

Sulzer Mixpac AG v. A&N Trading Company

988 F.3d 174 (2d Cir. 2021)

If a product's trade dress is functional, there can be no trade dress protection. The functionality doctrine is at the core of the parties' dispute. Plaintiff-Counter-Defendant-Appellee Sulzer Mixpac AG ("Mixpac") and Defendants-Counter-Claimants-Appellants A&N Trading Company, A&N Trading Co., Ltd., and Sung Bin An, also known as Tony An (collectively, "A&N") are competitors in the U.S. market for mixing tips used by dentists to create impressions of teeth for dental procedures, such as crowns.

A&N appeals from a final judgment and permanent injunction entered in the United States District Court for the Southern District of New York (Lewis A. Kaplan, *J.*) on Mixpac's claims of unfair competition, common law trademark infringement, and trademark infringement, trademark counterfeiting, and false designation of origin under the Trademark Act of 1946 (the "Lanham Act"), and on A&N's counterclaims seeking a declaratory judgment that Mixpac's trade dress is functional. The district court entered judgment for Mixpac on these counts. A&N argues on appeal that Mixpac's use of particular colors on mixing tips is functional because the colors serve as a color-coding scheme that signifies the size of a mixing tip.

Following a one-day bench trial, the district court concluded that Mixpac's use of particular colors on mixing tips was not functional, as the colors add to manufacturing costs and other companies use different or no colors for their mixing tips. We disagree. The evidence establishes that the colors signify mixing tip sizes, enabling users to more easily match cartridges to the appropriate mixing tips. Therefore, we conclude that Mixpac's trade dress is functional. We reverse the judgment of the district court, and remand.

I. The Parties

Mixpac manufactures a system to mix adhesives for dental applications. The system consists of a dispenser-like caulking gun, a cartridge containing two cylinders, and a mixing tip. Mixpac manufactures all three parts of the system and is a leading supplier of mixing tips. A mixing tip is composed of a cylinder that contains helixes that blend components as they pass through the tip. The materials that are mixed come from a two-cylinder cartridge. The mixing tip is attached to the cartridge via the mixing tip's cap. The cartridge, in turn, is attached to the dispenser-like caulking gun. When the trigger of the caulking gun is pulled, the components inside the cartridge are pushed into the mixing tip for blending. To accommodate different types of dental procedures, mixing tips vary in their diameter, the length of the helixes that mix component materials, and cap sizes.

Mixpac's customers are primarily dental material manufacturers such as 3M ESPE and Dentsply that buy Mixpac cartridges, fill them with their own dental materials, and sell sets of filled cartridges and mixing tips to dental distributors. The distributors, in turn, sell to dental professionals. Mixpac also sells mixing tips directly to dental distributors, such as Henry Schein.

A&N Trading Company . . . distributes mixing tips that are manufactured by Seil Global Co., Ltd. ("Seil Global").

II. Mixpac's Trademark Registrations and A&N's Alleged Infringement

Mixpac owns twelve U.S. trademark registrations for particular colors on mixing tips. On March 23, 2010, it obtained trademarks on the principal register for the use of yellow and teal on mixing tip caps. On June 14, 2011, it obtained trademarks on the principal register for the use of blue, pink, purple, and brown on mixing tip caps. In January 2015 and January 2016, it obtained registered marks on the principal register for these same colors as "applied to the lower portion of dental mixing tips." Mixpac also owns trademarks on the supplemental register for yellow, teal, blue, pink, purple, and brown (collectively, the "Candy Colors") as applied to mixing tip cylinders and helixes, which it obtained in July and November of 2017.²

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Notwithstanding Mixpac's trademark registrations, A&N displayed and advertised mixing tips with clear caps and colored helixes during the 2016 Greater New York Dental Meeting ("2016 GNYDM"), held from November 27-30, 2016. The colors were identical or nearly identical to the colors on Mixpac's mixing tips.

III. Proceedings in District Court

On November 28, 2016, as the 2016 GNYDM continued, Mixpac filed suit against A&N, alleging unfair competition, infringement of common law marks, and claims under the Lanham Act for trademark infringement under 15 U.S.C. §§ 1114

² Registration on the principal register confers on the mark's holder certain benefits in litigation, including a rebuttable presumption that the mark is valid. *See* 15 U.S.C. § 1115(a). The supplemental register lists "non-mark designations . . . that are only 'capable' of someday becoming a 'mark' upon the acquisition of secondary meaning." 3 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 19:33 (5th ed. 2020). Thus, registration on the supplemental register does not confer the same benefits as does registration on the principal register, *see* 15 U.S.C. § 1094; in fact, it "does nothing to enlarge the substantive rights of the registrant." *Clairol Inc. v. Gillette Co.*, 389 F.2d 264, 267 (2d Cir. 1968).

and 1125(a), trademark counterfeiting under 15 U.S.C. § 1114, and false designation of origin under 15 U.S.C. § 1125(a). . . . A&N counterclaimed, alleging that Mixpac's use of Candy Colors on mixing tips was functional and, therefore, its trademark registrations should be canceled. Mixpac filed a Supplemental Complaint on February 12, 2019 to plead new U.S. trademark registrations, namely the registrations on the supplemental register.

After a one-day bench trial held on May 9, 2019, the district court granted final judgment and a permanent injunction for Mixpac on its claims for unfair competition, false designation of origin, infringement, and counterfeiting. . . . Mixpac called {as witnesses} Paul Jutzi, Mixpac's Director of Technology and Innovation; Daniel Ferrari, Mixpac's Director of Market Segment Healthcare; and expert witness Dr. Howard S. Glazer, a dentist with a general dental practice in Fort Lee, New Jersey.

The witnesses testified as to the Candy Colors' purpose. Jutzi testified that applying Candy Colors to the mixing tips "adds time and significant cost" and it "would be less expensive for Mixpac to make clear mixing tips without any color." He testified that while "Mixpac makes mixing tips with different sizes and types in the same color, and also the same size in different colors . . . [it] provides cartridges and mixing tips that can be matched by the same color." His testimony on cross-examination (considered together with other evidence in the record) acknowledges that all yellow mixing tips are 4.2 millimeters in diameter, all teal mixing tips are 6.5 millimeters in diameter, and all blue mixing tips are 3.2 millimeters in diameter. Ferrari similarly testified on cross-examination that Mixpac's catalog identifies mixing tip diameters by color, where teal indicates 6.5 millimeters, pink indicates 5.4 millimeters, yellow indicates 4.2 millimeters, blue indicates 3.2 millimeters, and brown indicates 2.5 millimeters. Glazer testified that in dental practice he does "not use, or select, a replacement mixing tip based on [c]olor alone because each of the two-component materials used is unique."

Additional evidence sheds light on the Candy Colors' purpose. In connection with the 2008 Litigation, Mixpac submitted declarations from its employees. In a declaration dated November 25, 2008, Richard J. Wilson, then Business Manager for Sulzer Mixpac USA, described that, "[t]o assist in identifying Mixpac's product and to enable users to quickly select a mixing tip that matches the proper cartridge, [Mixpac] chose a unique and arbitrary color coding system." Wilson further declared that the "colors of the cartridge cap are matched to the mixing tip to indicate the proper size and mixing ratio for the dental materials." . . . Further, Mixpac's advertising materials assert that "[i]n order to simplify handling MIXPAC is using color-coded mixers and outlet caps. The color of the outlet cap used for a certain dental product identifies the mixer best suited for th[e] product."

In addition to the bench trial testimony, the declarations of Mixpac employees, and Mixpac's advertising materials, websites advertise mixing tips based primarily

on their color under Mixpac's system. A website for Dental City, for example, advertises a bag of 48 pink mixing tips with 5.4 millimeter diameters, the same diameter as Mixpac's pink mixing tips. Materials manufacturers also rely on Mixpac's color-coding scheme in their product use instructions. . . .

On August 14, 2019, the district court issued its findings of fact and conclusions of law, and a final judgment and permanent injunction in Mixpac's favor. The district court concluded that the Candy Colors are non-functional because Mixpac's use of the colors "adds to the cost to Mixpac of making . . . mixing tips" and "[o]ther companies in the industry use different colors or no colors for their dental products including dental mixing tips." . . .

{W}ith respect to functionality, the district court applied the functionality standard as discussed in *Fabrication Enterprises, Inc. v. Hygenic Corp.*, 64 F.3d 53, 59 (2d Cir. 1995). It found that it was "satisfied from Dr. Glazer's quite persuasive and credible testimony that the degree of functionality here is small" and that "[m]ost important of all with respect to functionality is the fact that alternative designs are obviously and clearly available without impairing the utility of the product." It thus rejected A&N's argument that color is a proxy for diameter. The district court acknowledged however, that "a small minority" of dentists "have [probably] asked for a yellow tip or a blue tip."

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DISCUSSION

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I. Functionality

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"Whether a trade dress is or is not functional is a question of fact disturbed on appeal only if clearly erroneous." *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 1002 (2d Cir. 1997). In our Circuit, "a product feature is considered to be 'functional' in a utilitarian sense if it is (1) 'essential to the use or purpose of the article,' or if it (2) 'affects the cost or quality of the article.' " *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 219 (2d Cir. 2012) (footnote omitted) (quoting *Inwood Lab'y's, Inc. v. Ives Lab'y's, Inc.*, 456 U.S. 844, 850 n.10 (1982)). Product features are essential when they are "dictated by the functions to be performed by the article." *Id.* (internal quotation marks omitted); accord *Warner Bros., Inc. v. Gay Toys, Inc.*, 724 F.2d 327, 331 (2d Cir. 1983) ("[A] feature that merely accommodates a useful function is not enough."). A feature affects cost or quality when it "permits the article to be manufactured at a lower cost or constitutes an improvement in the operation of the goods." *Louboutin*, 696 F.3d at 219 (internal quotation marks omitted).

A feature can still be functional even if it is not essential to a product's use or purpose and does not affect a product's cost or operation. This is referred to as

aesthetic functionality, where “the aesthetic design of a product is *itself* the mark for which protection is sought.” *Id.* at 219-20 (emphasis in original). In such instances, this Court considers whether “giving the markholder the right to use it exclusively would put competitors at a significant non-reputation-related disadvantage.” *Id.* at 220 (internal quotation marks omitted).

The district court did not apply the *Louboutin* test in either its oral statements on the record at the bench trial or in its findings of fact and conclusions of law. The district court’s findings that Mixpac’s use of colors for mixing tips adds to Mixpac’s manufacturing costs and that some of Mixpac’s competitors use different or no colors for their mixing tips are not clearly erroneous and are supported by the record. Jutzi testified that Mixpac incurs “significant cost” for adding Candy Colors to mixing tips. Ferrari testified that “[m]any other mixing tips use colors different from the Candy Colors” and discussed a colorless universal mixing tip that Coltene manufactures.

A&N does not argue to the contrary. Instead, A&N argues that the mixing tips’ color coding helps users identify useful product characteristics, such as diameter. Because the color coding aids users, A&N argues that it affects the quality of the mixing tips and is “essential to how they are intended to be used.” The evidence elicited at the bench trial does not support A&N’s argument that use of colors on mixing tips is essential to use of the product. Color-coded mixing tips and cartridges are simply not akin to the “dual-spring” traffic sign design in *TraFFix*, where the dual-spring system afforded a “unique and useful mechanism to resist the force of the wind” and wind resistance is essential to a traffic sign’s purpose of alerting drivers. *TraFFix*, 532 U.S. at 33. The district court did not make a factual finding that colors are essential to the use or purpose of mixing tips, and we decline to do so on this record.

The evidence elicited at the bench trial, however, firmly establishes that the colors signify diameter, which in turn assists users with selecting the proper cartridge for their needs. As Mixpac’s own employees acknowledge, the colors enable users to quickly match the proper mixing tip with the proper cartridge, and thereby “improve[] the operation of the goods.” *Louboutin*, 696 F.3d at 219 (internal quotation marks omitted). The colors on the mixing tips serve roughly the same purpose as the colors of the flash-frozen ice cream that the Eleventh Circuit considered in *Dippin’ Dots, Inc. v. Frosty Bites Distribution, LLC*, where the ice cream’s colors signified flavor, i.e., pink signified strawberry, white signified vanilla, and brown signified chocolate, and were therefore found to be functional. 369 F.3d 1197, 1203-04, 1207 (11th Cir. 2004); *see also Inwood*, 456 U.S. at 853, 856-58 (concluding that our Circuit erred when it set aside the district court’s findings that colors of certain prescription drugs were functional, in part, because patients “associate[d] color with therapeutic effect” and “rel[ied] on color to

differentiate one [drug] from another” because those facts were not clearly erroneous).

The district court arguably came to this very conclusion when it acknowledged in its oral findings a “small” “degree of functionality,” after noting that “there are probably cases in which some dentists have asked for a yellow tip or a blue tip.” But its findings are unclear because it failed to apply the test set forth in *Louboutin*, and thus did not consider whether the colors affected the quality of the tips. *Louboutin* set out the three-step functionality test, where “[a]t the start, we address the two prongs of the *Inwood* test, asking whether the design feature is either essential to the use or purpose or affects the cost or quality of the product at issue. . . . Next, if necessary, we turn to a third prong, which is the competition inquiry” 696 F.3d at 220 (internal quotation marks omitted). We stressed that “if a design feature would, from a traditional utilitarian perspective, be considered essential to the use or purpose of the article, or to affect its cost or quality, then the design feature is functional under *Inwood* and our inquiry ends.” *Id.* (internal quotation marks omitted). If and only if a design feature is not functional in the traditional sense, do we move to the fact-intensive test where the feature must be “shown not to have a significant effect on competition in order to receive trademark protection.” *Id.* The district court erred because it did not apply this test when it considered only that Mixpac’s use of the Candy Colors adds to manufacturing costs and that other companies use different or no colors

Mixpac does not refute by evidence or argument that, because the colors on the tip correspond to the tip sizes, the color affects the quality of the product. It argues only that Cisneros, A&N’s expert witness, testified that choosing a mixing tip based on color alone would be “stupid.” But that does nothing to counter A&N’s argument because the functionality doctrine does not require that a product’s functional feature be the only reason why relevant consumers purchase it. We thus conclude that the colors are functional, rendering Mixpac’s trade dress unprotectible. Our finding of functionality means we need not reach A&N’s arguments that the district court’s counterfeiting and infringement analyses were fatally flawed. *See TrafFix*, 532 U.S. at 33 (“Functionality having been established, whether [the] design has acquired secondary meaning need not be considered. There is no need, furthermore, to engage . . . in speculation about other design possibilities”).