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SUPREME COURT OF THE UNITED STATES

No. 91-971

TWO PESOS, INC., PETITIONER v. TACO CABANA, INC.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

[June 26, 1992]

Justice White delivered the opinion of the Court.

^[6-1] of a restaurant may be protected under § 43(a) of the Trademark Act of 1946 (Lanham Act), 60 Stat. 441, [15 U.S.C. § 1125](#)(a) (1982 ed.), based on a finding of inherent distinctiveness, without proof that the trade dress has secondary meaning.

Respondent Taco Cabana, Inc., operates a chain of fast food restaurants in Texas. The restaurants serve Mexican food. The first Taco Cabana restaurant was opened in San Antonio in September 1978, and five more restaurants had been opened in San Antonio by 1985. Taco Cabana describes its Mexican trade dress as

"a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme." 932 F. 2d 1113, 1117 (CA5 1991).

In December 1985, a Two Pesos, Inc., restaurant was opened in Houston. Two Pesos adopted a motif very similar to the foregoing

description of Taco Cabana's trade dress. Two Pesos restaurants expanded rapidly in Houston and other markets, but did not enter San Antonio. In 1986, Taco Cabana entered the Houston and Austin markets and expanded into other Texas cities, including Dallas and El Paso where Two Pesos was also doing business.

In 1987, Taco Cabana sued Two Pesos in the United States District Court for the Southern District of Texas for trade dress infringement under § 43(a) of the Lanham Act, [15 U.S.C. § 1125\(a\)](#) (1982 ed.), ^[n.2] and for theft of tradesecrets under Texas common law. The case was tried to a jury, which was instructed to return its verdict in the form of answers to five questions propounded by the trial judge. The jury's answers were: Taco Cabana has a trade dress; taken as a whole, the trade dress is nonfunctional; the trade dress is inherently distinctive; ^[n.3] the trade dress has not acquired a secondary meaning ^[n.4] in the Texas market; and the alleged infringement creates a likelihood of confusion on the part of ordinary customers as to the source or association of the restaurant's goods or services. Because, as the jury was told, Taco Cabana's trade dress was protected if it either was inherently distinctive or had acquired a secondary meaning, judgment was entered awarding damages to Taco Cabana. In the course of calculating damages, the trial court held that Two Pesos had intentionally and deliberately infringed Taco Cabana's trade dress. ^[n.5]

The Court of Appeals ruled that the instructions adequately stated the applicable law and that the evidence supported the jury's findings. In particular, the Court of Appeals rejected petitioner's argument that a finding of no secondary meaning contradicted a finding of inherent distinctiveness.

In so holding, the court below followed precedent in the Fifth Circuit. In *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F. 2d 695, 702 (CA5 1981), the court noted that trademark law requires a demonstration of secondary meaning only when the claimed trademark is not sufficiently distinctive of itself to identify the producer; the court held that the same principles should apply to protection of trade dresses. The Court of Appeals noted that this approach conflicts with decisions of other courts, particularly the holding of the Court of Appeals for the Second Circuit in *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F. 2d 299 (1981), cert. denied, [455 U.S. 909](#) (1982), that § 43(a) protects unregistered trademarks or designs only where secondary meaning is shown. *Chevron, supra*, at 702. We granted certiorari to resolve the conflict among the Courts of Appeals on the question whether trade dress which is inherently distinctive is protectable under § 43(a) without a showing that it has acquired secondary meaning. ^[n.6] 502 U. S. ____ (1992). We find that it is, and we therefore affirm.

The Lanham Act ^[n.7] was intended to make "actionable the deceptive and misleading use of marks" and "to protect persons engaged in . . . commerce against unfair competition." § 45, [15 U.S.C. § 1127](#). Section 43(a) "prohibits a broader range of practices than does § 32," which applies to registered marks, *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, [456 U.S. 844](#), 858 (1982), but it is common ground

that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a). See *A. J. Canfield Co. v. Honickman*, 808 F. 2d 291, 299, n. 9 (CA3 1986); *Thompson Medical Co. v. Pfizer Inc.*, 753 F. 2d 208, 215-216 (CA2 1985).

A trademark is defined in [15 U.S.C. § 1127](#) as including "any word, name, symbol, or device or any combination thereof" used by any person "to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." In order to be registered, a mark must be capable of distinguishing the applicant's goods from those of others. § 1052. Marks are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F. 2d 4, 9 (CA2 1976). The Court of Appeals followed this classification and petitioner accepts it. Brief for Petitioner 11-15. The latter three categories of marks, because their intrinsic natures serve to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection. In contrast, generic marks--those that "refe[r] to the genus of which the particular product is a species," *Park' N Fly, Inc. v. Dollar Park and Fly, Inc.*, [469 U.S. 189](#), 194 (1985), citing *Abercrombie & Fitch, supra*, at 9--are not registrable as trademarks. *Park' N Fly, supra*, at 194.

Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected. However, descriptive marks may acquire the distinctiveness which will allow them to be protected under the Act. Section 2 of the Lanham Act provides that a descriptive mark that otherwise could not be registered under the Act may be registered if it "has become distinctive of the applicant's goods in commerce." §§ 2(e), (f), [15 U.S.C. §§ 1052](#)(e), (f). See *Park' N Fly, supra*, at 194, 196. This acquired distinctiveness is generally called "secondary meaning." See *ibid.*; *Inwood Laboratories, supra*, at 851, n. 11; *Kellogg Co. v. National Biscuit Co.*, [305 U.S. 111](#), 118 (1938). The concept of secondary meaning has been applied to actions under § 43(a). See, e. g., *University of Georgia Athletic Assn. v. Laite*, 756 F. 2d 1535 (CA11 1985); *Thompson Medical Co. v. Pfizer Inc.*, *supra*.

The general rule regarding distinctiveness is clear: an identifying mark is distinctive and capable of being protected if it *either* (1) is inherently distinctive *or* (2) has acquired distinctiveness through secondary meaning. Restatement (Third) of Unfair Competition, § 13, pp. 37-38, and Comment *a* (Tent. Draft No. 2, Mar. 23, 1990). Cf. *Park' N Fly, supra*, at 194. It is also clear that eligibility for protection under § 43(a) depends on nonfunctionality. See, e. g., *Inwood Laboratories, supra*, at 863 (White, J., concurring in result); see also, e. g., *Brunswick Corp v. Spinit Reel Co.*, 832 F. 2d 513, 517 (CA10

1987); *First Brands Corp. v. Fred Meyers, Inc.*, 809 F. 2d 1378, 1381(CA9 1987); *Stormy Clime, Ltd. v. ProGroup, Inc.*, 809 F. 2d 971, 974 (CA2 1987); *Ambrit, Inc. v. Kraft, Inc.*, 812 F. 2d 1531, 1535 (CA11 1986); *American Greetings Corp. v. Dan Dee Imports, Inc.*, 807 F. 2d 1136, 1141 (CA3 1986). It is, of course, also undisputed that liability under § 43(a) requires proof of the likelihood of confusion. See, e. g., *Brunswick Corp.*, *supra*, at 516-517; *AmBrit*, *supra*, at 1535; *First Brands*, *supra*, at 1381; *Stormy Clime*, *supra*, at 974; *American Greetings*, *supra*, at 1141.

The Court of Appeals determined that the District Court's instructions were consistent with the foregoing principles and that the evidence supported the jury's verdict. Both courts thus ruled that Taco Cabana's trade dress was not descriptive but rather inherently distinctive, and that it was not functional. None of these rulings is before us in this case, and for present purposes we assume, without deciding, that each of them is correct. In going on to affirm the judgment for respondent, the Court of Appeals, following its prior decision in *Chevron*, held that Taco Cabana's inherently distinctive trade dress was entitled to protection despite the lack of proof of secondary meaning. It is this issue that is before us for decision, and we agree with its resolution by the Court of Appeals. There is no persuasive reason to apply to trade dress a general requirement of secondary meaning which is at odds with the principles generally applicable to infringement suits under § 43(a). Petitioner devotes much of its briefing to arguing issues that are not before us, and we address only its arguments relevant to whether proof of secondary meaning is essential to qualify an inherently distinctive trade dress for protection under § 43(a).

Petitioner argues that the jury's finding that the trade dress has not acquired a secondary meaning shows conclusively that the trade dress is not inherently distinctive. Brief for Petitioner 9. The Court of Appeals' disposition of this issue was sound:

"Two Pesos' argument--that the jury finding of inherent distinctiveness contradicts its finding of no secondary meaning in the Texas market--ignores the law in this circuit. While the necessarily imperfect (and often prohibitively difficult) methods for assessing secondary meaning address the empirical question of current consumer association, the legal recognition of an inherently distinctive trademark or trade dress acknowledges the owner's legitimate proprietary interest in its unique and valuable informational device, regardless of whether substantial consumer association yet bestows the additional empirical protection of secondary meaning." 932 F. 2d, at 1120, n. 7.

Although petitioner makes the above argument, it appears to concede elsewhere in its briefing that it is possible for a trade dress, even a restaurant trade dress, to be inherently distinctive and thus eligible for protection under § 43(a). Brief for Petitioner 10-11, 17-18; Reply Brief for Petitioner 10-14. Recognizing that a general requirement of

secondary meaning imposes "an unfair prospect of theft [or] financial loss" on the developer of fanciful or arbitrary trade dress at the outset of its use, petitioner suggests that such trade dress should receive limited protection without proof of secondary meaning. Reply Brief for Petitioner 10. Petitioner argues that such protection should be only temporary and subject to defeasance when over time the dress has failed to acquire a secondary meaning. This approach is also vulnerable for the reasons given by the Court of Appeals. If temporary protection is available from the earliest use of the trade dress, it must be because it is neither functional nor descriptive but an inherently distinctive dress that is capable of identifying a particular source of the product. Such a trade dress, or mark, is not subject to copying by concerns that have an equal opportunity to choose their own inherently distinctive trade dress. To terminate protection for failure to gain secondary meaning over some unspecified time could not be based on the failure of the dress to retain its fanciful, arbitrary, or suggestive nature, but on the failure of the user of the dress to be successful enough in the marketplace. This is not a valid basis to find a dress or mark ineligible for protection. The user of such a trade dress should be able to maintain what competitive position it has and continue to seek wider identification among potential customers.

This brings us to the line of decisions by the Court of Appeals for the Second Circuit that would find protection for trade dress unavailable absent proof of secondary meaning, a position that petitioner concedes would have to be modified if the temporary protection that it suggests is to be recognized. ^[a]Brief for Petitioner 10-14. In *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F. 2d 299 (1981), the plaintiff claimed protection under § 43(a) for a product whose features the defendant had allegedly copied. The Court of Appeals held that unregistered marks did not enjoy the "presumptive source association" enjoyed by registered marks and hence could not qualify for protection under § 43(a) without proof of secondary meaning. *Id.* at 303, 304. The court's rationale seemingly denied protection for unregistered but inherently distinctive marks of all kinds, whether the claimed mark used distinctive words or symbols or distinctive product design. The court thus did not accept the arguments that an unregistered mark was capable of identifying a source and that copying such a mark could be making any kind of a false statement or representation under § 43(a).

This holding is in considerable tension with the provisions of the Act. If a verbal or symbolic mark or the features of a product design may be registered under § 2, it necessarily is a mark "by which the goods of the applicant may be distinguished from the goods of others," 60 Stat. 428, and must be registered unless otherwise disqualified. Since § 2 requires secondary meaning only as a condition to registering descriptive marks, there are plainly marks that are registrable without showing secondary meaning. These same marks, even if not registered, remain inherently capable of distinguishing the goods of the users of these marks. Furthermore, the copier of such a mark may be seen as falsely claiming that his products may for some reason be thought of as originating from the plaintiff.

Some years after *Vibrant*, the Second Circuit announced in *Thompson Medical Co. v. Pfizer Inc.*, 753 F. 2d 208 (CA2 1985), that in deciding whether an unregistered mark is eligible for protection under § 43(a), it would follow the classification of marks set out by Judge Friendly in *Abercrombie & Fitch*, 537 F. 2d, at 9. Hence, if an unregistered mark is deemed merely descriptive, which the verbal mark before the court proved to be, proof of secondary meaning is required; however, "[s]uggestive marks are eligible for protection without any proof of secondary meaning, since the connection between the mark and the source is presumed." 753 F. 2d, at 216. The Second Circuit has nevertheless continued to deny protection for trade dress under § 43(a) absent proof of secondary meaning, despite the fact that § 43(a) provides no basis for distinguishing between trademark and trade dress. See, e. g., *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F. 2d, at 974; *Union Mfg. Co. v. Han Baek Trading Co.*, 763 F. 2d 42, 48 (1985); *LeSportsac, Inc. v. K Mart Corp.*, 754 F. 2d 71, 75 (1985).

The Fifth Circuit was quite right in *Chevron*, and in this case, to follow the *Abercrombie* classifications consistently and to inquire whether trade dress for which protection is claimed under § 43(a) is inherently distinctive. If it is, it is capable of identifying products or services as coming from a specific source and secondary meaning is not required. This is the rule generally applicable to trademark, and the protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition. There is no persuasive reason to apply different analysis to the two. The "proposition that secondary meaning must be shown even if the trade dress is a distinctive, identifying mark, [is] wrong, for the reasons explained by Judge Rubin for the Fifth Circuit in *Chevron*." *Blau Plumbing, Inc. v. S.O.S. Fix it, Inc.*, 781 F. 2d 604, 608 (CA7 1986). The Court of Appeals for the Eleventh Circuit also follows *Chevron*, *Ambrit, Inc. v. Kraft, Inc.*, 805 F. 2d 974, 979 (1986), and the Court of Appeals for the Ninth Circuit appears to think that proof of secondary meaning is superfluous if a trade dress is inherently distinctive. *Fuddruckers, Inc. v. Doc's B. R. Others, Inc.*, 826 F. 2d 837, 843 (1987).

It would be a different matter if there were textual basis in § 43(a) for treating inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress. But there is none. The section does not mention trademarks or trade dress, whether they be called generic, descriptive, suggestive, arbitrary, fanciful, or functional. Nor does the concept of secondary meaning appear in the text of § 43(a). Where secondary meaning does appear in the statute, [15 U.S.C. § 1052](#) (1982 ed.), it is a requirement that applies only to merely descriptive marks and not to inherently distinctive ones. We see no basis for requiring secondary meaning for inherently distinctive trade dress protection under § 43(a) but not for other distinctive words, symbols, or devices capable of identifying a producer's product.

Engrafting onto § 43(a) a requirement of secondary meaning for inherently distinctive trade dress also would undermine the purposes of the Lanham Act. Protection of trade dress, no less than of

trademarks, serves the Act's purpose to "secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Park' N Fly*, 469 U. S., at 198, citing S. Rep. No. 1333, 79th Cong., 2d Sess., 3-5 (1946) (citations omitted). By making more difficult the identification of a producer with its product, a secondary meaning requirement for a nondescriptive trade dress would hinder improving or maintaining the producer's competitive position.

Suggestions that under the Fifth Circuit's law, the initial user of any shape or design would cut off competition from products of like design and shape are not persuasive. Only nonfunctional, distinctive trade dress is protected under § 43(a). The Fifth Circuit holds that a design is legally functional, and thus unprotectable, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection. See *Sicilia Di R. Biebow & Co. v. Cox*, 732 F. 2d 417, 426 (CA5 1984). This serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses.

On the other hand, adding a secondary meaning requirement could have anticompetitive effects, creating particular burdens on the start up of small companies. It would present special difficulties for a business, such as respondent, that seeks to start a new product in a limited area and then expand into new markets. Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator's dress in other markets and to deter the originator from expanding into and competing in these areas.

As noted above, petitioner concedes that protecting an inherently distinctive trade dress from its inception may be critical to new entrants to the market and that withholding protection until secondary meaning has been established would be contrary to the goals of the Lanham Act. Petitioner specifically suggests, however, that the solution is to dispense with the requirement of secondary meaning for a reasonable, but brief period at the outset of the use of a trade dress. Reply Brief for Petitioner 11-12. If § 43(a) does not require secondary meaning at the outset of a business' adoption of trade dress, there is no basis in the statute to support the suggestion that such a requirement comes into being after some unspecified time.

We agree with the Court of Appeals that proof of secondary meaning is not required to prevail on a claim under § 43(a) of the Lanham Act where the trade dress at issue is inherently distinctive, and accordingly the judgment of that court is affirmed.

It is so ordered.

Notes

¹ The District Court instructed the jury: " '[T]rade dress' is the total image of the business. Taco Cabana's trade dress may include the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior kitchen floor plan, the decor, the menu, the equipment used to serve food, the servers' uniforms and other features reflecting on the total image of the restaurant." 1 App. 83-84. The Court of Appeals accepted this definition and quoted from *Blue Bell Bio Medical v. Cin Bad, Inc.*, 864 F. 2d 1253, 1256 (CA5 1989): "The 'trade dress' of a product is essentially its total image and overall appearance." See 932 F. 2d 1113, 1118 (CA5 1991). It "involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques." *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F. 2d 966, 980 (CA11 1983). Restatement (Third) of Unfair Competition § 16, Comment a (Tent. Draft No. 2, Mar. 23, 1990).

² Section 43(a) provides: "Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation." 60 Stat. 441.

This provision has been superseded by § 132 of the Trademark Law Revision Act of 1988, 102 Stat. 3946, [15 U.S.C. § 1121](#).

³ The instructions were that to be found inherently distinctive, the trade dress must not be descriptive.

⁴ Secondary meaning is used generally to indicate that a mark or dress "has come through use to be uniquely associated with a specific source." Restatement (Third) of Unfair Competition § 13, Comment e (Tent. Draft No. 2, Mar. 23, 1990). "To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself." *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, [456 U.S. 844](#), 851, n. 11 (1982).

⁵ The Court of Appeals agreed: "The weight of the evidence persuades us, as it did Judge Singleton, that Two Pesos brazenly copied Taco

Cabana's successful trade dress, and proceeded to expand in a manner that foreclosed several important markets within Taco Cabana's natural zone of expansion." 932 F. 2d, at 1127, n. 20.

⁶ We limited our grant of certiorari to the above question on which there is a conflict. We did not grant certiorari on the second question presented by the petition, which challenged the Court of Appeals' acceptance of the jury's finding that Taco Cabana's trade dress was not functional.

⁷ The Lanham Act, including the provisions at issue here, has been substantially amended since the present suit was brought. See Trademark Law Revision Act of 1988, 102 Stat. 3946, [15 U.S.C. § 1121](#).

⁸ Since this case was submitted, the Court of Appeals for the Second Circuit has rejected a theory of "secondary meaning in the making" similar to that proposed by petitioner. *Laureyssens v. Idea Group, Inc.*, 1992 U. S. App. LEXIS 10643 (May 15, 1992). The Court of Appeals recognized that its requirement of secondary meaning for trade dress infringement under § 43(a) creates a problem of "piracy" in the early stages of product development. It relied in large part on state law to respond to this problem: "[T]rue innovators, at least under New York law, have adequate means of recourse against free riders." *Id.*, at 23.