
RESPONSE PAPER: QUALITEX CO. V. JACOBSON PRODUCTS CO.¹

S Pranati Rao, RV University, Bengaluru

Background

Since the 1950s, Qualitex Company had been producing press pads for dry cleaning that were dyed a particular shade of green-gold. In 1989, Jacobson Products, a rival, initiated the sale of its own press pads with a green-gold colour similar to that of Qualitex. Instead of Qualitex merely reacting, it went a step further to register the particular shade as a trademark with the U.S. Patent and Trademark Office in 1991. Qualitex, after registering the colour, filed a claim of trademark infringement against Jacobson, which was more than just a new complaint. It questioned the use of the green-gold colour on press pads by Jacobson.

Procedural History

In the beginning, Qualitex was the winner of the lawsuit in the District Court, which recognized that the green-gold colour of its product had achieved secondary meaning and could identify the source.²³ In turn, the Ninth Circuit's Court of Appeals reversed the order in the infringement issue, holding one colour alone was not registrable as a trademark under the Lanham Act⁴. At that point, an appellate circuit split had developed on the question whether a colour could be trademarked, with the Supreme Court granting certification to settle the issue.

Functionality and Colour Depletion

Whether colours should not be given trademark protection because they are most of the time used as a function was one of the major issues around this case. The fear was that if businesses were permitted to have exclusive rights over certain colours, then their rivals would be unfairly limited in an industry where colour happens to be a practical solution⁵⁶, for instance, differently

¹ Qualitex Co. v. Jacobson Products Co., 514 U.S. 159 (1995).

² J. Wiss & Sons Co. v. W. E. Bassett Co., 59 C. C. P. A. 1269, 1271 (Pat.), 462 F. 2d 567, 569 (1972).

³ Car-Freshner Corp. v. Turtle Wax, Inc., 268 F. Supp. 162, 164 (SDNY 1967).

⁴ U.S. Trademark Act, 1946.

⁵ Deere & Co. v. Farmhand, Inc., 560 F. Supp. 85, 98 (SD Iowa 1982), aff'd, 721 F. 2d 253 (CA8 1983).

⁶ Brunswick Corp. v. British Seagull Ltd., 35 F. 3d 1527, 1532 (CA Fed. 1994).

coloured pills to help patients distinguish medicines⁷, or the use of blue in fertilizers⁸ to indicate the nitrogen content. The concern also extended to the “colour depletion” issue, whereby due to the limitation of the colour spectrum, it is argued that there will be fewer and fewer hues left for companies to select from as they gradually take over each one.⁹

The Court replied by reference to the functionality doctrine, which is a major principle in patent law that prevents the extension of protection to product features that are necessary for their use, purpose, price, or quality.¹⁰ Consequently, functionally coloured things such as safety vests in orange or solar panels in black would still be available for anyone to use, while non-functional colours that merely helped to identify brands could be protected. The Court, moreover, regarded colour depletion as a non-issue and made it clear that any fears were less than probable and could be handled through case-by-case decisions.

From a conceptual standpoint, the point of view represents the utilitarian theory of intellectual property rights, as put forward by Robert P. Merges, one which advocates for the social benefit of IP rights through the combination of creator's incentives with free market dynamics.¹¹ In their effort of such a strategy, the Court illuminated the way to a dual impact: on the one hand, the consumer confusion would decrease and the commerce would become more efficient - thus the legal protection would have a bigger economic outcome in line with the economic theory of consumer search costs.¹² On the other hand, these regulations rendered certain kinds of colours (only the ones that had no functional character) as close or even completely free from intellectual property rights.

However, this perspective does not leave much to be desired in respect of the Court's approach towards it. Questions are often unclear about where exactly the boundary lies between functional and non-functional characteristics of a product—the one which appears to be simply aesthetic today might at a later date become a feature with a functional aspect as it complies with the industry standards or some consumers' choices, who tend to be early adopters. It is possible that the Court, by classifying colour depletion as an issue far too remote from their consideration, left long-term influences in industries such as fashion, cosmetics, or industrial

⁷ *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844 (1982).

⁸ *Nor-Am Chemical v. O. M. Scott & Sons Co.*, 4 U. S. P. Q. 2d 1316, 1320 (ED Pa. 1987).

⁹ *NutraSweet Co. v. Stadt Corp.*, 917 F. 2d 1024, 1028 (CA7 1990).

¹⁰ *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 119–120 (1938).

¹¹ Robert P. Merges, ‘Economics of Intellectual Property Law’ in Francesco Parisi (ed.), *Oxford Handbook of Law and Economics* (Oxford University Press, 2015).

¹² *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U. S. 189, 198 (1985).

design, where colour is the need for differentiation, unacknowledged. Whereas the principle of functionality in the doctrine is a theoretical guide; however, depending on the courts to deal with the problem only after it has occurred entails inconsistency and reactive conduct rather than provision of a clear proactive guidance.

Precedent and Statutory Interpretation

One more question was whether existing precedent rules had already forbidden the colour marks. Some older court decisions, like *A. Leschen & Sons Rope Co. v. Broderick* (1906)¹³ and *Coca-Cola Co. v. Koke Co.* (1920)¹⁴, implied that a "colour alone" could not be a trademark¹⁵¹⁶ and that the colours of products should be allowed as they were. For a long time, statements given by lower courts were considered to be quite categorical in nature with regard to their treatment. The Court did not agree with that particular standpoint and by doing so it declared that those precedents represented the law before 1946¹⁷ which was outdated and needed to be changed so as to be compatible with the Lanham Act.

The Lanham Act went beyond protection from simply descriptive marks and introduced the concept of secondary meaning as well as the idea of "any word, name, symbol, or device," being indicative of one of the trademark classes. The Federal Circuit's *Owens-Corning decision* (1985)¹⁸, where the court ruled that the insulation of the colour pink deserved protection as a patent colour mark, was one of the sources that helped the court in that respect, along with the amendments to the act made by Congress in 1988 which still maintained the broad definitions but at the same time allowed for the existence of colours, shapes, and sounds as trademarks to be included in the future.

Such reasoning overlaps with the commuting theory of one's property, labour wise by William Fisher and conceptually derived by theologian John Locke, according to which a man should have the liberty to use the result of his labour.¹⁹ Qualitex's association of the green-gold colour with its press pads over many years is nothing less than a creative work that gave rise to a new

¹³ *A. Leschen & Sons Rope Co. v. Broderick & Bascom Co.*, 201 U.S. 166 (1906).

¹⁴ *Coca-Cola Co. v. Koke Co.*, 254 U.S. 143 (1920).

¹⁵ *McLean v. Fleming*, 96 U. S. 245, 254.

¹⁶ *Master Distributors, Inc. v. Pako Corp.*, 986 F. 2d 219, 224 (CA8 1993).

¹⁷ *Life Savers Corp. v. Curtiss Candy Co.*, 182 F. 2d 4, 9 (CA7 1950).

¹⁸ *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116 (Fed. Cir. 1985).

¹⁹ William W. Fisher, 'Theories of Intellectual Property' in Stephen Munzer (ed.), *New Essays in the Legal and Political Theory of Property* (Cambridge University Press, 2001).

and valuable trademark. The Court's identification of "secondary meaning" once again confirms the acknowledgment that consumer connection was made due to that labour. Still, a perspective based on Locke would ask whether the market and the continuous acceptance of the product are enough to confer on one the sole ownership of a thing that is natural as colour, which issue is one of the wondering in IP combating parties - those who maintain that IP laws help to bring resources into the public domain and those who argue these laws only assist the IP owners in protecting already existing resources.

The way the statute was interpreted here is indeed in favour of persuasion, but still the warning signs from earlier cases are largely ignored. By seeing them as mere historical relics, the Court failed to notice that the scepticism concerning the colour monopoly they referred to, which was on the whole less outspoken and more principled, was an essential aspect of the underlying legal idea on the nature of colour. The argument of silence in the legislative history of 1988 as a veto of the idea of colour marks and or an indication that Congress did not intend to deal with the subject are also possible. The Court, in allowing the Lanham Act to be stretched to this point, must be seen as having gone somewhat beyond the sound limits of the statute and, thus, virtually turned this into a signal to the non-traditional signs without giving enough weight to the concerns competing with the original reasons for judicial restraint, which were the competition problem.

Adequacy of Alternatives: Designs and Trade Dress

Colour marks raised the issue in the case as to whether they were still required, considering that companies had other kinds of safeguards. It was suggested that enterprises might use colour in the creation of the product – like a coloured logo, word, or an identifying symbol – or depend on trade dress as per Section 43(a)²⁰ of the Lanham Act, which prohibits the imitation of the entire look of a product when such a thing leads to consumer confusion. Nevertheless, the Court found these alternatives to be insufficient. The Court reasoned that in some cases, e.g., industrial goods or products that are remotely looked at, even the addition of a logo or words may be difficult; therefore, a colour would be the only method to communicate the source effectively.^{21 22}

²⁰ §43(a), U.S. Trademark Act, 1946.

²¹ Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F. 2d 4, 9–10 (CA2 1976). ²

²² Two Pesos, Inc. v. Taco Cabana, Inc., 505 U. S. 763, 768 (1992).

This reasoning portrays using a utilitarian perspective with emphasis on economic efficiency and consumer clarity. Nevertheless, it also brings up systemic anxieties that were mentioned by theorists such as Neil Wilkof and Shamnad Basheer with regard to overlapping IP rights. If in addition to trade dress, colour receives separate trademark protection, then the Court may be implicated in "overprotection" that leads the firm to more than a little competition being frozen without any single legislation to be the cause of such a thing. It is argued that the multiple IP rights on one product can grant one or more of such unjust advantages to the limits of market freedom, thus raising a conflict between efficiency and monopolistic risk.

Policy, Competition, and Cross-Jurisdictional Considerations

Whether allowing the granting of colour trademarks could result in an anticompetitive situation was one of the major broader policy issues. It was claimed by the opponents that the possibility of firms owning the common colours leading to consumer choice being lessened and the market limiting could be the outcome. Although the Court accepted such worries, it decided that "functionality" as a doctrine was already protecting the users, since colours necessary to be used for one or another purpose and/or being the most attractive ones for customers should be free. More than that, the court viewed that in cases where a colour is non-functional and through brand investment has obtained secondary meaning, those businesses that are making use of that recognition to exploit it for their competitors' benefit should be denied such a possibility.

From a point of view of the entire course, this is aimed at balancing the disputes with the protection of legitimate business identity. It seems, however, that in reality, the complexity and expensive nature of functionality-related issues may be a discouragement for smaller competitors to undertake a lawsuit against colour marks even if it is the right thing to do.

Moreover, as a result of the Court's decision to give prominence to brand investment, private commercial interests have been placed at a higher level than public access to the aesthetic elements of the works which, among other things, could have the effect of hiking the risk of creeping monopolization in industries such as fashion, cosmetics, and automotive design.

The points are reinforced from a cross-jurisdictional perspective. For instance, EU trademark law permits registration of colours as trademarks if they have distinctive features and can be represented graphically, which is similar to the U.S. method, but in most cases, courts require evidence of acquired distinctiveness. Generally, colours per se are not registrable in India under

the Trade Marks Act, 1999, unless it has been shown that they have acquired secondary meaning—a more conservative approach emphasizing the importance of competition. The balancing of brand protection and competition is a subtle one, and the manner in which it is dealt with differs from jurisdiction to jurisdiction. This is the result that becomes apparent when these different approaches are compared, which, in turn, shows the broader issue of the international harmonization of intellectual property principles.

The Court thus, while presenting a theoretically balanced framework, by depending on functionality as a sort of universal safeguard for the protection of competition, makes such protection more promotional than practical, particularly if global perspectives are taken into account.

Conclusion

The decision in *Qualitex* is a good example of the complex balancing act between statutory interpretation, leading cases, functional aspects, practical needs, theoretical models, and crossjurisdictional considerations in the field of intellectual property law. Through the allowance of colour trademarks under the Lanham Act, the Court aimed at maintaining the possibility of brand distinctiveness on the one hand and lowering the risks of anticompetitive behaviour on the other, by resorting to the functionality doctrine. The decision is made on the principle of utilitarianism as it significantly decreases consumer confusion and facilitates commerce, furthermore, it also acknowledges the work of labour that has gone into creating brand recognition.²³ Some of the criticisms focus on the problem of defining functionality, the hypothetical nature of colour depletion, the issue of overprotection arising from the overlapping IP rights, and the difference in international approaches towards colour marks. Thus, *Qualitex* represents the blending of practical trademark enforcement and jurisprudential speculation, one of those instances where modern IP law is seen as a balancing act of innovation, competition, and private investment.

²³ William W. Fisher, 'Theories of Intellectual Property' in Stephen Munzer (ed.), *New Essays in the Legal and Political Theory of Property* (Cambridge University Press, 2001).