

GM v. Lanard Toys: What is “Functionality”?

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In the 1980s, AM General (AMG) developed the military vehicle known as the Humvee. In 1992, AMG introduced the Hummer, a civilian version, and, in 1996, registered as a trademark the grille design common to both vehicles. In 1999, AMG “transferred the Hummer brand to General Motors as well as all intellectual property rights in the civilian vehicle while maintaining all rights in the Humvee name and the military vehicle.” *General Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 411 (6th Cir. 2006). Meanwhile, Lanard introduced a toy, described as a “Hyper Humvee,” as well as another of similar design; *id.*

When GM subsequently sued for trademark and trade dress infringement, Lanard pulled AMG into the suit. In 2004, the district court granted summary judgment to AMG and GM. A jury eventually awarded GM over \$1.2 million in profits and damages and advised the trial court that Lanard's laches and estoppel defenses be denied. 468 F.3d at 411–12. Reviewing the grant of summary judgment de novo and deferring to the jury on the rest, the Sixth Circuit opinion affirms in all respects.

Much attention is given to whether “the exterior appearance and styling of the vehicle design which includes the grille, slanted and raised hood, split windshield, rectangular doors, squared edges,” 468 F.3d at 417, are functional. As recounted by the court, “Lanard repeatedly and dramatically stated... that it stakes its entire claim in this case on the issue of functionality. Unfortunately, this was like picking a show pony in a thoroughbred race.” *Id.*

Whether functionality is a show pony or a winner, however, depends on the thrust of the argument. If the focus is on operation of the vehicle, one should expect

skepticism with regard to any feature noted above, much less exactly the same set of features. Even if the focus is aesthetic, it seems difficult to understand why firms selling such vehicles would need to adopt that particular set of features to compete effectively.

The opinion, however, fails to indicate how, if at all, Lanard competed. Indeed, “There appears to be no evidence of how the marketing... might overlap, and while [GM] states it has considered making Hummer toys, there is no real proof that the company is seriously considering this possibility.” 468 F.3d at 414. Yet, even if GM sold toy Hummers directly or via licensees, it should lose.

Creators of toy vehicles, with the possible exception of ones intended for riding, hold copyright because they have no function apart from their appearance. Yet *Knickerbocker Toy Co., Inc. v. Azrak-Hamway Intern., Inc.*, 668 F.2d 699, 702-03 (2d Cir. 1982), finds defendant’s toy Corvette not to infringe absent evidence that plaintiff’s toy version of that car was copied. Not surprisingly, similarity was not enough. Thus, a Hummer licensee should not prevail unless Lanard copied its toy. Why should GM fare better under the Lanham Act?

Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 238 (1964), holds that subject matter encompassed by Art. I § 8 cl. 8 (the IP Clause) and lacking “federal statutory protection... can be copied at will.” When firms lack patents or copyrights, can the Lanham Act fill the gap?

But for the well-known durational limit in the IP Clause, it might; in light of that, it cannot. The Supreme Court rarely faces the scope of federal power under the IP Clause. *Eldred v. Ashcroft*, 537 U.S. 186 (2003), confirms the vitality of the “for limited times” condition for copyright, but the Court is unlikely to face a durational challenge to the Lanham Act.

As long as protection for “functional” trade dress is explicitly denied in §§ 2(e)(5)

and 43(a)(3) a durational challenge would be unnecessary. Although congressional power for the Lanham Act derives from the Commerce Clause, those provisions amply demonstrate legislative recognition of a need to avoid protection of inappropriate subject matter for unlimited times.

Cases such as *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981), may pose some difficulty in that regard. Whatever their merits, however, they should be distinguished. It is one thing to allow owners of a TV show to prevent the copying of the “General Lee,” a uniquely configured Dodge Charger — more a character than a vehicle. It is quite another to allow Dodge to prevent copying of all Chargers. Yet, that is precisely what would occur on the logic of *Lanard*.

Thus, courts apparently need to be reminded that concerns addressed in *Compco* and *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, its companion, apply with equal force at the federal level. The public interest would be better served if the *Lanard* court had considered *Moline Pressed Steel Co. v. Dayton Toy & Specialty Co.*, 30 F.2d 16, 18 (6th Cir. 1929): “Plaintiff was admittedly the first to make a miniature truck identical in appearance with an actual device. In doing this it acted under a right that belonged to and is still open to the public. So defendant may also make and sell such trucks. ... [Moreover, i]t may use any forms, colors, or copied details that plaintiff uses which give the device the appearance of the model.”

When did the public lose rights to copy marketed products unprotected by patent or copyright, and on what basis? Creators of vehicles hold no copyright, and it is unclear whether design patents would cover a toy replica. Absent even that, it is difficult to see how the logic of *Sears* and *Compco* can support more than disclaimers — and then only to address demonstrable confusion as to source or sponsorship.

Lanard is wrong to provide more without at least considering the IP Clause.