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COLOR AS A TRADEMARK AND THE MERE COLOR RULE: THE CIRCUIT SPLIT FOR COLOR ALONE

CRAIG SUMMERFIELD

I. INTRODUCTION

Product color, or color alone, can be very important to a corporation, including potential exclusive rights to use that color.¹ Product color refers to the general or background color covering merchandise or packaging, such as the red of a red can.² Some corporations try to develop rights in a product color so that competitors may not use the same product color on a similar product.³ These corporations seek trademark rights through registration and protection of color alone as a source identifying mark.

Corporate interest in product color rights stems from the effect color has on consumer perception and purchasing.⁴ Consumers are attracted by certain colors and avoid other colors as unappealing, and consumers often remember a product color, using the color in purchases.⁵ Because of consumer recognition, such as "buy the red one," corporations want to protect a colored good's reputation. Whether the reputation was developed intentionally by advertising or through consumer word of mouth, a business may want exclusive use rights in the color alone of its product. Some courts recognize the corporate interest in color rights, but other courts refuse to grant trademark rights to color alone under the "mere color rule."⁶

1. *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1125 (Fed. Cir. 1985). Owens-Corning spent over \$42,000,000 in advertising its PINK insulation between 1972 and 1981. The rights to the color pink were important enough to warrant expensive litigation. Some believe the investment by Owens-Corning in pink was so great that the case has little value outside its facts. *Nutrasweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990), *cert. denied*, 111 S. Ct. 1640 (1991).

2. The term product color does not refer to a combination of colors creating a design, such as a polka dotted red and white can. The use of colors to create a distinct design is not the type of color alone this Note deals with. Color in design is examined only to explain difficulties associated with the use of color in trademarks.

3. See, e.g., *Owens-Corning*, 774 F.2d at 1125; *Nutrasweet*, 917 F.2d at 1027.

4. DEAN B. JUDD & GUNTER WYSZECKI, *COLOR IN BUSINESS, SCIENCE AND INDUSTRY* 32 (3d ed. 1975).

5. *Id.* Pink on fiberglas is arguably more recognized than the name of the manufacturer, Owens-Corning, which is also placed on the fiberglas.

6. *Owens-Corning*, 774 F.2d at 1125 (recognizing a corporate interest in pink on fiberglas); *Yellow Cab Transit Co. v. Louisville Taxicab & Transfer Co.*, 147 F.2d 407 (6th Cir. 1945) (recognizing a corporate interest in the use of yellow on taxi cabs); *Nutrasweet*, 917 F.2d at 1027 (court acknowledges other circuits which protect the corporate interest in a product color by granting

This Note will show that color alone should receive registration and protection through infringement suits like any other trade dress. After looking at the history of the mere color rule and the practical effect of that history, Lanham Act policy and interpretation show that the mere color rule should not be used as an absolute bar to rights in color alone. The rationales for the mere color rule are analyzed. Of these rationales, only color depletion provides a policy reason to deny rights in color alone for some instances. This Note will show that the competitive need test accounts for the proper application of the color depletion rationale, so the mere color rule does not need to be applied as an absolute bar. An approach which protects competition and accounts for color depletion concerns while fulfilling the purposes of the Lanham Act under the competitive need test will be found and applied to hypothetical circumstances. The mere color rule should not be applied as an absolute bar to trademark rights in color alone.

II. HISTORY

Traditionally, courts have held that a color alone (or color per se) cannot function as a trademark.⁷ This "mere color rule" absolute bar was created when the Supreme Court expressed, in dicta, that "[w]hether mere color can constitute a valid trade-mark may admit of doubt."⁸ However, the Court denied trademark rights based on the lack of distinctiveness from the claim of "any" color applied as a streak to a rope, not based on the mere color rule to deny rights to one particular color.⁹

As early as 1906, a court made use of the "mere color rule" to deny protection of a color alone.¹⁰ "Color depletion," based on unwanted reduction of the limited number of colors available for use by competitors,

exclusive use rights in color alone, but refuses to protect that type of interest); *Campbell Soup Co. v. Armour & Co.*, 175 F.2d 795 (3rd Cir. 1949) (denying rights in the colors red and white on food cans).

7. *Campbell Soup*, 175 F.2d 795 (no trademark rights in the colors of red and white on canned food); *Life Savers Corp. v. Curtiss Candy Co.*, 182 F.2d 4 (7th Cir. 1950) (color stripes on candy packs cannot function as a trademark). *But cf. Yellow Cab*, 147 F.2d 407 (use of yellow by a competitor was enjoined under an unfair competition analysis without mention of the mere color rule); *Clifton Mfg. Co. v. Crawford-Austin Mfg. Co.*, 12 S.W.2d 1098 (Tex. Civ. App. 1929) (ignoring a mere color rule argument without even citing mere color rule precedent, a company was given trademark rights in reddish brown for use to distinguish tents).

8. *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U.S. 166, 171 (1906).

9. *Id.* The court was concerned that a streak of any color, not a specific color, would not provide notice to competitors about what they could and could not copy. This is an analysis under the distinctive doctrine of trademarks. The trademark did not have secondary meaning to the consuming public (it did not represent to the public that the product was one particular brand). Therefore, the Supreme Court did not actually make use of the mere color rule.

10. *Diamond Match Co. v. Saginaw Match Co.*, 142 F. 727 (6th Cir.), *cert. denied*, 203 U.S. 589 (1906) (blue and red tips on a match are not entitled to trademark status).

was given as the rationale behind the rule in that early case¹¹ and continues to be followed by the courts.¹² Shade confusion, adequate protection provided by color in design, and tradition are other reasons courts do not allow protection of trademark rights in color alone.¹³

In *Owens-Corning*, the Federal Circuit specifically rejected the mere color rule as an absolute bar in color alone.¹⁴ The court allowed registration of a color alone.¹⁵ According to the Federal Circuit, color alone can be registered as a trademark if it is non-functional—including utility and competitive need, shows secondary meaning, and does not apply to a specific Lanham Act registration bar.¹⁶ Thus, “[t]he Federal Circuit merely declined to establish a per se prohibition against registering colors as trademarks.”¹⁷ The court did note that color alone marks, because of their nature, carry a difficult burden in demonstrating distinctiveness.¹⁸

The *Owens-Corning* court established a “competitive need” test for granting rights in color alone.¹⁹ An exception to the mere color rule exists and registration will be granted when a particular color is not used or needed for effective competition.²⁰ Under the competitive need test, the color depletion rationale was not faulted for use in appropriate circumstances but was no longer used as an absolute bar to rights in color alone.²¹

The Ninth Circuit followed the lead of the Federal Circuit and acknowledged that an exception to the mere color rule exists.²² This court applied the *Owens-Corning* competitive need test for registration of color

11. *Id.* at 729-30. (“If, by appropriating two colors for each brand, it could monopolize them, it would soon take all the colors not in use by the complainant, and thus cover the entire field at once.”).

12. *Nutrasweet*, 917 F.2d at 1027.

13. *Id.* at 1027. The *Nutrasweet* Court relied on the dissent by Judge Bissell in *Owens-Corning*, 774 F.2d at 1128.

14. *Owens-Corning*, 774 F.2d at 1120. There was a strong dissent by Judge Bissell which argued for continued application of the mere color rule as an absolute bar to registration.

15. *Id.*

16. *Id.* at 1121 (functionality); *id.* at 1124 (secondary meaning); *id.* at 1119 (specific Lanham Act registration bars).

17. *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1382 (9th Cir. 1987).

18. *Owens-Corning*, 774 F.2d at 1127. The dissent argued that the mere color rule was an absolute bar, but even if it was not, the color pink did not have secondary meaning. This argument over secondary meaning, or distinctiveness, shows the difficulty of creating a distinctive mark based on color alone. The dispute existed even after *Owens-Corning* had spent over \$42,000,000 in advertising the color pink. *Id.* at 1125.

19. *Id.* at 1121.

20. *Id.* at 1122.

21. *Id.* at 1120.

22. *First Brands*, 809 F.2d at 1382 (recognizing the validity of the *Owens-Corning* decision, but denying rights in yellow containers for anti-freeze based on the *Owens-Corning* competitive need test).

alone in an infringement suit for protection of a color alone.²³ The court found a competitive need for yellow on anti-freeze containers.²⁴ The mere color rule no longer operated as an absolute bar for both the grant of trademark rights through registration and the protection of trademark rights through infringement actions.

Subsequently, in *Nutrasweet v. Stadt*, the Seventh Circuit expressly held that color alone is not subject to trademark protection.²⁵ The court's use of the mere color rule in an infringement suit is contrary to the Ninth Circuit's application of the competitive need test.²⁶ *Nutrasweet* sought rights in the use of the color blue on table top sugar substitute packets of Equal.²⁷ Stadt Corporation was going to market a table top sugar substitute, Sweet One, in a different shade of blue.²⁸ After noting the unusual set of facts in *Owens-Corning*, the Seventh Circuit concluded that the reasoning of the *Owens-Corning* dissent was more persuasive.²⁹ The court's acceptance of the *Owens-Corning* dissent expresses a belief, opposite the Federal Circuit, that registration of color alone should not be granted.³⁰ The *Nutrasweet* court gave Judge Bissell's, the dissenting judge in *Owens-Corning*, four reasons for continued application of the mere color rule: consistency and predictability, adequate protection of color through protection of design, shade confusion, and color depletion acting as a bar to competition.³¹ Furthermore, the court pointed to its inability to predict the entry of future competitors as a reason the competitive need approach would not work.³²

The American Law Institute has adopted the traditional approach

23. *Id.*

24. *Id.* The court relied on a lower court finding that other competitors also used yellow containers. *Id.*

25. 917 F.2d at 1024.

26. *Id.* (court applied the mere color rule as an absolute bar to rights in a color alone). *But cf. First Brands*, 809 F.2d at 1382 (The competitive need test did not fault the color depletion rationale of the mere color test for proper application, so the court found competitive need based on color depletion. The Ninth Circuit did accept that the mere color rule no longer existed as an absolute bar for infringement suits.).

27. 917 F.2d at 1025.

28. *Id.* at 1026. *Nutrasweet's* Equal is packaged in a greenish-blue packet and Stadt's Sweet One is in a reddish-blue packet.

29. *Id.* at 1027.

30. *Id.* This belief is contrary to the *Owens-Corning* decision and is the basis of the "split" between the circuits for registration of color alone trademarks. *See Owens-Corning*, 774 F.2d at 1120. A true split cannot occur due to the appeals procedure of registration questions under the Lanham Act. All registration appeals are to the Federal Circuit. Lanham Act § 21, 15 U.S.C. § 1071 (a)(1) (1988). All infringement or protection appeals are to the regional Appeals Courts. Lanham Act § 39, 15 U.S.C. § 1121 (1988). This aspect of the circuit split is discussed *infra* at note 36 and accompanying text.

31. *Nutrasweet*, 917 F.2d at 1027-1028.

32. *Id.* at 1028.

of applying the mere color rule as an absolute bar.³³ The proposed Restatement of Unfair Competition acknowledges the distinctiveness of color in combination with design, but follows the mere color rule based on the color depletion theory for color alone.³⁴ *Owens-Corning* is cited in the Reporter's Note but is limited to its specific facts.³⁵

There is now a split in the Federal Appellate Courts over the application of the mere color rule in infringement suits and a difference of beliefs over application of the mere color rule for registration.³⁶ Judge Bissell's concern for comity amongst the circuits and reliance on tradition in the law is now more of a problem than when expressed.³⁷ The issue must be resolved by the court which originally hinted at the mere color rule, the Supreme Court, or rights in color alone will continue to be unstable.

Many issues are unanswered because of the present confused state of the law in color alone rights. Proper application, if any, of the competitive need test or any other test appropriate for color alone has not been established. Under the Lanham Act,³⁸ trademark registration versus infringement has not been examined by the courts applying *Owens-Corning*. The practical effects of the split between the circuits must also be studied.

III. PRACTICAL EFFECTS OF THE SPLIT

Differences in application of the mere color rule between two regional circuits create concerns about protection through infringement of trademark rights in a color alone. With the split between the Ninth and Seventh Circuit Courts of Appeal,³⁹ trademark rights in color alone for infringement decisions remain uncertain. One circuit protects color alone rights, while another does not. This split will undoubtedly lead to

33. RESTATEMENT (THIRD) OF UNFAIR COMPETITION ch. 3, § 13 cmt. d (Proposed Draft No. 2, 1990).

34. *Id.*

35. *Id.* See also Sandra Edelman, *Restatement of the Law of Trademarks: A Review*, 81 TRADE-MARK REP. 554, 563 (1991).

36. The Ninth Circuit followed the Federal Circuit by not applying the mere color rule as an absolute bar, but applying the color depletion theory when applicable (competitive need). *First Brands*, 809 F.2d 1378 and *Owens-Corning*, 774 F.2d 1116. The Seventh Circuit chose to apply the mere color rule as an absolute bar to trademark rights in color alone—competitive need always exists no matter what the facts. *Nutrasweet*, 917 F.2d 1024. This is the split for infringement. *Supra*, note 26. Under registration, there cannot be a true split, but the courts may disagree with actions of the Federal Circuit. *Supra* note 30.

37. *Owens-Corning*, 774 F.2d at 1129.

38. 15 U.S.C. §§ 1051-1127 (1988). This is the statute which governs trademark law.

39. *First Brands*, 809 F.2d 1378; *Nutrasweet*, 917 F.2d 1024.

forum shopping due to the major difference in substantive rights.⁴⁰

One of Judge Bissell's and the Seventh Circuit's reasons for denying protection of color alone should be addressed at this point. "Consistency and predictability" of the law was given as a reason for continuing application of the mere color rule.⁴¹ Judge Bissell pointed out that comity between the circuits dictates that "breaking away from the lines of decisions in the regional circuits will have a divisive effect on the trademark law."⁴² This argument now has little impact on the proper application of the mere color rule. A division between the circuits occurred first with the Federal Circuit and was followed by the Ninth Circuit.⁴³ Therefore, there is no line of cases to break away from, and the national trademark law is not consistent.⁴⁴ Thus, comity no longer supports the application of the mere color rule as an absolute bar.

A difference in application between registration and infringement actions affects substantive rights in color alone trademarks, making color alone trademark rights potentially worthless. Registration of a trademark is *prima facie* evidence of the validity of the registered mark.⁴⁵ This *prima facie* evidence of secondary meaning is rebuttable.⁴⁶ While a trademark may receive registration, trademark rights may still be denied.⁴⁷ Appeal to the courts on registration issues is to the Federal Circuit.⁴⁸ Infringement actions are appealed to the regional Appeals Courts and not the Federal Circuit.⁴⁹ Furthermore, the Federal Circuit is bound to follow the trademark law of the regional Appeals Courts on questions of infringement.⁵⁰ Therefore, while Owens-Corning may have a registered mark in a color alone from the Federal Circuit decision, a regional circuit, such as the Seventh Circuit, will not allow protection of those rights.⁵¹

40. *Owens-Corning*, 774 F.2d at 1128.

41. *Nutrasweet*, 917 F.2d at 1027.

42. *Owens-Corning*, 774 F.2d at 1129 (Bissell, J., dissenting). One form of comity when applied to trademark rights is the regionally shared responsibility for the trademark laws between the circuit courts.

43. *Owens-Corning*, 774 F.2d 1116; *First Brands*, 809 F.2d 1378.

44. This argument is also one which would dictate that the Old English Common Law should still exist. Therefore, it provides little insight into the mere color rule and whether it should be applied.

45. 15 U.S.C. § 1057(b) (1988).

46. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 196 (1985).

47. *Id.* See also 15 U.S.C. § 1119 ("In any action involving a registered mark the court may determine the right to registration, order cancellation of the registrations . . .").

48. 15 U.S.C. § 1071 (1988).

49. 15 U.S.C. § 1121 (1988).

50. *Id.*

51. *Owens-Corning*, 774 F.2d at 1128; *Nutrasweet*, 917 F.2d at 1027. This is a grave concern because the registration of color alone could be meaningless in the Seventh Circuit.

The mere color rule's application in registration is not different from the rule's application in infringement actions. The mere color rule has been applied to both registration and infringement. Judge Bissell felt that the mere color rule had been applied to registration.⁵² The *Nutrasweet* court pointed to a history of past application of the mere color rule to infringement decisions.⁵³ Courts have not distinguished between registration and infringement for application of the mere color rule. Registration without protection or not allowing registration leads to the same result, no trademark rights in color alone.

The rationale behind the mere color rule applies to both registration and infringement analysis. Some requirements of registration are different than the requirements of infringement and will be addressed later.

Tradition and consistency in the law apply to registration and infringement. Since the mere color rule was applied consistently in both registration and infringement actions, the tradition exists in both.⁵⁴ The tradition rationale applies to both the grant and the protection of trademark rights.

Color in design as an alternative to color alone applies to registration and infringement. Color in design is granted registration.⁵⁵ Color in design is also protected in infringement actions.⁵⁶ The color in design as an alternative to color alone rationale applies to the grant and protection of rights in color alone.

Shade confusion applies to registration and infringement. Shade confusion is a concern created by the likelihood to confuse test of trademarks.⁵⁷ The likelihood to confuse test is applied in registration analysis⁵⁸ and infringement analysis.⁵⁹ The shade confusion rationale applies to the grant and protection of rights in color alone.

Color depletion applies to registration and infringement. Color depletion exists whenever a color's use is denied to a competitor or potential competitor.⁶⁰ If registration is granted in a color alone, it is unlikely that competitors would want to risk the potential for trademark infringement. Registration of color depletes the number of available colors. If a color alone is protected in an infringement action, competitors would not

52. *Owens-Corning*, 774 F.2d at 1128 (Bissell, J., dissenting).

53. 917 F.2d at 1027.

54. See *supra* notes 52, 53 and accompanying text.

55. *In re Swift & Co.*, 223 F.2d 950, 955 (C.C.P.A. 1955).

56. *Quabuag Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154, 161 (1st Cir. 1977).

57. *Owens-Corning*, 774 F.2d at 1123.

58. 15 U.S.C. § 1052(d) (1988).

59. *Id.* § 1125(a)(1) (1988).

60. *Nutrasweet*, 917 F.2d at 1027.

risk a similar infringement action by using the same color. Infringement of a color alone would act to deplete the number of available colors. The color depletion rationale of the mere color rule applies in both the grant and protection of color alone.

The rationale behind the mere color rule applies to both registration and infringement. Courts apply the mere color rule to both registration and infringement. Therefore, the mere color rule can be examined on its own, regardless of whether the dispute is over registration or infringement.

There is a split between the circuits over the application of the mere color rule as an absolute bar. The circuit split creates practical problems like forum shopping and uncertain rights. These problems should be solved by determining the proper application, if any, of the mere color rule to trademarks in color alone.

IV. THE LANHAM ACT AS A GUIDE TO COLOR ALONE

Varying interpretations of the Lanham Act have led to the split between the circuits.⁶¹ The Federal Circuit claims the Lanham Act's creators sought to create a liberal law void of unspecified rules such as the mere color rule.⁶² Judge Bissell claims that the authors of the Lanham Act did not seek to void the mere color rule, as evidenced by the lack of stated congressional intent and court decisions following the creation of the Lanham Act which made use of the mere color rule as an absolute bar to rights in color alone.⁶³ The American Law Institute and the Seventh Circuit agree with Judge Bissell and would apply the mere color rule as an absolute bar.⁶⁴

The relevant portions of the Lanham Act impacting color alone in trademarks are section 2, covering the requirements for registration of federal trademarks,⁶⁵ and sections 32 and 43, covering false designation of origin or infringement.⁶⁶ The Lanham Act defines a trademark to include "any word, name, symbol, or device or any combination thereof . . . to identify and distinguish his or her goods . . . from those manufac-

61. *Owens-Corning*, 774 F.2d at 1120 (the Lanham Act allows the registration of color alone as a federal trademark), and *Nutrasweet*, 917 F.2d at 1027 (the Lanham Act adequately protects the use of color, so there is no need to allow color alone as a basis for trademark rights).

62. *Owens-Corning*, 774 F.2d at 1120.

63. *Id.* at 1128 (Bissell, J., dissenting).

64. *Supra* notes 33-35; *Nutrasweet*, 917 F.2d at 1027 (the Seventh Circuit found "Judge Bissell's reasoning persuasive," but did not cite the dissenting Judge's Lanham Act analysis).

65. Lanham Act, 15 U.S.C. § 1052.

66. 15 U.S.C. §§ 1125, 1114 (1988).

tured or sold by others"⁶⁷

A. Policy Dictating the Interpretation of the Lanham Act

The purposes and policies of the Lanham Act dictate an interpretation of the Act allowing registration and protection of color alone trademarks with certain restrictions. The Lanham Act was meant to make trademark registration more liberal, to dispense with mere technical prohibitions, and to modernize the trademark statutes to conform to legitimate present-day business practices.⁶⁸ The Lanham Act's intent is to protect businesses against unfair competition and to prevent consumer deception.⁶⁹ As a further clarification of intent, the legislative history states two purposes underlying the trademark statute.⁷⁰ The Lanham Act provides national protection of trademarks so that the owner may secure the goodwill of his business and protect the ability of consumers to distinguish among competing producers and products.⁷¹ For color alone, the policy of protecting the consumer will not influence the application of the mere color rule in any way, but the policy of protecting investment in a mark dictates that the mere color rule should not be an absolute bar.

1. Protecting the Consuming Public

Trademarks are meant to protect the consuming public from deception. The consumer may want to purchase a product from a certain source since that source has provided what the purchaser seeks in the product in the past.⁷² For the consumer, trademarks are meant to make informed consumer purchases possible and to encourage the maintenance of product quality for the consumer.⁷³

67. 15 U.S.C. § 1127 (1992).

68. S. REP. NO. 1333, 79th Cong., 2d Sess. 5 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1276.

69. Lanham Act, 15 U.S.C. § 1127 (1992). The Lanham Act is also meant to "regulate commerce within the control of Congress . . . ; protect registered marks . . . from interference by State, or territorial legislation; . . . and to provide rights and remedies stipulated by treaties and conventions" *Id.* However, the purposes listed in this footnote are procedural and will not impact the analysis of the mere color rule.

70. S. REP. NO. 1333, 79th Cong., 2d Sess. 5 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274.

71. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) (not a mere color rule case, but discusses general trademark policy).

72. S. REP. NO. 1333, 79th Cong., 2d Sess. 5 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274. *But cf.* JEROME GILSON, *TRADEMARK PROTECTION AND PRACTICE* § 1.03[8] (1991) ("Many courts do not perceive protection of the public as an independent basis for relief, but merely a result of the application of the 'likelihood of confusion' test" (footnote omitted)).

73. S. REP. NO. 1333, 79th Cong., 2d Sess. 5 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274. The production of quality goods aids in competition by securing rewards for investment by manufacturers through the reputation quality creates in a mark. *SK&F, Co. v. Premo Pharmaceutical Laboratories, Inc.*, 625 F.2d 1055, 1067 (3d Cir. 1980). Consumer knowledge of a trademark encourages

The goal of consumer protection does not affect the mere color rule since other markings besides color alone may be used to protect the consumer. Consumers are protected if rights in color alone are or are not granted. Only during transition from one consumer association to another will quality and search costs be affected.⁷⁴ The policy of protecting the consumer will not affect the granting or protection of rights in color alone.

2. Protecting the Owner's Investment

If a manufacturer has invested in a color alone mark, creating good will for the color alone product, the investment should be protected as long as it does not harm competition. Trademark rights protect the investment of producers in their mark's goodwill from competitors who may attempt to appropriate the goodwill for themselves.⁷⁵ Manufacturers advertise and develop reputations of quality in their marks as a means to promote consumer purchases.⁷⁶ Trademark rights must then be protected through registration and infringement actions to keep competitors from using a mark's reputation without paying for the promotional expenses the owner incurred.⁷⁷ A primary goal of establishing trademark rights is to protect the owner of a trademark.⁷⁸

Trademarks are meant to foster competition by protection of investment.⁷⁹ Conversely, a trademark cannot be used to inhibit competitors from selling similar goods.⁸⁰ While promoting competition through in-

manufacturers to create as high a quality as the consumer is willing to pay for. J. THOMAS MCCARTHY, *TRADEMARKS AND UNFAIR COMPETITION* § 2:1 (2d ed. 1984) (quoting the Craswell Report, 7 (1979)) (FTC Policy Planning Issues Paper: Trademarks, Consumer Information and Barriers to Competition, FTC Office of Policy Planning). Without marks, manufacturers could not be held accountable for the quality of their products, which would lead to cost-cutting through lowering of quality. *Id.*

Marks provide consumers with the ability to make informed purchases without high search costs. *Id.* Past purchases connect a certain good and its performance with a certain maker, providing the consumer with knowledge for future purchases. *Id.*

74. This may be the source of the *Nutrasweet*, 917 F.2d at 1027, argument that color trademark rights are adequately protected by color in combination with a design. The creation and protection of rights in color alone is not needed to protect the consumer.

75. *Union Nat'l Bank v. Union Nat'l Bank*, 909 F.2d 839, 843-844 (5th Cir. 1990). Thus, an action for trademark infringement is tested by a competitive mark's likelihood to cause confusion. *Id.* See also S. REP. NO. 1333, 79th Cong., 2d Sess. 5 (1946), reprinted in 1946 U.S.C.C.A.N. 1274 ("[W]here the owner of a trademark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.") (footnote omitted).

76. MCCARTHY, *supra* note 73, at § 2:10.

77. *Id.*

78. *Eastern Wine Corp. v. Winslow-Warren, Ltd.*, 137 F.2d 955, 958 (2d Cir.), cert. denied, 320 U.S. 758 (1943).

79. *Park 'N Fly*, 469 U.S. at 198.

80. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232-33 (1964) (trademarks are not al-

vestment protection, a trademark cannot interfere with competition and is not considered a monopoly in a product but only the exclusive right to use a mark on a good or service.⁸¹ The establishment of trademark protection is limited to mere product markings (source identification) and cannot be used to interfere with competition in a product.

These goals and limitations of trademark rights affect the registration and infringement actions of color alone. The goal of protecting an owner's investment weighs in favor of allowing registration of color alone and protecting the color mark from misappropriation by competitors when a manufacturer has made an investment in the color alone.⁸² The limitation of not inhibiting competition affects the situations in which rights in color may be protected, thus showing the proper application of the mere color rule.⁸³ The Lanham Act's liberal intent of allowing broad protection without technical prohibitions⁸⁴ dictates allowing registration and protection of trademark rights in color alone when the rights will not harm competition or violate prohibitions in the Lanham Act.

B. Registration Under the Lanham Act

The Lanham Act dictates allowing registration of color alone trademarks as long as secondary meaning is shown and a specific registration bar does not apply. The Lanham Act states that "[n]o trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it" falls under one of several limitations.⁸⁵ The Supreme Court begins statutory construction with the "assumption that the ordinary meaning of that language accurately expresses the legislative purpose."⁸⁶ Given this starting analysis and the Lanham Act's purpose of allowing liberal protection of trademarks without mere technical prohibitions,⁸⁷ the registration of color alone marks will be examined.

Secondary meaning must be shown for a color to be registered as a

lowed to interfere in the area of patent law, so copying of a product but not its trademark is allowed).

81. MCCARTHY, *supra* note 73, §§ 2:10, 2:5 (by protecting investment, the trademark laws encourage further investment in advertising and goodwill). No monopoly is involved in trademark protection. 1946 U.S.C.C.A.N. at 1275.

82. *Owens-Corning*, 774 F.2d at 1127 (this case deals with the registration, not the protection, of trademark rights in color alone).

83. *Id.* at 1120.

84. S. REP. NO. 1333, 79th Cong., 2d sess. 5 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1276. *See also In re E.I. Du Pont de Nemours & Co.*, 476 F.2d 1357, 1360 (C.C.P.A. 1973) (not a color case).

85. 15 U.S.C. § 1052.

86. *Park 'N Fly*, 469 U.S. at 194.

87. 15 U.S.C. § 1127 (1992).

trademark.⁸⁸ Secondary meaning is acquired when consumers associate the mark with a particular source of manufacture, showing that the mark is distinctive of that source's product.⁸⁹ If consumers associate a particularly colored product with a certain manufacturer, the color will have secondary meaning. Consumers refer to many products by their color only, like "get the red one," which shows color acting as an indicator of a product brand.⁹⁰ Red would be distinctive of a brand. A color alone which has secondary meaning should be allowed registration.

Other trademarks allowed registration show a broad policy of allowing many things with secondary meaning to be registered. The mere shape of a package may be distinctive.⁹¹ The *Owens-Corning* court observed that if a mark is capable of distinguishing an applicant's goods, then it is capable of serving as a trademark.⁹² The court noted many examples where registration was granted for non-word marks which would dictate granting registration for color alone,⁹³ including containers,⁹⁴ tabs having a particular location on a garment,⁹⁵ and sounds.⁹⁶ The broad range of trademarks granted registration shows the needlessness of denying registration in a color alone with secondary meaning.

The Lanham Act even provides that nothing shall prevent registration of goods which have developed secondary meaning except four statutory bars.⁹⁷ Therefore, assuming a color has secondary meaning, if none of the four bars applies, color alone should be registerable under the plain meaning of the statute.

The first bar applies to any mark which "comprises immoral, deceptive, or scandalous matter; or matter which may . . . falsely suggest a connection with persons . . . , institutions, beliefs, or national symbols, or bring them into contempt, or disrepute."⁹⁸ The color pink, or any other

88. *Owens-Corning*, 774 F.2d at 1124. Color registration is examined under the statutory guidelines provided in 15 U.S.C. § 1052(f) (1988). *Owens-Corning*, 774 F.2d at 1124. The mere color rule is concerned with whether an application for registration of a color should even be examined, not whether the color has developed secondary meaning. This Note is concerned with the absolute bar of color marks, not the difficulties of creating a color to source association in consumers.

89. *Id.*

90. JUDD & WYSZECKI, *supra* note 4, at 32.

91. *In re Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964) (particular shape of a wine bottle allowed registration).

92. 774 F.2d at 1120.

93. *Id.* at 1119-20.

94. *Ex parte Haig & Haig, Ltd.*, 118 U.S.P.Q. (BNA) 229 (Comm'r Pat. & Trademarks 1958).

95. *In re Levi Strauss & Co.*, 165 U.S.P.Q. (BNA) 348 (T.T.A.B. 1970).

96. *Owens-Corning*, 774 F.2d at 1120 (citing U.S. Trademark Registration No. 916,522 issued to the National Broadcasting Co., Inc. for the notes GEC on chimes).

97. 15 U.S.C. § 1052(f) (1988).

98. *Id.* § 1052(a).

color alone, is hardly scandalous. A few color combinations which are not arbitrary enough to be considered a design may be denied registration as a reflection of a national symbol. The flag of Poland has two horizontal stripes, one of red and one of white, so this color combination may imply a Polish product and would not be registerable.⁹⁹ Other colors functioning as marks in non-arbitrary combinations or alone will not suggest connections with a nation. Color alone is not scandalous. The first bar does not act to deny registration of a color alone.

Secondly, registration is barred if a mark "comprises the flag . . . of the United States, . . . of any State or municipality, or of any foreign nation"¹⁰⁰ The same flag concern discussed earlier applies, but there are many colors not used in flags or with the same pattern as a flag. Therefore, registration of color alone would rarely be denied on this basis.

Thirdly, registration is barred if a mark "comprises a name, portrait, or signature identifying a particular living individual except by his written consent"¹⁰¹ Obviously, a color alone, which is not a design, will not be barred by this section.

Fourthly, registration is barred if a mark "comprises a mark . . . likely . . . to cause confusion, or to cause mistake, or to deceive"¹⁰² After the registration of pink on home fiberglass insulation,¹⁰³ the use of a confusingly similar color, or shade of pink, would not be registerable. This is a factually based analysis which leads to the shade confusion rationale of the mere color rule.¹⁰⁴ The same likelihood of confusion test is used for infringement. The likelihood to confuse bar to registration will be discussed under the later analysis of shade confusion.

Given the plain meaning of the statute, three of the four bars to registration should not prevent registration of color alone. The fourth, likelihood of confusion, will later be shown not to prevent registration. With the purpose of liberalization of trademark registration and plain meaning in interpreting the Lanham Act, a color alone mark with secondary meaning should receive registration since none of the bars applies.¹⁰⁵

99. *But see Campbell Soup*, 175 F.2d 795 (no discussion of the Polish flag possibility while denying rights to red and white horizontal stripes on a can).

100. 15 U.S.C. § 1052(b) (1988).

101. *Id.* § 1052(c).

102. *Id.* § 1052(d).

103. *Owens-Corning*, 774 F.2d 1116.

104. This Note deals extensively with shade confusion under the mere color rule analysis *infra* at notes 160-91 and accompanying text.

105. *See* 15 U.S.C. § 1052(f).

C. *Infringement Under the Lanham Act*

Standard trade dress analysis should be applied, allowing protection of trademark rights in color alone. The test for infringement is non-functionality, secondary meaning to establish a trademark, and likelihood of confusion to show infringement by the accused.¹⁰⁶ Secondary meaning and likelihood of confusion are the same for infringement and registration.¹⁰⁷ Functionality is meant to protect competition,¹⁰⁸ a purpose of the Lanham Act.¹⁰⁹ A color alone with secondary meaning which is non-functional and not likely to cause confusion should be protected through infringement suits like any other trademark.

Trade dress, a trademark based on the appearance of a product or service, has been granted protection showing the breadth of trademarks.¹¹⁰ The atmosphere of a restaurant would be allowed protection if secondary meaning, non-functionality and a likelihood of confusion are shown.¹¹¹ The court acknowledged the possibility of this protection since the atmosphere of the restaurant could create consumer associations with that particular restaurant and the Lanham Act was meant to protect a broad range of trademarks.¹¹² Broad protection of a trademark which has developed consumer association with the product or service dictates protecting a color alone trademark if the color is non-functional.

Functionality is often used as a basis for the mere color rule.¹¹³ All marks must not be functional, whether they involve color or not.¹¹⁴ To register a trademark, the trademark must not be functional.¹¹⁵ The functionality requirement of registration and infringement is independent of the mere color rule. A color with functional features will be denied protection or registration because it is functional, not because it is a mere color.

The functionality doctrine exists to avoid competitive advantage and preemption of the federal patent laws.¹¹⁶ Thus, "[a] product feature or

106. *Truck Equip. Service Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1217-21 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976). This is an analysis under section 43(a) of the Lanham Act.

107. *GILSON*, *supra* note 72, at § 3.05[3].

108. *See Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964).

109. *See supra* note 81 and accompanying text.

110. *Fuddrucker, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837 (9th Cir. 1987) (trademark rights possible for a restaurant's overall atmosphere).

111. *Id.* at 841.

112. *Id.* at 843.

113. Thomas A. Schmidt, *Creating Protectable Color Trademarks*, 81 TRADEMARK REP. 285, 287 (1989).

114. *Vision Sports Inc. v. Melville Corp.*, 888 F.2d 609, 613 (9th Cir. 1991).

115. *Owens-Corning*, 774 F.2d at 1120-24 (examining functionality to determine the registerability of the color pink).

116. *See Sears, Roebuck & Co.*, 376 U.S. at 231 (trademark law cannot preempt the patent law,

package design is functional if it is essential to the product's use or if it affects the cost or quality of the article."¹¹⁷

Color operates functionally if it is necessary to a product's use, such as the natural color of the product.¹¹⁸ By allowing trademark appropriation of the natural color of carbonated cola beverages, competitors would be placed at a competitive disadvantage.¹¹⁹ The competitors would be forced to color their products to compete, increasing a competitor's product cost in comparison to the product costs for the owner of the natural color trademark.¹²⁰ Increasing competition costs is contrary to the trademark policy against inhibiting competition.¹²¹ Color may also be functional due to other financial concerns increasing the costs of competition with an owner of trademark rights to a particular color.¹²²

Aesthetic functionality also limits the use of colors for trademark rights.¹²³ Based on a determination that farmers like their machinery to match, a court found green to be functional.¹²⁴ The court found that protection of the color "John Deere Green" would hinder competition since farmers would want a green product, not because of the manufacturer, but because of the color itself.¹²⁵ Thus, "John Deere Green" is functional since it may hinder competition.¹²⁶ Likewise, pink in upset stomach remedies functioned to soothe the mind, helping the solution cure patients.¹²⁷ The court noted that "a rejected stomach medicine scarcely has a fair opportunity to fulfill its function."¹²⁸ Competition cannot suffer due to trademarks. Therefore, aesthetic functionality de-

so exclusive use trademark rights cannot be given in an object subject to possible patent laws such as a functional object). See also *Inwood Lab. Inc. v. Ives Lab. Inc.*, 456 U.S. 844, 863 (1982) ("Reproduction of a functional attribute is legitimate competitive activity.").

117. *Vision Sports*, 888 F.2d at 614. The *Owens-Corning* test of competitive need is based on the policy behind functionality of not increasing the cost of competition. Competitive need is analyzed as part of determining whether a mark is functional.

118. *Id.* at 614. See also *North Shore Lab. Corp. v. Cohen*, 721 F.2d 514, 523 (5th Cir. 1983).

119. *Coca-Cola Co. v. Dixi-Cola Lab., Inc.*, 155 F.2d 59, 66 (4th Cir.), cert. denied, 329 U.S. 773 (1946).

120. Lee Burgunder, *Trademark Registration of Product Colors: Issues and Answers*, 26 SANTA CLARA L. REV. 581 n.24 (1986).

121. See *supra* notes 79-81 and accompanying text.

122. See *supra* notes 79-81 and accompanying text. See also *Bausch & Lomb Inc. v. Univis, Inc.*, 132 U.S.P.Q. (BNA) 213, 214 (T.T.A.B. 1962) (colored lenses functional since that specific coloration operated to reduce reflection and refraction).

123. See *Norwich Pharmacal Co. v. Sterling Drug, Inc.*, 271 F.2d 569 (2d Cir. 1959), cert. denied, 362 U.S. 919 (1960); *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85 (S.D. Iowa 1982), *aff'd*, 721 F.2d 253 (8th Cir. 1983).

124. *Deere*, 560 F. Supp. at 98.

125. *Id.*

126. *Id.*

127. *Norwich Pharmacal*, 271 F.2d at 572.

128. *Id.* An upset stomach medication of another color might not be mentally pleasing, thus the medication would be rejected by the consumer.

mands that the use of a color which a consumer would specifically seek for reasons other than to distinguish source cannot be used as a trademark.¹²⁹

Generic concerns with the use of color alone are often and easily confused with functionality.¹³⁰ Generic marks are also denied registration or protection and affect rights in color alone.¹³¹ As a practical aid to determine color alone marks which may be registrable and protected, and to observe how the number of available colors for competition may be further limited, generic color concerns are examined.

Trademarks operate to distinguish goods for the consumer, which maintains quality in the goods, promotes competition, and reduces consumer search costs.¹³² Thus, when a trademark serves to indicate a product class, instead of the particular product in the class, the mark affects competition and is generic.¹³³ The designation conveys product class, which other competitors may not be able to convey at as cheap a price without use of the designation.¹³⁴

Concerns of genericide were incorrectly presented under the color depletion rationale of the mere color rule by the dissent in *Owens-Corning*.¹³⁵ The dissent points out that pink insulation has become synonymous with home insulation and that entrants into the insulation market will need the color pink to compete.¹³⁶ By barring entrants from competition, the registration of pink will hurt competition, which is contrary to trademark policy.¹³⁷ Therefore, the dissent concluded the color depletion theory should apply.¹³⁸ While a color may become generic, almost requiring competitors to use that color to make sales, these generic colors are best handled under the genericide doctrine, not the color depletion doctrine.¹³⁹

129. See Brian R. Henry, *Right Hat, Wrong Peg*: In Re Owens-Corning Fiberglas Corporation and the Demise of the Mere Color Rule, 76 TRADEMARK REP. 389, 404 (1986). The author, seemingly based on negative commentary towards aesthetic functionality, notes that the psychological base of colors is not true function. *Id.* At the least, objective evidence of the psychological basis of a colors function should be shown. *Id.*

130. Burgunder, *supra* note 120, at 606.

131. *Id.* at 595-604.

132. See *supra* notes 68-84 and accompanying text.

133. Burgunder, *supra* note 120, at 594.

134. *Id.*

135. 774 F.2d at 1129-32.

136. *Id.*

137. *Id.* The dissent notes that Owens-Corning is still protected if someone intentionally "palms-off" pink fiberglass as Owens-Corning fiberglass.

138. *Id.*

139. Color depletion is concerned with any limiting of the available number of colors. Generic colors limit the number of available colors. As will be shown later, there may be enough colors or market reasons which allow some depletion of color. Therefore, if a color is generic, no registration

Generic colors have impacted application of the mere color rule. In *Lifesavers Corp. v. Curtiss Candy Co.*,¹⁴⁰ the court noted that color stripes on candy packages functioned to indicate the flavor of candies in the package.¹⁴¹ The descriptiveness of the colors operated to indicate the flavor.¹⁴² The descriptive nature of color developed due to the generic nature of the color.¹⁴³ Yellow on food products is known to represent the class of products having a lemon flavor. Yellow generically represents a class of products, and the use of yellow on candy can not obtain trademark rights since it is generic.¹⁴⁴ Orange on waste product bags is generic.¹⁴⁵ The government had adopted the use of orange on waste products to designate the product as bio-hazardous.¹⁴⁶ The relevant industries associated the color orange as a designation of the class of bio-hazardous goods.¹⁴⁷ Competition would be limited if rights were granted in the widely used general public designation of orange for bio-hazardous waste, since the same information could not easily be conveyed without using the public designation.¹⁴⁸ Some colors may have general-"generic"-meaning which will result in the denial of trademark rights in that color.

If a color is not functional or generic and distinguishes a product, the policy of protecting manufacturers' investment dictates that color alone trademarks should be protected like any other trade dress. The likelihood to confuse test does not act as an absolute bar, as will be shown under the shade confusion discussion. The protection of color alone marks should occur unless a specific countervailing policy, such as a harm to competition, will occur.

or protection should be given, but if a color is not generic, generic colors should be taken into account when calculating the total number of available colors for use by competitors under the color depletion rationale of the mere color rule.

140. 182 F.2d 4 (7th Cir. 1950).

141. *Id.* at 7.

142. *Id.*

143. Burgunder, *supra* note 120, at 595 (discussing the generic use of green to represent mint).

144. *Life Savers*, 182 F.2d at 7, 9. The court determined that no trademark rights existed for the same reason and with the same analysis under the rubric of a functionality doctrine. *Id.* The only reason the color stripes had a functional effect is due to the generic class description provided by the widely known meaning of the flavor colors involved.

145. *American Hosp. Supply Corp. v. Fisher Scientific Co.*, No. 84-C8634, 1988 U.S. Dist. LEXIS 11000, at 12 (N.D. Ill. Aug. 12, 1988). This court also analyzed the case under the rubric of functionality. The function was based on the generic designation of the color orange.

146. *Id.*

147. *Id.* at 6.

148. Extra printing on a bag would be needed to designate it as bio-hazardous, which still will not communicate as effectively as an orange color the bio-hazardous nature of the bag. This generic designation is functional based on its generic meaning to the public.

V. ANALYSIS OF COLOR ALONE IN TRADEMARKS

A. *Mere Color Rule as an Absolute Bar Rationale*

Only the color depletion rationale of the mere color rule provides a possible harm to competition and a reason for not granting and protecting rights in color alone trademarks.¹⁴⁹ There are four reasons given for the mere color rule to always apply.¹⁵⁰ Consistency and predictability in the law was dealt with earlier and no longer has any weight for application of the mere color rule as an absolute bar.¹⁵¹ The three remaining reasons for continued application of the mere color rule in all cases are: adequate protection to colors is given through protection of design, shade confusion in determining likelihood of confusion of colors,¹⁵² and color depletion.¹⁵³

1. Adequate Protection Through Other Means

Adequate protection of color trademarks through other means does not explain the present application of the trademark laws and is not a reason to deny granting and protecting rights in a color alone. The *Nutrasweet* court and the *Owens-Corning* dissent believe colors are adequately protected for trademarks.¹⁵⁴ Through the use of color in combination with design, color can perform a trademark function.¹⁵⁵ The Seventh Circuit reasoned that color was protected in this way and need not be protected as color alone.¹⁵⁶

This logic ignores one of the purposes of the trademark laws and does not explain the modern practice of granting trademark rights in trade dress. The Lanham Act was created to liberalize the law of trademarks in recognition of present day business practices.¹⁵⁷ Under this purpose, registration has been granted for containers, product configurations, packaging, slogans, sounds, and goods taking the form of the mark itself.¹⁵⁸ All of these trademark grants could have been adequately protected by requiring a word mark to be placed on the goods. However,

149. See Anthony V. Lupo, *The Pink Panther Sings the Blues: Is Color Capable of Trademark Protection?*, 21 MEM. ST. U. L. REV. 637 (1991) (reaching the conclusion that the color depletion rationale should not exist at all).

150. *Nutrasweet*, 917 F.2d at 1027-28.

151. See *supra* notes 41-44 and accompanying text.

152. Both registration and infringement use the likelihood to confuse test.

153. *Nutrasweet*, 917 F.2d at 1028.

154. *Id.* at 1027; *Owens-Corning*, 774 F.2d at 1129-30 (Bissell, J., dissenting).

155. *Owens-Corning*, 774 F.2d at 1130.

156. *Nutrasweet*, 917 F.2d at 1027.

157. S. REP. NO. 1333, 79th Cong., 2d Sess. 5 (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1276.

158. *Owens-Corning*, 774 F.2d at 1119, 1120 (and cases cited).

due to their nature as distinguishing the product or source, trademark rights were given in these product markings.¹⁵⁹ Therefore, Congress and the courts have determined that, even though other means are available to distinguish a product, a marking which distinguishes a product should be entitled to trademark rights to protect manufacturer investment. Adequate protection through other markings is not a reason for denying trademark rights in color alone.

2. Shade Confusion

Shade confusion does not occur any more for color than confusion would occur for a word trademark, so this rationale of the mere color rule should not be used to deny granting and protecting color alone rights. The shade confusion rationale is based on the belief that infringement and registration would end up being a question of shade confusion due to the likelihood of confusion test.¹⁶⁰ The test is the same for both infringement and registrability.¹⁶¹ The likelihood of confusion test calls for a comparison between two marks to determine if the ordinary consumer would confuse one mark for the other.¹⁶² If an accused mark is likely to be confusingly similar with another mark, registration will be denied,¹⁶³ or infringement has occurred.¹⁶⁴ The *Nutrasweet* court noted that the only way to tell how different colors must be to avoid confusion is through litigation.¹⁶⁵ Shade confusion is considered a problem because of the difficulty, if not impossibility, of determining how different a shade must be to not cause confusion.¹⁶⁶

The *Owens-Corning* court, agreeing with the Trademark Trial and Appeal Board, asserted that the likelihood of confusion among color shades is no more difficult than deciding likelihood of confusion for word marks.¹⁶⁷

Not only are there few problems with determining which shades would be likely to confuse, the logic of shade confusion would dictate that color never be used in a trademark. Colors are used in conjunction

159. *Owens-Corning*, 774 F.2d at 1120.

160. *Nutrasweet*, 917 F.2d at 1027.

161. GILSON, *supra* note 72, at § 3.05[3].

162. *Vision Sports*, 888 F.2d at 613.

163. 15 U.S.C. § 1052(d) (1988).

164. *Vision Sports*, 888 F.2d at 613.

165. *Nutrasweet*, 917 F.2d at 1028. The Seventh Circuit also noted that the trademark registration forms are in black and white. *Id.* at 1026. Since color can be part of a trademark in a design, this logic should either not allow color in design, or the form concern is not a valid or weighty concern.

166. *Id.* at 1027. The comparison is made between two colors.

167. *Owens-Corning*, 774 F.2d at 1123.

with design, and questions of shade confusion have been adequately answered.¹⁶⁸ Therefore, shade confusion would also call for denying trademark rights when color is an element of a design, which is not presently followed law.¹⁶⁹

The likelihood of confusion test and evidentiary proofs for the test do not present any difficulty associated with the use of color alone. Likelihood of confusion for competing goods is determined by examining seven factors,¹⁷⁰ the determination of which is not affected because a mark is for color alone instead of a word or color in a design mark. The seven factors are: the degree of similarity of the marks,¹⁷¹ the strength of the owner's mark,¹⁷² the quality of defendant's product,¹⁷³ the proximity of the products,¹⁷⁴ the intent of the defendant,¹⁷⁵ the sophistication of the buyers¹⁷⁶ and evidence of actual confusion.¹⁷⁷ While the consuming public's memory of color may be less perfect than its memory of a word mark, this merely affects the likelihood of confusion and not the ability to determine likelihood of confusion.¹⁷⁸ Therefore, shade confusion in color alone is not more difficult than in other marks, particularly those involving color plus another element, to determine.¹⁷⁹

An examination of infringement and registrability problems, which occur due to the use of color in combination with a shape or other color, shows the invalidity of shade confusion determination concerns. Issues of color shade distinctions occur when a design with color is given trade-

168. *Quabug Rubber Co. v. Fabians Shoe Co.*, 567 F.2d 154, 161 (1st Cir. 1977).

169. *In re Hehr Mfg. Co.*, 279 F.2d 526, 527 (C.C.P.A. 1960).

170. *Polaroid Corp. v. Polarad Elec. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961). See also *American Home Products Corp. v. Barr Lab., Inc.*, 656 F. Supp. 1058, 1087 (D.N.J. 1987) (infringement test applied for colors).

171. Just as colors in a design can be compared, color alone colors can be compared.

172. The strength of a mark is determined by the public's knowledge of the mark, not its characteristics.

173. Color is applied from the most expensive to the cheapest products, and from the most important goods purchased to the least important. Thus, a likelihood to confuse two products which are expensive, warranting a closer look by the consumer, is the same for color alone as for word or color in a design.

174. This factor is factual and is determined based on physical evidence. A color mark could be used in close proximity or singly from another color mark.

175. The intent of the defendant does not rest on a physical characteristic of the product.

176. The sophistication of the buyers is also a factual determination and a mark that is a color alone will not result in any different outcome from any other mark.

177. Actual confusion occurs for word marks and possibly will not occur between the color alone trademarks like red or blue. The actual confusion test depends on the consumer and is not increased or decreased due to the fact that one mark is color alone and another is a word or color in a design.

178. Survey evidence may still be used. "By their nature color marks carry a difficult burden in demonstrating distinctiveness and trademark character." *Owens-Corning*, 774 F.2d at 1127. Affecting the likelihood of confusion causes a broader range of depletion, so this is a color depletion concern.

179. *Owens-Corning*, 774 F.2d at 1120.

mark rights, and color may even be the sole reason for finding or denying infringement.¹⁸⁰

Color used in conjunction with shape is a design capable of trademark status.¹⁸¹ Yellow on an octagon shape obtained secondary meaning for a brand of shoes and was granted trademark rights in an infringement action.¹⁸² Red on a square, which obtained secondary meaning for windows and ventilators for automobile trailers, was given trademark rights by allowing registration.¹⁸³

Color in combination with other colors is a design capable of trademark status.¹⁸⁴ Two red bands with polka dots separated by a white band, all of which covered a can of cleaner, were granted trademark rights through federal registration.¹⁸⁵ The addition of polka dots to a dual background color pattern is an arbitrary or distinctive design and signifies source to consumers.¹⁸⁶

Some specific instances of courts' and trademark examiners' attempts to deal with color in design show few problems associated with color marks. Based on the fact that orange and gold are both combinations of red and yellow, and that the commercial product of the orange color varies to the point of being almost indistinguishable from gold, or-

180. *In re Hodes-Lange Corp.*, 167 U.S.P.Q. (BNA) 255 (T.T.A.B. 1970); *Youngstown Sheet and Tube Co. v. Tallman Conduit Co.*, 149 U.S.P.Q. (BNA) 656 (T.T.A.B. 1966).

181. *Quabaug Rubber*, 567 F.2d at 161. See also *American Home Products*, 656 F. Supp. at 1058 (pharmaceutical case where the color of a pill did not infringe on a similar color of a pill because of the different shape and texture of the pill).

182. The use by the plaintiff of a trademarked word on the yellow octagon did not affect the trademark rights in just the yellow octagon. This was due to the secondary meaning established through registration in just the yellow octagon. *Quabaug Rubber*, 567 F.2d at 161.

183. *Hehr*, 279 F.2d at 527-28. The manufacturers investment in advertising and the goods was protected since the public recognized the goods as distinct. *Id.*

184. *Swift*, 223 F.2d at 953; *Plastilite Corp. v. Kassnar Imports*, 508 F.2d 824, 826 (C.C.P.A. 1975).

185. *Swift*, 223 F.2d at 953 (the use of colors in this design had obtained secondary meaning).

186. *Id.* The *Campbell Soup* decision was decided on the mere color rule, including the color depletion theory. *Campbell Soup*, 175 F.2d at 798. The court recognized that "color... combined with other things in a distinctive design" is capable of trademark rights. *Id.* at 799. The *Campbell Soup* court decided that the red and white bands covering the whole product were not distinct or arbitrary enough to be a design: "The mere division of a label into two background colors... is not... distinct or arbitrary..." *Id.* This seems to imply a court judgment on whether a color combination is a design or mere background ornamentation (secondary meaning decision) and that applying the mere color rule was just lip service once no secondary meaning was established. See *Plastilite*, 508 F.2d at 826 (separation of a fishing bobber into two colors is a design but did not have secondary meaning). However, the *Campbell Soup* court did not examine any evidence for secondary meaning and seemed committed to the idea that the mere color rule was the reason for denying trademark rights. *Campbell Soup*, 175 F.2d at 799. This will go unanswered here. Colors in use with other colors covering a product can obtain trademark status if they are sufficiently arbitrary, while the mere division of the background into two colors will be handled under the mere color rule and this Note.

ange was likely to confuse consumers with respect to gold.¹⁸⁷ However, there is a "vast difference," which is not likely to cause confusion among consumers, between bright yellow and gold.¹⁸⁸ These two registration decisions did not mention any difficulty in determining whether the colors were likely to cause confusion.¹⁸⁹ A red strand with a yellow strand in a cable was not likely to be confused with a red strand in a cable since informed consumers purchase cable.¹⁹⁰

The Patent and Trademark Office Trademark Trial and Appeal Board seems to have handled any problems with determining likelihood of confusion between two colors to determine registrability. Since the likelihood of confusion test is the same for infringement,¹⁹¹ the courts should be able to determine the likelihood to confuse between two colors as easily as for a word mark. Registration and infringement of color alone should not be denied due to shade confusion.

3. Color Depletion

Color depletion may harm competition, but the harm is less likely to occur than many courts assume and does not dictate that the mere color rule be applied as an absolute bar. The color depletion theory is based on the assumption that there is a limited number of colors.¹⁹² Granting rights in one color will deplete the available number of colors.¹⁹³ This depletion will be anti-competitive. In *Diamond Match v. Saginaw Match Co.*,¹⁹⁴ the court denied rights to a color on a match head, stating that "[t]he primary colors, even adding black and white, are but few. If two of these colors can be appropriated for one brand of tipped matches, it will not take long to appropriate the rest."¹⁹⁵ Entrants into the market will be unable to market a product when all the colors for covering the goods are gone.¹⁹⁶ The mere color rule, based on a theory of color deple-

187. See *Youngstown Sheet*, 149 U.S.P.Q. (BNA) at 656 (Both the orange and the gold colors were used as a band placed on sewer pipes.).

188. *Hodes-Lange*, 167 U.S.P.Q. (BNA) at 255.

189. *Youngstown Sheet*, 149 U.S.P.Q. (BNA) at 656; *Hodes-Lange*, 167 U.S.P.Q. (BNA) at 225. However, the *Youngstown* test of hue combination (red and yellow makes orange or gold) is not applied in *Hodes-Lange*. 167 U.S.P.Q. (BNA) at 256. Both decisions do not go into detail about the colors or any particular evidence which showed a likelihood or not a likelihood to confuse.

190. *Wire Rope Corp. v. Secalt S.A.*, 196 U.S.P.Q. (BNA) 312 (T.T.A.B. 1977). The court pointed out that it is custom in the industry to use a color strand to identify source. *Id.* Given the limited number of primary colors, the court felt a second comer to the industry should be allowed to use secondary colors or color combinations to distinguish their products. *Id.*

191. 15 U.S.C. §§ 1127, 1052 (1988).

192. See *Campbell Soup*, 175 F.2d at 798.

193. *Id.*

194. 142 F. 727 (6th Cir. 1906).

195. *Id.* at 729.

196. *Id.* at 730. The anti-competitive nature must be beyond the anti-competitive nature of giv-

tion, has continued to be used to deny trademark rights in color alone.¹⁹⁷

Owens-Corning addressed the color depletion theory by stating that it "is not faulted for appropriate application," but the court found that it did not apply to the facts of that case.¹⁹⁸ Insulation is yellow-brown in its natural state, and only Owens-Corning Fiberglas colors its product.¹⁹⁹ Thus, the court found that competition would not be hindered by giving exclusive rights to the color pink.²⁰⁰ There was no "competitive need"²⁰¹ for the color pink in the home fiberglass insulation market. New competitors could use yellow-brown like already-existent competitors. Existent competitors did not create any demand for color since only Owens-Corning colored their fiberglass.

The availability of different colors must be examined to determine the validity of the color depletion theory. Given the available number of colors, the amount of the color spectrum taken up to avoid confusion must be examined. The demand for color will also affect the applicability of the color depletion theory and competitive need test. Finally, the purposes of the trademark laws must be analyzed with respect to the depletion theory.

"The primary colors, even adding black and white, are but a few."²⁰² However, two colors must only be "likely to confuse consumers,"²⁰³ so there will be more than just the primary colors for use on products. Articles written on the *Owens-Corning* decision point out the number of colors—362 categorized colors,²⁰⁴ 7,500 distinct color names,²⁰⁵ 1,266 color samples.²⁰⁶ These numbers all rest on the concept

ing out and limiting the number of words as marks, or numbers as marks, or color plus designs as marks. Where do we draw the line? This is the nature of the dispute over the mere color rule.

197. *Life Savers*, 182 F.2d at 9 (this 1950 case applied the mere color rule in dicta since the colors were determined to be functional); *Norwich Pharmacal*, 271 F.2d at 573 (this 1959 case applied the mere color rule in dicta, also, since the color pink was determined to be functional); *Campbell Soup*, 175 F.2d at 798 (rights were denied based solely on the mere color rule in this 1949 case). *James Heddon's Sons v. Millsite Steel & Wire Works, Inc.*, 35 F. Supp. 169, 174 (E.D. Mich.), *reh. den.*, 51 U.S.P.Q. (BNA) 84, *cert. denied*, 317 U.S. 674 (1940) ("There are only seven primary colors. These colors have been used since man first noticed the rainbow."); *Radio Corp. of Am. v. Decca Records, Inc.*, 51 F. Supp. 493 (D.C.N.Y. 1943); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204 n.6 (2d Cir. 1979); *Quabaug Rubber*, 567 F.2d at 154; *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85 (S.D. Iowa 1982).

198. 774 F.2d at 1120. See Lupo, *supra* note 149, at 666-67.

199. *Id.* All the competitors sell fiberglass in its natural brown color.

200. *Id.*

201. *Id.* at 666. This is the Federal Circuit's test as a replacement of the mere color rule as an absolute bar. The test is based on functionality.

202. *Diamond Match*, 142 F. at 729.

203. 15 U.S.C. § 1114 (1988).

204. Henry, *supra* note 129, at 403 (citing the Munsell Color System).

205. *Id.* (citing the Inter-Society Council and National Bureau of Standards system).

206. *Id.* (citing KORNERUP & WANSCHER, COLOR ATLAS).

of a color solid.²⁰⁷ Any color can be represented by a combination of any two of three primary colors (hue), varying value (lightness), and varying chroma (saturation).²⁰⁸ Given these three dimensions of color, a three dimensional solid of all the possible colors may be created.²⁰⁹ However, the number of colors in the solid is just a matter of the amount of space each color is deemed to occupy.²¹⁰ The color solid can be divided into anywhere from 13 to 5,000,000 colors.²¹¹ At 5,000,000 colors, machines are needed to tell the difference between colors.²¹² The question is at what number of colors will a consumer be able to distinguish two colors.²¹³ Therefore, merely listing the number of colors from these color naming systems provides little insight.

Products and their colors may be examined by consumers side by side or singly.²¹⁴ The range of colors taken up by products singly presented will be larger, since a person's ability to remember a color is less precise than a side by side analysis.²¹⁵ In *Nutrasweet*, Equal was described as a "greenish-blue" while Sweet One was described as a "reddish-blue."²¹⁶ A survey²¹⁷ taken showed these two colors to cause around 50% confusion.²¹⁸ This suggests a broader range of colors which will confuse, which limits the number of available colors for competitors to use. The number of colors is clearly more than the traditional "few primary" colors, but is not as large as has been suggested by some commentators.²¹⁹

Other limitations may be relevant to the number of colors available for a competitor to use. Only a certain number of colors are useable on children's puzzles due to government toxicity standards.²²⁰ The type of product a color is applied to may limit the number of colors available.

207. KENNETH L. KELLY & DEUNE B. JUDD, COLOR, UNIVERSAL LANGUAGE AND DICTIONARY OF NAMES, A-6 (1976).

208. *Id.* at A-13.

209. *Id.* at A-6.

210. *Id.* at A-7.

211. *Id.*

212. *Id.* at A-17.

213. Burgunder, *supra* note 120, at 600 n.91.

214. *American Home Products*, 656 F. Supp. at 1099 (the court considered the worst case situation of the products being examined singly and independent of each other).

215. This Note will assume this worst case.

216. Brief for Appellee at 18, *Nutrasweet*, 917 F.2d 1024. The reddish-blue color analysis is only considering hue, or color in one dimension, so the number of colors available is limited further than if the other two dimensions were considered.

217. Evidence for Appellant, *Nutrasweet*, 917 F.2d 1024. This will be assumed to be valid, although the *Nutrasweet* court never needed to determine the validity due to their application of the mere color rule as an absolute bar.

218. *Id.*

219. See *supra* notes 204-06 and accompanying text.

220. *Laureyssens v. Idea Group, Inc.*, 768 F. Supp. 1036, 1047 (S.D.N.Y. 1991).

Colors used on light food products, such as milk, are limited to light colors for consumer appeal.²²¹ Thus, certain products limit the number of available non-confusing singly presented colors due to their nature.²²² Food packages are one such item.²²³ Dark-colored packages tend to look used, and people do not want to buy goods that look as if they have been handled a lot.²²⁴ Pale colors suggest the package has been on a shelf too long.²²⁵ Therefore, further limitations on the use of color in various, but perhaps not all or many, markets affect the number of available colors for competitive use.

Once the number of colors, based on the singly presented, unlikely-to-be-confused ranges, is limited by market considerations, the demand for colors must be studied to determine depletion. The number of competing products in a market will act to place a burden on the number of colors available for use. The greater the number of goods using different colors,²²⁶ the greater the depletion. In the sugar substitute industry, there are many new entrants into a field with just as many established competitors.²²⁷ Giving rights to the many competitors serves to lessen the number of available colors. Therefore, an examination of the number of competitors is needed. However, predicting the likelihood of future competition, which makes use of distinguishing color, is "unworkable."²²⁸ The more likely it is that a competitor is going to want to use a non-natural color on a product, the more likely the demand in the market will deplete the number of available colors. The purpose of not impeding competition may be harmed due to depletion from market demand and competitor demand of the limited number of available colors.²²⁹

Given the practical concern of color depletion, and only color depletion, the mere color rule has some merit. With the policy of protecting a manufacturer's investment as long as competition is not harmed, a form of the competitive need test best satisfies the Lanham Act policy if it accounts for color depletion.

221. *Pacific Coast Condensed Milk Co. v. Frye & Co.*, 147 P. 865, 869 (Wash. 1915).

222. JUDD & WYSZECKI, *supra* note 4, at 32-33.

223. *Id.*

224. *Id.*

225. *Id.*

226. This includes several lines of the same type of goods by one manufacturer, but with a different color mark for each.

227. Nancy Ryan, *End of Patent to Alter Market for Nutrasweet*, CHI. TRIB., July 15, 1991, Business, at 1.

228. *Nutrasweet*, 917 F.2d at 1028.

229. See *supra* notes 79-81 and accompanying text.

B. Owens-Corning and Subsequent Rule

The competitive need test satisfies the policy of protecting a manufacturer's investment and the countervailing policy of not harming competition by taking into account the color depletion concerns. The *Owens-Corning* court created an exception to the mere color rule based on "competitive need" showing functionality.²³⁰ Owens-Corning Fiberglass was the only manufacturer in the market which used a color other than the natural yellow-brown of fiberglass.²³¹ Competitors chose not to spend the money to dye their fiberglass, so granting rights in the color pink would not harm competition in a market with no demand for colors.²³² The color depletion rationale did not apply to the fiberglass market since there was no demand for color.²³³ The court determined there was no competitive need.²³⁴

1. Cases Defining the *Owens-Corning* Competitive Need Test

Several courts have applied the *Owens-Corning* test for trademark rights in color alone.²³⁵ These decisions provide an opportunity to examine the interpretation of the "competitive need" test developed by *Owens-Corning*. Four approaches have developed and will be analyzed for proper application later in this Note.

First, the Ninth Circuit applied the functionality test of competitive need to the color yellow used on anti-freeze containers.²³⁶ The court first noted that, "[c]onfronted with an unusual set of facts, the court in *Owens-Corning* established a very limited rule that in certain situations a particular color could itself be registered as a trademark."²³⁷ The lower court found a competitive need for yellow on anti-freeze containers based on the fact that consumers respond favorably to yellow,²³⁸ and that other

230. *Owens-Corning*, 774 F.2d at 1122.

231. *Id.*

232. *Id.*

233. *Id.*

234. *Id.* The dissent pointed out that this was based on the market at the present time and that the market may change and new competitors enter. *Id.* at 1130. This Note will assume the *Owens-Corning* majority was willing to take this limited risk that new competitors would not demand colors. More or less risk may be appropriate and this concern will be examined later in the Note. Future competitors are still able to enter the market by not coloring the product. There is no need to color and no one can get rights in the non-colored product due to functionality. The risk is basically non-existent.

235. *American Hosp. Supply*, 1988 U.S. Dist. LEXIS 11000; *Nor-Am Chemical Co. v. O.M. Scott & Sons Co.*, 4 U.S.P.Q.2d (BNA) 1316 (E.D. Pa. 1987); *Durango Herald, Inc. v. Riddle*, 719 F. Supp. 941 (D. Colo. 1988); *First Brands*, 809 F.2d 1378.

236. *First Brands*, 809 F.2d at 1382.

237. *Id.* The *First Brands* court examined the *Owens-Corning* registration decision for a trademark infringement suit to determine trademark rights in color.

238. This seems to indicate a finding of aesthetic functionality, so something more must be the

anti-freeze sellers use a yellow color on their jugs.²³⁹ The Ninth Circuit relied on this finding to hold that there was a competitive need for yellow in the anti-freeze market.²⁴⁰ The distinction for competitive need seems to be the use of a particular color by other competitors (a middle ground reading),²⁴¹ or the use of any color, besides the natural color, by competitors (the narrowest reading).²⁴²

Second, a court analyzing an infringement claim based on color alone for blue fertilizer found competitive need, thus the court held that the mere color rule applied.²⁴³ The court had previously determined that fertilizer needed to be colored to show where the product had been applied.²⁴⁴ Through the need to color a product a color besides its natural color, competitive need dictates that no one can have rights in any colors in the relevant market.²⁴⁵ Fertilizer must be colored, so competitors need to use non-natural colors, which will lead to a greater likelihood of color depletion if color rights are granted.²⁴⁶

Third, another court examined functionality under a competitive need for the background color of a phone book.²⁴⁷ The color red of a phone book with strong secondary meaning only acted as a designation of source and had no other function.²⁴⁸ "Protection of . . . the red cover . . . does not hinder competition or remove a valuable qualitative feature" ²⁴⁹ This finding of no utilitarian function and no competitive need is based on the fact that another color could just as easily be marketed.²⁵⁰ Therefore, there was no competitive need when other colors were avail-

basis of competitive need. See *supra* notes 123-31 and accompanying text. Consumers probably responded favorably to pink in home insulation, so the level of consumer response is most likely not sufficient. This is especially so when compared to *Deere & Co.*, where farmers attempted to have their machinery match. 560 F. Supp. at 96. The court noted that sales would decrease just because there was no color match, which would not likely occur here.

239. *Union Carbide Corp. v. Fred Meyer, Inc.*, 619 F. Supp. 1028, 1033 (D. Or. 1985), *aff'd sub nom. First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378 (9th Cir. 1987).

240. *First Brands*, 809 F.2d at 1383.

241. In *Owens-Corning* no other manufacturer used pink. 774 F.2d at 1122. In *First Brands* other manufacturers used yellow on anti-freeze containers. 809 F.2d at 1382.

242. *Owens-Corning* was the only manufacturer of pink insulation to dye its product a color different than the natural color. *Owens-Corning*, 774 F.2d at 1122.

243. *Nor-Am Chemical*, 4 U.S.P.Q.2d (BNA) at 1319 (blue also was functional due to the generic use of blue to represent a particular chemical present in the fertilizer).

244. *Id.*

245. *Id.* Competitive need is merely an expression of functionality, so the similarities with the functionality doctrine are logical. *Owens-Corning*, 774 F.2d at 1120.

246. *Id.* at 1319 n.3.

247. *Durango Herald, Inc. v. Riddle*, 719 F. Supp. 941 (D. Colo. 1988).

248. *Id.* at 950.

249. *Id.*

250. *Id.*

able and could be used with the same effectiveness.²⁵¹ However, this case protected the combination of a red cover with white, yellow and black writing.²⁵²

Fourth, in *American Hospital Supply*,²⁵³ the court analyzed competitive need for the color orange on bio-hazardous waste bags.²⁵⁴ The court, citing *Owens-Corning*, stated that the competitive need "requirement has been read to include 'whether alternative designs are available to avoid hindering competition.' [citation omitted] The question here is whether to compete in the . . . market, there are any alternatives to an all orange bag."²⁵⁵ Even though others produced orange bags, a clear bag was made and competed.²⁵⁶ Based on the availability of alternatives, there was no competitive need for the color orange.²⁵⁷

Thus, there are four approaches used to determine competitive need under the functionality doctrine for color alone cases. First, if other competitors use the same color, then there is competitive need.²⁵⁸ Second, if other competitors use non-natural colors, then there is competitive need for all colors.²⁵⁹ Third, if other competitors need to color (all competitors color the product) the product a non-natural color, then there is competitive need for all colors.²⁶⁰ Finally, if other competitors do not have any other available color alternatives, then there is competitive need.²⁶¹

251. This is even broader than the possible competitive need base of *First Brands* and *Owens-Corning*. See *supra* notes 235-41 and accompanying text.

252. 719 F. Supp. at 950. The court did not determine whether the color combination was an arbitrary design operating as color plus design, or mere color. See *supra* notes 180-91 and accompanying text. The combination of color features as a design could explain the broader holding of competitive need by proof of other available alternatives which is a test of utilitarian functionality. The case did cite the *Owens-Corning* color alone decision, and the color combination was possibly not arbitrary. This would require a analysis under competitive need, since this would not be a color design.

253. 1988 U.S. Dist. LEXIS 11000.

254. *Id.* at 35.

255. *Id.*

256. *Id.*

257. *Id.* The court stated "[t]he evidence points to the conclusion that the color orange is not necessary, though helpful, to a competitive need." *Id.* This suggests an even broader sense of competitive need requiring more than just helpful to compete. The color orange was found to be functional other than under competitive need, so orange was not protected. *Id.*

258. See *supra* notes 236-42 and accompanying text.

259. See *supra* notes 243-47 and accompanying text.

260. See *supra* notes 247-52 and accompanying text. This test applies even if no competitor uses the particular color claimed.

261. See *supra* notes 253-57 and accompanying text. This rule for competitive need encompasses generic colors and those that have not acquired a consumer association but are meant to act generically.

C. *The Best Approach Under the Competitive Need Test*

Given the color depletion considerations above, combined with the policy concerns—liberal protection of producer's investment in a trademark and protection of consumers from deception—the best approach to the competitive need test can be obtained. If a color operates to distinguish a product, the liberal purpose of protection of manufacturer investment dictates that rights be given.²⁶² Competition should not be harmed, so color depletion should be examined with respect to each approach.²⁶³ If the manufacturer's investment in a color alone mark may be protected without impeding competition, trademark policy dictates that the color alone should be protected as a trademark in an infringement suit or registration granted.²⁶⁴

There are five possible approaches for color alone: an absolute bar to color alone,²⁶⁵ the use of any non-natural color by a competitor will deny rights in color alone,²⁶⁶ the use of the same color by other competitors will deny rights in color alone,²⁶⁷ a need for competitors to use a non-natural color will deny rights in color alone,²⁶⁸ and rights will not be denied in color alone as long as there is another alternative available.²⁶⁹

First, applying the mere color rule by not allowing any trademark rights to develop in color alone is examined.²⁷⁰ This is contrary to the purpose of protecting a manufacturer's investment in a mark. If all other competitors used brown and rights were given to the sole competitor using pink, competition would not be harmed.²⁷¹ New competitors could use brown and compete in the market as the others had been doing all along. Thus, there is no and will not be any harm to competition as long as no rights to brown, a base common color, are granted. There is a manufacturer's investment to protect in pink, so applying the mere color rule as an absolute bar is contrary to trademark purposes.

Second, allowing rights in color alone as long as there are alternatives available is examined. If one company were allowed rights in the color yellow, another in red, a third in green, and so on until only one color went unappropriated, competition would be impaired. Every new

262. See *supra* notes 75-84 and accompanying text.

263. See *supra* notes 79-84 and accompanying text.

264. See *supra* notes 79-84 and accompanying text.

265. *Nutrasweet*, 917 F.2d 1024.

266. See *supra* note 257.

267. See *supra* note 254.

268. See *supra* note 258.

269. See *supra* note 259.

270. See *Nutrasweet*, 917 F.2d 1024.

271. *Owens-Corning*, 774 F.2d 1116.

competitor²⁷² would be forced to use the one last available color. In a market where every past competitor was distinguished by color,²⁷³ having several new entrants use the same color would lead to confusion by consumers. This would increase search costs of consumers and deny a return on investment since someone else's products of the same color would be bought as that of the newcomers. Therefore, under the any alternative color approach, competition is harmed from color depletion. A base common color, a color used by multiple competitors which cannot be trademarked, must exist.

Third, denying rights when others use the same color is examined. If several manufacturers use red, then those manufacturers have an investment in their red product. Giving rights in red to one manufacturer would harm competition by requiring a color change, at the least, by the competitors. Rights in color alone to a color used by others should be denied.

Fourth, requiring the use of non-natural color based on market reasons as a reason to deny rights in color alone is examined. Since the market involves colored goods, the chances of competitors using different colors is greater. The likelihood that one base color for common use will develop decreases, leading to the depletion of colors. Since this is anti-competitive, if there is a market reason requiring the use of non-natural color, rights in color alone should be denied, unless a base common color exists.

Fifth, use of non-natural colors by competitors where the product does not demand non-natural color as a reason to deny rights in color alone is examined. Denying rights merely because a non-natural color is used by others is contrary to the purposes of the trademark laws. If several other competitors use one color, then competition is not harmed when other colors are depleted. New competitors may make use of the common color to compete until another color is generic.

Therefore, while the mere color rule should not be an absolute bar, several relevant concerns dictate a finding of competitive need. The establishment of effective competition by multiple manufacturers using the same color shows that no matter how many colors are depleted, competition will not be harmed. There must be a base common color. Consumers will recognize that color is not the only means of distinguishing goods in that market until a color becomes generic. It follows that no rights in

272. Given the difficulty of predicting new competition, new competition must be assumed to occur in the future.

273. This would naturally preclude the availability of other distinguishing marks since the consumer has been trained to look at only color to make a purchase.

a common color may be given, or depletion may eventually impair competition. As long as there is an effective base common color used by several competitors and useable by new entrants, rights can be granted in color alone without harming competition.