

Can Significant Sales Be the Fast Track to Trade Dress Protection?

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When a retail brand has a consistent, unique look and seeks enforcement against a too-similar competitor or a brash counterfeiter, trade dress protection under the Lanham Act provides the muscle. But part of what makes trade dress challenging to enforce is that it often requires secondary meaning.[1] The product's unique feature must be significant in the eyes of consumers because it helps consumers identify the *source* of the product, rather than simply the product itself.[2] In 2022, the Fifth Circuit published an opinion in *Beatriz Ball, LLC v. Barbagallo Company, LLC*, which included a discussion on how the volume of sales may function as evidence in favor of secondary meaning.[3] This is important because good proof of secondary meaning — survey evidence or unbiased customer testimony — can be expensive or tricky to obtain. In contrast, sales data should already be in a spreadsheet in the accounting department.

Beatriz Ball focused on an alleged trade dress called "Organic Pearl." Beatriz Ball manufactures metal tableware that is polished to appear as close to silver as possible. The "Organic Pearl" design is a line of these products featuring a border of pearls organized in varying sizes so as to appear unpredictable and distorted. Beatriz Ball described these handmade pearls as "intentionally having a slightly irregular shape and size accentuating their hand-made artisanal quality."[4] This line generated $6.6 million in sales from 2009 to 2019.[5]

Beatriz Ball sought to enforce these trade dress rights (along with its copyrights) against a competitor with products that had an allegedly similar look and feel. A judge in the Eastern District of Louisiana ruled against Beatriz Ball after a bench trial.[6] This decision included a determination that Beatriz Ball had failed to demonstrate that its "Organic Pearl" trade dress acquired secondary meaning among consumers and, as a result, was not protectable under the Lanham Act.[7] On appeal, the Fifth Circuit

panel reversed the lower court on multiple grounds. A critical issue was that the lower court had not properly considered the evidence of sales as a factor supporting secondary meaning.[8]

The Fifth Circuit uses a seven-factor test to determine whether trade dress has acquired secondary meaning:

1. length and manner of use of the mark or trade dress;
2. *volume of sales*;
3. amount and manner of advertising;
4. nature of use of the mark or trade dress in newspapers and magazines;
5. consumer-survey evidence;
6. direct consumer testimony; and
7. the defendant's intent in copying the trade dress.[9]

When the trial court discussed Beatriz Ball's "Organic Pearl" design and its $6.6 million in sales, the court actually misunderstood the labeling of that data. It believed those were Beatriz Ball's overall sales. In reality, that figure represented the "Organic Pearl" sales specifically. The Fifth Circuit panel identified this issue and ordered the lower court to reconsider those sales when it reevaluated "Organic Pearl" trade dress.

The panel ultimately did not determine whether $6.6 million in sales over the course of 10 years weighed in favor of secondary meaning, but it did flag Fifth Circuit precedent discussing much higher and much lower sales volumes: $93 million per year in favor of secondary meaning, $470 million from two films featuring the trade dress in favor of secondary meaning, and $30,500 over 6.5 years *against* secondary meaning.[10]

This question of what quantum of sales is needed to favor secondary meaning remains elusive. On one hand, there are examples of extensive sales supporting secondary meaning — like 51 million Rubik's cubes or $250 million in Care Bears sold, each in a single year.[11] Sales of two billion orange-colored tablets also suggested that secondary meaning had been established.[12]

In contrast, recent cases in the low million-dollar range have been less clear. For example, the Federal Circuit recently affirmed a decision that a pencil-shaped toy chalk holder failed to acquire secondary meaning.[13] Evidence presented showed $2 million in sales of the chalk holder between 2010 and 2016.[14] However, the panel found that there was no *other* evidence presented to demonstrate that when consumers saw the pencil shape, "their minds jump to the producer of the product rather than the product itself." In essence, the panel dodged the central question: whether those sales favored secondary meaning.

Even wildly successful sales of a product can be explained away or attributed to other sources. The Eleventh Circuit discounted rapid growth in a brand's running shoes — from 400,000 pairs to over 2,500,000 in two years — as due to an explosion of interest in jogging in the late 1970s rather than relating to the trade dress at issue.[15] These additional sales did not mean that customers associated a particular design with a particular source. Instead, people simply fell in love with running. A footwear specialist testified at trial that overall sales of running shoes in that category almost tripled during this time.[16]

In 2021, a Southern District of Florida judge used similar logic to downplay evidence of over $1 billion in sales of an energy drink; the court determined that the drink's trade dress had not generated those sales.[17] The judge noted that sales of the products had been flat for two years after introducing the trade dress, and that rapid growth followed rising demand for a healthier energy drink.

But as the Fifth Circuit assessed in *Beatriz Ball*, sales remain a relevant factor in assessing secondary meaning.[18] A recent District Court decision about the design of competing children's swim class facilities underscores this.[19] Following a jury verdict against it, the defendant argued against secondary meaning by attempting to disaggregate its competitor's sales from the disputed trade dress. The defendant proposed that the plaintiff had an obligation to affirmatively prove that its sales came from the trade dress and that it did not do so. Citing Fifth Circuit precedent, the judge responded succinctly, "No such requirement exists."[20]

Instead, because the plaintiff presented "evidence of significant sales during the seven years in which it used its trade dress prior to August 2020, a reasonable jury could have found that this factor favored a finding of secondary meaning."[21] In that instance, sales were one component of a larger constellation of evidence supporting secondary meaning. Sales volumes are more likely to be explained away when they are the *only* evidence presented.[22]

For brands looking for quick answers in lieu of multi-part, malleable factors, simply pointing to a product line's volume of sales might not be, under certain circumstances, a silver bullet for trade dress protection. However, sales require consideration in the larger secondary meaning calculus. When bolstered with other, similarly obtainable evidence — like length of use and advertising efforts — significant sales can create a strong foundation for an argument that the trade dress functions as a distinct, source-identifying feature in the minds of the public.

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1 *See Wal-Mart Stores, Inc. v Samara Bros.*, 529 U.S. 205, 215 (2000) (distinguishing product *design* and product packaging and explaining that product design can never be inherently distinctive); *see also In re Chippendales USA, Inc.*, 622 F.3d 1346, 1351 (Fed. Cir. 2010) (discussing inherent

distinctiveness for the "packaging" of exotic dancing services: a shirtless tuxedo costume consisting of only cuffs, collar, and a bowtie).

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

3 *Beatriz Ball, L.L.C. v. Barbagallo Co., L.L.C.*, 40 F.4th 308 (5th Cir. 2022).

4 *Id.* at 313.

5 *Id.* at 318.

6 *Beatriz Ball, LLC v. Barbagallo*, No. 18-cv-10214, 2020 WL 6938524 (E.D. La. Nov. 25, 2020).

7 *Id.* at *12.

8 *Beatriz Ball*, 40 F.4th. at 318.

9 *Id.* at 317 (emphasis added) (quoting *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 248 (5th Cir. 2010)).

10 *Viacom Int'l v. IJR Cap. Invs., L.L.C.*, 891 F.3d 178, 190 (5th Cir. 2018); *Nola Spice Designs, L.L.C. v. Haydel Enterprises, Inc.*, 783 F.3d 527, 544 (5th Cir. 2015); Bd. of *Supervisors for Louisiana State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 477 (5th Cir. 2008).

11 *Ideal Toy Corp. v Plawner Toy Mfg. Corp.*, 685 F2d 78 (3d Cir. 1982); *Am. Greetings Corp. v. Dan-Dee Imports, Inc.*, 619 F. Supp. 1204, 1212 (D.N.J. 1985).

12 *Boehringer Ingelheim G. m. b. H. v Pharmadyne Laboratories*, 532 F Supp 1040 (D.N.J. 1980).

13 *Lanard Toys Limited v. Dolgencorp LLC*, 958 F.3d 1337 (Fed. Cir. 2020).

14 *Lanard Toys Ltd. v. Toys "R" Us-Delaware, Inc.*, No. 3:15-CV-849-J-34PDB, 2019 WL 1304290, at *26 (M.D. Fla. Mar. 21, 2019).

15 *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 860 (11th Cir. 1983)

16 *Id.* at 860 n. 14.

17 *Vital Pharmaceuticals, Inc. v. Monster Energy Company*, 553 F. Supp. 3d 1180 (S.D. Fla. 2021).

18 *Beatriz Ball*, 40 F.4th. at 318.

19 *Pengu Swim Sch., LLC v. Blue Legend, LLC*, No. 4:21-cv-1525, 2023 WL 5598996, at *4 (S.D. Tex. Aug. 29, 2023).

20 *Id.* (citing *Nola Spice Designs, L.L.C. v. Haydel Enterprises, Inc.*, 783 F.3d 527, 544 (5th Cir. 2015)).

21 *Id.*

22 *See, e.g., Lanard Toys*, 2019 WL 1304290, at *26.

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