies to Invest in Their Marks and in Quality Products

In *Ferrari S.P.A. v. Roberts*, the Sixth Circuit opined that aesthetic functionality “discourages the development of appealing designs because such designs would be entitled to less protection.”¹¹⁸ The Sixth Circuit recognized that, although trademark law may not be explicitly focused on incentivizing the development of quality trademarks, it does ultimately serve that purpose.¹¹⁹

¹¹⁸ *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1246 (6th Cir. 1991) (citing *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 825 (3d Cir. 1981)).

¹¹⁹ *Id.*

Articulations of this view are not as popular as the traditional view, which considers consumer protection as the only valid goal of trademark law and dismisses the goal of protecting companies' investments in their trademarks. However, legal historians have uncovered that traditional trademark law originally evolved from property law and natural rights theory and was originally focused on a firm's right to its mark:

[T]rademark law was not traditionally intended to protect consumers. Instead, trademark law, like all unfair competition law, sought to protect producers from illegitimate diversions of their trade by competitors. Courts did focus on consumer deception in these cases, but only because deception distinguished actionable unfair competition from mere competition, which was encouraged. In fact, courts denied relief in many early trademark cases despite clear evidence that consumers were likely to be confused by the defendant's use. Invariably they did so because the plaintiff could not show that the defendant's actions were likely to divert customers who otherwise would have gone to the plaintiff. . . . [R]eading traditional trademark decisions in their proper historical and philosophical context shows that trademark law was never focused primarily on consumer interests. . . . Courts in the twentieth century rejected the traditional framework in favor of one that viewed the possibility of consumer confusion as an evil in itself.¹²⁰

It is therefore not the case that consumer protection is the unique purpose of trademark law, though consumer protection has become an increasingly important facet of trademark law's existence.

Modern scholarship has essentially abandoned trademark law's original roots in unfair competition, but there is no reason that scholars today cannot revert to a consideration of the doctrine's roots as an important factor in motivating businesses. Recognizing trademark law's original unfair competition rationale legitimizes the argument that firms should be able to directly enforce their proprietary interests in their marks, if such recognition and protection makes economic or social sense.

Even if trademark law of today is and should be focused purely on consumer interests, corporate incentives to develop and maintain successful marks cannot be ignored. Because consumers use trademarks to differentiate between products and to protect themselves from harm, it is important that firms be incentivized to use, maintain, and police the infringing use of trademarks.

Strong enforcement of firms' property interests in marks also gives them more incentives to create quality products so as not to tarnish their brand names. If every firm were essentially indistinguishable from the next and the only way to sell a product was to produce it for less money or to manufacture it in greater quantities than a competitor, then firms would have no incentive to maintain quality. Sales would become a numbers game instead of an opportunity for companies to differentiate themselves. This would be extremely dangerous for consumers. Contrary to the belief that brand names harm consumers by inflating prices, the harm to consumers would be much worse if quality products ceased to be available due to business incentives to skimp on quality.

¹²⁰ Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1840–41, 1843 (2007).

Strong trademark protection does not deprive consumers of the ability to buy low price products. Consumers are not required to take a brand name into account when making a purchase. Instead, they may choose to do so if and when they think that a brand name implies something special. The ability of consumers to choose based on price alone should drive down the cost of products whose prices are artificially inflated. But if consumers choose to pay more money for a brand-name product, they must value having that brand-name product over having the difference in the price of the brand- and non-brand-name product in cash.

A consumer's reason for buying a brand-name product is irrelevant. Whether a consumer thinks that one brand is better quality than another, that one company has superior business practices, or even simply that a brand is exclusive and the consumer desires an association with it, the consumer gains some kind of utility in excess of the price difference if that consumer chooses to pay more for a brand name. Therefore, it makes little sense to protect the consumer's interest by disincentivizing the making of brand-name products or lowering their value.

The consumer protection rationale for trademark law and the unfair competition rationale are two sides of the same coin. It does not make sense to say that, on the one hand, trademark law is aimed at protecting consumers, and on the other hand, it is completely indifferent to producer incentives to use, maintain, and invest in their brands. It is necessary for companies to produce, maintain, and invest in reliable and identifiable trademarks in order for consumers to realize the intended benefit of trademark law, even under the consumer protection rationale.

The disincentive to invest in trademarks created by aesthetic functionality is clear. The more positive, desirable, and recognizable a trademark is in the consumer's mind, the more likely it is to lose protection as a trademark on aesthetic functionality grounds. Under an aesthetic functionality regime, companies lose their incentive to create, maintain, and police the use of trademarks that help consumers differentiate between products. When consumers are less able to differentiate between products, companies lose their incentive to invest in the making of quality products that will benefit their reputations because consumers will not know the difference and companies will not be rewarded for their efforts.

Aesthetic functionality harms companies by making it difficult for them to differentiate themselves in the marketplace and requiring them to waste resources trying to attract business through other means. It also harms consumers because when companies need to cut quality to decrease price or increase supply in order to attract business, quality products become difficult to find.

Aesthetic functionality therefore undermines the purpose of trademark law, whether that purpose is defined as protecting firms' proprietary interests on an unfair competition rationale or as protecting consumers from harm. The assertion that consumer interests are advanced by the doctrine of aesthetic functionality at the expense of producers of brand names is logically inconsistent because each is dependent on the other; their interests are aligned in this regard.

E. Aesthetic Functionality Does Not Benefit Society Through Enhanced Competition in the Way Utilitarian Functionality Does

The belief that aesthetic functionality benefits society through enhanced competition reflects confusion regarding the competition enhancement rationale underlying the utilitarian functionality bar. Utilitarian functionality is a logical bar to trademark protection because it does not make sense to grant trademark protection to truly functional features, those that enhance the value of a product in objective and measurable ways. These features should be contrasted with ones that enhance the value of a product in a subjective way that is based purely on consumers' aesthetic tastes.

Granting scientifically or technically useful features trademark protection denies society the ability to benefit from them by subjecting them to perpetual monopoly control and, as discussed above, these features are best protected under patent law because of the compromises which patent law exacts from inventors on behalf of society. Subjecting objectively useful features to monopoly control stifles competition. When a feature is purely aesthetic, its value is derived purely from consumer preferences. These preferences often shift inversely with supply, and thus are not subject to the competition enhancement rationale.

The nature of most products whose trademarks might be held aesthetically functional is such that the more of those products that exist, the less consumers desire them. This is because the feature that makes such a product more expensive or valuable than it would otherwise be under an aesthetic functionality regime is the trademark, not the product. That trademark is devalued when it is imitated because it loses its distinctiveness and becomes like any other ornamental decoration. If the very feature that is valuable loses its value when it is imitated, then imitation is counterproductive, and prohibiting imitation will therefore not stifle competition.

For example, it makes sense to disallow trademark protection for the shape of a car when that shape renders the car more aerodynamic and faster than its competitors. By disallowing trademark protection in this situation, we ensure that other car manufacturers will be able to use the same aerodynamic shape to also produce fast cars. In such a situation, society is better off allowing imitation because imitation means that more consumers will have cars that actually move faster and more efficiently than they would otherwise. Similarly, it makes sense to disallow trademark protection of oddly shaped highway signs that withstand weather damage better than other highway signs because imitation means that society will benefit from a greater number of signs that withstand weather damage.¹²¹

In stark contrast to these two examples, it does not make sense to disallow trademark protection of an aesthetic feature that consumers want to buy on the rationale that society will benefit from increased competition. This is because an aesthetic feature's utility is derived wholly from consumers' subjective appreciation of

¹²¹ See *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001) (holding that use of dual-spring design mechanism to keep outdoor signs upright creates inference of functionality).

it, and subjective appreciation often decreases when an aesthetic feature becomes common place.

This argument is most obviously applicable to situations in which a product is more desirable when it is exclusive, which is the case in the overwhelming majority of cases where aesthetic functionality could be a concern. Situations where a product is not more desired when it is exclusive are discussed later in this section. But most products such as clothes, cars, jewelry, and technology are almost always more valuable when they are new, exclusive, or produced in limited edition so that only a certain subset of the population can own them. In cases involving such products, as soon as competitors are allowed to copy the trademark of the product, the value enhancement attributable to that mark disappears.

The value of aesthetic features is fickle and subject to rapid devaluation because it is not an objective value to begin with. It would be more difficult to destroy the value of an objectively functional feature by increasing its supply, although some value is usually destroyed even in those cases because some value is almost always attributable to a desire to own something that the rest of the population does not. But the greater part of the value of an objectively functional feature is attributable to the ability of that feature to actually do something, such as making a car move faster or allowing signs to withstand stronger pressure. Because the functional portion of such a feature's value cannot be destroyed by increasing supply, it makes sense to allow imitation of objectively functional features.

When an objectively functional feature is imitated, even if some exclusivity value disappears, there is still enough value left in the feature for a greater number of people to enjoy it because its devaluation is minimal. This benefits society because more people can enjoy the feature, and the feature remains enjoyable because it retains its value. However, because the value of an aesthetic feature is based only on the subjective appreciation of consumers—there is basically no portion of it which is logically attributable to anything other than consumer taste—it rises and falls in almost perfect correlation therewith and becomes virtually nonexistent when consumers stop desiring the feature. For this reason, imitation simply destroys too much value in aesthetic features, and increased competition in the production of such features creates no benefit.

A numerical example regarding devaluation of aesthetic features that would be likely candidates for loss of protection under aesthetic functionality may be beneficial to concretely illustrate the point. Company A produces ten designer handbags. The actual utilitarian value of one handbag, which might include the price of leather and various hardware components, the value of the labor that went into designing and producing it, overhead, and its functional carrying usefulness, is \$200. However, the company sells each handbag for \$500. Therefore, \$300 of each handbag's value is attributable to some aesthetic, non-utilitarian feature of the handbag. Because the company manages to sell a handbag for \$500, it can be inferred that each consumer who purchased one placed a value of \$500 or greater on that handbag and is therefore getting a benefit from the handbag of \$500. Therefore, the total value

of the handbags is \$5,000 because there are ten people deriving \$500 dollars of utility each from owning them.

Later, Company B produces imitation handbags and it doubles the number of handbags available in the marketplace. There are now twenty visually identical handbags in the marketplace, which renders the aesthetic feature they share less exclusive and desirable. For the sake of illustration, assume that the entire value of the utilitarian components of the handbag is maintained at \$200 and that the value attributable to the aesthetic component is devalued by \$250, so the desirable aesthetic feature now only increases the value of the handbag over its utilitarian value by \$50. The price of a handbag that is visually identical is now \$250, or half of what it was before. Although there are twice as many consumers enjoying handbags, each one of them is only deriving a utility of \$250 because that is what the bags are now worth. The total value of the handbags is therefore still \$5,000. Total value was not enhanced by imitation of the aesthetic feature.

The original ten consumers who purchased their handbags at \$500 each and now see them valued at only \$250 have suffered a loss of \$250 each, amounting to a total loss of \$2,500, half of the total value of the handbags. The entire value of that loss was appropriated by Company B. By selling ten bags at \$250 a piece, Company B earned \$2,500 of value essentially stripped from the original ten consumers.

It can be argued that this example fails in accuracy because the purchasers of the original handbags are still deriving a utility somewhere beyond \$250 even though convincing imitations are on the market at that price. In opposition, it can also be argued that owners of imitation handbags should be deriving a utilitarian value well below \$200, since the craftsmanship and quality of the materials used in the imitation bags may be inferior to the original ones, even if those qualities are not obviously discernible at first glance. But for the sake of numerical simplicity and illustration, it can be assumed that those two factors cancel each other out.

Therefore, assume that the original consumers lost \$2,500 in aggregate value, which was essentially appropriated by Company B. If the impact of the imitation ended there, while it may seem unfair for Company B to take \$2,500 of value from the original consumers, one could be indifferent to the taking because it constitutes a mere transfer and no value was destroyed. However, value was actually destroyed. The original ten consumers were enjoying the entire \$2,500 worth of utility that was appropriated, whereas Company B only had revenues of \$2,500, from which it had to subtract the overhead costs of operating its factory and paying its workers, the cost of materials, the cost of packaging and shipping the bags, the cost of employing an intermediary to sell them, etc. So Company B actually kept less money than what the original consumers were deriving in utility before the imitation. This results in a net loss.

One might further break down the impact and say that even this net loss is acceptable because the value was really just further subdivided and transferred to Company B's workers, leather suppliers, landlords, salespeople, etc. This is true. These transfers are necessary stages for running the economy and spreading wealth.

But no stage of a transaction is totally efficient; each stage at best involves waste and unnecessary effort. Devoting extra time and effectuating unnecessary transactions only to end up with the exact same value is a waste of resources because every time resources are transferred, waste occurs. If time and resources are not being spent on transactions that are likely to add value to the economy— at least in the aggregate—resources are actually being wasted.

To summarize the above scenario, allowing imitation of a product whose value is mostly attributable to an aesthetic feature, of which the value is extremely fickle and subject to devaluation based on consumer tastes, produced no gain. The numbers used in the scenario are invented, but they are based on logical assumptions and observations about the economy. Devaluation due to imitation will of course vary from product to product, depending on the nature of the product, the aesthetic feature in question, the target clientele, and various other factors. But the above scenario serves to illustrate the general problem that results from allowing imitation of features whose value are in great part based on aesthetics, on the theory that doing so enhances competition or benefits consumers.

It is worth mentioning that there are certain products to which the devaluation argument illustrated above does not apply in the same way because an attitude of “the more the merrier” prevails with respect to those products. While the vast majority of products are meant for exclusive use, some rare products are actually targeted at communal use. Some proponents of aesthetic functionality believe that consumers should view all products this way, though this may be unrealistic, or that products which consumers do view as communal are immune from the devaluation rationale discussed above, making the imitation of such products’ trademarks beneficial.

For example, a sports franchise may actually be more desirable in the eyes of consumers when its following is as large as possible. This might substantially counteract the devaluation of the team’s logo on aesthetic appeal grounds, even if imitated on many jerseys, because consumers might place value on the logo that is independent from both source indication and subjective aesthetic appeal based on the belief that a sports brand is stronger when it has more fans.

Likewise, products made to promote charitable causes would fall into the communal category and might therefore also be somewhat immune to the devaluation argument. For instance, a T-shirt that people buy to show solidarity in fighting cancer can actually be more satisfying to wear when others are also wearing it because it reinforces the common goal of creating a positive impact. In such cases, where there is a public desire to actually share with as many people as possible, rather than the usual desire of people to use a product exclusively, aesthetic functionality may appear to make more sense.

But even in these cases, aesthetic functionality is ultimately a flawed doctrine. Although a sports fan might appreciate a team logo that is heavily imitated because that means the team has a lot of fans, his appreciation will fade under aesthetic functionality regardless of the communal nature of his feelings if, due to fans buy-

ing imitation products, the team loses money and can no longer attract good players. If the team itself cannot sustain its quality it will lose fans and even the communal aspect of the logo will lose desirability. Likewise, although it might not detract from a consumer's personal satisfaction to wear a T-shirt for charity that many other people are wearing, allowing imitation of the T-shirt detracts from the charity's ability to earn money. The fact that imitation causes the charity itself to lose traction in accomplishing its goals erodes the communal desirability of the logo in that case as well.

The case of communal products is somewhat of an anomaly in that a trademark or aesthetic feature might not be devalued by imitation for the same reason as it would be in the case of more common exclusive products. That does not mean that aesthetic functionality is therefore beneficial to society or consumers even in communal product cases because imitation decreases the value of communal products as well, and enhanced competition does not rebuild it.

Determining whether or not aesthetic functionality makes sense necessitates looking at where the real value to the consumer of the feature in question is coming from. In the case of objectively useful features, the real value comes from a useful quality that is not subject to devaluation when it is imitated. A car will not lose power or speed because another car that imitates the useful feature is created. In the case of aesthetic features of exclusive products, which are the majority of products to which aesthetic functionality could apply, the real value comes from the subjective appreciation of the aesthetic feature in the eyes of consumers, which is inherently vulnerable to devaluation when the product is imitated. In the case of communal products, the real value comes from an underlying cause or goal that the trademark represents and not from the trademark itself, although that value is represented in an aesthetic manner by the trademark.

Though the real value of an aesthetic feature of a communal product does not come from subjective appreciation or exclusivity, it is still counterproductive to allow its imitation because its value comes from its ability to aid a certain cause. This ability is eroded when the feature is imitated because the cause loses funding to imitation producers. It is therefore essentially never beneficial to enhance competition through imitation of aesthetically functional features.

A final criticism of the devaluation argument with respect to communal products is the question: What is the difference between objectively useful features and aesthetic features of communal products? If both types of features derive their value not primarily from appreciation of aesthetics but from some underlying, objective benefit or accomplishment, why does it make sense to deprive only the first type of feature of trademark protection? If imitation is detrimental in a communal products case on the theory that the organization behind such products might not accomplish its communal goal if money is diverted to imitators, why are people not afraid that the makers of useful features will not be able to develop and sell those features if we deny them trademark protection?

The obvious answer is that people are concerned about the incentives and ability of businesses to invent useful features, and they address this concern by protecting the businesses' exclusive ability to exploit them. The interests are protected through patent law instead of trademark law for the reasons explained above in the discussion of utilitarian functionality.¹²²

Aesthetic features are not protected under patent law. If these features lose protection under trademark law, they become subject to legal imitation, which is harmful to businesses that use the value of their aesthetic marks or brands to garner financial support from consumers. Sellers of communal goods who rely on their brands for sales value lose their ability to provide the communal goods consumers want to buy if their revenues decrease due to imitation.

As long as consumers buy a particular brand in order to support the cause or communal product being sold under that brand's name, there is no potential imitation problem because consumers would assumedly not want to buy an imitation product which they knew would not support the name brand's cause. However, in any case involving aesthetic functionality, which involves, by definition, a situation in which there is a market for imitation products, detracting revenues from producers of communal products becomes an issue.

A consumer may want to buy an imitation product in a communal product situation because that consumer's purchase might not actually be motivated by a desire to support the goal that it represents, but rather by the desire to appear to be doing so. If the consumer's intended benefit is to feel or look like he belongs to a particular group or supports a particular cause, he can achieve his intended benefit through the purchase of an imitation product. He will succeed in fooling the people around him without having to expend the money to actually belong or support. This classic free-rider problem is caused in this case by the concept of third-party confusion, which aesthetic functionality creates, as discussed at length in the final section of this article.¹²³ The ability to free-ride that aesthetic functionality provides to consumers is what might detract from communal products providers' ability to provide their products or services.

It is therefore harmful rather than beneficial to allow imitation of aesthetic features in both the usual case of exclusive products and in the exceptional case of communal products. It is important to recall that aesthetic functionality will only be an issue in cases where consumers might arguably be interested in buying an imitation product. If they are not, there is no argument for enhancing competition through imitation, and aesthetic functionality will never apply. In cases where consumers are drawn to a trademark for its exclusive value, that value will largely disappear upon imitation, making imitation useless at best, and probably harmful. In cases where consumers are drawn to a trademark for the underlying cause it repre-

¹²² See *supra* Part II.D.

¹²³ See *infra* Part III.F.

sents, the trademark will lose its ability to provide revenue to support the underlying cause upon imitation. In either case, aesthetic functionality is not value enhancing.

F. Aesthetic Functionality Increases Third-Party Confusion, Which Makes Encouraging Positive Social Action More Difficult

The arguments against aesthetic functionality put forth thus far in this article have been mostly economic in nature. This section discusses the doctrine's negative impact on the ability to encourage social responsibility. The assertion is the following: because aesthetic functionality increases third-party confusion, it decreases the ability to judge others for their actions and to discourage negative behaviors or encourage positive ones. Naturally, social problems can also manifest through economic consequences, but the focus of this last section will be slightly more subjective and morally oriented than the preceding ones. Regardless of whether or not one agrees with the criticism presented in this section, the above should be sufficient to illustrate the economic pitfalls of aesthetic functionality. Whether the reader agrees with the argument now presented will depend to a large extent on personal, social, and economic views.

This section starts by asserting that encouraging social responsibility in individuals and businesses is beneficial to society and that there are psychological, non-economic ways to do so. Rigid economists may disagree with the underlying premise that businesses have any social responsibility and perhaps even with the notion that individuals have any social responsibility in a moral sense. It might be argued that morality is the non-logical person's way of trying to understand what essentially boils down to a measured weighing of benefits against costs; what results in a positive is moral and what results in a negative is not.

Without imposing judgment on that view, this article proposes that social interaction and psychology play a large role in producing moral or beneficial behavior in people and that noneconomic factors such as peer pressure cannot be discounted as powerful behavioral influences. To achieve moral or beneficial behavior from people, it can be realistically necessary to exert a certain degree of social pressure to stop them from putting their own interests ahead of the rest of society. Since people are not always rational and will not always consider the long term effects of their actions on themselves or others, social pressure, applied correctly, and the desire to appear moral, serve important roles in incentivizing positive social action and deterring harmful social action.

Social responsibility ties into the doctrine of aesthetic functionality through the problem of third-party confusion, which aesthetic functionality exacerbates. Third-party confusion occurs when the original consumer of a counterfeit product is well aware of its source, but a third party seeing the product, unaware of its origin, mistakes it for authentic. Trademark law is meant to shield society from third-party confusion as well as original source confusion by the consumer.¹²⁴ Because aesthet-

¹²⁴ *Ferrari*, 944 F.2d at 1244.

ic functionality would allow companies to legally imitate the distinguishing characteristics of competitors' products by using their competitors' trademarks, it inherently increases the incidence of third-party confusion.

It may at first glance appear that third-party confusion is not an issue that trademark law should address. It is tempting to analyze only the direct consumer's potential confusion on the theory that a third party is not owed candor from either the producer of an imitation product or its consumer, due to the fact that the third party is not a party to the sale. However, the argument presented here does not attempt to vindicate the rights of any third party to be provided with correct information about the source of products that neighbors buy. Rather, it analyzes the original consumers' incentives to consider the interests of society in making purchasing decisions when given the ability to deceive third parties.

Third-party confusion is problematic for society because it hinders peoples' ability to assess others peoples' character by their actions, thus reducing their incentives to make socially conscious choices. Because people like to look good and socially appropriate in the eyes of others, they might adapt or eliminate negative behaviors in a social situation that they would otherwise engage in alone.

This section makes the assumption that people are greatly motivated by what others think of them. An intuitive illustration of the validity of this assumption is that a simple Gucci patent leather pump sells for \$525,¹²⁵ while a similar leather pump by Steve Madden sells for only \$99.¹²⁶ It is very difficult to believe that a Gucci pump holds more than five times the utilitarian value of a Steve Madden pump, considering they are made of the same key raw materials, both pass safety and comfort standards, and both are used for the same purpose.

The fact that products that use the same key ingredients and even display similar craftsmanship sell at radically different prices even though consumers are not logically getting radically different utilitarian value from them is evidence that people are motivated by what others think of the brands they buy. This is not to say that there are not good reasons for buying Gucci pumps, despite their higher price tag. But those reasons cannot truly be accounted for by utilitarian standards. Intuitively, they must at least involve the consumer's consideration of third party reactions to Gucci pumps to some degree.

The argument made in this section will therefore have the most applicability in situations where people are acutely motivated by what others think, and it will have the least applicability in situations where they are not. For instance, third-party confusion is a significant motivational problem when it comes to purchasing highly visible, easily distinguishable products such as cars, clothing, technology, or jewelry.

¹²⁵ *Gloria Yellow Patent Leather High Heel Pump*, GUCCI, <http://www.gucci.com/us/styles/321136BNC007212#> (last visited Oct. 14, 2013).

¹²⁶ *Remix*, STEVE MADDEN, http://www.stevemadden.com/Item.aspx?id=95608&np=136_394 (last visited Oct. 14, 2013).

It is a very insignificant problem when it comes to purchasing products that people do not routinely use to judge one another, such as laundry detergent.

To illustrate a typical situation in which someone might be motivated by another person's judgment of a brand they use, consider the following: if a man at the gym hears an attractive woman enthusiastically preaching to a friend about Nike employing child labor,¹²⁷ he then might be less likely to wear Nike shoes to that gym for fear of being seen and judged by the woman or her like-minded friends. If he is no longer comfortable wearing Nike shoes to that gym, he might be more likely to buy a different brand of shoes on his next shopping trip. He might change his normal buying habits on the basis of someone else's opinion of his shoes.

While the man in the illustration might also be bothered by the child labor practices alleged by the woman, the harm to children in developing countries might be too remote and intangible to him to cause a change in his buying patterns in and of itself, especially if the design or pricing of Nike shoes are very important factors in his decision-making process. The judgment of people around him, however, presents a direct and immediate harm to him. Therefore, it has a better chance of changing his buying patterns than knowledge of the remote harmful practices would have alone.

Anecdotal examples of this principle shared by survey with the author include being shamed out of: (i) using makeup products produced by companies that conduct testing on animals, (ii) eating at McDonalds, (iii) driving an SUV or a foreign-made vehicle, (iv) buying non-local or non-organic produce, (v) smoking, (vi) littering, (vii) driving drunk, and (viii) buying plastic water bottles. They also include being shamed into: (i) donating money to charity, (ii) signing up for a charity walk or run, (iii) signing up for a weekend of beach cleanup, (iv) feeding the homeless, (v) volunteering in schools, (vi) supervising field trips, (vii) offering to bring refreshments, and (viii) offering to drive (this last one was common, including agreeing to drive both children and drinking adults, ideally separately).

What this boils down to is that peer pressure is a tool for making people take externalities into account in a noneconomic way. An externality, which can be positive or negative, is a consequence that occurs as a result of an action or inaction by an actor and that is not fully absorbed by that actor. The typical example of a negative externality is pollution. A person driving a car creates pollution in excess of what he actually breaths in. The optimal level of pollution is the one where the harm equals the benefits of the pollution-producing activity. Because a normal driver does not bear the entire burden of his pollution but does receive the entire benefit of driving, he will tend to over-pollute unless he takes others into account in his analysis of costs and benefits.

It cannot be assumed that people independently take others into account to the extent that they should all the time, although many people think that they do consid-

¹²⁷ This article is not claiming that Nike actually does this.

er other people when they make decisions. It seems intuitive that other people analyzing their behavior often tend to exaggerate their altruism and minimize their selfishness, sometimes to an impressive degree. This makes it possible and even likely that people might also each consider themselves better social citizens than they really are, which is why some external help in recalibrating the decision making process can sometimes prove beneficial. Help in correcting selfish impulses can be administered in both economic and noneconomic ways.

Economists typically argue that people need external pressure to act in ways that are optimal from the perspective of society when there are externalities involved. Or, to put it another way, people need to have their own interests shifted into alignment with those of society by finding a way to artificially impose the costs and benefits caused by their activities onto them. Theoretically, this should produce optimal behavior where each activity is engaged in only to the extent that its costs do not outweigh its benefits in the aggregate.

The economic solution to the problem of over-pollution caused by cars, for example, is to tax the driver of a car to the extent of the aggregate harm that his pollution is producing. That will shift his personal considerations by making the pollution his problem through a tax. When the driver experiences the entire cost and benefit of driving, he is better equipped to make a rational decision about how much he will drive. He will not pollute more than his aggregate emissions are worth to him because he is taxed per unit of pollution produced, and thus pollution should drop to its optimal level. Economists would therefore correct a negative externality through some system of taxation, increasing the burden on the acting individual to that which he is actually imposing on society.

Externalities also exist in the positive sense. A positive externality is where a person's actions produce a benefit in excess of what is actually felt by that individual. For instance, a neighbor that beautifies and maintains his lawn increases the property value of surrounding houses as well as his own. He only benefits personally to the extent that the value of his own home appreciates. He will therefore probably stop investing in his lawn before the optimal amount of investment is reached in terms of realizing an aggregate benefit of the investment equal to the effort put forth by him. The economic solution for encouraging people to engage in productive activities that result in positive externalities is to compensate them through some sort of subsidy so that they realize the entire benefit of their positive action. Thus, the economic approach to correcting behavior that imposes negative consequences on society is taxation, and the approach to encouraging positive behavior is subsidization.

The economic solutions just explained make logical sense up to a point, but there are practical limitations to their applicability. There is no way to impose a tax on every socially irresponsible behavior, and taxes often do not take into account the difference in peoples' income, personal preferences, and motivations. This means that taxes will vary substantially in their ability to correctly incentivize different people. The same problem exists with subsidies. This is why we must also

look to noneconomic as well as economic solutions when designing laws and social policy. This section suggests that trademark law take into account its effect on one powerful noneconomic solution for encouraging people to be more socially conscious: the use of peer pressure.

Just as economic solutions cannot produce a perfect realignment of peoples' incentives with society's goals, neither can peer pressure or the desire to be perceived as good. Some causes of social irresponsibility are more responsive to economic solutions, and others are more responsive to social or psychological ones. Aggregating all possible incentivizing solutions together should be beneficial in causing people to properly consider the impact of their actions on society.

The occurrence of third-party confusion that aesthetic functionality causes impedes the functioning of the peer pressure solution to the problem of externalities. When people fear external judgment, they have at least some motivation to adjust their behaviors according to what they think is socially acceptable. Negative judgment by peers can be considered a sort of "social tax" that causes people to personally bear more of the negative effects of their actions that would otherwise be ignored by them as externalities.

The problem with the peer pressure solution is that it does not work if people can trick others into thinking they are behaving in a socially acceptable way while actually engaging in negative social behavior that is less costly to them. When there is no fear of judgment for negative behaviors, the incentive to make socially responsible choices is diminished.

Society might want people to be ashamed of buying products made by companies that employ bad labor practices, such as using child labor or paying excessively low wages. Society might want to discourage people from buying items manufactured by companies who excessively pollute the environment and have large carbon footprints. In the positive sense, society might want to reward companies who go out of their way to make costly but socially beneficial business choices such as paying fair wages and employing sustainable production practices.

It can be problematic, using economic incentives alone, to properly create such a world, because most of the negative or positive effects of consumer choices are not felt directly by consumers themselves. Consumer choices tend to affect vulnerable populations in less developed countries who are not large world consumers. This makes the effects resulting from consumer choices externalities. The only directly perceived and immediate disincentive for consumers to buy products from socially irresponsible companies is therefore fear of judgment by the people around them, who are not the same people likely to feel the impact of their purchase.

If the people cannot differentiate between the times when others consume from socially responsible companies and the times when they do not, peoples' incentives to consume from socially responsible companies are diminished. In turn, if people are not incentivized to support socially responsible companies, those companies will not be able to afford to engage in additional socially beneficial practices that may be

expensive and will have to resort to cost-saving measures that are potentially socially harmful.

Aesthetic functionality erodes third parties' ability to differentiate between brands, which diminishes the influences on consumers to buy products from socially responsible companies. This in turn diminishes the incentives and even the ability of companies to engage in socially responsible practices. For instance, if a restaurant like one that might have bought china from the Wallace company in *Pagliero*¹²⁸ could use cheap china manufactured in sweatshops by children instead of Wallace china (which, for the sake of illustration, will be assumed to have been hand painted by local artisans) without fear of losing consumers, it might do so. If consumers who care about social issues had no way of differentiating between the plates and could not use that information when deciding which restaurant to frequent, then restaurants spending more money on expensive china would be at a disadvantage in competition with restaurants not doing so.

In order to make investment in quality products and practices worthwhile, companies have to be able to market these investments to consumers, who must be able to differentiate their products from those of other companies. If consumers cannot tell what practices businesses are employing and what effect those practices have on society, they cannot reward companies for positive social action. This makes it difficult for socially responsible companies to compete with companies who cut costs.

It is important to note that third-party confusion is an issue in almost every case where aesthetic functionality is allowed. For example, in *Job's Daughters*,¹²⁹ allowing a competitor to copy the group's insignia on jewelry that the group did not manufacture or endorse created a situation where, though people buying the fake jewelry knew they were not affiliated with the organization, third parties would assume that they were. Allowing people to wear the group's insignia without supporting the group financially or being involved in its community service efforts could tarnish the group's image and hurt its ability to operate and draw real support in the long run.¹³⁰

Similarly, in *Ferrari S.P.A.*,¹³¹ if the court had allowed fake Ferrari bodies to be mounted onto cheaper car models, the buyers of the fake Ferrari kits would have been perfectly aware that their Ferraris were not genuine, but onlookers would have been fooled. If Ferraris pollute less than the competition or if the company pays its workers more than competitors do, allowing other companies to sell cars that are indistinguishable from Ferraris hurts the Ferrari company's ability to continue making socially conscious choices. The Ferrari brand might even be further tarnished because, though an imitation Ferrari may look like the real thing, the motor might

¹²⁸ *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952).

¹²⁹ *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980).

¹³⁰ *About Job's Daughters*, JOB'S DAUGHTERS INTERNATIONAL, <http://www.jobsdaughtersinternational.org/AboutUs/AboutUs.htm> (last visited Oct. 14, 2013).

¹³¹ *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235 (6th Cir. 1991).

sound different or create visible smog, causing onlookers to assume that the quality of the Ferrari cars has diminished. This could further hurt Ferrari's bottom line and cause it to resort to harmful cost-cutting measures.

It is true that the price of a Ferrari cannot really be attributed to the fact that the car might pollute less than other cars or to the company's business practices. It is mostly attributable to the Ferrari name and reputation, as evidenced by the fact that there was a market for imitation Ferraris. But the Ferrari name and reputation is the company's compensation for bringing some benefit to the marketplace. While it is hard to muster sympathy for the maker of such a luxury good, goods become luxurious because of a brand's dedication to quality and because consumers associate that brand with good things. Those good things may not necessarily be socially beneficial, but the two often go together.

Though it may seem intuitively unfair for Ferrari to enrich itself by selling cars for so much more than its competitors, the alternative to this injustice is much worse. If the possibility of capitalizing on one's investment in quality or social responsibility is diminished due to imitation, there will not even be a problem of imitation anymore. Quality and social responsibility will simply diminish for everyone.

Aesthetic functionality, through third-party confusion, can have an effect on various aspects of people's lives. It can affect incentives for people's choice of clothing, transportation, technology, consumables, and virtually every other good or service that is publicly consumed. It can therefore affect which companies people end up supporting as consumers. These choices, in turn, affect the quality of the products, working conditions, environment, and consumer safety that people can expect. It is important to protect the ability of society to exert pressure on individuals to be socially conscious so that they are incentivized to make positive decisions and in turn reward companies for making socially responsible business choices. If companies cannot differentiate themselves through positive social business practices and thereby gain consumer support, they will be forced to cut costs at the expense of considering social interests.

IV. Conclusion

Aesthetic functionality is an attractive doctrine at first glance. It promises to even the playing field between the haves and the have-nots by stripping companies of the ability to retain exclusivity over trademarks that gain popularity beyond their capacity to indicate source. However, it is a flawed doctrine that is against the interests of not only companies, but normal consumers as well. Aesthetic functionality is economically unsound because: (i) it allows judges to speak for consumers in the market, (ii) it is overly broad, (iii) it could require an inefficient amount of resources to be spent on identification methods, (iv) it disincentivizes company investment in quality marks and products, which enhances consumer confusion, and (v) it does not deliver the competition enhancing benefits that it was intended to deliver as a spin-off of traditional functionality.

Aesthetic functionality also creates a situation where third parties are confused as to the origin of goods and lose their ability to judge other consumers, leaving price conscious consumers free to ignore their social conscience and shop for cost-cutting deals, which then hinders the ability of socially responsible companies to compete in the marketplace. Trademark law should preserve protection against imitation in order to prevent consumer confusion and allow consumers to provide or deny support to companies as they see fit. This protection will ensure that, if consumers value socially responsible practices, they will be able to support companies who employ such practices and those companies will be able to operate in socially beneficial ways.

Trademark protection does not eliminate the availability of bargain products, but the erosion of trademark protection could eliminate the availability of superior ones, whether that superiority is with respect to the quality of a product itself or with respect to its manufacture or effect on society. The option to buy a brand name does not hurt consumers. Eliminating that option can. Aesthetic functionality should therefore be rejected as an economically sound and consumer friendly doctrine because it is neither.

