

No. 20-1817

IN THE
Supreme Court of the United States

EZAKI GLICO KABUSHIKI KAISHA, D/B/A EZAKI GLICO
CO., LTD. & EZAKI GLICO USA CORP.,
Petitioners,

v.

LOTTE INTERNATIONAL AMERICA CORP. & LOTTE
CONFECTIONARY CO. LTD.,
Respondents.

**On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Third Circuit**

REPLY BRIEF IN SUPPORT OF CERTIORARI

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RULE 29.6 DISCLOSURE STATEMENT

The Rule 29.6 disclosure statement in the petition for writ of certiorari remains accurate.

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INTRODUCTION

This petition presents two clear splits on important questions of trade dress law. The first is whether a design is functional if it is “essential to the use or purpose of the article or if it affects the cost or quality of the article,” as this Court, nine courts of appeals, and the U.S. Patent & Trademark Office (PTO) have said, or if functionality merely means “useful” and “nothing more,” as the Third Circuit said. The answer is the former. Most configurations allow the product to be “useful”; few consumers would purchase a product that didn’t work. The Pepperidge Farm Milano cookie and the Hershey’s chocolate bar—like nearly every

snack product—are easy to eat, package, and share. That does not mean their *specific designs* are ineligible for trade dress protection.

Lotte ignores the long history of the word “essential” in the test for trade dress functionality. And Lotte has no answer to the many courts that expressly reject the dictionary definition of “functional” the Third Circuit espoused below. In Lotte’s portrayal, *all* courts simply evaluate whether a design feature is “useful.” That is wrong. The petition cites numerous cases flatly contradicting Lotte’s assertion that “[t]he result would have been the same in other circuits.” Opp. 1; *see, e.g.*, Pet. 23 (reciting cases holding that useful designs—color on dry cleaning press pad, handles on French press coffeemakers, roman numerals on watches, color on ear plugs, and grip-supporting knurling on rifles—are entitled to trade dress protection if the design is not essential to the product’s use or purpose). By lowering the bar for functionality to mere usefulness, the decision below puts trade dress in jeopardy on everything from the Hershey’s kiss to the scissor doors of the Lamborghini sports car—an issue Lotte does not even address.

Certiorari review is also warranted to address when alternative designs create a question of fact on functionality. Lotte disregards the split Glico identified. As the petition explains, five courts of appeals hold that when a design does *not* affect cost or quality, and is *not* the central advance claimed in a utility patent, evidence of alternative designs creates a question of fact on functionality. *See* Pet. 26-30. In contrast, three courts hold that in those circumstances, evidence of alternative designs does not create a question

of fact. *See id.* at 30-32. This longstanding circuit split has engendered significant confusion.

Although Lotte says (at 1) that the Third Circuit was not “treading new ground or contradicting any precedent,” the four amicus briefs supporting certiorari refute that view. *E.g.*, American Intellectual Property Law Association (AIPLA) Br. 4 (“No other circuit has cast aside the traditional rule.”); International Trademark Association (INTA) Br. 2-3 (“[T]he Third Circuit consciously failed to follow all of these prior decisions, as well as the extensive body of law giving rise to and applying these precedents, in favor of a new test for functionality that asks only one question: is the product feature for which trademark protection is sought ‘useful.’”). These briefs underscore the need for this Court’s review, emphasizing that the decision below “essentially ends trademark protection for product configurations in the Third Circuit” and “places in jeopardy countless trade dress rights that other federal courts and the USPTO hold protectable.” *Mondelēz Global LLC (Mondelēz) Br. 14*; *see also* Intellectual Property Owners Association (IPO) Br. 2 (“Allowing the Third Circuit’s holding on functionality that is contrary to well-settled precedent from this Court to stand would undermine and jeopardize the settled expectations and investments in the creation and protection of trade dress rights of IPO members and others.”).

The Court should grant certiorari on both questions presented.

ARGUMENT**I. THE CLEAR SPLIT ON THE TEST FOR TRADE-DRESS FUNCTIONALITY AFFECTS COUNTLESS PRODUCT DESIGNS.**

The Third Circuit held that because the Lanham Act does not define the term “functional,” the court could jettison as “too narrow” the longstanding functionality test and instead adopt a dictionary definition. *See* Pet. App. 7a, 9a. There is no real question that by doing so, the Third Circuit departed from this Court’s 40-year-old test for functionality, which asks whether a product design is *essential* to the use or purpose of a product, or affects its cost or quality. *See* Pet. 2. If the purpose of a snack food is to be easily eaten and shared, many snack designs meet that criteria, demonstrating that Pocky’s design is not *essential* to that purpose.

The primary thrust of Lotte’s argument seems to be that the *Inwood* functionality test is really equivalent to the dictionary definition of useful. *See* Opp. 13-23. But Lotte does not explain why this Court would have used the word “essential” if it had no meaning—particularly given that word’s long pedigree in trade dress cases, *see* Pet. 21, or how cases like *Qualitex* could have come out as they did if the *Inwood* test was a longwinded way of saying “useful.” Nor does Lotte explain why every other circuit applies the *Inwood* test, not a dictionary-based test. The Third Circuit is the *only* circuit that has expressly rejected *Inwood* as the exclusive test for utilitarian functionality—creating a clear split warranting this Court’s attention. *See* IPO Br. 8; Mondelēz Br. 3; AIPLA Br. 21.

Seeking to downplay that split, Lotte cites decisions and treatises that employ the words “useful” and “utilitarian” at some point in describing the test for functionality. That does not help Lotte. The Third Circuit did not use the term “useful” once or twice as a “shorthand” for the *Inwood* test; it said that anything narrower than a “useful” test “invade[s] the Patent Act’s domain.” Pet. App. 10a; *see also id.* at 7a (“a feature’s particular design is functional if it is useful”); *id.* at 9a (heading “Functional designs need not be essential, just useful”). That some cases and treatises occasionally use the word “useful” or “utilitarian” as a shorthand for the *Inwood* test, rather than repeating that lengthy standard in every sentence discussing functionality, does not mean those courts reject the *Inwood* test. To the contrary: Not a single case Lotte cites rejects the *Inwood* test in favor of a “useful” and “nothing more” standard.

For example, in *Nora Beverages, Inc. v. Perrier Group of America, Inc.*, two sentences before the one Lotte quotes (at 18), the Second Circuit explained: “A product’s trade dress is functional where a competitor will be put at a ‘significant disadvantage’ because the feature sought to be protected is ‘essential to the use or purpose’ of the thing or ‘affects [its] cost or quality[.]’” 269 F.3d 114, 120 n.4 (2d Cir. 2001) (citation omitted). That the court later employed the word “useful” does not suggest a departure from *Inwood*. *See id.*

Lotte does not dispute (at 18) that *Tools USA & Equipment Co. v. Champ Frame Straightening Equipment, Inc.*, is directly contrary to the Third Circuit’s position. *See* 87 F.3d 654, 659 (4th Cir. 1996). Lotte instead claims that decision is no longer good law, but

it is cited repeatedly in *CTB, Inc. v. Hog Slat, Inc.*, as stating the test for functionality (and *CTB* itself quotes the *Inwood* test). See 954 F.3d 647, 657, 665, 669 (4th Cir. 2020).¹

Contrary to Lotte’s assertions (at 19), the Sixth Circuit’s decision in *Leapers, Inc. v. SMTS, LLC*, demonstrates the split: It expressly applies *Inwood* and holds that a design for a knurling pattern on a rifle scope—which serves a function because it makes the rifle easier to grip—is not functional as a matter of law, remanding the case for a jury trial on that issue. See 879 F.3d 731, 738-739 (6th Cir. 2018) (emphasizing that trademarked pattern was no more effective than alternatives).

Lotte’s cite (at 20) to *Eco Manufacturing LLC v. Honeywell International, Inc.* is likewise unhelpful. There, the Seventh Circuit applied *Inwood* to hold that a product design is functional *either* “if it is essential to the design *or* it affects the article’s price or quality.” 357 F.3d 649, 654-655 (7th Cir. 2003). The word “useful” appears there as shorthand for “affects the article’s price or quality,” as the context makes clear. See *id.*

¹ Lotte tries to paint the Third Circuit’s test as a “*more* useful” test, Opp. 18, but that misstates the decision, which expressly adopted a “useful” and “nothing more” standard. Pet. App. 9a. A “more useful” test would require comparing a product like Pocky to alternative snack food configurations and evaluating the additional usefulness to a snack product’s purpose flowing from Pocky’s specific design. The Third Circuit did nothing of the sort. In any event, weighing comparative usefulness among product designs is a task for a fact finder, not a court on summary judgment.

Lotte's discussion of Ninth Circuit case law is particularly telling. Opp. 21-22. The petition walked through the same three cases and quoted their repeated divergence from the Third Circuit's approach. Pet. 17-18 (quoting holdings that "functional" is "a legal term of art" involving "a complicated legal doctrine," that courts ask whether the design "satisfies the *Inwood Laboratories* definition of functionality—essential to the use or purpose of the article or affects its cost or quality," and that whether a design is "essential" is a fact question "for the jury" (citations omitted)).

Lotte's discussion of the Fifth, Eighth, Eleventh, and Federal Circuits, and the PTO Manual, similarly ignores how each applies the *Inwood* test. See Pet. 15-19. That omission is particularly striking with respect to the Federal Circuit, which emphasizes the historical origins of the word "essential" in the test for functionality. See *id.* at 18, 21.

Lotte next disputes that a split exists (at 25-26) based on the Third Circuit's discussion of Glico's marketing materials. But the Third Circuit asked whether those marketing materials showed functionality under its incorrect legal test. Glico has marketed Pocky as easy to eat and share, not that Pocky's design is essential for snack foods. The Fourth and Seventh Circuits have held that similar marketing materials create a *question of fact for the jury* on functionality. See Pet. 27-28. The Third Circuit's approach puts a snack product's trade dress in jeopardy anytime the manufacturer advertises the product as easy to eat or share. That cannot be the law; many snacks are advertised along similar lines.

Lotte falls back on claiming there is only an intra-circuit split. Not so. Prior Third Circuit cases applied the *Inwood* test without holding it was the exclusive test for utilitarian functionality. The decision below concludes it is not.

Finally, Lotte claims that the Third Circuit did *not* adopt a “useful” and “nothing more” standard for functionality. *See* Opp. 14-15. That is directly contrary to the opinion, which takes issue with Glico’s reliance on the *Inwood* test’s use of the word “essential.” *See* Pet. App. 11a (criticizing Glico for “repeat[ing] ‘essential’ more than four dozen times” in its brief).² There is a clear split, as multiple amici recognize. *See supra* p. 3.

II. THERE IS A CLEAR SPLIT ON THE ROLE OF ALTERNATIVE DESIGNS IN DETERMINING FUNCTIONALITY.

Lotte does not dispute that the Fifth and Sixth Circuits exclude consideration of alternative designs from the functionality inquiry. *See* Pet. 31-32.

The Second, Fourth, Seventh, Ninth, and Federal Circuits expressly consider such evidence. *See id.* at 26-30. In these circuits, where a design *does not* affect cost or quality (under *Inwood*), and where the design

² As discussed below, whether a design works better than alternative designs is relevant when determining whether the design is *essential*. Lotte wrongly equates (at 15) “working better” with whether certain product characteristics are useful, not the specific design of the product. The question is not, using *Bodum* as an example, “does a coffee press ‘work better’ with a handle?”, but rather “does a specific handle design offer some extra utilitarian advantage not offered by other handles that makes the design an essential product feature?” *See* C.A. Oral Arg. Tr. 24, 43; *Bodum USA, Inc. v. A Top New Casting, Inc.*, 927 F.3d 486, 493-494 (7th Cir. 2019).

is not the central advance of a utility patent (under *TrafFix*), the presence of alternative designs creates a question of fact on functionality. That makes sense: There are multiple ways to establish functionality, including by showing that a design makes a product less expensive to produce or higher quality or is the central advance claimed in a utility patent. *See* Pet. 2. Absent such evidence, the question becomes whether a design is “essential” to the product’s use or purpose. As INTA explains, this inquiry often “require[s] consideration of whether alternatives make the feature non-essential.” INTA Br. 11-12. That is why these circuits hold that when a design does *not* affect cost or quality and is *not* the central advance of a utility patent, alternative designs create a question of fact on functionality. *See* Pet. 26-30.

The Third Circuit broke with that majority approach. It did not hold that Pocky’s design affects its cost or quality or that the design is the central advance of a utility patent. *See* Pet. App. 17a-18a. Yet the court nevertheless held that Glico’s evidence of alternative designs for snack foods, including many chocolate-plus-cookie combinations, did not create a fact question on functionality. That puts the Third Circuit in the same camp as the Fifth and Sixth Circuits.

Lotte’s response does nothing to contradict the split. It merely asserts that “no circuit has held that the mere existence of alternative design evidence *always* suffices to create an issue of fact on functionality.” Opp. 26 (capitalization omitted). That is not Glico’s position. Glico’s position is that in the circumstances here—where a design does not affect cost or quality and is not the central advance of a utility patent—five

circuits hold that evidence of alternative designs creates a fact question for the jury. Lotte’s failure to even discuss the split that Glico identified demonstrates that it has no response.

Lotte’s next argument is that where a manufacturer has advertised its product design as useful, alternative designs do not create a question of fact. Opp. 25. As the petition explains, however, the Fourth and Seventh Circuits hold that such advertising *does not establish* that the product is functional as a matter of law. See, e.g., *McAirlaids, Inc. v. Kimberly-Clark Corp.*, 756 F.3d 307, 313-314 (4th Cir. 2014); *Bodum*, 927 F.3d at 493-494.³ It merely means that there is a question of fact; the jury’s role is then to weigh all the evidence. See Pet. 27-28. That is yet another way the Third Circuit departed from the majority rule.⁴

At a minimum, there is significant confusion among the circuits regarding the role of alternative designs. This issue is crucial for trade dress owners. As INTA explains, demonstrating non-functionality “can best

³ Lotte’s description of *Bodum* is wrong. Opp. 29. There, the company expressly advertised its product as “functional” and “function-driven.” *Bodum*, 927 F.3d at 493. The Seventh Circuit nevertheless found that because “Bodum’s advertising * * * never claimed any of its design features *worked better than other options*,” “a reasonable jury could weigh this evidence against a finding of functionality in the legal trade dress sense.” *Id.* (emphasis added).

⁴ In the district court, Glico submitted two reports by confectionary experts describing the use or purpose of snack foods, which concluded that Pocky’s design is not functional—in part because consumers enjoy many snack foods that are fully covered in chocolate (such as the Kit-Kat bar). See Glico C.A. Br. 39-41. Lotte is wrong to suggest (at 28) that there are no disputed issues of fact for trial with respect to the functionality of Pocky’s design.

be accomplished in many cases through consideration of the alternatives available to competitors” because “the question of whether something works better in a given shape implies ‘better than what?’ ” INTA Br. 12. Two circuits flatly reject such evidence, the Third Circuit rejects such evidence even in the circumstances here, and five other circuits hold that such evidence allows a case to reach the jury. This is a crucial issue that often determines whether a trade dress holder is entitled to a trial.

III. THIS CASE IS AN EXCELLENT VEHICLE TO ADDRESS TWO IMPORTANT QUESTIONS.

Both questions presented were squarely presented and passed on below. *See* Pet. App. 11a, 17a. Both are outcome-determinative: Pocky’s design is not essential to the use or purpose of a snack product; there are many other ways to design a snack product that is easy to eat, package, and share. The test that applies thus determines whether Glico is entitled to a trial on functionality.

Lotte’s discussion (at 34) of affirmative defenses is off-base; those defenses are unrelated to the questions presented, are not before this Court, and were not addressed by the district court or the Third Circuit.⁵ Lotte’s reliance (at 33) on the district court opinion fares no better; the district court applied the same mistaken approach to alternative designs, and not even the Third Circuit found that Pocky’s design is somehow “essential” to the purpose of snack products.

Both questions presented are also immensely important. “In departing from more than a century of

⁵ These defenses are also exceptionally weak on the merits. *See, e.g.,* Glico C.A. Br. 14.

precedent, the Third Circuit disrupts the settled expectations of parties that have pursued and obtained trade dress registrations for product features and transacted business with the understanding that such features are protected.” INTA Br. 12. The decision creates “tremendous ambiguity and uncertainty for trade dress owners who market and sell their products nationally.” Mondelēz Br. 14. Its “overly simplistic ‘usefulness’ standard of functionality is especially pernicious for trade dress configuration among food and beverage products because, by necessity, these items must be handled and consumed in portions or pieces.” *Id.* at 17. And it “will allow accused infringers to forum shop and sue in the Third Circuit.” AIPLA Br. 5. The Court should grant certiorari to address these significant concerns and restore uniformity in trade dress law.

CONCLUSION

For the foregoing reasons and those in the petition,
the Court should grant certiorari.

Respectfully submitted,

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