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U.S. Federal Circuit Rules Multi-Color Product Packaging Marks Can Be Inherently Distinctive in In Re Forney Industries

The U.S. Court of Appeals for the Federal Circuit recently issued a precedential decision in In re Forney Indus., Inc., 955 F.3d 940 (Fed. Cir. 2020), holding that multi-color marks on product packaging can be inherently distinctive and therefore registrable on the United States Patent and Trademark Office's Principal Register without showing that they have acquired distinctiveness in the minds of consumers.

The Federal Circuit reversed a decision by the Trademark Trial and Appeal Board (the "Board") in *In re Forney Industries, Inc.*, 127 USPQ2d 1787 (TTAB 2018), in which the Board upheld a refusal to register a multi-color trade dress used on packaging without a specified shape, by concluding that color marks can never be inherently distinctive, regardless of whether they are used on the products themselves or their packaging. The Federal Circuit ordered the Board to consider "whether it is reasonable to assume that customers in the relevant market will perceive the trade dress as an indicator of origin" according to factors established in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977). This decision, if not appealed by the USPTO before the Supreme Court of the United States, will provide crucial new guidance for brand

owners on how to trademark colors on their product's packaging without having to first prove that the colors on the product packaging have acquired distinctiveness in the marketplace.

Forney Industries Inc. had applied to register a mark consisting of "the colors red into yellow with a black banner located near the top as applied to packaging for the goods," which it applied to the packing backer cards in their product packages. The Examining Attorney refused to register Forney's mark, arguing that it was a color mark and, thus, cannot be registered without evidence showing that it has acquired distinctiveness in the marketplace. The Board upheld the Examining Attorney's refusal finding that Forney's mark was indeed a color mark "as applied to product packaging," and that these marks cannot be inherently distinctive unless it has acquired distinctiveness in the marketplace or is combined with well-defined shapes or a distinctive design.

The root of this legal issue was how to harmonize the Supreme Court's case law regarding trade dress and color marks with color marks intended to be used on product packaging. Although the Supreme Court established in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) that a product's trade dress (i.e. the overall appearance and image of the product) can be inherently distinctive, it also determined in *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995) that a color mark—at least on the products themselves—can never be inherently distinctive and are only registrable upon showing that the color mark has acquired distinctiveness in the minds of consumers. Then the Supreme Court determined in *Wal-Mart Stores,*

Inc. v. Samara Bros., Inc., 529 U.S. 205 (2000) that product packaging can be inherently distinctive since “the very purpose of . . . encasing [a product] in a distinctive casing is most often to identify the source of the product.” The Board interpreted the *Qualitex* and *Wal-mart* cases as standing for the proposition that color marks applied to packaging can never be inherently distinctive unless it is combined with a distinctive well-defined shape or has acquired distinctiveness.

The Federal Circuit did not believe that the Supreme Court went as far as the Board’s holding. Nothing in the Supreme Court’s case law, according to the Federal Circuit, suggests that multicolor product packaging marks can never be inherently distinctive. This runs against the fundamental idea consistently emphasized by the Supreme Court that a product package’s purpose is mostly to identify the source of the product. The Federal Circuit determined that a correct reading of the Supreme Court’s case law is that multi-color product packaging marks, being more akin to the trade dress considered in *Wal-Mart*, can be inherently distinctive if they “’make[] such an impression on consumers that they will assume’ the trade dress is associated with a particular source.” *Forney*, 955 F.3d 940 (quoting *Seabrook*, 568 F.2d at 1344). The Federal Circuit found that the Board should have considered whether Forney’s mark was inherently distinctive under the factors established in *Seabrook*, such as whether the trade dress is unique or unusual in the particular field, capable of creating a distinct commercial impression from the accompanying words, whether the trade dress is a “common” or basic shape, among others.

Winterfeldt IP Group is continuing to monitor decisions in key trademark-related cases in order to keep you informed of any important developments that affect our clients. Please feel free to reach out to us if you have any questions or if you need additional trademark support Although we have moved to remote work in line with social distancing guidelines in light of the COVID-19 pandemic, our team's operations have not been affected by the outbreak and we would be more than happy to provide any assistance or guidance you may need.

If you have any questions regarding this update or wish to discuss it in more detail, please contact any of the following Winterfeldt IP Group team members:

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