

TRADEMARK TALK



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Retail value

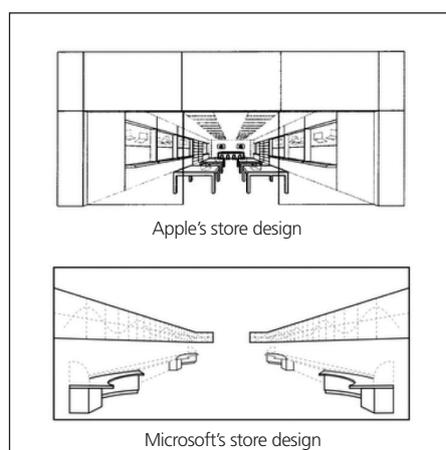
DLA Piper's **Radiance W Harris** explains how to protect your store's layout

One does not have to look far to see why a signature look to one's store or restaurant is a good business strategy – just look at Apple and McDonald's, for example. A unique store layout plays a crucial role in establishing the goodwill and reputation of a retail company. In particular, it can be a valuable asset and an important representation of a company's brand. In recent years, retail companies have moved away from the standard brick-and-mortar store layout and have moved towards a more eye-catching and distinctive retail store design. In striving to further differentiate themselves from competitors in the marketplace, companies have invested countless dollars in the layout and structure of their retail shops to increase foot traffic into their stores, provide consumers with a one-of-a-kind shopping experience, and improve overall sales. This shopping experience is focused not only on seeing, touching, feeling, and sometimes tasting the products, but also conveying a poignant message about the brand's identity and values.

To that end, retail companies have made efforts to protect and register their store layout designs to deter the spread of copycat counterfeit stores in the US and other countries such as China.¹ For example, in January 2013, Apple successfully registered its store design, which consisted of "a clear glass storefront surrounded by a paneled facade consisting of large, rectangular horizontal panels over the top of the glass front, and two narrower panels stacked on either side of the storefront... rectangular recessed lighting units traverse the length of the store's ceiling... cantilevered shelves below recessed display spaces along

the side walls, and rectangular tables arranged in a line in the middle of the store parallel to the walls and extending from the storefront to the back of the store", among other elements. Apple registered this design on the Principal Register with the US Patent and Trademark

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Office (USPTO), after overcoming a refusal that the layout was not inherently distinctive, by submitting evidence of acquired distinctiveness (also known as secondary meaning).² Apple's federal registration covers the (below) image of the retail store design:³

Previously, in October 2011, Microsoft also obtained a federal registration in the US, but on the Supplemental Register after being challenged by the USPTO because the layout was not inherently distinctive.⁴ The Supplemental Register houses non-distinctive or descriptive marks that may later acquire secondary meaning after five years of exclusive and continuous use in the US. The Principal Register houses distinctive marks that are afforded the most benefits and the fullest scope of protection in the US.⁵ Unlike Apple, which demonstrated that its store design and layout had acquired distinctiveness by submitting 681 pages of evidence, showing that the public associated the trade dress with Apple, Microsoft opted to amend its application for registration on the Supplemental Register. Microsoft's federal registration covers the design for "a retail store with four curved tabletops at the front and rear side walls and a rectangular band displaying changing video images on the walls" and includes the (below left) image, to illustrate its retail store design:⁶

As illustrated in these examples, when applied in the retail space, trade dress constitutes the overall atmosphere, decorations, design, and theme of a store that creates a uniform visual image to consumers. For trade dress to be protectable in the US, a party must show that the trade dress is: (1) used in commerce; (2) not functional; (3)

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distinctive; and (4) recognised by consumers⁷ as a source identifier of certain goods or services.⁸ Essentially, the claimed trade dress cannot be generic or merely decorative.⁹ As previously noted, trade dress is rarely inherently distinctive.¹⁰ Therefore, for trademark protection, trade dress must acquire secondary meaning and be immediately recognisable in the minds of consumers as a source identifier. Specifically, trade dress acquires secondary meaning when it primarily serves “to identify the source of the product rather than the product itself.”¹¹

Developing a distinctive retail store concept that reflects a brand in a consistent and productive manner requires a substantial amount of creativity, time, and financial investment. Accordingly, if the overall look and feel of the retail store is of utmost importance to the company, which might be the case in certain industries such as restaurants, information technology, and clothing and apparel, here are three tips for retail store owners seeking to develop, maintain, and protect a unique store layout:

Carefully tailor the elements that define the overall retail store concept

When crafting a retail store concept, it is best to focus on defining a few unique elements that define the overall theme of the retail store. A lengthy list of elements that is overly generic and does not add substantially to the look and feel of the retail store could be considered generic, and thus not worthy of trade dress protection.

For example, in *Happy’s Pizza Franchise, LLC v Papa’s Pizza, Inc*, the court held that the nine elements taken as a whole, which included granite countertops and tabletops, extensive neon lighting, ceramic floors, back-lit pictures of menu items, ceramic tiled walls and faux-Venetian plaster finished walls, large back-lit menu, large black industrial-style rugs, stainless steel shelving units behind the service counter, stacks of pre-folded pizza boxes, large coin-operated candy and bubble gum dispensers, were generic and commonly found in the fast food industry.¹² Thus, Happy Pizza’s store design was not distinguishable from other fast food restaurants. Accordingly, for trade dress protection, retail store owners

should focus on the truly distinctive elements that distinguish their store from a direct competitor.

Be consistent in maintaining the overall look and feel

To imprint a brand image into the minds of consumers, it is imperative to maintain a consistent application of the trade dress throughout all retail store outlets. Adding different elements between the various retail stores could prevent trade dress protection. For instance, in *Ale House Management, Inc v Raleigh Ale House, Inc*, the Fourth Circuit held that the wood and brass interior of a bar restaurant chain did not constitute protectable trade dress because each facility in the food chain was different.¹³ A lack of uniformity amongst the retail stores for a particular company, means that the public is not provided with a single visual image to identify and distinguish that company’s retail stores from another’s stores.¹⁴

Consider other forms of IP

In addition to trademark protection, retail store owners should consider obtaining other forms of IP protection, such as copyright or patents for certain elements of their retail store layout.¹⁵ To illustrate, one popular clothing retailer uses a combination of heavy scents, sounds, and artwork to create a destination shopping experience. Choice of artwork, menus, signs, and music may be copyright protectable, whereas functional elements such as displays, shelving units, or three-dimensional structures may be suitable for patent protection.¹⁶

The recent trend towards trademarking store layouts in the US, demonstrates another arguably effective means of IP protection for retail store owners to utilise in controlling the quality and reputation of their brand. It is also a means for retail store owners to strengthen and enforce their proprietary rights against third party infringers. Since IP protection is jurisdictional, and therefore US protection does not extend to other countries, companies with significant overseas presence should also consider seeking protection in other countries – especially those countries where counterfeit stores are penetrating the market at a rapid pace. If the retail store design is a crucial part of a company’s overall brand, it is important to carefully define the distinctive elements that make the trade dress particularly unique or distinctive. Be consistent in the application

of that trade dress across all retail outlets, and consider utilising trademark, copyright, and patents to protect each element of the overall look and feel of the store.

Footnotes

1. News about less scrupulous copycats in China went viral in July 2011, when it was discovered that counterfeit Apple stores were so realistically built that the employees at these counterfeit stores believed they were legitimate Apple employees. See Nick Bilton, ‘The Rise of the Fake Apple Store’, *NY Times Bits*, 20 July 2011, available at <http://nyti.ms/15HdhzU/> (last visited on 21 July 2013); see also Seth Fiegerman, ‘8 Companies That Have Deliberately Copied The Apple Store’, *Business Insider*, 16 July 2012, available at <http://read.bi/NrQAYD> (last visited on 21 July 2013).
2. See US Trademark Registration No 4277914 at <http://1.usa.gov/13zWeAl>.
3. *Id.*
4. See US Trademark Registration No 4036534 at <http://1.usa.gov/184W8k8>.
5. The Supplemental Register does not provide all of the protections of a registration on the Principal Register, such as the presumptions of validity and ownership, and exclusive rights to use the mark in the US. However, similar to the Principal Register, a registration on the Supplemental Register provides the owner the right to use the registered ® symbol when the mark is used in connection with the goods or services listed in the registration, to file a federal lawsuit concerning the mark, and to block later-filed applications consisting of similar marks for similar goods or services. See *McCarthy on Trademarks* §§ 19:36-38, 19:42 (4th ed).
6. *Id.*
7. *McCarthy on Trademarks* § 8:4 (4th ed).
8. See *Two Pesos, Inc v Taco Cabana, Inc*, 505 US 763 (1992).
9. *Id.* at 765; see also *Wal-Mart Stores, Inc v Samara Brothers, Inc*, 529 US 205, 210 (2000).
10. *Wal-Mart Stores*, 529 US at 210.
11. See *Happy’s Pizza Franchise, LLC v Papa’s Pizza, Inc*, 2013 WL 308728, at *3 (ED Mich 25 Jan 2013).
12. *Id.* at *4.
13. *Ale House Mgmt, Inc v Raleigh Ale House, Inc*, 205 F3d 137, 142 (4th Cir 2000).
14. *Id.* at 141-43.
15. Melinda Upton and Tessa Kelman, ‘Trending Right Now: Trademark Your Store Layout’, *Law à la Mode* (Special Edition – INTA 2013).
16. *Id.*