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THE STORY OF *KELLOGG CO. v. NATIONAL BISCUIT CO.*: BREAKFAST WITH BRANDEIS

Graeme B. Dinwoodie*

Kellogg Co. v. National Biscuit Co.[1] may be the Supreme Court's most versatile and influential trademark decision. Justice Brandeis' ten-page opinion contained language that is now at the core of the statutory test for whether a term should be unprotected because consumers understand the term as the generic name for the product on which it is used. That same language guides courts seeking to determine whether a mark has acquired the degree of consumer understanding ("secondary meaning," or "acquired distinctiveness") necessary to support trademark protection. Plaintiffs seeking to establish trademark rights in a product shape must demonstrate that the shape in question is not "functional" according to a standard that has its roots in *Kellogg*. And defendants seeking to parry claims that the design of their product is confusingly similar to the design of a once-patented product habitually invoke *Kellogg* to support a competitor's right to copy the subject matter of an expired patent.

These issues cover the waterfront of modern trademark law. As a result, *Kellogg* had a direct impact on the structure of the Lanham Act, it has been cited in numerous recent Supreme Court trademark opinions, and is a routine starting point for analysis in trademark opinions of lower courts. The opinion is regularly invoked by scholars seeking to understand the theoretical underpinnings of intellectual property and to shape the development of trademark law. By any objective measure, the *Kellogg* opinion is a trademark classic.

The scope of *Kellogg*'s influence might, at first blush, seem surprising. The Court was confronted by a relatively narrow issue of trademark and unfair competition law, and to a large extent was revisiting an issue it had decided forty years earlier.[2] The Court's opinion, addressing whether the National Biscuit Company ("NBC" or "Nabisco") could, after the expiry or invalidation of its patents on the SHREDDED WHEAT biscuit, use trademark and unfair competition law to prevent a rival manufacturer (Kellogg) from selling goods of the same shape under the same name, was also quite short. To fully understand its significance, one must be aware of the full range of philosophical reasons that motivated Justice Brandeis, including opposition to broad intellectual property rights, a concern for competition, and support for a misrepresentation-based model of unfair competition law. But one must also delve into the intense commercial rivalry in the cereal industry–a rivalry conducted by an odd mix of evangelists armed with even odder theories about nutrition and health.

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[1] 305 U.S. 111 (1938).

[2] *See* Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169 (1896).

I. The Cereal Wars and Intellectual Property Law

Today, ready-to-eat breakfast cereals are a staple of the American diet. Dietary advice, dispensed by the government and lifestyle gurus alike, emphasizes the importance of healthy and sustaining morning meals. In a country where time is money and health is business, the delivery of matinal sustenance efficiently is highly-prized. In the mid-nineteenth century, the American breakfast was not radically different from the American dinner, heavy on meat and light on grains and fiber. The development of breakfast cereals as an alternative morning meal was in part driven by health concerns. More precisely, the origins of breakfast cereal lie in the efforts of nineteenth century evangelical crusaders.

The first cold breakfast cereal developed in the United States was Granula, which "consisted of heavy nuggets made from bran, the outer husk of a grain that is removed when making flour."[3] Granula was launched in 1863 by James C. Jackson. Jackson was a disciple of Sylvester Graham, who argued that most health problems could be traced to masturbation. Eventually, Jackson saw good diet (apparently involving ingestion of large quantities of whole grains) as a means of moderating sexual desire.[4] Although he was able to serve Granula to the captive residents at his sanitarium in Dansville, New York, Granula required overnight soaking in order to be edible. A market gap (even perhaps outside sanitariums) clearly existed for a tasty, nutritious product that was ready-to-eat.

Several entrepreneurs sought to fill that gap. One of the most notable was John Harvey Kellogg, a doctor and writer, who became superintendent and physician of the Battle Creek Sanitarium health resort in Michigan in 1876. The Sanitarium, previously the Western Health Reform Institute of Battle Creek, had been formed by the religious sect, the Seventh Day Adventists, in 1866. Like Jackson, Kellogg was heavily influenced by Graham. And like Jackson (and Kellogg's predecessor at the Institute, Ellen White),[5] he saw masturbation as a central health problem, which could be solved by proper attention to diet.[6]

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[3]*The History of Cereal*, at www.fitnessandfreebies.com/health/cerealhtml (visited Jan. 19, 2005); *see also* GERALD CARSON, CORNFLAKE CRUSADE 66-67 (1957).

[4]*See* Carrie McLaren, *Porn Flakes: Kellogg, Graham and the Crusade for Moral Fiber*, www.stayfreemagazine.org/10/graham.htm

[5]The Institute was initially headed by Ellen White, who had visited Jackson's Danville institution. Mrs. White had written a book on the subject of masturbation in 1866. *See id.*

[6]*See* JOHN HARVEY KELLOGG, PLAIN FACTS FOR OLD AND YOUNG: EMBRACING THE NATURAL HISTORY AND HYGIENE OF ORGANIC LIFE (Burlington, Iowa, 1891), available at http://etext.lib.virginia.edu/toc/modeng/public/Kel Plai.html. (See Chapters 11-15, on "Treatment for Self-Abuse and its Effects": "A Chapter for Boys", "A Chapter for Young Men," a "Short Chapter for Old Men" and a "Chapter for Girls"). Among his "One Hundred Choice Health Thoughts," Kellogg warned against the influence of "quacks." *See id.* at 625 ("QUACKS thrive upon the ignorance and gullibility of the people. The only remedy for quackery lies in the education of the people in those medical facts and theories, which will lead them to see that there is a scientific foundation for rational medical practice").

Kellogg's first dietary product was a "mixture of oatmeal and corn meal, baked into biscuits, then ground into bits."[7] Initially, he called this concoction GRANULA (the name of the product developed by Jackson), but after the use of this term was challenged in a lawsuit, Kellogg changed the name of the product to GRANOLA.[8] Several years later, after Kellogg had experimented with various health-conscious products,[9] a friend showed him shredded wheat biscuits that she had been sent for digestive trouble.[10] Initially, Kellogg found them tasteless, commenting that they were like "eating a whisk broom."[11] However, this exposure sowed the seeds of the dispute that eventually made its way to the Supreme Court.

Another evangelical crusader-cum-budding cereal magnate was C.W. Post.[12] Post spent time at the Battle Creek sanitarium to cure his upset stomach. While there he became a devotee of Christian Science. After leaving Battle Creek, he began work on cereals of his own, the most successful of which was GRAPE NUTS. Initially, this product was advertised as an alternative treatment for an inflamed appendix, and Post also claimed that it could cure malaria and loose teeth.[13] The advertising for GRAPE NUTS (and every other Post product) emphasized the positive health consequences of consuming the product, and this marketing strategy was mimicked by other producers; a "full-scale health craze was underway."[14] Post supplied every purchaser of GRAPE NUTS with a copy of his pamphlet *The Road to Wellville*, which espoused the power of positive thinking.[15]

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[7]McLaren, *supra* note 4.

[8]*See id.*

[9]These included TOASTED CORN FLAKES. *See* Kellogg Toasted Corn Flake Co.v. Quaker Oats Co., 235 F. 657 (6th Cir. 1916).

[10]*See* CARSON, *supra* note 3, at 120.

[11]*See* McLaren, *supra* note 4.

[12]Ironically, the company that Post formed obtained ownership of the NABISCO SHREDDED WHEAT brand in 1993, exactly one hundred years after Henry Perky had introduced the original product. *See* Shredded Wheat History and Chronology, http://members.aol.com/_ht_a/jwalton971/history.htm (visited Jan. 18, 2005). Post, which is now owned by Kraft, advertises its product as THE ORIGINAL SHREDDED WHEAT on its packaging. *See* http://products.peapod.com/1661.html (visited Jan. 24, 2005); *cf.* King-Seeley Thermos Co. v. Aladdin Indus., Inc., 321 F.2d 577, 581 (2d. Cir. 1963). In 1994, Kraft applied to register the term THE ORIGINAL SHREDDED WHEAT (with the term "Shredded Wheat" disclaimed) with the U.S. Patent and Trademark Office, but the application was abandoned in 1997. *See* Trademark Application, Serial No. 74594623, filed Nov. 3, 1994.

[13]*See* McLaren, *supra* note 4.

[14]*Id.*

[15]*See* CARSON, *supra* note 3, at 154. The Battle Creek sanitarium was the setting for a novel (and movie) that highlighted Kellogg's practices. *See* T.C. BOYLE, THE ROAD TO WELLVILLE (1993); Alan Parker (Director), The Road to Wellville (1994).

Today, the leading breakfast cereals are differentiated from each other in a number of ways that reflect contemporary branding practices (facilitated by modern trademark and publicity rights law). Thus, many of the leading cereals can be identified by their licensed use of cartoon characters on the cereal boxes, or their endorsement by sporting heroes and celebrities. For those less susceptible to the allure of cartoon characters and celebrity, private label branding has provided alternatives, vouched for by mass-market house marks. In the late nineteenth century, claims and connotations of health drove the brand. To be sure, nutritional claims are extremely important in modern marketing, but in the late nineteenth century they represented *the* marketing strategy.[16]

The shredded wheat biscuit that John Kellogg had tasted, without satisfaction, had been manufactured and distributed by Henry Perky. Perky, who developed the process for making the biscuits, introduced the product to the market in 1893, and was issued utility patents two years later on both the product and the machinery involved in making the biscuits.[17] Initially, Perky intended to sell the machines, not the biscuits. Indeed, his first company was known as The Cereal Machine Company. However, he did sell the biscuits, which were first marketed under the name SHREDDED WHOLE WHEAT, and later SHREDDED WHEAT.[18]

Shredded wheat biscuits were composed of whole wheat that was subjected to a process of boiling, drying, pressing, shredding and baking. The biscuits produced by this process typically were pillow-shaped, bulging in the center and pressed to a thin point at either end.[19] The biscuits were normally consumed in the form in which they left the cereal box, without the need for cooking or preparation by the consumer, after being partially submerged in a bowl of milk. The pillow shape

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[16]Claims of nutrition (and convenience) have always dominated the marketing of breakfast cereals, perhaps because of the roots of the product. *See, e.g.,* 1947 Packaging for Nabsico Shredded Wheat, at AdClassix.com, http://www.adclassix.com/ads/47nabisco.htm ("You Start the Day OK With This Bowl of Flavor and Hearty Wheat . . .Delicious, Ready to Serve, Yet as Nourishing as a Hot Cereal"); 1945 Packaging for Nabsico Shredded Wheat, http://pages.tias.com/11382/PictPage/1922235937.html ("They'll Hail This Hearty Breakfast").

[17]Perky also obtained a design patent on the pillow-shaped biscuit, although that was invalidated in 1908, one year before it would have expired. Design patents are available to protect the novel *ornamental* features of a useful product that are original and nonobvious; they are not available for design features that are dictated solely by functional considerations. *See* 35 U.S.C. § 171; *see also* Best Lock Corp. v. Ilco Unican Corp., 94 F.3d 1563, 1566 (Fed. Cir. 1996) (functionality bar).

[18]The biscuits were probably sold under the name SHREDDED WHEAT starting around 1908. *See* Wayne Mattox, Antique Talk: Breakfast Cereal Collectibles, at http://www.antiquetalk.com/column318b.htm; *see also Kellogg*, 305 U.S. at 113 (noting that "For many years, there was no attempt to use the term 'Shredded Wheat' as a trade-mark" and that "in 1905 plaintiff's predecessor . . . applied for registration of the words 'Shredded Whole Wheat' as a trade-mark.")

[19]Quaker Oats did at one time in the mid-twentieth century sell round shredded wheat biscuits, called MUFFETS. *See* http://thenostalgialeague.com/treasures/barber/barber40.html.

arguably facilitated the integrity of the biscuit in shipping,[20] and enabled the biscuit to be ready to eat (while absorbing an ideal amount of milk).[21]

Initially, consumers agreed with John Kellogg's skeptical assessment of the biscuit's taste: critics at the World Fair in Chicago in 1893 described the biscuits as "shredded doormat."[22] Eventually, however, the biscuits were commercially successful (for no immediately apparent reason). Although Perky died in 1908, the companies that he formed to produce the biscuits (the Natural Food Company, which later became the Shredded Wheat Company) continued to be the exclusive manufacturers of the biscuits through the expiration of the utility patents in 1912.

In 1912, the Kellogg Company, which had become an established cereal manufacturer under the leadership of John Kellogg's brother (Will Keith Kellogg), entered the wheat biscuit market, as was contemplated by patent law. Upon the expiration of the patent, competitors were free to use the technology covered and information disclosed by the patent. This was the consideration that the public received in return for the patentee's period of market exclusivity. As it happened, although the biscuits that Kellogg produced were somewhat similar in form, they were manufactured by a different process. But, after the Shredded Wheat Company (the successor to Perky's company) objected to Kellogg's activities, Kellogg ceased manufacturing the biscuit in 1919 (though the cause of the delay in raising an objection, and the nature of the settlement, is not clear).

As might have been expected by Kellogg's immediate entry into the market upon expiry of the Perky patents in 1912 (and perhaps also by John Kellogg's earlier cavalier approach to appropriation of the GRANULA mark), it was not long before Kellogg and the Shredded Wheat Company came into further conflict. Kellogg resumed its manufacture of shredded wheat biscuits briefly in 1922, and more seriously in 1927, this time copying both the shape and the manufacturing process. It called its product a SHREDDED WHOLE WHEAT BISCUIT. This prompted another lawsuit by the Shredded Wheat Company alleging unfair competition. Again, that suit was settled, apparently on the basis that Kellogg would sell its biscuits instead under the mark KELLOGG'S WHOLE WHEAT BISCUITS. The Shredded Wheat Company was acquired by the National Biscuit Company in 1930, and two years later Nabisco brought yet another suit, which six years later would reach the Supreme Court.

The case that went to the Supreme Court was not the only part of the battle between Nabisco

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[20]*See* Shredded Wheat Co. v. Humphrey Cornell Co., 250 F. 960, 967-68 (2d Cir. 1918) (Ward, J., dissenting) ("The form evidently tends to strengthen a product made out of such fragile material and the size is apparently the best fitted for use as a breakfast food on a saucer.")

[21]*See id.* at 961 (patent stated that "in this form it is ready for food"); *see also* the exchange of email between modern-day consumers regarding the qualities and challenges of a slightly different product sold in the United Kingdom, WEETABIX, at http://schumann.cleveland.oh.us/weetabix.html (visited Jan. 21, 2005) (discussing "sogginess" and "avoiding crumbs"); *see also* http://www.halfbakery.com/idea/Re-constructable_20Shreddies (discussing surface area needed to prevent sogginess).

[22]ERIK LARSON, THE DEVIL IN THE WHITE CITY 247 (2003).

and Kellogg that proceeded to litigation. The contest was an early example of what is now increasingly common, namely a multinational dispute resolved by serial national adjudication. Thus, the parties litigated the same trademark and unfair competition dispute in Canada and the United States.[23] In addition, in 1934, while the suit that went to the Supreme Court was pending, Kellogg brought a civil antitrust claim against Nabisco, alleging among other things that the false assertion of a trademark infringement claim by Nabisco amounted to attempted monopolization of the business of selling shredded wheat biscuits.[24] The claim also alleged duress to change the shape of the biscuits, and slanderous statements made by Nabisco salesmen to dealers in the rival products.

Putting aside that a monopolization claim might have been hard to sustain because Kellogg was at the time the country's largest cereal manufacturer,[25] the Second Circuit held that the mere false assertion of an infringement claim was not a per se violation of the antitrust laws. The court noted that a different result might pertain if Nabisco knew its marks were invalid (presumably under some sort of sham exception to antitrust immunity) and thus, with some reluctance, permitted the case to go to trial. However, the Second Circuit noted that "unless much more can be established than the bringing of [an unfair competition suit by Nabisco] and that [such suit] is unlikely to succeed, it would seem that the plaintiff should try out its rights there and not burden the courts with an action that would, in any event, show no promise."[26] Kellogg took the hint, namely, that to maintain the climate of competition it had to defend the trademark and unfair competition cause of action that Nabisco had initiated.

II. The *Kellogg* Opinion

A. The Central Issues

The issues presented in *Kellogg* were framed by two prior opinions: *Shredded Wheat Co. v. Humphrey Cornell Co.*, handed down by the Second Circuit, and the Court's earlier opinion in *Singer Mfg. Co. v. June Mfg. Co.* Although *Cornell* is a lower court decision, it was authored by Learned Hand, a respected authority in intellectual property law, and reveals a long-standing strategy

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[23]*See* Canadian Shredded Wheat Co., Ltd. v. Kellogg Co. Of Canada, 1 [1938] All E.R. 618 (Privy Council 1938) (Canada); *see also* Canadian Shredded Wheat Co., Ltd. v. Kellogg Co. Of Canada, [1939] S.C.R. 129 (Sup. Ct. 1939)(Canada).

[24]*See* Kellogg Co. v. National Biscuit Co., 71 F.2d 662 (2d Cir. 1934). Retaliatory antitrust actions are not entirely unusual when a former patentee seeks to assert trade dress rights against a competitor after expiry of the patent. *See, e.g.,* TrafFix Devices, Inc. v. Marketing Displays, Inc, 532 U.S. 23 (2001).

[25]Ironically, thirty-four years later, the Federal Trade Commission sought to require compulsory licensing of Kellogg's trademark on antitrust grounds. Such relief is now prohibited by international law, *see* Agreement on Trade-Related Aspects of Intellectual Property (TRIPS), art. 21, and is a strategy that domestic law had in any event abandoned since the 1970s. *See In re* Borden, 92 F.T.C. 669 (1976), *rev'd*, 92 F.T.C. 807 (1978); Jack Walters & Sons Corp. v. Morton Bldg., Inc., 737 F.2d 698, 704 (7th Cir. 1984).

[26]*Kellogg*, 71 F.2d at 666.

of Nabisco (and its predecessor companies) to sue any rival (not just Kellogg) that distributed pillow-shaped wheat biscuits.[27] Although *Cornell* was decided twenty years prior to *Kellogg*, it arose after the expiry of Nabisco's patents, and thus Nabisco relied on trademark and unfair competition law to restrain Cornell's distribution.[28]

In the early twentieth-century, trademark rights were largely a creature of common law. Registration schemes did exist, both at the federal and state level. But Congress, perhaps chastened by the striking down of the federal trademark statute as unconstitutional in 1879,[29] had restricted the option of federal registration to what were called "technical trademarks," that is, "arbitrary" terms that bore no relation to the product they identified (e.g., IVORY for hand soap) or terms "coined" for the purpose of acting as a trademark (e.g., CLOROX for bleach). Words that merely described the qualities or characteristics of the product upon which they were used (e.g., EXTRA-STRONG for pain killers) could not be registered. In contrast to arbitrary or coined terms, such "descriptive" terms were thought unlikely to identify the source of a product (i.e., were unlikely to act as a trademark). And according rights in descriptive terms to a single producer ran the risk that competitors would be prevented from using language that accurately described their products, a risk thought minimal where the producer had coined the term or had chosen an arbitrary term semantically unconnected to the product upon which it was used.

Trademark law was, however, a species of the broader law of unfair competition.[30] Unfair competition law might provide redress against use of a confusingly similar mark where trademark law proper did not. As a result, descriptive terms could be protected under principles of unfair competition if they had acquired "secondary meaning," that is, if the producer were able to show that the consumer had in fact come to identify a product by the symbol in which rights were claimed. This approach, grounded in a misrepresentation-based notion of unfair competition, imposed stricter standards of proof of harm upon plaintiffs and left marks permanently open to the challenge of descriptiveness. Such an approach ensured protection against unfair competition in two senses. First, it prohibited acts of passing off that would deceive consumers and allow rivals to trade on the goodwill of competitors. But, second, it also ensured that the putative mark owner did not receive an unfair competitive advantage by securing exclusive rights in terms that were needed by others to compete fairly in the marketplace. Unfair competition law looked both to prevent unfairness and

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[27]*See* Shredded Wheat Co. v. Humphrey Cornell Co., 250 F. 960 (2d Cir. 1918). Indeed, around this time, other leading players in the cereal industry were bringing complaints based on alleged rights in the relatively descriptive names by which they identified their products. *See* Kellogg Toasted Corn Flake Co.v. Quaker Oats Co., 235 F. 657 (6th Cir. 1916) (rejecting claims of rights in TOASTED CORN FLAKES).

[28]The Second Circuit opinion in *Cornell* did not address rights in the name SHREDDED WHEAT; only the appearance of the biscuits (shape, color, and size) were at issue. The use of the term figures more significantly in the opinion of the district court, which likewise found for the plaintiff. *See* Shredded Wheat Co. v. Humphrey Cornell, 244 F. 508 (D. Conn. 1917).

[29]*See* The Trade-Mark Cases, 100 U.S. 82 (1879).

[30]*See* Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916).

to promote competition.

The shape or design of a product could be protected under similar principles of unfair competition law, again upon proof of secondary meaning. In the *Cornell* case, Nabisco succeeded in showing that the pillow-shape of the biscuits had acquired secondary meaning, based upon uncontradicted testimony from jobbers, retailers, and consumers.[31] This source identification triggered the concerns of trademark and unfair competition law. The plaintiff had established an interest that warranted protection. Ordinarily, this finding would have supported the award of an injunction against the defendant's continued distribution of any confusingly similar products. And witnesses testified at trial that they had served or been served Cornell's biscuit as "shredded wheat."

However, according exclusive rights to use the shape of a product raises difficult questions for trademark and unfair competition law because it may affect the capacity of competitors to make a rival product. This concern is less acute with word marks. A product's shape may be closely connected to its utility. Typically, there are fewer ways to make a product work than there are words by which to call the product.[32] Thus, the threat of adverse effects on competition made courts cautious before offering protection to product design, a concern reflected most directly (but not solely) in the doctrine of functionality.

In *Cornell*, Learned Hand acknowledged the functionality doctrine and thus searched for a remedy that did not take away the *defendant's right* to compete.[33] He stressed that "under the guise of protecting against unfair competition, we must be jealous not to create perpetual monopolies."[34] The Second Circuit methodically surveyed the effect that changes in the appearance of the biscuit would have on the ability of Cornell to compete in the marketplace for cereals.[35] A change in coloring would have made the biscuit taste repellant and "either terminate or hopelessly cripple any competition between the parties." Increasing the size of the biscuits would have affected how many biscuits would fit in a standard dish, and decreasing the size would raise the defendant's costs. Both options were "too onerous" to impose upon the defendant.

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[31]*See The Shredded Wheat Co.*, 250 F. at 963 ("The plaintiff has at least shown that the public has become accustomed to regard its familiar wheat biscuit as emanating, if not from it by name, at least from a single, though anonymous, maker, and the second is as good for these purposes as the first"). It did not matter to Judge Hand that some of the association may have been as a result of the exercise of the patent rights. *See id.*

[32]*See* Graeme B. Dinwoodie, *The Death of Ontology: A Teleological Approach to Trademark Law*, 84 IOWA L. REV. 611, 624-45 (1999).

[33]Although the articulation of a default right to compete may not have seemed notable at the time, it did come only ten months before the Supreme Court endorsed a right against misappropriation in *INS. See infra* Part III.C.

[34] *The Shredded Wheat Co.*, 250 F. at 964.

[35]The most cursory analysis is offered of the option of changing the "form" of the biscuit, with the court relying upon the invalidated design patent to support its conclusion that the defendant should not be required to alter the "form" of the biscuit. Indeed, even any limited relief could not "affect the design dedicated by the design patent." *Id.* at 965. This is the full extent of Judge Hand's express reliance on expired or invalidated patents.

The court, in language that reflected the balancing of interests at the heart of its analysis, concluded that it did "not see any possible change in the appearance of the biscuit itself which would be of enough service to the plaintiff to justify imposition upon the defendant."As a result, the pillow shape was found to be functional and the court refused to enjoin Cornell from making pillow-shaped biscuits or to force Cornell to change the shape of its biscuits. The court recognized that, in the final analysis, if the "secondary meaning is bound up in elements of the appearance which cannot be changed without cutting off the defendant's substantial right to make and sell that kind of goods, the plaintiff must suffer the confusion."

In addition, however, the court considered the option of impressing a mark on the biscuit or wrapping the biscuits in ways that contained a legend of source. In assessing whether such relief would interfere with the defendant's right to compete freely, Judge Hand emphasized that "the question is always commercial." On the record before the court, the "commercial possibilities" of such marking or wrapping were not clear, despite the court spending time analyzing the effect of marking or wrapping on costs, and determining whether a pre-baking marking would survive the cooking process. However, a majority of the court placed the burden on the defendant to show that marking the biscuits would "impose upon him a commercial handicap which will practically take from him his free right to compete," and thus required that Cornell impress a distinguishing mark upon its biscuits.

Even in formulating this limited relief, the court was quite conscious that its remedy served, in effect, to regulate the competition in the cereal market. Judge Hand refused to impose an injunction with respect to direct consumer sales, because in that context the difference between the markings on the cartons of the respective parties' products was sufficient to offer differentiation. Only biscuits which Cornell sold to "hotels, restaurants, lunch rooms, and guest houses" had to be marked. Moreover, the court, taking into account that experience would be the surest evidence of commercial possibilities, went so far as to impose a probationary period during which the defendant would attempt to mark its products distinctly, with an invitation to return to the court if this mandate proved commercially prohibitive.[36]

The facts and issues presented to the Court in *Kellogg* were very close to those considered by the Second Circuit twenty years earlier in *Cornell*. The complaint was filed by Nabisco in federal district court in Delaware and invoked the court's diversity jurisdiction. Nabisco complained about several discrete aspects of Kellogg's activities: (1) the use on the cereal box of a picture of a dish containing two pillow-shaped biscuits submerged in milk; (2) the manufacture of the biscuit in the same pillow shape as the Nabisco product; and (3) the use of the term SHREDDED WHEAT.

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[36] *Id.* at 964. Judge Ward filed a dissenting opinion in *Cornell*, concluding that the Shredded Wheat Company was entitled to no relief whatsoever. He reached a different conclusion because, in his assessment of the competing interests of the parties, he gave little weight to the interests of the Shredded Wheat Company; he thought that it sustained close to no injury through Cornell's use. In essence, Judge Ward disagreed with Judge Hand concerning the magnitude of Cornell's interests.

Nabisco's efforts to restrain use of the picture were grounded in trademark law,[37] but the claims with respect to rights in the pillow shape of the manufactured biscuits or the term SHREDDED WHEAT were based upon an allegation of passing off in violation of common law principles of unfair competition, because neither the shape nor the term was federally registered. Nabisco had previously failed to obtain a federal registration for the somewhat similar term SHREDDED WHOLE WHEAT, separate and apart from any packaging graphic, because the Patent and Trademark Office had concluded that the term was descriptive.[38] Any efforts to register SHREDDED WHEAT would likely have met a similar response.

The central elements of the actions for trademark infringement and unfair competition were, however, quite similar (although the owner of a registered trademark would encounter less stringent evidentiary hurdles). Either action was predicated upon proof that the term or symbol for which protection was sought was distinctive, meaning that the term identified the source of the product upon which it was used and distinguished that product from those manufactured by others. Distinctiveness was central to trademark and unfair competition law because unless a symbol was distinctive of one producer its use by another would not give rise to the consumer confusion those causes of action targeted. Absent distinctiveness, there existed no reason grounded in U.S. trademark and unfair competition law to restrain competition by the defendant.

Modern case law, since *Kellogg*, has neatly articulated a spectrum of distinctiveness, according to which marks can usefully be classified. Marks that are coined, arbitrary, or suggestive are treated as inherently distinctive, and protectable without proof of secondary meaning.[39] Descriptive terms are protectable *only* upon proof of secondary meaning. Generic terms, which "refer, or ha[ve] come to be understood as referring, to the genus of which the particular product is

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[37]Nabisco owned a registered trademark on a picture of pillow-shaped biscuits submerged in milk in a dish.

[38]*See* Natural Foods v. Williams, 30 App. D.C. 348 (C. App. D.C. 1908). The Natural Foods Company applied to register the term SHREDDED WHOLE WHEAT for its biscuits under the so-called "ten-year clause" found in the Trademark Act of 1905. The application was opposed by Williams, who claimed that the term was descriptive and that the Natural Food Company had *not* been the exclusive user of that phrase for ten years prior to 1905, as required by the pertinent provision of the 1905 statute. In particular, the phrase had been used by Williams and others who manufactured and sold shredded whole wheat. The court sustained the opposition, and noted that the term was an accurate description of the shredded wheat food product made by Williams and others. Although no single sentence in the *Williams* opinion unequivocally stated that the term was descriptive of the products of The Natural Foods Company, that conclusion was clearly implied. And the *Kellogg* Court certainly proceeded on the basis that the term was descriptive of both Williams' and Nabisco's products. *See* 305 U.S. at 117.

[39]Modern trademark law refers to these classes of mark as "inherently distinctive." The category of "suggestive" marks developed between the 1905 statute (which, with one minor exception, barred federal registration of descriptive terms, even with secondary meaning, prompting the creation of the "suggestive" category) and the Lanham Act in 1946 (which made the suggestive category less somewhat less significant, by permitting the registration of descriptive marks that had acquired secondary meaning). *See* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (2d Cir. 1976). "A term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of the goods." Stix Prods., Inc. v. United Merchants & Manufacturers Inc., 295 F. Supp. 479, 488 (S.D.N.Y. 1968).

a species,"[40] cannot be protected by trademark law.

Distinctiveness doctrine was somewhat similar at the time of the *Kellogg* litigation. However, descriptive marks could not be registered *in any event*, and secondary meaning only secured the producer protection under principles of unfair competition. As the action of the Patent and Trademark Office in response to the earlier trademark application for SHREDDED WHOLE WHEAT suggested, proving distinctiveness (both of the term SHREDDED WHEAT and the similarly unregistered pillow shape) would require Nabisco to show secondary meaning.

However, distinctiveness was by no means the only issue that the *Kellogg* litigation would raise. As seen in *Cornell*, when rights were claimed in product shapes under trademark or unfair competition law, a plaintiff faced additional hurdles. In particular, where protection of a shape might inhibit competition, the shape would be deemed "functional," and hence unprotectable. Although the concept of functionality has been more fully developed in modern law, early twentieth century courts had already recognized the enhanced risk to competition associated with protection of product designs, and the need to deny protection on this ground.

Judicial reluctance to protect product designs was especially emphatic where the product in question had been the subject of an expired utility patent. As the Supreme Court had declared in *Singer Mfg. Co.* v. *June Mfg. Co.* in 1896, "on the expiration of a patent . . . there passes to the public the right to make the machine in the form in which it was constructed during the patent."[41] This was part of the bargain between the public and the patentee. In *Singer*, the leading manufacturer of sewing machines sought to restrain a competitor from copying the shape of Singer sewing machines. Singer had at one time owned patents on various parts of its sewing machines, but those patents had expired. The Court refused to allow Singer effectively to extend the life of those patents by asserting rights in the shape of the manufactured product based on principles of unfair competition. This so-called "right to copy" the subject matter of an expired patent would, of course, be an additional issue for Nabisco to confront because Perky had obtained, and Nabisco's predecessors had exploited, utility patents on both the pillow-shaped biscuit and the machine that made the biscuit.

B. <u>The *Kellogg* Opinion</u>

The District Court dismissed Nabisco's suit on the grounds suggested by *Singer* and, to a lesser extent, *Cornell*. It held that the term SHREDDED WHEAT described the products of both the plaintiff and the defendant (i.e., that the term no longer pointed to a single source and thus had become generic), and that upon expiration of the patent the name of the product made by the patented invention passed, along with the product shape, into the public domain. The Court of Appeals for the Third Circuit reversed the lower court and remanded the case directing the lower

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[40]Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (2d Cir. 1976).

[41]163 U.S. 169, 185 (1896).

court to enjoin the use of the photograph, the use of the name, or the use of the shape in the manufacture, distribution, or advertising of the product.

After procedural posturing by the parties to clarify the scope of the Third Circuit's instruction,[42] the Supreme Court granted certiorari. In a 7-2 opinion authored by Justice Brandeis, it then reversed the Third Circuit.[43] The Court refused to award Nabisco the relief that it sought either with respect to the shape of manufacture or the term SHREDDED WHEAT. The majority opinion was short (though not as short as the dissent) and its reasoning somewhat enigmatic. The (several) grounds upon which the Court based its opinion were not surprising: lack of distinctiveness, functionality, and the right to copy the subject matter of expired patents. But the centrality of each ground to the Court's conclusion, and their relationship to each other, was unclear.

1. Protection of the Shape. The Court decided that the shape was unprotectable on three different theories: that there was a right to copy it after the patent expired; that it was functional; and that it was not distinctive. The Court first held that Nabisco could not enjoin the manufacture of biscuits in the pillow-shape because to do so would interfere with the premise of patent law that once a patent has expired the public has the right to practice that invention. The Court explained that expiration of the patents meant that the pillow shape, upon which a patent had been granted, was dedicated to the public. This ground of decision was not wholly surprising in light of *Singer*'s recognition of the right to copy.

The *Singer* court had, however, attached a caveat to the "public's right to copy," namely, that the competitor should label the machines so as to disclose the competitor as the source of manufacture. The *Kellogg* Court endorsed that caveat, noting that despite the right to copy the subject matter of the expired patent, there remained an "obligation resting upon Kellogg Company . . . to identify its own product lest it be mistaken for that of the plaintiff." Thus, the Court conducted an assessment of the manner in which the defendant was exercising its right to copy (*i.e.*, how the products were being packaged and labeled) to determine congruence with principles of unfair competition: the Court stressed that "the question remains whether [the defendant] in exercising its right to use the name 'Shredded Wheat' and the pillow-shaped biscuit, is doing so fairly. Fairness requires that it be done in a manner which reasonably distinguishes its product from that of plaintiff."

The Court's analysis of this question was unusually fact-intensive for a supreme court, and not hugely unlike that conducted by Learned Hand in *Cornell*. It compared the size, form and color

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[42]After the first appellate decision, the Supreme Court denied a petition for a writ of certiorari. *See* 302 U.S. at 733. It was only after the lower courts clarified the scope of relief that the Supreme Court intervened.

[43]The Supreme Court did not address whether the use of the "two biscuits in a dish" picture on the cereal box constituted trademark infringement because the Court read the Third Circuit's clarifying decree as enjoining the picture only in connection with an injunction against manufacture in the pillow shape and use of the term SHREDDED WHEAT. Nabisco had not sought Supreme Court review of whether the use of the picture independently constituted infringement. *See Kellogg*, 305 U.S. at 122 n.6.

of the cereal cartons in which each company sold its biscuits, and noted the use (and size and prominence) of a house mark by Kellogg to differentiate its product. Indeed, the Court went so far as to assess the post-sale market such as restaurants, in which (because the carton was not present) the size and appearance of the competing biscuits themselves were crucial. Kellogg's biscuit was only two thirds of the size of Nabisco's biscuit, and slightly different in appearance. Moreover, because only 2½% of the Kellogg biscuits were sold to hotels and restaurants (where the carton differentiation would be irrelevant), and *within that market* 98% were sold in a different "two-biscuit" carton that also bore the Kellogg name, the size of the market in which deception might occur was "negligible." In contrast to the *Cornell* court, Justice Brandeis (twenty years later) declared that marking individual biscuits was not "commercially possible." He emphasized that Kellogg's obligation was "not to insure that every purchaser will know it to be the maker but to use every reasonable means to prevent confusion." And, unlike the defendant in *Singer*, which had failed to comply with the unfair competition-grounded caveat and had thus been subject to an accounting of profits,[44] Kellogg had made "every reasonable effort to distinguish its product" from that of Nabisco.[45]

The court also denied protection for the pillow-shape on the ground that the shape was functional, in that the "cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow shape." Presumably, a different shape would have required alteration of the (formerly-) patented machine or made the manufacturing process far more expensive. Although Justice Brandeis never explained precisely which advantages of the shape of the biscuit were so useful to rivals, the effect that the shape had on the integrity of the biscuit in shipping, the rate at which a pillow-shaped biscuit absorbed milk, and the readiness of a biscuit of that shape for consumption without cooking, might all have been relevant advantages. In addition, because utility patents were granted only on aspects of products that are useful, the existence of the patent on the shape and the machine necessarily spoke to the functionality of the design. However, the Court did not expressly link the *existence* of the patent to its finding of functionality (let alone use the *contents* of the patent to support its conclusion).[46]

The Court's laconic attitude to articulating the reasons for its conclusion of functionality stood in stark contrast to the detailed nature of the inquiry previously undertaken by Judge Learned Hand in *Cornell*. However, like Brandeis in *Kellogg*, Hand never addressed the relevance of the utility patent to the assessment of effects on competition that underlay the functionality doctrine. His analysis reflected competitive concerns that sustained a conclusion of functionality quite apart

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[44]*See* 163 U.S. at 200-04.

[45]The complete avoidance of any possible confusion would not be required given the right to use the term and the product shape. *See Kellogg,* 305 U.S. at 121.

[46]In the parallel Canadian litigation, the Privy Council reached the same conclusion as the Supreme Court, but toward the end of its opinion, the Privy Council explicitly noted that "the decision has been reached without basing it specifically upon the existence of patents which have expired." [1938] 1 All E.R. at 633.

from the existence of the utility patent.[47]

Finally, the Court also suggested that the pillow-shape had become generic, having become "primarily associated with the article rather than a particular producer." It did not act as a source-identifier and thus could not provide the basis for an injunction against Kellogg manufacturing biscuits of that shape. This conclusion did not, however, deprive Nabisco of all protection under broader principles of unfair competition law. Although Kellogg was "free to use the pillow-shaped form, [this right was] subject . . . to the obligation to identify its product lest it be mistaken for that of the plaintiff." The Court concluded that Kellogg had marketed its product in ways that complied with this obligation, and thus had satisfied the conditions attaching to the right to copy the pillow-shaped form.[48]

2. The term SHREDDED WHEAT. The Court denied protection to the term on the grounds that the term was not distinctive and use of the term by Kellogg was essential if Kellogg was effectively to exercise its right to copy the shape. On the question of distinctiveness of the term, the Court held that the term was generic because it did not identify a single source for consumers.[49] It described a product type, rather than a single producer. In contrast, the Third Circuit opinion had stated that in 1923 there was "no dispute" that the term SHREDDED WHEAT identified the plaintiff's biscuit.[50] Indeed, twenty-seven states and several foreign countries had registered the term as a trademark.[51]

To be sure, there was evidence that supported the Court's conclusion: for years, the term had

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[47]Judge Hand's opinion in *Cornell* differed from *Kellogg* in that he placed no weight on the *expiry* of the utility patents, and thus on the right to copy the subject matter of expired patents (the first ground upon which Brandeis denied protection for the pillow shape). Judge Hand appeared more concerned with effects of protection on competition rather than its effects on the right to copy. Indeed, he did not find it troublesome that whatever secondary meaning that had been established in the shape might have been attributable to the prior patent monopoly. To the extent that the patents *in any way* appeared to have influenced Judge Hand, it was *the invalidated design* patent that was of the greatest significance with respect to protection of the shape. *See Shredded Wheat*, 250 F. at 964 (noting that "as to form, the plaintiff appears to us finally concluded by its own design patent . . . . [T]he plaintiff's formal dedication of the design is conclusive reason against any injunction based upon the exclusive right to that form."). Judge Ward's dissent based the right of Cornell to copy explicitly on both competitiveness-based functionality concerns *and* the expired "product and design patents." *Id.* at 967.

[48]*See Kellogg*, 305 U.S. at 120-21. *See supra* text accompanying notes 44-45 (discussing right to copy). The section of the opinion in which the Court discussed the reasonableness of Kellogg's efforts to differentiate its product from that of Nabisco is not linked specifically to either the protection of shape or the term. It would appear to have been a combined analysis of the caveats attached to both the "right to copy" and the "generic mark" doctrines.

[49]*See id.* at 116 (noting that the term "Shredded Wheat" "is the generic term of the article, which describes it with a fair degree of accuracy; and is the term by which the biscuit in pillow-shaped form is generally known by the public.")

[50]*See* National Biscuit Co. v. Kellogg Co., 91 F.2d 150, 152 (3d Cir. 1937).

[51]*See id.* at 152-53.

not been used as a trademark; federal registration of a very similar term had been denied on the basis that the term was descriptive; and, use of the term "shredded wheat" in various patent documents appeared to have been otherwise than as a mark. But the Court never really tackled these empirical questions in any detail. Nor did it explain why the Third Circuit's conclusion was incorrect. The Third Circuit had examined both whether the biscuit was comprised of shredded wheat (the Third Circuit declined to characterize the process of producing slivers of wheat prior to baking as "shredding") and whether alternative terms were available to competitors.

A finding that the term SHREDDED WHEAT was generic should, under one reading of trademark law, have terminated the Court's inquiry. Generic terms were unprotected, and free to be copied. As the Court noted, the existence of secondary meaning was beside the point once the term was classified as generic. No evidence of plentiful sales or extensive advertising, typical evidence pointing to secondary meaning, could alter the unprotectability of the term SHREDDED WHEAT. Yet, after concluding that the term was generic, the Court rebutted efforts by Nabisco to suggest that it had developed secondary meaning in the term SHREDDED WHEAT and thus should have been entitled to protection at common law. In rejecting the argument that the term SHREDDED WHEAT had acquired secondary meaning, the Court suggested that, to be protected, the source-identifying meaning must not be "subordinate." The Court accepted that "many people associate the product . . . with the plaintiff's factory," but this was insufficient to sustain an argument for protection. Instead, the plaintiff would have to have shown that the "primary significance of the term in the minds of the consuming public is not the product but the producer," which the Court concluded (without explanation) that Nabisco "ha[d] not done." This conclusion, albeit unsupported in the opinion, implicitly reflected the empirical reality of consumer association.

Perhaps the Court's venture into secondary meaning might have been better understood if the Court had prefaced its discussion with language to the effect that "even if the term SHREDDED WHEAT is thought to be descriptive rather than generic, it is unprotectable because Nabisco has failed to show secondary meaning." Perhaps the Court's discussion of the legal standard for proving secondary meaning was indeed an attempt to engage with the contrary empirical assessments of consumer association made by the Third Circuit.[52] Or perhaps this was the Court offering an alternative justification for placing the term SHREDDED WHEAT on the generic side of the descriptive/generic line.

Each of these conjectures is, however, refuted by the language of the opinion, and in particular the structure of the Court's analysis. In the opinion, the Court's discussion of secondary meaning was detached from its initial discussion of distinctiveness (i.e., whether the term was the generic name by which the public identified the product). An explanation of the second ground for denial of protection to the term was interposed between them. The Court thus appeared to treat the "secondary meaning" argument as a discrete basis upon which Nabisco sought relief, rather than a consideration integral to the Court's analysis of distinctiveness and its conclusion that the term

[52]The Third Circuit had made some reference in its distinctiveness analysis to some policy considerations that were grounded in competition (e.g., available alternatives) as well as actual consumer association.

SHREDDED WHEAT was generic.

Why did the Court offer a discrete analysis of secondary meaning? Perhaps the answer lies in the complexities of the concept of "distinctiveness."[53] While much of Brandeis' distinctiveness analysis is couched in language of consumer association, there is throughout the opinion a strong undercurrent of concern for competition. Yet, nominally, formulations of the concept of "distinctiveness" focus on consumer association: do consumers see the term as a designation that identifies goods of a single producer?[54] The *Kellogg* Court's discussion of secondary meaning was at one with this (empirical) perspective of distinctiveness as a measure of consumer association, focusing on "significance of the term in the minds of the consuming public."[55]

However, in *classifying* a mark by the later-devised terms of "arbitrary," "coined," "suggestive," "descriptive," or "generic" – that is, in situating the mark on the spectrum of distinctiveness – judicial analysis is often conducted according to multiple metrics.[56] In particular, classification (which the *Kellogg* Court had earlier in its opinion cursorily performed, finding SHREDDED WHEAT to be generic) is often explicitly viewed through two lenses: consumer association, and effects on competition.[57] For example, if a mark is one which "competitors would be likely to need . . . in describing their products," it is likely to be regarded as descriptive.[58] If conferring trademark rights on a term would accord the mark owner a monopoly over a product market, that term will be found generic.[59]

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[53]In addition, the lesser remedy – and, thus, this additional analysis of secondary meaning – was contemplated only because principles of unfair competition law might provide some relief in circumstances where trademark law afforded no (prohibitory injunctive) remedy. The Supreme Court had stressed in the early twentieth century that trademark law was a subset of the broader law of unfair competition. *See* Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916); *cf.* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 73 (1992) (Stevens J., concurring).

[54]*See, e.g.,* Restatement (Third) of Unfair Competition § 13 (1995) (definition of "distinctive"); *see also* 15 U.S.C. § 1127 (definition of "trademark"); 15 U.S.C. § 1064(3) ("the primary significance of the registered mark to the relevant public . . . shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used").

[55]The Court's high standard for secondary meaning might, however, reflect a concern for competition (or even the sanctity of the right to copy, which might be imperiled by easy de facto patent protection through the trademark system).

[56]Competition is not the only other policy that might be implicated. *See* Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 418 (1990) (arguing that the expressive value of certain trademarks should also lead to a finding of genericity regardless of competition questions).

[57]*See* Graeme B. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 NORTH CAROLINA L. REV. 471, 503-04 (1997) (explaining the dual lenses through which distinctiveness is assessed).

[58]Zatarain's, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786 (5th Cir. 1983).

[59]*See, e.g.,* Filipino Yellow Pages, Inc. v. Asian Journal Pubs., Inc., 198 F.3d 1143 (9th Cir. 1999).

It may be that, although competitive concerns warranted the Court classifying the term SHREDDED WHEAT as generic, the term SHREDDED WHEAT *was* in some sense distinctive if viewed empirically as a question of consumer association. Here, the opinion offered inconsistent clues. Despite little supporting analysis, the Court had expressly grounded its finding that SHREDDED WHEAT was generic on the fact that it was "the term by which the biscuit in pillow-shaped form is generally known by the public." Yet, the Court implicitly acknowledged that Nabisco had made *some* showing of protectable meaning by requiring "that the defendant use reasonable care to inform the public of the source of its product." Absent some distinctiveness *in fact* (what courts and commentators now call "de facto secondary meaning"), there would have been no reason under then-prevailing U.S. law to contemplate granting Nabisco *any* relief,[60] because no actionable confusion would as a factual matter have been likely to ensue.[61] Thus, the Court's supposedly empirical conclusion of genericity is partially belied by its contemplation of some lesser relief.

As a result of this ambiguity, fully understanding the Court's discussion of secondary meaning is difficult. The Court's overall analysis of distinctiveness is stretched and conclusory because it was seeking to sustain as an empirical conclusion what was in truth a legal policy choice driven by concerns about competition. The opinion did not clearly explain whether the possibility of a lesser remedy under unfair competition principles is triggered by some meaning to consumers less than "primary significance" or instead simply by "primary significance" that the Court would not recognize *de iure* for other reasons. Of course, the Court neatly avoided the ambiguity *in the case before it* by finding that Kellogg had in any event fully met its obligation under unfair competition law. But the ambiguity remained.

The suggestion that the Court acted on a rationale other than actual consumer understanding of the term SHREDDED WHEAT was also reflected in the Court's alternative explanation of the unprotectability of the term, which could again be traced to *Singer*.[62] This explanation was explicitly

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[60]If the United States had an unfair competition law that resembled that found in the civil law countries of Europe, relief might have been available without this harm being involved. Indeed, even under an expansive unfair competition law that is limited to acts of misrepresentation, causes of action might exist in circumstances other than those raising trademark-like issues (and hence not truly dependent upon distinctiveness). The false advertising provision of the Lanham Act can be viewed in these terms, and so too could the "false designation of origin" provision (although the Court's recent *Dastar* decision may have limited the extent to which that provision affords relief beyond trademark-proper claims). Whether such protection would have been available at the time under prevailing U.S. law may have depended upon whether the Court was applying state or federal law. *See infra* Part III.C.

[61]*Cf. Cornell*, 250 F. at 963-64 (explaining why no protection need be conferred on descriptive terms). It is possible that this obligation flowed from the de facto distinctiveness of the *shape.* However, the Court included the "reasonable efforts at differentiation" caveat separately in discussion of both the term's genericity, *see Kellogg*, 305 U.S. at 119, and the pillow-shape, *see id.* at 120, and the factual analysis is combined after discussion of the protection of both the shape and the term. *See id.* at 120-21.

[62]*Kellogg*, 305 U.S. at 119 (holding that the expiration of the patent conferred on the public the right to use the "generic designation of the thing which has arisen during the monopoly in consequence of the designation having been acquiesced in by the owner, either tacitly, by accepting the benefits of the monopoly, or expressly by his having so connected the name with the machine as lend countenance to the resulting dedication.").

rooted in broader intellectual property policy. Thus, the Court suggested that "as Kellogg had the right to make the article it also had the right to use the term by which the public knows it."[63] Protectablity of the term SHREDDED WHEAT thus appeared derivative, and intended to ensure the commercial effectiveness, of the right to practice the expired patent on the pillow shape.[64]

III. After-Story: The Varied Use of *Kellogg*

As seen in Part II, although the *Kellogg* case involved a relatively narrow issue, and was in large part controlled by the Court's decision in *Singer*, Justice Brandeis' opinion implicated a number of central issues in trademark and unfair competition law. Most obviously, the opinion contained language addressing distinctiveness, functionality, and the right to copy the subject matter of expired patents. Less clearly, it spoke to the doctrine of "de facto secondary meaning" and, more speculatively, the relationship between trademark law and broader principles of unfair competition. But the perfunctory nature of some of the Court's analysis, and the failure to address the relationship between the different grounds of decision, left the opinion open to varied interpretation. As a result, *Kellogg* has been used by Congress, courts, and scholars in a number of different ways.

A. The Lanham Act

Kellogg had an immediate effect in Congress, and its hold over policymakers has continued in successive revisions of the Lanham Act. Trademark law was in a state of ferment in 1938, when *Kellogg* was decided. That year saw the publication of the first Restatement of Torts, which addressed important principles of trademark and unfair competition law. And, although the congressional gestation of the Trademark Act of 1946 can be traced back to 1924,[65] it was in 1938 that Congressman Fritz Lanham introduced the first of the bills[66] that would eventually lead to the enactment of the Lanham Act. An intense debate ensued, as reflected both in legislative hearings and in the pages of the leading trademark law journal, *The Trademark Reporter*.

The Department of Justice was an active participant in these debates. It was concerned that a strengthening of trademark rights, as contemplated by the early (pre-Fritz Lanham) versions of

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[63]*See Kellogg*, 305 U.S. at 118 (citing *Singer*); *see also id.* (use of the name SHREDDED WHEAT "was essentially necessary to vest the public with the invention that became theirs on the expiry of the patent").

[64]The Court might, under this alternative rubric, have been articulating a rule of law that deems as "generic" a term identifying a product on which a patent has expired. It is of course possible to reach a similar conclusion through conventional doctrinal devices, namely, by defining the relevant product market for distinctiveness purposes as the market covered by the patented product. Language added to Section 14(3) of the Lanham Act in 1984 may make this hard to do as a matter of law.

[65]*See* S. 2679, 68th Cong., 1st Sess. (1924). The bar associations were also extremely active in these efforts, and stirrings in those bodies can be seen as early as 1920. *See* Edward S. Rogers, *The Lanham Act and the Social Function of Trade-Marks*, 14 LAW & CONTEMP. PROB. 173, 177 (1949).

[66]*See* H.R. 9041, 75th Cong., 1st Sess. (1938).

trademark reform legislation, would have dire anti-competitive consequences.[67] Explicit codification of *Singer*/*Kellogg* was an important part of the Department's agenda to ensure competition.[68] In particular, these cases were part of the discussion regarding what at the time were known as the "patent clauses" of the pending legislation.[69] Although there had been numerous "patent expiry" trademark cases decided by lower courts since *Singer,* it may be that the decision of the Supreme Court in *Kellogg* brought the *Singer* issue to the forefront of legislative consideration.[70] The 1938 Lanham Bill, introduced prior to *Kellogg*, contained no provisions regarding products covered by expired patents.[71] Nor did legislative hearings on that bill address the topic. Yet, the 1939 bill included a provision (Section 8) that would have caused a trademark registration of a term that was the "sole name of an article . . . having patent protection" to expire two years after the expiration of the patent, and this was the focus of some deliberation before Congress.[72]

During the evolution of the legislation, the patent expiry issue was dealt with instead by what became Section 14(3) and 15(4) of the Lanham Act, which specifically addressed the trademark law consequences of patent expiration by providing that a registration could be canceled "at any time if the registered mark becomes the [generic] name of an article *or substance on which the patent has expired*"[73] and that no incontestable right could be acquired in a term that was the generic name of

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[67]*See* Sigmund Timberg, *Trade-Marks, Monopoly, And the Restraint of Competition*, 14 LAW & CONTEMP. PROB. 323, 360 (1949) (noting concerns about early versions of the Lanham Act). Several aspects of the bill prompted complaints by the Department of Justice regarding the anticompetitive threats it posed. *See* Rogers, *supra* note 65, at 183 ("Whenever there was a hearing before any committee on the trademark bill, sooner or later there appeared zealous men from the Department of Justice who raised all sorts of objections"); *see also* Abraham S. Greenberg, *The "Patent" Clauses of the Lanham Act*, 38 TRADEMARK REP. 3, 17-18 (1948) (noting role of Justice Department).

[68]*See* Greenberg, *supra* note 67, at 13-14 (discussing views of representatives of the Department of Justice, the Federal Trade Commission, and the Food and Drug Administration); Timberg, *supra* note 67, at 353 (author with Antitrust Division of the Department of Justice).

[69]*See, e.g.,* Greenberg, *supra* note 67.

[70]Edward S. Rogers, a leading practitioner and writer, was one of the driving forces behind the development of the Lanham Act, *see* Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731, 755 (2003) (describing Rogers as the "father of the Lanham Act"), and represented Kellogg in the Nabisco litigation. *See* National Biscuit Co. v. Kellogg Co., 91 F.2d 150, 151 (3d Cir. 1937); 305 U.S. at 113 (on brief before the Supreme Court). Twenty years earlier, Rogers had represented Quaker Oats against Kellogg in litigation over trademark rights in TOASTED CORN FLAKES. *See* Kellogg Toasted Corn Flake Co.v. Quaker Oats Co., 235 F. 657 (6th Cir. 1916).

[71]*See* Greenberg, *supra* note 67, at 4.

[72]*Kellogg* is not the only possible explanation for the appearance and discussion of this proposal. The two-year grace period may have been inspired by a parallel provision in the British Trademark Act of 1938. *See id.* at 13 n.23.

[73]*See* Pub. L. No. 79-489, 60 Stat. 427 (1946).

an article that had been patented.[74]

In 1962, the italicized language in section 14(3) was deleted, transforming the *Kellogg*-specific provision into a general *genericness* provision.[75] And in 1984, the gloss of *Kellogg* on the genericness provision would be completed with the codification of *Kellogg's secondary meaning* language into the provision authorizing cancellation of registrations of marks that had become generic. That year, Congress enacted the Trademark Clarification Act in response to a decision of the Ninth Circuit in *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*[76] The Ninth Circuit had emphasized consumer motivation in assessing whether the term MONOPOLY for a board game was generic, and thus held the term to be generic because a survey revealed that most purchasers wanted the game MONOPOLY but did not care who made it. In reaching this conclusion, the court had approvingly cited and adapted the *Kellogg* language to support the proposition that, to avoid classification as a generic term, it must be shown that the "primary significance of the term in the minds of the public is not the product but the producer."[77]

The 1984 legislation effectively over-ruled *Anti-Monopoly* and amended Section 14(3) to provide that "the primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the

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[74]Although the *Kellogg* Court found both the term SHREDDED WHEAT and the pillow shape of the biscuits to be generic and thus non-distinctive, the Court's opinion was initially most influential among policymakers in establishing the non-protectability of *terms* used in connection with a product upon which the patent had expired. One might speculate that this was because the right to copy the *shape* was securely established by the right to copy and the functionality doctrine. Although the Court's discussion of the protection of the shape included a brief analysis of whether the pillow shape was generic, the other grounds provided a more than adequate basis upon which to deny protection. In contrast, the ability to copy the term SHREDDED WHEAT was more heavily dependent upon the finding that the term was generic.

[75]*See* Pub. L. No. 87-772. Neither the courts nor policymakers at the time of the Lanham Act appear to have seen *Kellogg* as an opinion from which to extract a general test for determining whether a mark was generic (as opposed to whether a word might be unprotected in the specific context of where the product with which it was associated was covered by an expired patent). Yet, the seeds of that later development can perhaps be detected in contemporaneous discussion of how the *Singer/Kellogg* doctrine could best be reflected in the statutory scheme of the Lanham Act. In particular, the mutation of language from *Kellogg* into (eventually) the statutory standard for determining whether a mark is generic might be traced to debate in the 1942 hearings on whether the general definition of "abandonment" in the pending bill was sufficient to codify the "Shredded Wheat" case. Outside the context of products upon which a patent had expired, an attack on a mark on grounds of genericness would prior to 1962 have relied on the abandonment provision. *See* Statement of House Managers Regarding Conference Report on Lanham Trade-Mark Bill, quoted in Greenberg, *supra* note 67, at 21-22. Some scholars argued that it was not sufficient, and that a specific provision regarding such a mark becoming generic was required.

[76]684 F.2d 1316 (9th Cir. 1982). *See* Trademark Clarification Act of 1984, Pub. L. No. 98-620, 98 Stat. 3335. The 1984 amendments were aimed primarily at rejecting reliance on consumer motivation as the determinant of whether a mark was generic, rather than at stressing the need for a mark to show its primary significance was source-identification.

[77]*See id.* at 1319 (quoting *Kellogg* language and citing passage in prior decision in the case that had cited *Kellogg*).

generic name of goods or services on or in connection with which it has been used."[78] Although Congress codified the "primary significance" language directly from *Kellogg*, it did not adopt the formulation that the association be with "the producer, not the product." That formulation, which possibly captured the particular inquiry that the Court was pursuing in *Kellogg*, actually mis-states broader trademark law, which does protect symbols that identify goods.[79] Indeed, Congress also added language to the same provision in 1984 to the effect that "a registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service." Thus, although the *Kellogg* language regarding secondary meaning has been partially codified by Congress, it has also been partially repudiated (at least when divorced from the specific context in which it arose).

B. The Courts

1. Secondary Meaning. The language of the *Kellogg* opinion was also, not surprisingly, immediately seized upon by lower courts as the prevailing legal standard for assessing secondary meaning.[80] However, many courts, replicating the mistakes of the Ninth Circuit in *Anti-Monopoly* rather than the care of Congress in 1984, stressed the formulation of the *Kellogg* opinion that secondary meaning existed only when the "primary significance of the term in the minds of the consuming public is not the product but the producer."[81] Indeed, in *Wal-Mart Stores, Inc. v. Samara Bros.,* the Supreme Court recently affirmed this language, originally from *Kellogg,* as the secondary meaning standard.[82] As Judge Helen Nies noted in her concurring opinion in *In re D.C. Comics*,[83] the "truism that a trademark functions to indicate the source of goods, not the goods themselves . . . cannot be applied as a mere legalism" but has to be applied with due attention to the purposes of trademark law. That is, a trademark is furthering the goals of trademark law (and should thus be protected) when it identifies one product and distinguishes it from another, even if the producer of the goods is unknown. The truism, like the "producer, not product" language from *Kellogg*, reflects efforts by courts to ensure that trademark law did not become a de facto product design law, protecting the shape of all goods. As demonstrated in the context of generic marks, however, the

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[78]*See also* 15 U.S.C. § 1127 (definition of "abandoned").

[79]*See* 15 U.S.C. § 1127 (definition of trademark); *see also* Statement of Michael A. Grow, Chairman, Federal Legislation Committee, U.S. Trademark Association, Hearings Before the Subcomm. On Patents, Copyrights & Trademarks, of the Comm. on the Judiciary, S. Hrg. 98-901, Feb. 1, 1984, *reprinted in* JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE, at 14-278 (2004)

[80]*See, e.g.,* Selchow & Righter Co. v. Western Printing & Lithographing Co., 142 F.2d 707, 709 (7th Cir. 1944); American Fork & Hoe Co. v. Stampit Corp. 125 F.2d 472, 476 (6th Cir. 1942).

[81]*Kellogg*, 305, U.S. at 118.

[82]529 U.S. 205, 211 (2000) ("secondary meaning is shown by establishing that "in the minds of the public, the primary significance of a mark is to identify the source of the product rather than the product itself.")(quoting Inwood Labs., Inc. v. Ives, 456 U.S. 844 (1982)).

[83]689 F.2d 1042, 1053 (C.C.P.A. 1982) (Nies J., specially concurring)

"producer, not the product" language that comprises the second half of the *Kellogg* test for secondary meaning can be, and has been, misunderstood by later courts.

This danger is perhaps most acute when the language is applied outside the context in which it arose in *Kellogg*. To be sure, *Samara* did involve product designs, namely, the design of children's seersucker clothing. Although the language still runs the risk of not perfectly capturing the concept of secondary meaning, it arguably serves as a rough proxy in that context. But the language of *Kellogg* came to drive distinctiveness analysis in cases well beyond the context of product designs or patented products. It is still cited, and used, by courts as the basis for the general standard for secondary meaning.[84] The danger is that, in these other contexts, it excludes marks that do identify and differentiate a product even if the producer is unknown.

2. Functionality. Although *Kellogg* involved rights claimed in a formerly patented shape, the Court's opinion has also been cited frequently in cases involving claims of rights in product designs that were *not* the subject of an expired patent. Product design cases have proliferated, especially under cover of Section 43(a) of the Lanham Act. In these cases, *Kellogg* has played two roles: it has both provided a foundation for the doctrinal development of the functionality doctrine, and more broadly guided the development of the scope of protection of product design. In the early years after the opinion, courts were unlikely to cite *Kellogg* as the source of doctrinal functionality standards because the Restatement of Torts provided an adequate definition in Section 742.[85] Instead, courts tended to rely on *Kellogg* for general support regarding the limited nature of the protection to be afforded product shapes, perhaps detecting within the opinion hints of overarching trademark policy as well as narrow doctrinal rules. These invocations of *Kellogg* were made not only to support a denial of blanket injunctions against the copying of shapes, but also to sustain arguments that some form of labeling or source-differentiation might be required of defendants copying the shape of the plaintiff's product.[86]

Over time, however, *Kellogg* has come to be cited as the foundation for the functionality doctrine, even though the finding of functionality was arguably not critical to the *Kellogg* opinion. The weight of the functionality ground in *Kellogg* was at best unclear, and the Court's treatment of the argument appeared almost incidental. However, the test for functionality endorsed by the current Supreme Court with increasing certitude in a series of cases (*Inwood*, *Qualitex*, and *TrafFix Devices*) purports, both by the Court's initial reference in *Inwood* and by the received wisdom of lower courts,

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[84]Although one of the primary innovations of the Lanham Act was the federal registration of descriptive terms that had acquired secondary meaning, *see* 15 U.S.C. § 1052(f), the discussion of secondary meaning in *Kellogg* does not appear to have generated much discussion either in the scholarly literature or congressional debate at the time.

[85]*See* RESTATEMENT OF TORTS § 742 (1938) ("A feature of goods is functional, ... if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them; it is non-functional if it does not have any of such effects.")

[86]Some courts in this period appear to have read *Kellogg* as requiring the same level of secondary meaning to obtain an injunction or the limited relief of compelling a competitor to take affirmative steps to avoid confusion. *See, e.g.,* American Fork Co., 125 F.2d at 475.

to have its roots in *Kellogg*.[87] Although it is surely appropriate to include *Kellogg* as one of the cases where a court was dissuaded from protecting a shape by virtue of its functionality, it is almost impossible to determine from Brandeis' opinion *how* the pillow shape was "essential to the use or purpose of the article or. . . . affect[ed] the cost or quality of the article," as the Court's current test would require.

3. The Right to Copy the Subject-Matter of Expired Patents. In the immediate aftermath of the case, scholars and policymakers primarily viewed the *Kellogg* decision as resting on the right to copy previously announced by the Court in *Singer*.[88] Although courts continue to cite *Kellogg* for the right to copy a shape that was the subject matter of an expired patent, *Kellogg* does not provide a comprehensive answer to the questions surrounding that right, because the *scope* of the right cannot readily be deduced from the Court's opinion. In particular, if a competitor has the "right to copy what is covered by an expired patent", what precisely does that right free for copying? Those parts of the product covered by the claims of the patent? Those parts referenced in the specification? Those parts of the product sold on the market during the term of the patent?[89] The *Kellogg* Court, like the *Singer* Court before it, included in its opinion several articulations of the right that might

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[87]The etymology is complicated. *See* Inwood Labs., Inc. v. Ives, 456 U.S. 844, 850 n.10 (1982) ("in general terms, a product feature is functional if it is essential to the use or purpose of the article or if its affects the cost or quality of the article") (citing *Kellogg* and *Sears*); Qualitex Co. v. Jacobson Prods., 514 U.S. 159, 165 (1995) (endorsing *Inwood* test but adding the elaboration on *Inwood* – a feature is functional "if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage"); *TrafFix Devices*, 532 U.S. at 32-33 (reaffirming *Inwood* and explaining that the elaboration from *Qualitex* would apply only if *Inwood* was not satisfied, and most likely only in cases of "aesthetic functionality"). *See also* Valu Engineering Inc. v. Rexnord Corp., 278 F.3d 1268, 1273 (Fed. Cir. 2002) (tracing functionality doctrine to *Kellogg*, and suggesting that that doctrine is grounded in concerns about end-runs on the patent system). The roots of the precise test may in fact lie in Section 742 of the first Restatement of Torts. *Cf.* Margreth Barrett, *Consolidating the Diffuse Paths to Trade Dress Functionality: Encountering TrafFix on the Way to Sears*, 61 WASH. & LEE L. REV. 79, 116 (2004) (suggesting that the *TrafFix* Court has brought functionality closest to the position in Section 742).

[88]Objections to this view of *Kellogg* were voiced by a leading scholar. *See* Walter J. Derenberg, *Shredded Wheat–The Still-Born Trade-Mark,* 34 Bulletin U.S. Trademark Association 68, Feb., 1939, cited in Greenberg, *supra* note 67, at 12 n. 22 (suggesting that the application of the *Singer* doctrine in *Kellogg* was dicta because whatever exclusive use there had been up to 1912 had been due to the "patent monopoly rather than any trademark monopoly"). It is unlikely that Professor Derenberg's efforts to draw a distinction between the two cases would have been persuasive given that Singer's exclusivity had likewise owed some to its patent rights.

[89]Granting the defendant the right to make cereals in the pillow shape was necessary to effectuate the unquestioned right to practice the expired patents. The patented machines were designed to produce only the pillow-shaped biscuits, and thus the shape of the biscuits was dictated by the practicing of the expired patents. *See Kellogg*, 305 U.S. at 119; *see also* Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 179 (1896) (premising the right to make machines in Singer's distinctive configuration upon such configurations being the necessary result of practicing the expired patents on the component parts). It is not clear whether the Court intended this consideration to be a feature of any right to copy analysis, and the brevity of the Court's explanation for its conclusion left us without guidance.

each suggest a different scope.[90] These different articulations were likely not intended to supply a rule of precise scope, and thus their significance is hard to gauge.

The *Kellogg* Court clearly recognized that the defendant's right to copy emanates from the expiry of the patent. But the dedication of an invention to the public upon patent expiry might be grounded in a "patent bargain" theory, in concerns about the integrity of the patent system, or in the concern that trademark protection for once-patented product designs might impair the competitive climate.[91] Each theory might generate a different answer to the question "what of the patented product is dedicated to the public"? The closest the *Kellogg* court came to articulating a precise theory behind the right to copy is to quote a passage from *Singer* that talked of the "conditions" under which a patent was granted, suggesting an attachment to (some) patent bargain theory.[92] But *Kellogg* cannot with any certainty be cited in support of any statement of the *scope* of the right to copy.

4. The Relationship Between Functionality and the Right to Copy. Claims of functionality often arise in tandem with invocations of the right to copy. In *Kellogg,* the Court limited the protection available to Nabisco based upon both the functionality doctrine and the right of Kellogg to copy the subject matter of Nabisco's expired patent. However, Justice Brandeis did not connect the existence or the expiry of the patent to the functionality analysis. Yet, modern articulations of the functionality doctrine often do just that, and frequently cite *Kellogg* in the process.

The *existence* and *content* of a utility patent are surely relevant to the functionality analysis. Likewise, the *expiry* of a patent might be pertinent. However, because of the *Kellogg* Court's failure to elaborate upon the theoretical relationship (if any) between its functionality determination and the right to copy, or to develop more fully a theory for the latter, the loose citation to *Kellogg* in modern explanations of functionality has served only to complicate and obscure our understanding of the

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[90]*See Kellogg*, 305 U.S. at 117 ("the product, the process, and the machinery employed in making it, had been dedicated to the public"); *id.* ("there passed to the public . . . the right to make the article as it was made during the patent period").

[91]*See* Qualitex Co. v. Jacobson Prods., 514 U.S. 159 (1995); *see also* Barrett, *supra* note 87.

[92]I say "some" patent bargain theory, because the detailed terms and conditions of the bargain might remain open to debate. But knowing that the right is grounded in the bargain would at least provide us with the relevant frame of reference in which to have the discussion about "terms and conditions." For example, it is unclear whether the right to copy should extend to designs covered by invalidated patents. Invalidation might be viewed as a breach of contract by the public in that the patentee is deprived of the benefit of its bargain. If the patentee entered into the bargain based upon the representation of the public's representative (the Patent Office) that exclusive rights would be available for the full term, the patentee might have a claim that the bargain should be rescinded. A bargain-based theory of the right to copy would require consideration of the reason for the invalidation. If caused by a misinterpretation of the law on the part of the Patent Office, it would seem unfair to hold the patentee to the bargain (particularly as she will have already dedicated information in the patent to the public, and foregone the potential benefit of trade secret rights). On the other hand, if the invalidation of the patent was due to the fault of the patentee, such as fraud on the Patent Office (or perhaps self-anticipation or delay by the patentee), then the right to copy might more equitably be recognized.

scope of the right to copy and the relevance of patents (especially expired patents) in functionality doctrine.

More recent Supreme Court decisions have done nothing to help. For example, in *Qualitex Co. v. Jacobson Prods.*,[93] the Court sought to explain the functionality doctrine in a case not involving an expired patent, but in which the functionality doctrine might have been relevant to satisfy competitiveness considerations (which were heightened by the possibility of registering colors per se). The Court did so, however, in a fashion that served only to muddy the waters, blending without elaboration *Kellogg*'s patent-based right to copy with competitiveness-based functionality doctrine:

> [T]he functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, . . . after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity). *See Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119-120 (1938) (Brandeis, J.); . . . . Functionality doctrine therefore would require, to take an imaginary example, that even if customers have come to identify the special illumination-enhancing shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark, for doing so, after the patent had expired, would impede competition – not by protecting the reputation of the original bulb maker, but by frustrating competitors' legitimate efforts to produce an equivalent illumination-enhancing bulb. *See, e.g.*, *Kellogg Co.*, *supra*, 305 U.S., at 119-120.

This articulation grounded functionality doctrine in a number of different policies – ensuring free competition, the integrity or primacy of the (limited) patent system as the regime by which to protect useful features, and effectuation of the patent bargain upon expiry of the patent. *Kellogg* is cited twice, but for which proposition is unclear. (The pages of the *Kellogg* opinion that were cited contain Justice Brandeis' discussion of the right to copy; *Kellogg*'s functionality discussion appeared on page 122 of the opinion in U.S. Reports).

Subsequently, in *TrafFix Devices*, the Court should have been forced to confront directly the relationship between the right to copy an expired patent and functionality. In *Traffix Devices*, the plaintiff sought to protect the shape (in particular, the dual-spring design) of a road sign on which its utility patents had expired. The dual-spring design enabled the road sign to withstand the gusts that would often blow on the open road. When a rival copied the dual-spring design after the expiry

[93] 514 U.S. 159 (1995).

of the plaintiff's patents, the plaintiff brought an action under trademark and unfair competition law. The status of the right to copy as a defense standing independently of competition-based functionality doctrine was placed front and center because the lower courts had held that rivals did not need to copy the dual-spring design to compete, there being adequate alternative designs that would perform the same function.

Formally, the Court took *TrafFix* to resolve the apparent split between the Tenth Circuit, which in *Vornado Air Circulation v. Duracraft* had held that "[w]here a product configuration is a significant inventive component of an invention covered by a utility patent . . . it cannot receive trade dress protection," and all other circuits, which had held that trade dress protection was not foreclosed by the existence of a prior patent on the product design provided the trade dress was not functional. But again this issue also raised the relationship of the right to copy and the functionality doctrine because the Tenth Circuit in *Vornado* had found that the design of the product in that question (an electric fan) was both distinctive and non-functional.[94] Indeed, the *Vornado* opinion cited and relied on *Kellogg* (and other Supreme Court cases).[95]

It was not surprising, therefore, that *Kellogg* was cited in almost every brief filed by the parties and amici in *TrafFix Devices* and was the subject of discussion during oral argument. Yet, the Supreme Court never even cited *Kellogg* in its opinion and thus declined the opportunity to clarify the nature and scope of the right to copy.[96] Instead, the Court held merely that if a design feature is "essential to the use or purpose of the article in question or affects the cost or quality of the article" then that feature is functional, regardless of whether rivals need to copy the design in order to compete or whether alternative designs were available. Moreover, the Court declared that "[a] utility patent is strong evidence that the features therein claimed are functional." The Court did

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[94]The Tenth Circuit would not permit the plaintiff to use trademark law to (in the court's mind) extend the patent on the product in question, *even* where the plaintiff could show distinctiveness. The Tenth Circuit thus confronted the question that the Supreme Court in *Kellogg* had finessed by its finding that the shape was generic.

[95]Although the *Vornado* court acknowledged that *Kellogg* could be distinguished from the facts in the case before it (because the plaintiff in *Vornado* had demonstrated distinctiveness of its design), it acted on what it saw as the principle (or "trend") in *Kellogg* and other cases in favor of the right to copy.

[96]*See* Transcript of Oral Argument in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 91 TRADEMARK REP. 649, 653 (2002). To be fair to the Court, answers provided by counsel at oral argument might not have helped the Court determine whether the right to copy was a self-standing principle independent of competitiveness questions, or what the scope of any such right would be. For example, counsel for the petitioner (the defendant) John G. Roberts, later to become Chief Justice of the Supreme Court, offered this explanation: " I think Justice Brandeis' opinion in Kellogg answers that. Kellogg did not have to show that there was no way to make or sell shredded wheat other than in the pillow-shaped biscuit form that Nabsico had made famous when it had its patent." This appears to suggest a right to copy independent of competitive need. Counsel continued: "It was enough that that was the form in which Nabisco had practiced its patent." This spoke to the scope of the right, albeit without an explanation why this was the correct scope. But then both issues became less clear: "That's important precisely because of the purpose of the patent bargain to promote competition . . . It's the commercially proven version that the public has the right to copy. That is important to enhance competition. To require people, if they are going to make improvements, to design around the form that the public had become accustomed to, would inhibit competition".)

not offer any consistent explanation of why (or which part of) the *expired* patent contributed to a finding of functionality, such that we would know the scope of the right to copy and whether it existed apart from broader functionality analysis.

In one sense, the Court is to be commended. It resisted the faulty argument of defendant's counsel, oft-repeated in product design litigation, that *Kellogg* provided the definitive answer to the scope of the right to copy. By the same token, the holdings in *TrafFix* (together with the convoluted explanations of functionality in *Qualitex*) create even greater uncertainty and further obscure *Kellogg*. The Court has without any explanation intertwined the right to copy with the doctrine of functionality, in a way that Justice Brandeis (however consciously) avoided.[97] By failing to answer the question on which it granted the petition for writ of certiorari, the Court placed in doubt one of the more certain readings of *Kellogg*, namely, that there is some right (of admittedly uncertain scope)[98] to copy the subject matter of an expired patent that exists independently of competitiveness (or other) concerns.[99] Yet, at the same time, *TrafFix* unmoored functionality doctrine from questions of competitiveness, which apparently informed both *Kellogg* and *Cornell*.

C. Intellectual Property Theory

To what does *Kellogg* owe its broad influence? The *Kellogg* opinion contained language that canvassed numerous doctrines of trademark and unfair competition law, instantly creating potential influence in a great number of cases. And the opinion contained sufficient ambiguity (in both content and structure) that later courts and Congress could infuse it with further (perhaps incorrect) significance. However, the significance of the opinion might also be because the case was about more than trademark doctrine. To assess this possibility, we might consider the passions of Justice Brandeis himself.

Why focus on Justice Brandeis? In 1938, Justice Brandeis was at the end of a glorious career on the Supreme Court. He had offered to retire from the Court in 1937, but Chief Justice Hughes

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[97]Notwithstanding the now-confused state of functionality doctrine, it might be possible and helpful to develop a single doctrine that accommodates both rationales. *See* Graeme B. Dinwoodie, *The Death of Ontology: A Teleological Approach to Trademark Law*, 84 IOWA L. REV. 611, 712-18 (1999).

[98]The specific contours of the right to copy would be much clearer if the Court would – as it did not do in *Kellogg* and *Traffix* – clearly articulate the rationale for the right. *See* Graeme B. Dinwoodie, *The Seventh Annual Honorable Helen Wilson Nies Lecture in Intellectual Property Law*, 8 MARQ. INTELL. PROP. L. REV. 187, 202 (2004).

[99]Ironically, the Court held that the freedom of the defendant to use the shape *by virtue of the functionality doctrine* did exist independently of competitiveness concerns. Although this created for functionality an identity different from that which it assumed in *Kellogg* and *Cornell*, it might move toward an independent right to copy when taken with the holding that "[a] utility patent is strong evidence that the features therein claimed are functional." Yet, it was unhelpful to answer a question left open by *Kellogg* by revising two of *Kellogg's* clearer holdings, and still leaves the question of the scope of the right uncertain.

persuaded him to remain on the Court.[100] In fact, Brandeis wrote very few opinions during the 1937 and 1938 terms, and retired only three months after the *Kellogg* opinion was handed down, writing only two opinions after *Kellogg*. Around the time *Kellogg* was decided, he was engaged in what he deemed a far more significant activity, meeting privately with President Roosevelt to urge greater U.S. involvement to protect Jews in Europe.[101] Why, at this stage of his career, did he take an interest in the *Kellogg* case?

From the outset of the opinion, it was clear that it was drafted for broader effect. The case was decided only months after the Court decided *Erie R. Co. v. Tompkins,*[102] in which *Swift v. Tyson* was over-ruled and Justice Brandeis' majority opinion rejected the notion that federal courts exercising diversity jurisdiction had power to create federal common law. One might have thought, therefore, that the *Kellogg* case would be decided under Delaware law. For example, because Delaware had issued a state trademark registration on the term SHREDDED WHEAT, any doubts that the Court harbored regarding the existence of consumer association surely would have to be measured against that administrative assessment. Yet, in footnote 1 of the opinion, Justice Brandeis accepted without question the parties' assumption that the outcome would be the same under federal and state law. In glossing over the important *Erie* question,[103] an issue about which Justice Brandeis campaigned hard on the Court for several years, the Justice may have sought to influence the evolution of trademark and unfair competition law both philosophically and doctrinally at the federal as well as at the state level.

At the philosophical level, *Kellogg* fed into a broader debate regarding the theoretical basis of trademark and unfair competition law that was playing out in the courts, Congress, and in scholarly literature at the time, and which is still sharply contested today. Brandeis' opinion can be seen as a repudiation of the philosophy of unfair competition law underlying the Court's decision twenty years earlier in *International News Service v. Associated Press (INS)*.[104] In *INS*, the Court's majority upheld a claim of unfair competition based upon the defendants' misappropriation of non-copyrighted news stories published by the plaintiff.[105] In expansive language that went beyond the narrow holding of the case, the majority noted that the defendant was "endeavoring to reap where it has not sown." The Court explained that actions in unfair competition law were not limited to

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[100]*See* LEWIS J. PAPER, BRANDEIS 390 (1983)

[101]*See id.* at 3-4.

[102]304 U.S. 64 (1938).

[103]*See* Bartholomew Diggins, *Federal and State Regulation of Trade-Marks*, 14 LAW & CONTEMP. PROB. 200, 203-04 (1949) (discussing federal courts sitting in diversity jurisdiction in the early 1940s refusing to enforce *INS* and applying instead state law limiting unfair competition to passing off).

[104]248 U.S. 215 (1918).

[105]*See generally* Douglas G. Baird, *Property, Natural Monopoly, and the Uneasy Legacy of* INS v. AP, *in* JANE C. GINSBURG AND ROCHELLE C. DREYFUSS, INTELLECTUAL PROPERTY STORIES (2005).

misrepresentation, but extended to cover acts of misappropriation.

Significantly, Justice Brandeis dissented in *INS*, unwilling to acknowledge property rights absent explicit legislative instruction.[106] For him, unfair competition consisted of misrepresentation: "The fact that a product of the mind has cost its producer money and labor, and has a value for which others are willing to pay, is not sufficient to ensure to it this legal attribute of property." Unfair competition law required simply the restraint of conduct that would deceive the public into a mistaken belief regarding the source of the product, and he found no such conduct in *INS*.[107]

Brandeis' vision of unfair competition law as protection against misrepresentation and not misappropriation finally secured the upper hand in *Kellogg*. Although Brandeis did not cite his *INS* dissent in *Kellogg*, one could view *Kellogg* as vindication of the views that he expressed in *INS*. That Nabisco had invested in the shredded wheat product did not give it control over the use of the pillow shape (or the term SHREDDED WHEAT); it had no property right against misappropriation of the shape after the expiry of the patents. Instead, Brandeis inquired whether Kellogg had engaged in any acts of misrepresentation. The dissent in *Kellogg* made only one very short point, and it was a view that Brandeis had unsuccessfully rebutted in *INS*: the cause of action should be sustained because "Kellogg . . . is fraudulently seeking to *appropriate* to itself the benefits of a goodwill *built up at great cost* by the respondent and its predecessors."[108]

If *INS* was an iconic statement of the misappropriation model of unfair competition law, *Kellogg* could be seen as a quiet but powerful plea for the misrepresentation model and a respect for competition. As such, it was a significant marker in the broader theoretical debate about the role of trademarks, and inevitably had implications for the debate that took place in Congress from 1938-1946 and in the courts thereafter. It was the philosophy underlying Brandeis' opinion, as much as the doctrinal language, that has attracted policymakers, advocates, and courts.

This hushed statement of philosophy has had a surprisingly pervasive effect in doctrinal developments in a number of different fora. Brandeis' implicit vision of intellectual property law in *Kellogg* immediately attracted the attention of policymakers skeptical of broad misappropriation-based trademark rights and committed to aggressive regulation of the competitive environment.

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[106] *See* 248 U.S. at 267 (Brandeis J., dissenting) (noting that courts were ill-equipped to determine the conditions for the grant of a new right of property).

[107] *See id.* at 258 (Brandeis J., dissenting). Justice Holmes, who also dissented in *INS*, would have required the crediting of Associated Press as the source of the news stories.

[108] *Kellogg*, 305 U.S. at 123 (McReynolds J., dissenting) (emphasis supplied). The Court of Appeals for the Third Circuit had also made much of the expenditures of Nabisco in deciding to offer protection. *See* National Biscuit Co. v. Kellogg Co., 91 F.2d 150, 153 (3d Cir. 1937).

Brandeis was a natural ally.[109] He was an advocate of strong antitrust laws. He had helped to establish the Federal Trade Commission on behalf of the Wilson Administration, and was instrumental in the passage of the Sherman and Clayton Acts, which remain pillars of U.S. antitrust law.[110] "He was greatly concerned about small competitors and the way they were treated in the marketplace."[111]

Although Kellogg hardly represented a "small competitor," Brandeis' basic concern about competition may well have been piqued by the ongoing dispute between Nabisco and Kellogg, especially as Washington debated the reform of trademark law. Certainly, pro-competition policymakers were alert to what was going on at the Court. Affirmation, by Brandeis of all people, of a misrepresentation model of trademark law in the midst of a growing legislative debate that implicated the basic philosophical choice inevitably would have been seized upon. Thus, representatives of the Department of Justice, seeking to curtail the expansion of protection in the Lanham Act as discussed above, later identified *Kellogg* as an example of "the more conservative school of trade-mark protection . . . which considers the trade-mark's sole function to be that of indicating source of origin . . . [rather] than those which would claim for the trade-mark a more far-reaching significance as the conservator of independent property rights . . ."[112]

And the Brandeis-inspired Department of Justice did secure what they regarded as important gains in the final version of the Lanham Act.[113] For example, the 1938 Lanham bill proposed that

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[109]Brandeis was no fan of intellectual property rights. *See* Mark L. Wolf, *Thomas Jefferson, Abraham Lincoln, Louis Brandeis and the Mystery of the Universe*, 1 B.U. J. SCI. & TECH. L. 1, 25 (1995) (noting Brandeis' distaste of patent laws). He authored eight other opinions on intellectual property, and found for the plaintiff in only two. *See* General Talking Pictures Corp. v. Western Electric Co., 305 U.S. 124 (1938); Leitch Mfg. Co. v. Barber Co., 302 U.S. 458 (1938); Permutit Co. v. Graver Corp., 284 U.S. 52 (1931); Carbice Corp. of Am. v. Am. Patents Dev. Co., 283 U.S. 420 (1931); Carbice Corp. of Am. v. Am. Patents Dev. Co., 283 U.S. 27 (1931); Jewell-Salle Realty Co. v. Buck, 283 U.S. 202 (1931); Buck v. Jewell-La Salle Realty Co., 283 U.S. 191 (1931); Int'l News Serv. v. Associated Press, 248 U.S. 215 (1918) (dissenting). But in both *INS* and *Kellogg* he articulated an affirmative concept of unfair competition that is rooted in misrepresentation. Indeed, in both cases he spent some time considering whether the defendant's conduct amounted to misrepresentation. He might have articulated a relatively narrow notion of what amounted to misrepresentation – witness the difference between Holmes and Brandeis in *INS* – but he did recognize the cause of action.

[110]*See* Mary Murphy Schroeder, *The Brandeis Legacy*, 37 SAN DIEGO LAW REVIEW 711, 713-15 (2000).

[111]*Id.* at 715.

[112]Timberg, supra note 67, at 326. *Kellogg*'s commitment to a pro-competition metric internal to trademark law was insufficient in and of itself to make antitrust regulators entirely comfortable. *See id.* at 333 ("It may be most gratifying to find out that 'Shredded Wheat' has been in the public domain since 1912; but how many small businesses can take the necessary gamble of possible defeat and pay counsel and court fees from 1912 to 1938 when that determination was finally and authoritatively made?").

[113]The conclusion of the Lanham Act did not end the debate about trademark law and competition. *See* Lawrence C. Kingsland, *The Future of the Trade-Mark System in the American Economy*, 38 TRADEMARK REP. 607 (1948); Milton Handler, *Trade-Marks and Anti-Trust Laws*, 38 TRADEMARK REP. 387 (1948). In the immediate wake

descriptive marks could be federally registered upon proof of secondary meaning. Of course, descriptive marks were already protected in similar circumstances under principles of unfair competition. However, the proposal also introduced the notion of incontestability, under which five years after registration, trademark owners could ensure quiet(er) title. In particular, marks covered by incontestable registrations could not be challenged on the ground that they were descriptive. These proposals to change the nature and scope of trademark rights were among the reasons that led the Department of Justice initially to oppose the Lanham Act's reforms on the grounds that they were anti-competitive.[114] The disagreement reflected in part a philosophical divide about the conceptual identity of trademark law. Although, in order to prevail in an infringement action, the owner of an incontestable mark would still be required to show a likelihood of confusion,[115] this was a first step toward a model of trademark law that appeared more "property-like" and contrary to the vision underlying Brandeis' opinion. The Department's concerns led to the inclusion in the Lanham Act of provisions creating an "antitrust defense" to incontestability,[116] and granting the Federal Trade Commission the power to petition for cancellation of a trademark registration.[117]

Brandeis' equivocation in footnote 1 regarding the application of state or federal law might also have been a more direct attempt to extend the doctrinal influence of *Kellogg* to the core of *INS*. *INS* was clearly a federal common law decision, and thus *Erie* alone effected its evisceration. But by suggesting that the same result would pertain in *Kellogg* under federal common law, Brandeis ensured that *Kellogg's* anti-misappropriation counter to *INS* might gain traction in the courts as something other than a mere statement of Delaware law. As a result, the approach of Brandeis in *Kellogg* has shaped (sometimes without explicit acknowledgment) protection available to data under

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of the Lanham Act, the assessment by the Department of the effect of the legislation on competition was cautious, but optimism about pro-competitive effects was again linked to *Kellogg* and Brandeis. It was, they suggested, "the hope of antitrust policy" that courts would adopt the narrow view of trademarks that they identified with *Kellogg*. *See* Timberg, *supra* note 67, at 360. "If competition is to be adequately protected, sentimental notions that competitors are not entitled to a 'free ride' must be carefully scrutinized. As Mr. Justice Brandeis has remarked, 'Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all–and in the full exercise of which the consuming public is deeply interested." *Id.* at 361 (quoting *Kellogg*, 305 U.S. at 122).

[114]*See* Timberg, *supra* note 67, at 347-48 (noting that the ability to register, inter alia, descriptive marks "shows a surface intention to let down the bars" against overbroad protection but suggesting that the "main impact of the Lanham Act on competition will be the new effectiveness . . . given registration," including the restricted grounds of cancellation and the grant of incontestability after five years).

[115]This was made explicit with changes to Section 33(b) of the Lanham Act in 1988. *See* Trademark Law Revision Act of 1988. *See* Pub. L. No. 100-667, 102 Stat. 3935 (1988). Although most scholars believe that the same was true prior to 1988, the respondent in a case recently decided by the Supreme Court argued that prior to 1988, the owner of incontestable registrations would prevail without the need to prove likely confusion. *See* Brief of Respondent, KP Permanent Makeup v. Lasting Impression I, Inc., 2004 WL 1843966 at * 11 (Aug. 13, 2004).

[116]*See* 15 U.S.C. § 1115 (b)(7).

[117]*See* 15 U.S.C. § 1064(5).

state common law misappropriation doctrines developed by federal courts,[118] common law trade dress protection sought under the federal unfair competition provision of Section 43(a),[119] and more conceptually ambiguous claims brought under the "false designation of origin" language of that statutory provision.[120] In 1938, the resuscitation of federal unfair competition law, let alone in the form endorsed in *INS*, may have seemed unlikely. But the force of Brandeis' philosophy, perhaps buttressed by his decision to characterize the case more broadly than an application of Delaware law, has ensured that *Kellogg*, at least, remains a vital marker in the development of modern trademark and unfair competition law.[121]

Conclusion

Kellogg is a somewhat rare Supreme Court opinion; its correctness has never really been questioned. But because a variety of rationales were offered by the Court for a conclusion upon which most would agree, the precise scope of the opinion has never been fully clear. This has allowed the opinion to achieve significance, both judicially and legislatively, well beyond the narrow context of the type of case the Court was deciding. But the (perhaps purposeful) ambiguities that remained might also have prevented the opinion contributing to the *clear* development of areas of law that were directly addressed by the *Kellogg* Court. This partially explains the irony that the

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[118]*See* National Basketball Association v. Motorola, Inc., 105 F.3d 841 (2d Cir. 1997) (discussing the continued viability of an *INS*-like "hot news" cause of action under state law and articulating factors that seek to maintain competition while affording very limited property rights to the originator of the data).

[119]*See, e.g.,* Qualitex Co. v. Jacobsen Prods., 514 U.S. 159 (1995); Home Builders Ass'n of Greater St. Louis v. L&L, 226 F.3d 944 (8th Cir. 2000); Landscape Forms, Inc. v. Columbia Cascade Co., 113 F.3d 373 (2d Cir. 1997) *Kellogg* has been cited by the Court in connection with the "right to copy" designs of products covered by expired patents. But many of the Court's cases upon which the right to copy jurisprudence is founded are explicitly based upon the Supremacy Clause, making it easy for later courts adjudicating claims of products design trade dress under a federal statute to distinguish this case law. To the extent *Kellogg* reflected a different (or less certain) source of limitation, it contained the potential (along with *Singer*) to prescribe limits that would apply in the modern setting of federal protection of product design trade dress. *See* Vornado Air Circulation v. Duracraft Corp., 58 F.3d 1498 (10th Cir. 1995), *supra* note 95.

[120]*See* Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003).

[121]Perhaps Justice Brandeis understood that the validation of the New Deal portended the onset of voluminous federal law (including a trademark law which was beginning to loom large in congressional deliberation in 1938). Indeed, *Erie* may have, to some extent, precipitated the Lanham Act because it made national enforcement of trademark rights less certain. *See* Diggins, *supra* note 103, at 204; *see also id.* at 219 ("The [Lanham] Act eliminates most of the effects of the *Erie* decision in trade-mark and unfair competition cases"). To be sure, the Lanham Act (enacted eight years later in 1946) was, with minor exceptions, not intended to alter the substantive principles of trademark law that existed at common law. Instead, the Lanham Act primarily sought to facilitate enforcement of rights on a national basis, by liberalizing the rules of federal registration and establishing a clear federal jurisdiction to adjudicate claims of unfair competition. But liberalization of registration and enforcement inevitably did affect substantive principles of trademark law, and caused the enlargement of federal law. *Cf.* Edward A. Purcell Jr., *The Story of Erie*, in CIVIL PROCEDURE STORIES 21, 73 (Clermont ed. 2004) (noting that *Erie* did not signal the end of federal power "as its author would have hoped").

current Supreme Court has cited *Kellogg* in a number of trademark cases for a series of different propositions (e.g., regarding secondary meaning, or functionality), but did not cite the case in the most recent effort to tackle the very question at issue in *Kellogg* (the scope of trademark protection for a product covered by an expired patent).

By the same token, however, Justice Brandeis' quiet efforts to supply a more fundamental (and long-term) statement about the philosophy of trademark and unfair competition law may have been far more influential than a narrow application of existing law might have been. And those efforts to articulate a philosophy for trademark and unfair competition law, which do not spring as obviously from the text of the *Kellogg* opinion, but instead are more readily apparent from historical context, may also be important in the years ahead as scholars and policymakers consider whether trademark law has inappropriately become a law against misappropriation.