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DOMESTIC PROTECTION OF COMMERCIAL DESIGNS: THE FEDERAL-STATE CONFLICT

JOHN H. ANDREW†

TWO recent decisions of the United States Supreme Court and two subsequent decisions of the Court of Customs and Patent Appeals involving the protection of commercial designs serve to illustrate the conflict which may occasionally exist between the national policy of promoting competition and state law prohibiting unfair competition. It is the purpose of this article to examine this conflict, to explore the protection which is available to the originator of a design which meets with consumer acceptance and to review the basic constitutional considerations which must be weighed in arriving at a proper understanding of this area of the law.

STATE PROTECTION OF DESIGNS

In Sears, Roebuck & Co. v. Stiffel Co.¹ and Compco Corp. v. Day-Brite Lighting, Inc.,² the Supreme Court, speaking through Mr. Justice Black, held that a commercial design, lacking in the originality necessary to secure design patent protection,³ may be freely copied by competitors of

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³Design patents are granted under the provisions of 35 U.S.C. §171 (1958), which requires that the design be new, original and ornamental. Judge Augustus Hand stated the test of originality in A.C. Gilbert Co. v. Shemitz, 45 F.2d 98, 99 (2d Cir. 1930); "it has many times been held that there must be originality and taste to justify the granting of a design patent, and that mere mechanical skill is insufficient. Smith v. Whitman, 148 U.S. 675, 13 S. Ct. 768, 37 L. Ed. 606. If the design goes no farther than to embody an obvious neatness and attractiveness that will make articles of household use more compact and pleasing than has generally been the case, this is not in itself enough."
its originator and that the originator cannot rely upon state unfair competition law—whether statutory or decisional—to prevent such copying. The Court based its decisions upon the patent and copyright and supremacy clauses of the Constitution, holding that to permit a state to extend the protection of its unfair competition law "to articles too lacking in novelty to merit any patent at all . . . would be too great an encroachment on the federal patent system to be tolerated."  

In the *Sears* case, the plaintiff, Stiffel Company, secured design and mechanical patents on a pole lamp it created. After the lamp had become a commercial success, Sears copied it and put its copy on the market at a lower price. Stiffel then brought suit against Sears for infringement of its design patent and for unfair competition. The district court held the design patents invalid for want of invention but, holding that Sears had been guilty of unfair competition, enjoined it from further trading in the lamps and ordered an accounting of profits and damages. The Court of Appeals for the Seventh Circuit affirmed. It held that both the mechanical and design patents had been anticipated by prior art and were, therefore, invalid and not infringed. The court of appeals agreed, however, with the finding of the district court that Sears had been guilty of unfair competition. The court pointed out that the lamps had "a remarkable sameness of appearance," that Sears began marketing its lamps only after Stiffel's lamps had had a decided impact on the market and had been widely advertised and that Sears' lamps were not labelled. Buyers for two Chicago stores had testified to customer confusion. Applying Illinois law, the court held that likelihood of confusion having been found, the conclusion of unfair competition was not erroneous. It rejected Sears' argument

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4 U.S. Const. art. I, § 8, cl. 8.
5 U.S. Const. art. VI, cl. 2.
7 313 F.2d 115 (7th Cir. 1963).
8 Illinois law applied under the doctrine of Erie R.R. v. Tompkins, 304 U.S. 64 (1938), which was held to apply to unfair competition actions in Pecheur Lozenge Co. v. National Candy Co., 315 U.S. 666 (1942), and Fashion Originators' Guild v. Federal Trade Comm'n, 312 U.S. 457 (1941).
that proof of "palming off" or establishment of secondary meaning was necessary to maintain an unfair competition action in Illinois.

In *Compco*, the plaintiff, Day-Brite Lighting, Inc., likewise sued for infringement of a design patent and for unfair competition. Day-Brite is a manufacturer of commercial fluorescent lighting fixtures. In 1954 it began to sell a new-style ceiling fixture utilizing cross ribs to prevent warpage of the reflector unit, a condition which had been a source of complaint concerning its previous ceiling units. These cross ribs also added to the attractiveness of the fixture. In 1955 the defendant's predecessor began to manufacture fixtures which were almost exact copies of those designed by Day-Brite. In December 1955 Day-Brite obtained a design patent covering its fixtures and shortly thereafter gave notice of infringement to Compco and several other competitors who were offering reflectors similar in appearance to that covered by Day-Brite's design patent. Some of the alleged infringers discontinued manufacturing such reflectors and two of them entered into consent judgments holding the design patent valid and infringed. Compco refused to discontinue manufacture and, following trial, the district court held that the design patent was invalid in that, being a mere functional configuration, it did not meet the necessary standard of invention. It further stated that had the patent been valid it would have been infringed by Compco's reflectors. On the question of unfair competition the district court found that the design of Day-Brite's reflectors served to identify it to the trade, that the sale of Compco's reflectors had caused actual confusion, and that continued concurrent sale of the two reflectors was likely to continue to cause confusion. Accordingly, the court found that defendant had been guilty of unfair competition and granted an injunction against further sale or attempted sale of reflectors confusingly similar to plaintiff's and ordered an accounting of damages.

On appeal, the Court of Appeals for the Seventh Circuit affirmed the decision of the district court, holding that

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9 311 F.2d 26 (7th Cir. 1962).
although the design patent was invalid the defendant had been guilty of unfair competition under the existing law of Illinois. It held that Day-Brite's design had the capacity to serve "in somewhat the manner of a trademark" and that this constituted a "protectible" right. The court rejected defendant's argument that secondary meaning or "palming off" must be shown to support a holding of unfair competition under Illinois law, noting that in *Independent Nail & Packing Co. v. Stronghold Screw Prods., Inc.*, the court had said that this was no longer the law of Illinois and that the appropriate test was "whether the public is likely to be deceived." The court summed up its holding by citing with approval the statement in *Radio Shack Corp.*

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10 205 F.2d 921 (7th Cir. 1953).
11 In his opinion Judge Duffy reviewed the development of the law of unfair competition in Illinois: "Upon the issue of unfair competition the trial court correctly stated that the law of Illinois is applicable. Relying on Stevens-Davis Co. v. Mather and Co., 230 Ill. App. 45, the court held that as there was no evidence of palming off of its products, defendant was not guilty of unfair competition.

"Four earlier Illinois cases did establish the requirement of palming off in unfair competition cases. They are Stevens-Davis Co. v. Mather and Co., *supra*; Delong Hook and Eye Co. v. Hump Hairpin Mfg. Co., 297 Ill. 359, 130 N.E. 765; Nestor Johnson Mfg. Co. v. Alfred Johnson Skate Co., 313 Ill. 106, 144 N.E. 787; and Ambassador Hotel Corp. v. Hotel Sherman Co., 226 Ill. App. 247. However, we think the rule announced in these cases is no longer the law of Illinois.

"In 1942 the Supreme Court of Illinois in Investors Syndicate of America, Inc. v. Edward J. Hughes, Secretary of State, 378 Ill. 413, at page 422, 38 N.E.2d 754, at page 759, stated 'even in injunction cases between competing corporations the trend of decision is to place less emphasis on competition and more on confusion, as is evidenced by the following cases...

The test should be whether the public is likely to be deceived.' In 1943 the Illinois Appellate Court, in *Lady Esther, Ltd. v. Lady Esther Corset Shoppe*, 317 Ill. App. 451, 46 N.E.2d 165, 148 A.L.R. 6, restrained defendant from conducting a corset business under the name 'Lady Esther Corset Shoppe' on the ground that the defendant was competing unfairly with plaintiff which had been engaged in the cosmetic business for years under the name 'Lady Esther.' It is obvious there could be no palming off. Of course the Lady Esther case did not turn upon the use of similar names alone; it was a case of similar names plus a secondary meaning attached to one of them.

"We think that the test under the Illinois law is whether the adoption and use of a name by defendant is likely to cause confusion in the trade as to the source of products, or is likely to lead the public to believe that the defendant is in some way connected with the plaintiff. Judge Campbell, in *Elastic Shop Nut Corp. v. Greer*, 62 F. Supp. 363, decided in 1945, and Judge Holly in *Metropolitan Opera Ass'n, Inc. v. Metropolitan Opera Ass'n of Chicago, Inc.*, 81 F. Supp. 127, decided in 1948, agreed that in Illinois palming off is no longer necessary to sustain a cause of action for unfair competition." *Id.* at 926.
v. Radio Shack, Inc., 12 that "in all cases of unfair competition, it is principles of old-fashioned honesty which are controlling."

In both Sears and Compco the defendants petitioned for certiorari to review the holding of unfair competition. Neither plaintiff sought review of the holding that its design patent was invalid. The Supreme Court granted certiorari in both Sears13 and Compco14 and the United States government appeared as amicus curiae.

The decisions in both cases, delivered by Mr. Justice Black, were handed down on March 9, 1964. Mr. Justice Harlan authored a short, separate opinion in which he concurred with the results in both cases. No dissents were filed.

In the Sears case, the first to be decided, Mr. Justice Black declared the question to be "whether a State's unfair competition law can, consistently with the federal patent laws, impose liability for or prohibit the copying of an article which is protected by neither a federal patent nor a copyright."15 The Court held that it could not. In reaching this result the Court reviewed the history of the patent and copyright clause of the Constitution16 and the statutes enacted pursuant thereto.17 The Court pointed out that these laws are, like all laws of the United States enacted pursuant to constitutional authority, the supreme law of the land,18 and that when state law is in conflict with federal law the latter must, of course, prevail.19 After briefly re-

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12 180 F.2d 200, 206 (7th Cir. 1950).
15 Sears, Roebuck & Co. v. Stiffel Co., supra note 6, at 225.
16 U.S. Const. art. I, §8, cl. 8.
18 The Court cited the case of Sperry v. Florida, 373 U.S. 379 (1963), wherein it was held that a state could not interfere with the practice of a patent agent—not a member of the bar—who had been duly admitted to practice by the Patent Office.
19 The Court referred to Sola Elec. Co. v. Jefferson Elec. Co., 317 U.S. 173 (1942), in which it had held state law regarding estoppel inapplicable to an antitrust claim arising out of a license agreement based upon a patent which was held to be invalid. A unanimous Court, speaking through Chief Justice Stone, distinguished Erie R.R. v. Tompkins, 304 U.S. 64 (1938), saying, "the doctrine of that case is inapplicable to those areas of judicial
viewing the concepts of patent law, the Court reached the principle upon which its decision was based—that upon the expiration of a patent the public has the right to copy the previously patented article in precisely the shape it carried when protected by the patent.20

Mr. Justice Black declared:

Obviously a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time. Just as a State cannot encroach upon the federal patent law directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws.

... [M]ere inability of the public to tell two identical articles apart is not enough to support an injunction against copying or an award of damages for copying that which the federal patent laws permit to be copied.21

In his opinion in Compco, Mr. Justice Black restated the principle:

To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8 of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.22

The holding in Compco appears to go beyond that in Sears. Referring to the district court's findings that the arrange-

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21 Id. at 231-32.
ment of the ribbing of Day-Brite's fixture had acquired a secondary meaning "like a trademark," Mr. Justice Black stated "but if the design is not entitled to a design patent or other Federal statutory protection, then it can be copied at will."

In both decisions Mr. Justice Black indicated that a state could legitimately take steps to reduce or eliminate the confusion that would result when competitors copy unprotected designs. In Sears he said that
doubtless a State may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to source of the goods.

Mr. Justice Harlan concurred in the result in both cases, but in a separate opinion, indicated that he would permit a state to restrict copying when it appeared to have been undertaken with the purpose of "palming off" one's goods as those of another or of confusing customers as to the source of such goods.

Federal Trademark Protection of Designs

Three days after the decisions of the Supreme Court in Sears and Compco, holding that state unfair competition laws could not be used to protect a design which was not entitled to protection under the federal design patent law, the Court of Customs and Patent Appeals, in the case of In re Mogen David Wine Corp., held that a design which was protected by federal design patent law for the limited period permitted by that law, could, in certain circumstances, be protected under the federal trademark law even

23 Id. at 238. (Emphasis added.)
24 Sears, Roebuck & Co. v. Stiffel Co., supra note 6, at 232.
26 328 F.2d 925 (C.C.P.A. 1964).
after the expiration of the design patent. This decision permits the originator of a design, which might otherwise be freely copied upon the expiration of the design patent obtained for it, to seek to enjoin such copying by suing those guilty of copying it for infringement of the trademark right which the originator has acquired in the design. The decision does not, of course, discuss the Sears and Compo cases handed down only a few days earlier. While the Mogen David decision involved an application to register a container as a trademark for the goods sold in it, the court has subsequently, in the case of In re Minnesota Mining & Mfg. Co.,27 permitted the registration of a mark consisting of the over-all configuration of the goods themselves.

The Mogen David and Minnesota Mining cases are the latest in a line of Patent Office and Court of Customs and Patent Appeals decisions which have created perpetual federal protection for the creators of successful commercial designs. The test applied in these cases is not whether the design rises to the level of originality at which it will be afforded design patent protection, nor whether after the expiration of the design patent the public should be free to copy the design, but whether a monopoly in the use of the design granted through federal trademark registration will hinder competition in the goods sought to be covered by the registration of the alleged design-trademark. The protection granted is based upon congressional enactment under the commerce clause, rather than under the patent and copyright clause.28

In 1954 the Commissioner of Patents held, in Ex parte Caron Corp.,29 that a bottle configuration, which had once been the subject of a design patent, could, after the expiration of the design patent, be the subject of a trademark registration on the Supplemental Register.30 After con-

28 See The Trade-Mark Cases, 100 U.S. 82 (1879), holding unconstitutional the Trade-Mark Act of 1870 which had been based upon the patent and copyright clause.
30 Trademarks not otherwise registrable but which are capable of dis-
considering the nature of design patents and of trademarks, Assistant Commissioner Leeds declared that it is apparent from the foregoing that the functions of design patents and trade marks and the purposes underlying their protection are different; and the protection accorded a trade mark cannot, in any real sense, be considered an extension of the protection accorded a patented design.

Although the Caron decision held that the exclusive use of the design patent by the patentee was not the exclusive use necessary to acquire rights in the design as a trademark since that use begins only after the expiration of the patent when the design falls into the public domain, the Trade-

tinging the proprietor's goods and have been used in commerce for a year prior to the filing of the application for registration may be registered on the Supplemental Register established by §23 of the Lanham Trademark Act of 1946, 60 Stat. 435, 15 U.S.C. §1091 (1958).

31 "A design patent may be obtained by any person who invents any new, original and ornamental design for an article. The patent protects only the appearance of the article, and does not protect its structural or utilitarian features. A design patent is a grant to the patentee, his heirs or assigns, for a term of years (in this case the term was fourteen years) conferring the right to exclude others from making, using for any purpose, or selling the article covered by the patent.

The registration of a distinguishing mark in trade may be obtained by any person who owns the mark as a result of using it to identify his goods and distinguish them from those of others.

"The function of a design patent is to protect the patentee in his right to exclude others from making, using or selling the article.

"The function of a trademark is to indicate origin of goods—to identify and distinguish the goods of one person from those of another.

"The purpose underlying the protection of patented designs is to grant exclusivity of the design of the article to the patentee for a term of years as a reward for his ultimate contribution to the public of something new, original and ornamental. The patent affords protection to the design itself.

"The purposes underlying the protection of trademarks are: (1) recognition of the right of potential purchasers to get that which they ask for and want to get without being confused, deceived, or mistaken as to the source of goods, anonymous though that source may be; and (2) recognition of the right of the owner of a mark to be protected in his investment of time, energy and money in presenting his product to the public under the mark. The trademark affords protection to the good will of the product and of the business symbolized by the mark." 100 U.S.P.Q. 356, 358 (Dec. Comm'r Pat. 1954).

32 Id. at 358-59.

33 "During the fourteen year term of the patent, applicant was fully protected against all uses by others, and use of the bottle by applicant during that period probably was not a use which would entitle it to claim any rights under the trademark laws. The 'exclusive use' during that period was by virtue of its right to exclude under the patent laws and was not

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mark Trial and Appeal Board, in an opinion also written by Assistant Commissioner Leeds, subsequently permitted the registration of a bottle configuration protected by a design patent even before the expiration of the patent. In the case of *In re The Pepsi-Cola Co.*, an application for the registration of a bottle design as a trademark for carbonated beverages was rejected by the Examiner of Trademarks, who held that registration was precluded by the existence of an unexpired design patent on the bottle. The Board reversed this decision, declaring that the trademark registration of configurations protected by design patents was contemplated by the framers of the Trademark Act of 1946, and that there was nothing inconsistent about the simultaneous existence of a design patent on a bottle, protecting the patentee against copying of the bottle, and registration of the bottle’s design on the Supplemental Trademark Register—indicating that the design of the bottle is capable of distinguishing the source of the soft drink contained therein.

Prior to the decision in the *Pepsi-Cola* case, the Examiner-in-Chief had rejected an application by Alan Wood Steel Co. for registration on the Supplemental Register of a particular design for projections on metal floor plate. Such projections serve a useful function in reducing the danger that someone walking on the metal plate might slip. Evidence was introduced indicating that manufacturers in the industry arranged the ridges on their plate in different patterns and that the pattern did serve as an indication of origin. The Examiner-in-Chief found, however, that the principal function of the patterned ridges was utilitarian and denied the registration because of this functional feature of the design, declaring that

the 'exclusive use' contemplated by the trademark law as a distinguishing mark.” *Id.* at 360.


*35* Principally to insure protection for U.S. nationals against design and trademark piracy in various foreign countries in which trademark rights are based solely upon registration and in which a foreign applicant must prove that its mark is registered in its home country to succeed in obtaining a registration. *Hearings on H.R. 4744*, 76th Cong., 1st Sess. 126-27 (1939).

the fact that the design is recognizable is not sufficient to make it registrable, for if this were the criterion then every article made by one manufacturer in a form somewhat different from articles of like kind made by others would be registrable as an alleged mark.37

Appeal was taken to the District Court for the District of Columbia,38 which affirmed the decision of the Patent Office39 in a decision in which Judge Holtzoff anticipated the language and reasoning of Mr. Justice Black in the Sears and Compco decisions.40 The decision in Alan Wood Steel Co. v. Watson41 was relied upon by both the Examiner and the Trademark Trial and Appeal Board in rejecting the application of Deister Concentrator Company for the registration on the Principal Register, under Section 2(f) of the Lanham Act,42 of a rhomboidal design as a trademark for ore concentrating and coal cleaning tables.43 The design for which registration was sought was an outline of the

37 Id. at 211.
40 "An object performing a utilitarian function may not be registered as a trademark even if it also identifies the applicant's product. A novel shape or appearance that is functional in character may not acquire any secondary meaning that would render it subject to exclusive appropriation as a trademark. J. R. Clark Co. v. Murray Metal Products Co., 5 Cir., 219 F.2d 313, 320. This court is, therefore, of the opinion that the decision of the Patent Office in this respect is sound. Were the law otherwise, it would be possible for a manufacturer or dealer, who is unable to secure a patent on... his design, to obtain a monopoly on an unpatentable device by registering it as a trade-mark. The potential consequence to the public might be very serious, because while a patent is issued for only a limited term, a trade-mark becomes the permanent property of its owner and secures for him a monopoly in perpetuity." Id. at 862.
41 Supra note 39.
42 Providing that a trademark which has "become distinctive of the applicant's goods in commerce" may be registered on the Principal Register and that the Commissioner may accept proof of exclusive and continuous use of the trademark by the applicant for five years as prima facie evidence of distinctiveness. 60 Stat. 428, 15 U.S.C. § 1952(f) (1958).
shape of the applicant's tables. Evidence indicated that the particular shape employed by the applicant was functional in character. On this ground the application was rejected. The applicant appealed the rejection to the Court of Customs and Patent Appeals. The court, in the case of In re Deister Concentrator Co., with the opinion by Judge Rich, affirmed the decision of the Trademark Trial and Appeal Board. Citing the Alan Wood Steel case with approval, Judge Rich declared that
to give appellant the Trademark registration it asks for here would give it a potential perpetual monopoly on the outline shape of its shaking table deck. The basic issue here is whether the law permits such a monopoly.\footnote{44}

The court concluded that the law did not permit such a monopoly, because such a monopoly would be contrary to "the socio-economic policy supported by the general law [of] the encouragement of competition by all fair means. . . ."\footnote{46} Rejecting the applicant's argument that the outline of the shape of its table was entitled to registration because it had acquired secondary meaning indicative of source, the court distinguished between "de facto secondary meaning" and secondary meaning to which the courts will attach legal consequences. It concluded that

the clear weight of authority shows that the courts will not support exclusive rights in any word or shape which, in their opinion, the public has a right to use in the absence of patent or copyright protection.\footnote{47}

Among these unprotected words and shapes are shapes which are basically functional in nature. That the public might attach secondary meaning to such a shape was deemed irrelevant.\footnote{48} The court was careful to point out, however,

\footnotesize\begin{itemize}
\item \footnote{44} 48 C.C.P.A. (Patents) 952, 289 F.2d 496 (1961).
\item \footnote{45} Id. at 960, 289 F.2d at 499.
\item \footnote{46} Id. at 961, 289 F.2d at 501.
\item \footnote{47} Id. at 965, 289 F.2d at 503.
\item \footnote{48} "A certain amount of purchaser confusion may even be tolerated in order to give the public the advantages of free competition. . . . In final analysis it would seem to be self-evident that government economic policy as reflected in law must be determined by the legislature and judiciary and
\end{itemize}
that the fact that a shape was utilitarian would not deprive it of trademark protection where it is "in its concept arbitrary." The court did not distinguish in this statement between shapes of packages and shapes of goods themselves.

The Caron and Deister decisions were cited by the Trademark Trial and Appeal Board in refusing an application to register a decanter bottle design on the Principal Register in the case of In re Mogen David Wine Corp. The design which was the subject of the application was the subject of an unexpired design patent owned by the applicant. The Board distinguished the Pepsi-Cola decision by pointing out that registration on the Supplemental Register—which had been sought in the Pepsi-Cola case—affords the registrant no presumptive right to exclusive use, whereas the registration on the Principal Register—which the applicant was seeking—would create such a right. This, it reasoned, would be equivalent to an extension of the design patent and contrary to the intent and purpose of the patent law. The Board cited Caron to support its contention that the applicant's use during the life of the design patent did not constitute trademark use and cited Deister to support its opinion that the design was not registrable in any event because of its functionality.

The Court of Customs and Patent Appeals rejected each of the Board's propositions. Rejecting the rationale of the Caron dicta, it held that to preclude consideration for trademark registration purposes of the use of a design during the existence of a design patent would create an exception to the use provisions of the Lanham Act which Congress had not seen fit to enact. The court likewise cannot be left to depend wholly on the attitudes, reactions or beliefs of the purchasing public. Public acceptance of a functional feature as an indication of source is, therefore, not determinative of right to register. Preservation of freedom to copy 'functional' features is the determining factor."

Id. at 966, 289 F.2d at 504.

49 Id. at 968, 289 F.2d at 505.
51 Id. at 578.
53 "It was within the province of Congress to write an exception in the provisions of the statute to preclude use of the subject matter of a design
disagreed with the Board's refusal to follow the rationale of the *Pepsi-Cola* decision in Principal Register cases. It indicated that the distinction to be drawn in design patent–trademark cases involved not the differences between the Principal and Supplemental Trademark Registers but between the patent and trademark laws. The court declared that patent and trademark rights exist independently of one another and that termination of one right does not affect the existence of the other.\(^4\) The court held that the Board had misapplied the *Deister* decision where the design had been "in essence utilitarian." In the present case, the design, while utilitarian in that it enabled the container to hold wine, possessed a sufficient degree of distinctiveness to enable it to acquire that secondary meaning which is entitled to protection.\(^5\)

Judge Rich, who had written the opinion in *Deister*, concurred in a separate opinion. He distinguished the case involving the *functional* shape of *goods* themselves—such as the Deister table—from that involving the *arbitrary* shape of a *container* for *goods*—such as the Mogen David wine bottle, stating that "whether competition would in fact be hindered is really the crux of the matter."\(^6\) To have granted Deister Concentrator Co. trademark protection for the functional design of its separating table would have

\(^4\) Id. at —, 328 F.2d at 931.
\(^5\) Id. at —, 328 F.2d at 931-32.
\(^6\) Id. at —, 328 F.2d at 933.
precluded competition in separating tables of this advanced design. To grant trademark protection for the design of the decanter to Mogen David Wine Corp. would not hinder competition in wine. Indeed, as Judge Rich pointed out, it might stimulate such competition by causing Mogen David's competitors to develop attractive decanters of their own if they believed that the attractiveness of the bottle was a factor in stimulating sales of wine. In both instances the court was fostering the important public policy of stimulating competition.

In another opinion by Judge Rich, the Court of Customs and Patent Appeals, in In re Minnesota Mining & Mfg. Co., held that the principles of the Deister decision are likewise applicable to registration of designs consisting of the over-all configuration of the goods which are to be protected by the registration. Minnesota Mining applied for registration on the Supplemental Register of the design or configuration of a promoter-chemical in solid form which was used in a process of non-electrolytic metal plating. Testimony was introduced to show that the shape in which the goods were manufactured and sold was intended to be distinctive of their origin, and that it was entirely arbitrary. Minnesota Mining relied upon Section 23 of the Lanham Act establishing the Supplemental Register and providing for the registration thereon of marks consisting of a configuration of goods capable of being distinguished as the goods of the applicant. The Examiner rejected the application on the ground that section 23 protected the particular configuration of a part of an article, but not the over-all configuration. On appeal, the Examiner's decision was affirmed by the Trademark Trial and Appeal Board.

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59 Ibid. Section 23 provides for the registration of "any trademark, symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral or device or any combination of any of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services." It thus distinguishes between technical trademarks and many other devices which are commonly considered trademarks and may become trademarks, and hence registrable on the Principal Register, with the establishment of secondary meaning.
However, the Court of Customs and Patent Appeals held that section 23 contained no such limitation and that under the provisions of the statute the mark was entitled to registration if it was capable of distinguishing the goods as those of the applicant. Whether it actually did so—that is, whether secondary meaning had been established—was held to be irrelevant for a Supplemental Register application. The court reviewed the extent of protection possible through registration and the policy of promoting competition, which must be considered in determining whether registration may be granted to a particular design, stating,

to sum up the statutory law applicable to this case, since this application is to register on the Supplemental Register, the overall configuration of appellant's goods need not be a trademark but only a "mark capable of distinguishing applicant's goods" from the goods of others, in other words a mark which might be a trademark registrable on the Principal Register, upon proof of established secondary meaning. Applicable in addition to the statutory considerations are those policy considerations, which could prevent registration on the Principal Register, considered in our opinion in In re Deister Concentrator Co., 48 CCPA 952, 289 F.2d 496, 129 USPQ 314, which apply equally to registration on both registers.61

The Mogen David and Minnesota Mining decisions illustrate and emphasize the importance of Mr. Justice Black's holding in Compco that "if the design is not entitled to a design patent or other federal statutory protection, then it can be copied at will."62 Neither Stiffel, which did not prove the existence of secondary meaning in its lamp design, nor Day-Brite, which did establish secondary meaning in its fixture design, was without means of protecting its designs if the designs were, in fact, capable of serving as indications of origin. Had they sought the protection of the federal trademark statute, rather than that of state common law in a federally pre-empted area, they might have been successful in their efforts to protect their designs.

RATIONALIZING THE CASES

At early common law a merchant had the right to freely copy the goods of his competitors. Under the Tudors this right was gradually restricted by the grant to royal favorites of letters patent giving those so favored the right to monopolize certain trades. Abuses in this system led to the enactment, in 1623, of the Statute of Monopolies, which declared all monopolies “utterly void and of no effect.” The statute contained, however, an exception permitting monopolies to be granted to inventors of new manufactures by letters patent which were limited to a term of fourteen years. However, such patents were not to be granted if they were “mischievous to the State, by raising Prices of Commodities at home, or Hurt of Trade, or generally inconvenient.”

Prior to the adoption of the United States Constitution the several states had similarly granted patents and continued to do so for some time thereafter. However, since “the States cannot separately make effectual provisions” for the granting of patents and copyrights, the Constitutional Convention provided that the Congress would have the power “to promote the Progress of Science and

63 The leading early case on monopolies is Darcy v. Allein, 11 Coke’s Rep. 84 (K.B. 1602), in which a royal grant of a monopoly for the manufacture of playing cards was held to be invalid as contrary to the common law. In the case of The Clothworkers of Ipswich, Code 252, 77 Eng. Rep. 147 (K.B. 1615), the court held that “if a man hath brought in a new invention and a new trade within the kingdom, in peril of his life, and consumption of his estate and stock, etc. or if a man hath made a new discovery of any thing, in such cases the King of his grace and favor, in recompense of his costs and travail, may grant by charter unto him, that he only shall use such a trade or trafique for a certain time, because at first the people of the kingdom are ignorant, and have not the knowledge or skill to use it: but when that patent is expired, the King cannot make a new grant thereof: for when the trade is become common, and others have been bound apprentices in the same trade, there is no reason why such should be forbidden to use it.” The Clothworkers of Ipswich, supra at 148.

64 1623, 21 Jac. 1, c. 3.

65 Ibid.


useful Arts, by securing for Limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."  

This constitutional provision and the laws enacted by Congress pursuant to it were to be "... the supreme Law of the Land; and the Judges in every State shall be bound thereby, any thing in the Constitution or Laws of any State to the Contrary notwithstanding."  

The powers granted to the federal government in the patent and copyright clause do not include the power to protect trademarks. This power remained with the states as part of the common law of unfair competition, since Congress had power to protect trademarks only insofar as their use affected interstate commerce. It is important to note that at the time the Constitution was adopted the common law did not prohibit the copying of designs but

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68 U.S. Const. art. I, § 8, cl. 8. (Emphasis added.)
69 U.S. Const. art. VI, cl. 2. Mr. Justice Marshall, in Cohens v. Virginia, 19 U.S. (6 Wheat.) 264, 412 (1821), summarized the operation of the supremacy clause: "The constitution and laws of a state, so far as they are repugnant to the constitution and laws of the United States, are absolutely void."
70 The Trade-Mark Cases, 100 U.S. 82, 93-94 (1879).
71 Id. at 96-98. Compare the report by Secretary of State Thomas Jefferson to the House of Representatives:

"December 9, 1791.

"The Secretary of State, to whom was referred by the House of Representatatives the petition of Samuel Breck and others, proprietors of a sail-cloth manufactory in Boston, praying that they may have the exclusive privilege of using particular marks for designating the sail-cloth of their manufactory, has had the same underconsideration, and thereupon reports, That it would, in his opinion, contribute to fidelity in the execution of manufacturers to secure to every manufactory, an exclusive right to some mark on its wares proper to itself.

"That this should be done by general laws, extending equal right to every case to which the authority of the Legislature should be competent.

"That these cases are of divided jurisdiction: Manufacturers made and consumed within a State being subject to State legislation, while those which are exported to foreign nations, or to another State, or into the Indian Territory, are alone within the legislation of the General Government.

"That it will, therefore be reasonable for the General Government to provide in this behalf by law for those cases of manufacture generally, and those only which relate to commerce with foreign nations, and among the several States, and within the Indian Tribes.

"And that this may be done by permitting the owner of every manufactory to enter in the records of the court of the district wherein his manufactory is, the name with which he chooses to mark or designate his wares, and rendering it penal in others to put the same mark to any other wares." Quoted in Schechter, Historical Foundations of Trademark Law 131-32 (1925).
was basically restricted to the tort known in British law as "passing-off," which basically involved the representation that one's goods were those of a competitor. Since that time, however, state unfair competition law has gradually been extended to a variety of commercial torts. When the lower court decisions in Sears and Compco applied the law of Illinois and thereby granted greater protection to commercial designs than that available under federal law, a constitutional conflict was created.

In the development of the law of unfair competition in Illinois inadequate consideration had been given to the promotion of competition—a consideration of the utmost importance in our economic system. As Mr. Justice Burton emphasized in Standard Oil Co. v. Federal Trade Comm'n, "the heart of our national economic policy long has been faith in the value of competition." It was the promotion of this policy which guided the Supreme Court in Sears and Compco and which the Court of Customs and Patent Appeals found controlling in Deister and Mogen David.

Illinois' attempt to extend protection to originators of commercial designs beyond that available under the federal design patent and copyright laws, by granting protection of unlimited duration to originators of designs which lacked the originality necessary for federal protection, ran contrary to the intention of the drafters of the patent and copyright clause that authors and inventors should be protected only for limited times. It ran counter, as well, to the intent of Congress in requiring that patent applicants must meet a minimum standard of inventiveness. As such it was, as was held in Sears and Compco, an unconstitutional invasion by the state of a federally pre-empted area of the law.

72 1 CALLMANN, UNFAIR COMPETITION AND TRADE-MARKS § 4.1 (2d ed. 1950). For a discussion of the early development of trademark law in the United States see SCHECHTER, op. cit. supra note 71, at 130-34.

73 340 U.S. 231, 248 (1950). Cf. statement by Judge Rich in Application of Deister Concentrator Co., 48 C.C.P.A. (Patents) 952, 961-62, 289 F.2d 496, 501 (1961): "It is basic to our consideration, therefore, that the socio-economic policy supported by the general law is the encouragement of competition by all fair means, and that encompasses the right to copy, very broadly interpreted, except where copying is lawfully prevented by a copyright or patent."
THE IMPACT OF Sears AND Compeo

In spite of the importance to our national economic policy of promoting competition, the Sears and Compeo decisions have been criticized as reaching a "startling" result and "represent[ing] a lowering of the standards of commercial morality." While all competition may be characterized by the originator of a product or a service as "unfair," it is obvious that a certain amount of freedom in borrowing and adapting competitors' ideas and methods is necessary in an expanding competitive economy. At what point do these competitive practices become of such a nature as to justify judicial or statutory restriction and hence merit legal classification as unfair competition?

Mr. Justice Black took care to point out in both Sears and Compeo that a state's inability, because of constitutional considerations, to enjoin the copying of a design...
not protected by a patent or copyright did not leave it powerless to prevent unfair competition. Alluding to the fact that the trial court in *Compco* had found that the plaintiff's design had acquired a secondary meaning, he held that nevertheless the design could be copied at will if it "is not entitled to a design patent or other federal statutory protection." Under the rationale of the *Deister* and *Mogen David* decisions this federal statutory protection may include trademark registration if such registration does not hinder competition in the goods. In other words, the secondary meaning the merchant has built up in his design will be protected unless doing so would run counter to the fundamental public policy of promoting competition in the goods with which the design is associated.

Further federal statutory protection may be made available to the owner of a design which lacks the qualities necessary to obtain the protection of a design patent. A bill introduced in the last session of Congress by Representative Lindsay and Senator Javits would have provided civil remedies to persons damaged by unfair commercial activities in commerce. The intent of this legislation, which is likely to be reintroduced in the Eighty-Ninth Congress, would be to obviate *Erie R.R. v. Tompkins* in this area and to create a federal law of unfair competition. A federal district court hearing an unfair competition claim based upon federal legislation would not be presented with the constitutional problem that arose in *Sears* and *Compco*.

The effect of *Sears* and *Compco* upon state law has been considered in several cases by the Supreme Judicial Court of Massachusetts, the New York Supreme Court, and by several federal courts. Their decisions lend weight

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77 *Compco Corp. v. Day-Brite Lighting, Inc.*, *supra* note 62. (Emphasis added.)


81 304 U.S. 64 (1938).
to the view that the Sears and Compco holdings will be interpreted narrowly and will not be used to countenance all manner of commercial immorality.

Two federal district courts, following Sears and Compco, have refused to enjoin the copying of unpatented designs. In Int'l Bictical Corp. v. Federated Dept' Stores, Inc., the plaintiff moved for a preliminary injunction to restrain the continued infringement of a design patent, the validity of which had not been adjudicated. Plaintiff argued that since Sears and Compco had limited the basis upon which the courts may grant protection in unfair competition cases, the courts should broaden the protection given in patent and copyright cases and could enjoin unfair competition of the nature alleged. The court denied the motion, stating that in the second circuit relief in such cases had always been limited to those instances in which the defendant's actions misled or deceived the consumer. The court found that the plaintiff had failed to prove either secondary meaning or predatory practices on the part of the defendant.

In Jerrold Stephens Co. v. Alladin Plastics, Inc., the plaintiff asked for a declaratory judgment that a design patent for plastic bucket seats was invalid while the defendant counterclaimed, seeking an injunction to prevent copying of its design by plaintiff. The court found the patent invalid as being "wholly lacking in even the most liberal conception of the standard of invention to be applied." It then dismissed the counterclaim for copying and a related counterclaim based upon an allegation that the plaintiff had interfered with its relationship with its customers.

The seventh circuit considered the effect of Sears and Compco in Aerosol Research Co. v. Scovill Mfg. Co.,

85 Id. at 539.
86 334 F.2d 751 (7th Cir. 1964).
wherein plaintiff had brought suit for infringement of its patented aerosol valve and for unfair competition based upon copying of its unpatented spray tips. The district court, prior to the Supreme Court decisions in Sears and Compco, found the patent valid and infringed and also found that the defendant had competed unfairly with plaintiff in copying its spray tips. Appeal was taken to the Seventh Circuit Court of Appeals, which decided the case after the Supreme Court decisions in Sears and Compco, and reversed the district court's holding that the defendant had been guilty of unfair competition. The circuit court noted that there was no evidence that the defendant had "palmed off" its spray tips as plaintiff's, nor that it had intended or attempted to mislead or deceive customers as to their origin.

State courts have granted relief in several unfair competition cases decided since the Sears and Compco decisions. Their opinions indicate that the cases will be construed narrowly and that deliberate attempts to mislead the public will not be permitted, although the mere copying of unprotected designs, so labelled as to not deceive the public as to their source, will not be enjoined.

The New York Supreme Court, in Wolf & Vine, Inc. v. Pioneer Display Fixture Co., dismissed an unfair competition complaint based upon the copying of mannequins not protected by a patent or copyright. It found that the manner in which the defendants had marketed their mannequins precluded any finding of "palming off" and held

88 In Cable Vision, Inc. v. KUTV, Inc., 335 F.2d 348 (9th Cir. 1964), the ninth circuit relied upon Sears and Compco in reversing a decision of the District Court for the District of Idaho enjoining the operations of a community television antenna service which picked up programs from distant stations and distributed them in competition with the local network outlet. The district court had held that this activity constituted unfair competition under Idaho law. Noting that no claim of copyright infringement had been made, the court of appeals remanded the case to the district court to permit new pleadings, holding that "unless appellees are able to demonstrate a protectible interest by virtue of the copyright laws or bring themselves within the contemplation of some other recognized exception to the policy promoting free access to all matter in the public domain, they cannot prevail." Cable Vision, Inc. v. KUTV, Inc., supra at 354.
that in the absence of conduct on the part of the defendants "stimulating confusion" the plaintiffs could not have prevailed under existing New York law. The court cited Sears and Compco to buttress this conclusion.

In *E. H. Wood Associates v. Skene* the Massachusetts court considered the effect of Sears and Compco on a claim of unfair competition based upon infringement of a common-law copyright. It held that a provision of the Copyright Act, alluded to in a footnote in the Sears decision, saved to the states their traditional jurisdiction over such claims and that this jurisdiction was not affected by Sears and Compco.

The New York Supreme Court, in applying Sears and Compco to unfair competition cases arising before it, has distinguished cases involving copying from those involving direct appropriation of the plaintiff's property. The plaintiff in *Flamingo Telefilm Sales v. United Artists Corp.* alleged that the defendant had exhibited as part of a television program a substantial portion of a motion picture to which the plaintiff had sole television rights. Defendant moved to dismiss the complaint, relying upon Sears and Compco. The court denied the motion saying, of Sears and Compco, "however, in those cited cases the court was concerned with the copying of an unpatented and uncopyrighted product. This is to be distinguished from the instant case where

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80 Id. at 114.
81 Ibid.
83 Comman-law copyright protects the author of works which have not been published; statutory copyright was created to protect the author of a published work. See Bobbs-Merrill Co. v. Straus, 210 U.S. 339, 346-47 (1908).
84 17 U.S.C. § 2 (1958) provides: "Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publications, or use of such unpublished work without his consent, and to obtain damages therefor."
85 A similar result was reached by the New York Supreme Court in Columbia Broadcasting System, Inc. v. Documentaries Unlimited, Inc., 42 Misc. 2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964).
the complaint, essentially, is of an appropriation of the very item licensed." 97

This decision was followed in Capitol Records, Inc. v. Greatest Records, Inc. 98 in which the court granted a temporary injunction forbidding the continued sale of a record album which defendants had prepared by tape recording portions of the plaintiff's "Beatles" albums. Replying to defendant's contention that such conduct was permitted under Sears and Compco, the court declared: "Neither of those learned decisions stands for the proposition that this plaintiff is not entitled to protection against the unauthorized appropriation, reproduction or duplication of the actual performances contained in its records." 99

In New York World's Fair 1964-1965 Corp. v. Colourpicture Publishers, Inc., 100 an unsuccessful bidder for the World's Fair postcard license began selling postcards, off the site which featured various fair exhibits and scenes. The Fair management sought a preliminary injunction prohibiting further sales. Defendant argued that its conduct was permitted under Sears and Compco. The court rejected this argument and granted the injunction, stating that:

No attempt is being made in this case to give "perpetual protection" to an article in trade "too lacking in novelty to merit any patent at all," but to give protection for a brief two-year period to the valuable property rights of the spectacular and unique educational effort of a nonprofit organization. 101

CONCLUSION

From the decisions which have been rendered since Sears and Compco, it appears that the state courts and the lower federal courts which apply state law are adopting a rule of reason in concrete cases wherein the doctrine of the above discussed decisions is involved. In cases where

97 Id., 141 U.S.P.Q. at 462.
99 Id. at 880, 252 N.Y.S.2d at 556.
101 Id., 142 U.S.P.Q. at 942.
the only wrong alleged is the copying of a design which is so lacking in originality as not to deserve design patent protection and which has not acquired sufficient protectible secondary meaning to be entitled to federal trademark registration, the courts are applying ancient common-law doctrine and permitting the copying. But where the copier seeks to mislead or deceive the consuming public his actions are likely to be enjoined. It is submitted that in this manner both the important economic objective of promoting competition and the moral objective of keeping that competition fair are being well balanced.