ARTICLE

BALANCING ACT: REFLECTIONS ON JUSTICE O'CONNOR'S INTELLECTUAL PROPERTY JURISPRUDENCE

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I. INTRODUCTION

In a case far removed from the intellectual property area, Justice Sandra Day O'Connor once wrote that "[c]ontext matters."[1] Over the course of her twenty-four years on the Court, many commentators have written paeans to Justice O'Connor's "give-it-to-me-straight, cowgirl" approach to judging.[2] O'Connor is known and lauded for her preference for broad standards and balancing tests as opposed to bright line rules,[3] her penchant for pragmatic approaches,[4] and her contributions to the areas of

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1. Grutter v. Bollinger, 539 U.S. 306, 327 (2003).

2. Craig Joyce, *Lazy B and the Nation's Court: Pragmatism in Service of Principle*, 119 HARV. L. REV. 1257, 1272 (2006); *see also* Scott Bales, *Justice Sandra Day O'Connor: No Insurmountable Hurdles*, 58 STAN. L. REV. 1705, 1705 (2006) (describing her manner as "unassuming" and "down-to-earth"); Ruth Bader Ginsburg et al., *A Tribute to Justice Sandra Day O'Connor*, 119 HARV. L. REV. 1239 (2006) (noting O'Connor's straightforward, no-nonsense attitude); Anthony M. Kennedy, *William Rehnquist and Sandra Day O'Connor: An Expression of Appreciation*, 58 STAN. L. REV. 1663, 1667 (2006) (discussing the dominant influence of O'Connor's western roots).

3. *See* Joyce, *supra* note 2, at 1266 (noting that, in the landmark decision of *Roe v. Wade*, Justice O'Connor did not like the trimester framework, but rather preferred the undue burden balancing test). For an excellent discussion of the debate over the use of standards versus rules within the Supreme Court, see Spencer Overton, *Rules, Standards and* Bush v. Gore*: Form and the Law of Democracy*, 37 HARV. C.R.-C.L. L. REV. 65, 74–75 (2002) (describing the benefits and disadvantages of bright-line rules and flexible standards).

4. Joyce, *supra* note 2, at 1271 (observing that Justice O'Connor did not like divorcing herself from real people and the particular facts in a case); *see also id.* at 1272 (observing that Justice O'Connor probably acquired her "get the job done" attitude from her time spent on the Lazy B Ranch, where she grew up). *See generally* SANDRA DAY O'CONNOR & H. ALAN DAY, LAZY B: GROWING UP ON A CATTLE RANCH IN THE AMERICAN SOUTHWEST (2002) (describing the Lazy B's simple and unsophisticated value system as the product of necessity).

federalism[5] and gender equity.[6] With few exceptions,[7] however, these tributes have not highlighted Justice O'Connor's substantial contributions to several areas of intellectual property law and the significant implications of her views in those areas. While there is a good deal of scholarship on particular intellectual property cases in which Justice O'Connor authored the majority opinion,[8] very little of it has focused on comparing

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5. *See* United States v. Morrison, 529 U.S. 598, 627 (2000) (holding that a federal civil remedy exceeded Congress's authority); United States v. Lopez, 514 U.S. 549, 567 (1995) (refusing to "convert congressional authority under the Commerce Clause to a general police power of the sort retained by the States"); New York v. United States, 505 U.S. 144, 149 (1992) (finding one provision of an act in which Congress compels states to dispose of radioactive waste within its borders an invalid exercise of congressional authority); FERC v. Mississippi, 456 U.S. 742, 775–79, 795–96 (1982) ("Instead, each State is sovereign within its own domain, governing its citizens and providing for their general welfare."); *see also* Joyce, *supra* note 2, at 1264–65 (noting Justice O'Connor's view that each state is sovereign within its borders rather than a "field office" to the national government).

6. *See* Price Waterhouse v. Hopkins, 490 U.S. 228, 261 (1989) (O'Connor, J., concurring) (shifting the burden to the employer to justify its decision regarding a female candidate's partnership); Miss. Univ. for Women v. Hogan, 458 U.S. 718, 733 (1982) (holding that a women-only admission policy of a state nursing school violated the Equal Protection Clause of the Fourteenth Amendment); *see also* Joyce, *supra* note 2, at 1265 (discussing the *Mississippi University for Women* decision and observing O'Connor's involvement in several important gender equality decisions).

7. *See* Joyce, *supra* note 2, at 1268 (identifying Justice O'Connor's opinion in *Feist Publications, Inc. v. Rural Telephone Service Co.,* 499 U.S. 340 (1991), as "the most significant copyright decision of the twentieth century"); William Patry, *The Enumerated Powers Doctrine and Intellectual Property: An Imminent Constitutional Collision*, 67 GEO. WASH. L. REV. 359, 360 (1999) (noting that Justice O'Connor's opinions "clearly demarcated the boundaries of Congress's enumerated power to vest monopolies in intellectual property creations").

8. *See generally* David W. Carstens, *Preemption of Direct Molding Statutes:* Bonito Boats v. Thunder Craft Boats, 3 HARV. J.L. & TECH. 167 (1990) (analyzing O'Connor's unanimous opinion in *Bonito Boats*); K. David Crockett, *The Salvaged Dissents of* Bonito Boats v. Thunder Craft, 13 GEO. MASON L. REV. 27 (1990) (criticizing O'Connor's unanimous opinion in *Bonito Boats*); James W. Dabney, *Unfair Competition After* Bonito Boats, C461 A.L.I.-A.B.A. 85 (1991); Alex Devience, Jr., *Back to Open Season on American Product Ingenuity:* Bonito Boats, Inc. v. Thunder Craft, Inc., 24 J. MARSHALL L. REV. 209 (1990) (discussing the market implications of *Bonito Boats*); Gary L. Francione, *Facing* The Nation*: The Standards for Copyright, Infringement, and Fair Use of Factual Works*, 134 U. PA. L. REV. 519 (1986) (examining how O'Connor's majority opinion in *Harper & Row Publishers v. The Nation Enterprises*, 471 U.S. 539 (1985), "has restricted fair use analysis in ways that will increase the number of infringement claims involving factual works"); Jane C. Ginsburg, *Creation and Commercial Value: Copyright Protection of Works of Information*, 90 COLUM. L. REV. 1865 (1990) (highlighting the "stingy allocation" of copyright protection for high authorship informational works, as articulated in *Harper & Row*); S. Stephen Hilmy, Bonito Boats' *Resurrection of the Preemption Controversy: The Patent Leverage Charade and the Lanham Act "End Around"*, 69 TEX. L. REV. 729 (1991); Bradley J. Olson, *The Amendments to the Vessel Hull Design Protection Act of 1998: A New Tool for the Boating Industry*, 38 J. MAR. L. & COM. 177 (2007) (discussing the uniqueness of intellectual property protection provided by the Vessel Hull Design Protection Act of 1998 in response to *Bonito Boats*); J.H. Reichman, *Legal Hybrids Between the Patent and Copyright Paradigms*, 94 COLUM. L. REV. 2432 (1994) (discussing

her intellectual property cases to one another.[9] This Article is a modest attempt to do so.

This Article will compare and contrast Justice O'Connor's intellectual property cases in order to draw some lessons that may be important in tracing how those cases resonate in the Court's more recent intellectual property jurisprudence. It argues that O'Connor's opinions in the areas of trademark, copyright, and patent engage in a capacious "balancing act"[10] that is consistent with her approach to other areas of the law. Professor Marci Hamilton, who clerked for the Justice during the 1989 October term, notes:

> Justice O'Connor decides each case as it comes to her. She does not have doctrinal axes to grind, but rather seems to sustain a true connection to the practical problems of the parties before her. Each case is not an opportunity to vent her latest theory, but rather an opportunity to solve a problem to the best of the Court's abilities.[11]

In the areas of patent and copyright, Justice O'Connor demonstrates awareness of the constitutional and statutory imperatives in striking a balance between incentives for creativity and innovation and the need for free competition in items that fail to meet the threshold for protection.[12] In the trademark area, Justice O'Connor's "balancing act" is less a

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the effect of *Bonito Boats* on a competitor's ability to reverse engineer); David E. Shipley, *Refusing to Rock the Boat: The* Sears/Compco *Preemption Doctrine Applied to* Bonito Boats v. Thunder Craft, 25 WAKE FOREST L. REV. 385 (1990); John Shepard Wiley, Jr., Bonito Boats*: Uninformed but Mandatory Innovation Policy*, 1989 SUP. CT. REV. 283 (1989).

9. Note that Professor Marci Hamilton has penned articles describing the tensions between *Harper & Row* and *Feist*. *See* Marci A. Hamilton, *Justice O'Connor's Intellectual Property Opinions: Currents and Crosscurrents*, 13 WOMEN'S RTS. L. REP. 71, 71–72 (1991) (discussing the parallels and differences between various intellectual property opinions from Justice O'Connor); Marci A. Hamilton, *Justice O'Connor's Opinion in* Feist Publications, Inc. v. Rural Telephone Service Co.*: An Uncommon Though Characteristic Approach*, 38 J. COPYRIGHT SOC'Y U.S.A. 83 (1990).

10. *See* Stewart v. Abend, 495 U.S. 207, 230 (1990) ("Absent an explicit statement of congressional intent that the rights in the renewal term of an owner of a pre-existing work are extinguished upon incorporation of his work into another work, it is not our role to alter the delicate balance Congress has labored to achieve."); Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 146 (1989) ("The Patent Clause itself reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the 'Progress of Science and useful Arts'. . . . From their inception, the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy.").

11. Hamilton, *supra* note 9, at 78–79.

12. *See Stewart*, 495 U.S. at 230.

function of looking to express constitutional language and more a matter of carefully parsing statutory language against the backdrop of the policies, purposes, and principles that underlie the federal Lanham Act.[13]

First, this Article asks whether Justice O'Connor's western upbringing and legislative experience as an Arizona state senator predisposed her toward certain attitudes about intellectual property. Part III proceeds by examining O'Connor's intellectual property opinions and speculating on her opinions in subsequent intellectual property cases from 1991 to her retirement from the Court in January 2006. Significantly, Justice O'Connor last authored the majority opinion of an intellectual property case in 1991. As such, this Article looks at the effects of her opinions on the intellectual property jurisprudence of her colleagues, such as Justices Anthony Kennedy and Antonin Scalia. Finally, this Article concludes by examining Justice O'Connor's position in major intellectual property cases over the past decade—when she did not write any majority opinions.

II. SOME GENERAL OBSERVATIONS OF JUSTICE O'CONNOR'S BACKGROUND

Sandra Day O'Connor possesses an uncommon gravitas. I learned this first-hand in August 1999, when Justice O'Connor spoke at a ceremony dedicating the William W. Knight School of Law at the University of Oregon.[14] In addition to attending numerous meetings with various segments of the Eugene and Portland communities, Justice O'Connor was kind enough to meet with the University of Oregon Law faculty. I had a chance to speak with her briefly in the receiving line. I intended to compliment Justice O'Connor on the remarkable coherence of her intellectual property jurisprudence. Instead, I became a tongue-tied schoolboy and barely managed to get out a stuttering "I-it's g-great to m-meet you . . . ." This Article is, more or less, what I wanted to say to Justice O'Connor on that August afternoon.

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13. *See* Christopher D. Olszyk, Jr., KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*: An Analysis of the Fair Use Defense*, 30 DEL. J. CORP. L. 863, 873 (2005) (describing the Court's opinion in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, authored by O'Connor, as a "strict interpretation of the Lanham Act").

14. The new law school building was the result of a $25 million gift from Philip H. Knight, founder and then-CEO of Nike, Inc. Knight asked that the building be named after his father, who was a University of Oregon Law alumnus. Justice O'Connor's remarks were later published in the Oregon Law Review. *See* Sandra Day O'Connor, Associate Justice, U.S. Supreme Court, Professionalism, Dedication of the William W. Knight Law Center, *in* 78 OR. L. REV. 385, 385 (1999).

A. Western Roots

Justice O'Connor's western roots imparted libertarian-tinged values to her judicial decisionmaking, such as the idea that government should establish a minimalist baseline of rules and entitlements and then back off to allow individuals to arrange their own affairs.[15] Underlying these judicial attitudes is a healthy respect for individual initiative and innovation.[16] These "western" roots help explain Justice O'Connor's attitude towards competition in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*[17] As discussed in Part III below, *Bonito Boats* stands prominently at the center of Justice O'Connor's intellectual property jurisprudence.

In many ways, a respect for hard work and individual initiative possibly predisposed Justice O'Connor to be sympathetic to the claims of authors and inventors. However, the wild-west rancher spirit may not be about getting others to protect themselves, but rather about taking care of one's own interests in the marketplace without the support of a government monopoly. One might speculate even further (and perhaps fruitlessly) about the correlation between "western" values and Justice O'Connor's later intellectual property opinions, but it is clear that she never forgot where she came from, even when O'Connor's profession took her far from her rancher roots. Of these influences, and their larger social context, Justice Anthony Kennedy writes:

> The western experience on the Day ranch in the 1930s and 1940s had a direct and powerful link to the American frontier experience. With no cities or towns, no preexisting social structures or governments, those who came to the frontier confronted the meaning of freedom in a new and direct way. Acquaintances, co-venturers, neighbors, and adversaries all had to take the measure of one another and establish their respective rights and privileges. The common premise was simple: equality. The western and

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15. Joyce, *supra* note 2, at 1258–61; *see also* O'CONNOR & DAY, *supra* note 4, at 315; Jesse H. Choper, *The Current Justices of the U.S. Supreme Court: Their Philosophies, Ideologies, and Values*, 51 BULL. AM. ACAD. OF ARTS & SCI. 54, 56, 68–69 (asserting that Justice O'Connor was more likely than others "to find in favor of individual rights").

16. However, I also agree with Professor Craig Joyce, who wrote that "[f]ew intellectual property disputes, in all likelihood, were debated around the Day family dinner table." Joyce, *supra* note 2, at 1268.

17. *See* Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 168 (1989) (noting O'Connor's favoritism towards a "'strong federal policy favoring free competition in ideas which do not merit patent protection'" (quoting Lear, Inc. v. Adkins, 395 U.S. 653, 656 (1969))).

> frontier experience taught that each person was entitled to be treated as equal and given the opportunity to prove his merit, her character, his resourcefulness, her strength.[18]

When making such a speculation, it should be noted that any of the so-called "western" or "rancher" values mentioned here and attributed to Justice O'Connor may appear double-sided—that is, they may give rise to opposing interpretations.[19] For example, while western libertarianism tends to look skeptically on sometimes heavy-handed government intervention in the marketplace, government is also crucial in establishing a sound baseline of entitlements and a judicial system so that private ordering may take place.

Consider the curious relationship between western ranchers and the government. On one hand, ranchers are highly independent and competitive. Justice O'Connor's father, Harry Day, was highly competitive—working his ranch, buying up rights to adjoining properties, creating the Lazy B Ranch, and turning it into the most successful ranch in the region.[20] On the other hand, the government owned the land and set parameters and baseline rules and regulations, which sometimes went too far—e.g., the federal government's increase in grazing fees that eventually drove the Days off the Lazy B Ranch after 113 years.[21]

Of course, key "western" metaphors—big sky, open range, and even the "public domain" (in a geographic sense)—also bear an intuitive connection to individualism and libertarianism. Significantly, Wallace Stegner, O'Connor's former professor at Stanford, is one of Justice O'Connor's favorite authors.[22] Often called the "dean" of western writers,[23] Stegner's passion for

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18. Kennedy, *supra* note 2, at 1668.

19. It is worth mentioning that Justice O'Connor's undergraduate major was Economics, and she was heavily influenced by Stanford business professor Harry Rathbun. Additionally, her husband, John, was a business lawyer. These aspects of her life and education suggest that she was much more than a "western cowgirl"—she also possessed a keen interest in economics and business. *See* Charles Lane, *The Professor Who Lit the Spark*, STAN. MAG., Jan./Feb. 2006, at 49, *available at* http://www.stanfordalumni.org/news/magazine/2006/janfeb/features/spark.html ("Throughout her time on the Supreme Court, O'Connor has often told audiences that Rathbun inspired her to study the law, and she has maintained a cordial relationship with his family.").

20. O'CONNOR & DAY, *supra* note 4, at 23.

21. *Id.* at 264, 311; Joyce, *supra* note 2, at 1263.

22. Wallace Stegner (1909–1993) was an influential historian, novelist, short story writer, and environmentalist who founded the creative writing program at Stanford. Stegner won the Pulitzer Prize in fiction in 1972 for his novel, *Angle of Repose*, and the National Book Award in 1977 for *The Spectator Bird*. *See* William H. Honan, *Wallace Stegner is Dead at 84; Pulitzer Prize-Winning Author*, N.Y. TIMES, Apr. 15, 1993, at B8.

23. *See* O'CONNOR & DAY, *supra* note 4, at vii (quoting Wallace Stegner, *Finding the*

wilderness preservation was a source of the mid-twentieth century environmental movement.[24] While there may not be an obvious connection between Stegner's writings and environmentalist values and Justice O'Connor's jurisprudence, one could conclude that preservation of the western environment has a relationship, for example, with governmental establishment of baseline rules. The nature of such rules may also be tied to the relative sparseness of population—that is, where there are fewer people and more space between them, there is a lessened need for regulation.[25]

B. Experience in the Three Branches of State Government

Perhaps most influential to Justice O'Connor's decisionmaking style and values are her experiences in the executive, legislative, and judicial branches of the Arizona state government. These experiences, combined with her public service as an elected member of the state legislature, separate O'Connor from her colleagues on the Supreme Court and offer insight into the development of her intellectual property jurisprudence.

Many of the intellectual property issues that Justice O'Connor dealt with were matters of statutory interpretation. Her decisions in this area were arguably affected by her opinion about the proper relationship between the judiciary and the legislature—namely, on issues of judicial intervention and judicial deference.[26] Additionally, O'Connor may have

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Place: A Migrant Childhood, *in* WHERE THE BLUEBIRD SINGS TO THE LEMONADE SPRINGS: LIVING AND WRITING IN THE WEST 3, 9–10 (1992)) ("[T]here is something about living in big empty space, where people are few and distant, under a great sky that is alternately serene and furious, exposed to sun from four in the morning till nine at night, and to a wind that never seems to rest—there is something about exposure to that big country that not only tells an individual how small he is, but steadily tells him *who* he is.").

24. *See* Katherine Daniels Ryan, *Preservation Prevails Over Commercial Interests in the Wilderness Act:* Wilderness Society v. United States Fish & Wildlife Service, 32 ECOLOGY L.Q. 539, 543 (2005) (noting that the connection between the environmental movement and the spirit of the American frontier "was captured by writers such as Wallace Stegner").

25. *See* Carol M. Rose, *A Dozen Propositions on Private Property, Public Rights, and the New Takings Legislation*, 53 WASH. & LEE L. REV. 265, 269–70 (1996) (noting that property rights vary with changing conditions).

26. *See* Kathleen M. Sullivan, *Chief Justice Rehnquist '52 and Justice O'Connor '52*, STAN. LAW., Fall 2005, at 4; Kathleen M. Sullivan, *Justice in the Balance: The Precedent-Setting Life of the All-Important Swing Vote on the High Court*, WASH. POST BOOK WORLD, Dec. 25, 2005, at 3 (reviewing JOAN BISKUPIC, SANDRA DAY O'CONNOR: HOW THE FIRST WOMAN ON THE SUPREME COURT BECAME ITS MOST INFLUENTIAL JUSTICE (2005)). Sullivan argues that Justice O'Connor's legislative experience shaped these attitudes. On the one hand, O'Connor believes that the courts should defer to legislatures on issues that are essentially political in nature and thus not suitable subjects for judicial intervention. On the other hand, O'Connor considers judicial intervention to be warranted where it is

internalized the legislative norms of compromise and cooperation during her time in the Arizona state senate.[27] The workings of a legislative body typically involve substantial negotiation and deal-making. Scorched-earth and take-no-prisoners tactics may play well on the campaign trail, but in a legislature they only alienate legislators from each other (and the votes one may need to court in the future).

Justice O'Connor's opinions in the three areas of federal intellectual property protection demonstrate a penchant for drawing a skillfully sensitive balance between competing branches of government and conflicting interests. In the patent area, she wrote about the need to respect "the balance struck by Congress in the federal patent statute between the encouragement of invention and free competition in unpatented ideas."[28] In the area of copyright, Justice O'Connor held that "originality is a constitutionally mandated prerequisite for copyright protection."[29] In so doing, O'Connor struck two key balances. The first balance is between works that have authors and unauthored, unoriginal, and unprotected facts. The second balance is between the rights of authors in their original creations and the public's interest in wide dissemination of and access to those works. In the constitutionally distinct area of federal trademark protection, Justice O'Connor used the idea of "functionality" to strike a balance between the interests of holders of expired patents and the public's interest in avoiding source confusion.[30] Justice O'Connor expressed that when a patent expired, a drug manufacturer should not be allowed to use trademark law as a vehicle to extend its monopoly to functional aspects of its product such as the color and shape of pharmaceuticals.[31] Justice O'Connor also showed deference to

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necessary to prevent the legislative branch from exceeding its ambit of authority, which may occur when legislatures seek power to achieve short-term (and short-sighted) political goals at the cost of long-term constitutional structure. Sullivan, *Chief Justice Rehnquist '52 and Justice O'Connor '52*, *supra*.

27. Joyce, *supra* note 2, at 1262 (describing Justice O'Connor's appointment and reelection to the state senate and noting that she was "selected by her colleagues to become majority leader—the first woman so to serve in United States history"). Note that there was a woman leader in the Nebraska legislature that may have antedated Justice O'Connor; however, the Nebraska legislature is unicameral, whereas Arizona's is bicameral. My gratitude goes to Professor Joyce for this contribution.

28. Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 144 (1989).

29. Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 351 (1991).

30. *See* Inwood Labs., Inc. v. Ives Labs, Inc., 456 U.S. 844, 862–63 (1982).

31. *Id.* at 853; *see also* Kellogg Co. v. Nat'l Biscuit Co., 305 U.S. 111, 122 (1938) (holding that the term "Shredded Wheat" was unprotected if used in a nondeceptive, descriptive fashion); Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 185 (1896) ("It follows, as a matter of course, that on the termination of the patent there passes to the

Congress by embracing a broad interpretation of what "incontestability" means under the Lanham Act—carefully weighing the reliance interests of a trademark owner who invested in creating secondary meaning in a mark against the interests of competitors in using descriptive (if idiosyncratic) marks.[32] In each of these intellectual property areas, Justice O'Connor's opinions demonstrate a thoughtful and pragmatic "balancing act."

III. *BONITO BOATS* AND OPEN COMPETITION: INTELLECTUAL PROPERTY FEDERALISM?

As President Reagan's first appointee, Justice O'Connor was undoubtedly a conservative, albeit one with a "libertarian streak."[33] While one would reasonably expect to find evidence of conservative values in O'Connor's jurisprudence, there are at least two approaches that conservatives might take toward intellectual property rights. One is illustrated in Judge Frank Easterbrook's essay, *Intellectual Property is Still Property*.[34] Under this approach, intellectual property should be treated as a particularly strong version of "private property" that should be upheld against untoward redistributionist state interference and trespassory infringement by individuals.[35] Conservatives

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public the right to make the machine in the form in which it was constructed during the patent. . . . [And therefore, the public must also acquire the] designated name which was essentially necessary to vest the public with the full enjoyment of that which had become theirs by the disappearance of the monopoly."); Crescent Tool Co. v. Kilborn & Bishop Co., 247 F. 299, 301 (2d Cir. 1917) (holding that the form of a Crescent wrench was functional and unprotectable if the source of the wrench was accurately disclosed).

32. Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 200–02 (1985).

33. Marci Hamilton, *Justice Sandra Day O'Connor's Twenty Years on the Supreme Court, Part I: O'Connor as a Jurist*, FINDLAW.COM, June 7, 2001, http://writ.news.findlaw.com/hamilton/20010607.html (commenting on Justice O'Connor's "libertarian streak" as evidenced in opinions like *Atwater v. City of Lago Vista*, 532 U.S. 318 (2001)).

34. *See generally* Frank H. Easterbrook, *Intellectual Property Is Still Property*, 13 HARV. J. L. & PUB. POL'Y 108 (1990). *But see* Richard A. Epstein, *Liberty Versus Property? Cracks in the Foundation of Copyright Law*, 42 SAN DIEGO L. REV. 1, 28 (2005) (arguing that intellectual property rights are based on a utilitarian foundation).

35. One need look no further than the expanding scope of copyright law by Congress in the digital realm to illustrate the crude idea that there is a linear, one-to-one relationship between the strength of copyright protection and the production of copyrighted works. This expansion may have begun in the 1980s when the recording industry persuaded Congress to change the first sale doctrine to prohibit the rental of sound recordings. *See* Record Rental Amendment of 1984, Pub. L. No. 98-450, 98 Stat. 1727 (codified as amended at 17 U.S.C. § 109(b) (2000)). This was followed by the prohibition of software rentals in 1990. *See* Computer Software Rental Amendments Act of 1990, Pub. L. No. 101-650, 104 Stat. 5134 (codified as amended at 17 U.S.C. § 109(b) (2000)). Various media industries attempted to resolve their differences and pushed Congress to enact the Audio Home Recording Rights Act of 1992. *See* Audio Home Recording Act of 1992, Pub. L. No. 102-563, 106 Stat. 4237 (codified as amended at 17

might also applaud the strengthening of intellectual property rights in the spirit of "what's good for business is good for America," as intellectual property industries become a larger part of the U.S. gross domestic product and underwrite U.S. dominance in the intellectual property sector of the global economy. Interestingly, Justice O'Connor took neither of these viewpoints. Instead, her intellectual property jurisprudence focused on the equally conservative, but distinct, interest in finding "the balance struck by Congress in the federal patent statute between the encouragement of invention and free competition in unpatented ideas."[36]

U.S.C. §§ 1001–1010 (2000)) (imposing technological constraints on the manufacture of devices used to copy music and assorted other provisions dealing with royalties, importation, manufacture and distribution of digital audio equipment that did not incorporate such controls). In 1995, Congress enacted the Digital Performance Right in Sound Recording Act, establishing a new exclusive right under §§ 106 and 114 of the Copyright Act to perform sound recordings "publicly by means of a digital audio transmission." *See* Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336 (codified as amended at 17 U.S.C. §§ 106, 114 (2000)). Congress also enacted the No Electronic Theft (NET) Act in 1997, strengthening criminal prosecution and penalties for acts of infringement in which the defendant received no financial gain. *See* No Electronic Theft (NET) Act, Pub. L. No. 105-147, 111 Stat. 2678 (codified as amended in scattered sections of 17 and 18 U.S.C.). Congress passed the Digital Millennium Copyright Act (DMCA) in 1998, amending the Copyright Act in two major ways: (1) by focusing on the efficacy of anticopying technology put in place by copyright owners, prohibiting *both* specific acts to circumvent measures controlling access to a copyrighted work as well as trafficking, manufacturing, importing and distributing devices that circumvent such controls; and (2) by providing Online Service Providers (OSPs) with a "safe harbor" from contributory or vicarious copyright infringement liability if they comply with certain requirements laid out in 17 U.S.C. § 512. *See* Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as amended in scattered sections of 17 U.S.C.). Both provisions of the DMCA have generated significant litigation. For judicial interpretations of the anticircumvention provisions, see *Lexmark International, Inc. v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2005); *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 381 F.3d 1178 (Fed. Cir. 2004); *Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001); *321 Studios v. Metro Goldwyn Mayer Studios, Inc.*, 307 F. Supp. 2d 1085 (N.D. Cal. 2004); *United States v. Elcom, Ltd.*, 203 F. Supp. 2d 1111 (N.D. Cal. 2002). For a case that sets out the baseline that OSPs are subject to in the absence of compliance with the DMCA's "safe harbors" and interpretation of "repeat offenders" and "good faith," see *Religious Technology Center v. Netcom On-Line Communication Services Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995). *See also* Corbis Corp. v. Amazon.com, Inc., 351 F. Supp. 2d 1090, 1106–10 (W.D. Wash. 2004); Online Policy Group v. Diebold, Inc., 337 F. Supp. 2d 1195, 1200–02 (N.D. Cal. 2004). In 2005, Congress enacted the Artists' Rights and Theft Prevention Act, which prohibited the unauthorized, knowing use or attempted use of a video camera to transmit or make a copy of a movie in a theater. *See* Artists' Rights and Theft Prevention Act of 2005, Pub. L. No 109-9, 119 Stat. 218 (codified as amended at 18 U.S.C. § 2319B (2005)). In 1998, Congress enacted the Sonny Bono Copyright Term Extension Act, extending the 1976 Act's term of protection to the author's life plus seventy years. *See* Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (codified as amended at 17 U.S.C. § 302(a) (2000)). This term extension was challenged and upheld by the Supreme Court in *Eldred v. Ashcroft*, 537 U.S. 186, 193–94 (2003).

36. Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 144 (1989); *see*

A. Bonito Boats, Inc. v. Thunder Craft Boats, Inc.

Bonito Boats, Inc. v. Thunder Craft Boats, Inc.[37] illustrates the focus of Justice O'Connor's intellectual property jurisprudence—striking a balance between promoting competition and fostering innovation. Like earlier landmarks, such as *Kewanee Oil Co. v. Bicron Corp.*[38] and *Compco Corp. v. Day-Brite Lighting Inc.*[39] and *Sears, Roebuck & Co. v. Stiffel Co.*[40] (the "*Sears-Compco*" cases),[41] *Bonito Boats* presented the question of federal preemption of state unfair competition law.[42] In agreement with the Florida Supreme Court's decision in this case, Justice O'Connor's majority opinion struck down the Florida anti-plug-molding statute that was meant to protect boat

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also Robert C. Denicola, *Freedom To Copy*, 108 YALE L. J. 1661, 1661–62 (1999) (examining the arguments of Ralph Brown, who defended "the freedom to copy" and "challenged any restraint on use that seem[s] to spiral beyond legitimate justification"). *See generally* Mark A. Lemley, *Ex Ante Versus Ex Post Justifications for Intellectual Property*, 71 U. CHI. L. REV. 129, 130–32 (2004) (supporting the balancing approach and criticizing ex-post, nonbalancing justifications).

37. *Bonito Boats*, 489 U.S. at 141. Most, if not all, boat hull designs would not meet the relatively stringent nonobviousness standard of patent law; hence, competitors in the boat hull industry would plug-mold their competitors' design and be able to undercut the originator of a particular boat hull design because competitors did not incur research and development expenses. Boat hull design companies that spent resources in designing new types of boat hulls had undoubtedly lobbied the Florida legislature to give them protection from plug-molding of boat hulls. *See* Pamela Samuelson & Suzanne Scotchmer, *The Law and Economics of Reverse Engineering*, 111 YALE L.J. 1575, 1591–94 (2002).

38. In *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), the Court held that even though state trade secret law was available to protect ideas that fell within the subject matter of patent law, trade secret law did not operate to thwart the congressional objectives of federal patent policy. *Id.* at 474, 480; *see also* Goldstein v. California, 412 U.S. 546, 559 (1973) (asserting that, "where Congress determines that neither federal protection nor freedom from restraint is required by the national interest," the states remain free to promote originality and creativity in their own domains).

39. Compco Corp. v. Day-Brite Lighting Inc., 376 U.S. 234 (1964).

40. Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964).

41. *See* Milton Handler, *Product Simulation: A Right Or A Wrong?*, 64 COLUM. L. REV. 1178, 1884–85 (1964) (discussing the *Sears* and *Compco* decisions).

42. The Supreme Court previously visited the question of federal preemption of state unfair competition law in the *Sears-Compco* cases, *Kewanee Oil*, and *Goldstein*. In the *Sears-Compco* cases, the Court considered whether Illinois state laws that prohibited the copying of unpatented fluorescent light fixtures and floor to ceiling pole lamps were preempted by federal patent law. It held that, with respect to subpatentable aspects of the lamps at issue, state laws were preempted. On the other hand, to the extent that the Illinois laws at issue were aimed at preventing misrepresentation, deception, or consumer confusion regarding the origin of such products, the laws were valid. *Compco*, 376 US. at 238; *Sears*, 376 U.S. at 232; *see also Bonito Boats*, 489 U.S. at 154 ("Read at their highest level of generality [the *Sears-Compco*] decisions could be taken to stand for the proposition that the States are completely disabled from offering any form of protection to articles or processes which fall within the broad scope of patentable subject matter. . . . [But] the extrapolation of such a broad pre-emptive principle from [the *Sears-Compco* cases] is inappropriate . . . .").

hull designs. O'Connor noted that the Florida statute "so substantially impedes the public use of the otherwise unprotected design and utilitarian ideas embodied in unpatented boat hulls so as to run afoul of the teaching of our decisions in *Sears* and *Compco*."[43] However, O'Connor's opinion in *Bonito Boats* advanced a nuanced interpretation of the *Sears-Compco*[44] doctrine and distinguished the *Kewanee Oil*[45] holding from the earlier *Sears-Compco* cases. Indeed, one might say that *Bonito Boats* went beyond merely cleaning up prior case law. It also presented a crystallized moment of "intellectual property federalism," thereby drawing *Kewanee Oil* and the *Sears-Compco* cases into new focus. O'Connor delineated a fairly detailed mapping of the relation of Congress and its powers to those of state governments.[46] While the case did not involve the Commerce Clause, Justice O'Connor evoked its spirit when she warned that, "through the creation of patent-like rights, the States could essentially redirect inventive efforts away from the careful criteria of patentability developed by Congress over the last 200 years."[47]

Although federal patent law was silent on the matter of subpatentable innovations, Justice O'Connor's construction of that statutory silence might be thought of as a difference between a "silently silent" statute (which would allow states to pass anti-plug-molding statutes) and a "vocally silent" one (which would mean that subpatentable innovations were in the public domain and could not be withdrawn from that status by state

43. *Bonito Boats*, 489 U.S. at 157. Note that in *Bonito Boats* O'Connor also quotes Judge Learned Hand: "[T]he plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy plaintiff's goods slavishly down to the minutest detail; but he may not represent himself as the plaintiff in their sale." *Bonito Boats*, 489 U.S. at 157 (quoting Crescent Tool Co. v. Kilborn & Bishop Co., 247 F. 299, 301 (2d Cir. 1917)).

44. *Id.* at 154 (explaining that, under the *Sears-Compco* cases, "all state regulation of potentially patentable but unpatented subject matter is not *ipso facto* pre-empted by the federal patent laws"; rather, states may "place limited regulations on the circumstances in which . . . designs are used in order to prevent consumer confusion as to source").

45. *Id*. at 155 ("[In *Kewanee Oil*,] we held that state protection of trade secrets did not operate to frustrate the achievement of the congressional objectives served by the patent laws. Despite the fact that state law protection was available for ideas which clearly fell within the subject matter of patent, the Court concluded that the nature and degree of state protection did not conflict with the federal policies of encouragement of patentable invention and the prompt disclosure of such inventions.").

46. *Id.* at 164–68 (discussing the ability of federal and state intellectual property protection laws to coexist harmoniously).

47. *Id*. at 157.

legislatures).[48] Favoring the latter position with regard to federal preemption, Justice O'Connor noted that "[f]rom their inception, the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy."[49] O'Connor stressed that patent law involves

> a carefully crafted bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology and design in return for the exclusive right to practice the invention for a period of years. . . . Where the public has paid the congressionally mandated price for disclosure, the States may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent.[50]

Though her opinion did not explicitly state as much, Justice O'Connor came close to finding a "right" of competitors to reverse-engineer subpatentable aspects of products, justified in part by the idea that intellectual property rights (e.g., patents) are the exception to a backdrop of open competition:

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48. The "silently silent"/"vocally silent" distinctions in the text derive in part from the contrast between the *Sears-Compco* cases and the approach taken in *Goldstein* and *Kewanee Oil*. The latter cases look at federal copyright and patent law and find them to be "silently" silent, and therefore state law is not preempted. By contrast, in the former cases (and *Bonito Boats*), the Court looks at federal patent law and finds that it is "vocally" silent, and therefore states are preempted from extending intellectual property protection to innovations that are subpatentable.

In *Goldstein*, which involved the Copyright Clause, the Court narrowed the wide preemptive effect of the *Sears-Compco* cases by holding that states have concurrent power with the federal government to protect works of authorship when Congress has chosen to leave an area unattended. Goldstein v. California, 412 U.S. 546, 560 (1973). *Goldstein* involved a California statute that criminalized the making of "bootleg" unauthorized copies of music recordings. *Id.* at 548–51. The *Goldstein* Court held that the statute was not preempted by federal copyright law and that the Constitution did not explicitly state that Congress had the exclusive power to protect an author's writings, hence the California statute was not preempted. *Id.* at 569–70. The *Goldstein* Court distinguished the *Sears-Compco* cases as being driven by patent policy where there was greater need for national uniformity. *Id.*

In *Kewanee Oil*, the Supreme Court took a similar position regarding the power of states to protect trade secrets, further narrowing the idea of *Sears-Compco* preemption. The *Kewanee Oil* Court held that the state law of trade secrets was not preempted because it did not clash with the objectives of federal patent law and did not "conflict with the operation of the laws in this area passed by Congress." Kewanee Oil v. Bicron Corp., 416 U.S. 470, 479 (1973). *Bonito Boats* attempts to split the difference by indicating that state unfair competition laws that aim at preventing consumer confusion as to the source are not preempted. *Bonito Boats*, 489 U.S. at 165–68.

49. *Bonito Boats*, 489 U.S. at 146.

50. *Id.* at 150–52.

> The attractiveness of [the patent] bargain, and its effectiveness in inducing creative effort and disclosure of the results of that effort, depend almost entirely on a backdrop of free competition in the exploitation of unpatented designs and innovations. . . . [F]ree exploitation of ideas will be the rule, to which the protection of a federal patent is the exception.[51]

O'Connor noted that, because trade secrets are not publicly disclosed, they are not incompatible with the public domain; furthermore, they provide much weaker protection than a patent because reverse-engineering and independent creation are permitted; and finally, noneconomic interests (e.g., privacy) fall within the ambit of trade secrets and outside of the interests advanced by patent law.[52]

Stressing the relationship between federal and state bodies of law, Justice O'Connor wrote:

> [T]he [*Sears-Compco*] Court correctly concluded that the States may not offer patent-like protection to intellectual creations which would otherwise remain unprotected as a matter of federal law. Both the novelty and nonobviousness requirements of federal patent law are grounded in the notion that concepts within the public grasp, or those so obvious that they readily could be, are the tools of creation available to all. They provide the baseline of free competition upon which the patent system's incentive to creative effort depends . . . .[53]

O'Connor found the statute to be lacking the "high standards of innovation and limited monopoly contained in the federal scheme"[54] and to present "conflicts with the federal policy 'that all ideas in general circulation be dedicated to the common good unless they are protected by a valid patent.'"[55] Additionally, O'Connor criticized the state law regime for having no time limit—the fact that it applied to "all boat hulls and their component parts, without regard for their ornamental or technological merit," and that it applied to hull designs that were freely revealed to the public.[56]

What has *Bonito Boats* wrought? With respect to intellectual property rights, it appears that over the past decade Justices Kennedy and Scalia have adopted a conservative, pro-

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51. *Id.* at 151.
52. *Id.* at 155–56.
53. *Id.* at 156.
54. *Id.* at 159.
55. *Id.* at 159–60 (citing Lear, Inc. v. Adkins, 395 U.S. 653, 668 (1969)).
56. *Id.* at 159.

competition attitude that is reminiscent of Justice O'Connor's views. In the trilogy of cases discussed below, Justice O'Connor's invocation of a baseline of free competition, against which federal intellectual property protection is exceptional, has gathered momentum. While these cases do not involve federal preemption of state law like *Bonito Boats*, they nonetheless embrace the underlying commitment to promoting competition and circumscribing boundaries to intellectual property rights.

B. *Knockoffs and Competition*

Wal-Mart Stores, Inc. v. Samara Bros., Inc.[57] marked a rethinking of the expansion of trade dress protection. *Samara Bros.* involved literal knockoffs of a competitor's designs for children's clothing.[58] The plaintiff sought a remedy for infringement of trade dress in the clothing at issue under section 43(a) of the Lanham Act.[59] Justice Scalia, who has an announced preference for "bright line rules,"[60] delineated between product packaging and product design.[61] *Two Pesos, Inc. v. Taco Cabana, Inc.* created the possibility that trade dress protection could become a backdoor for very strong intellectual property protection.[62] Under *Two Pesos*, the former could be inherently distinctive whereas the latter may not be distinctive.[63] Therefore, a showing of secondary meaning was necessary to bring a Section 43(a) trade dress action. Scalia wrote:

> It is true, of course, that the person seeking to exclude new entrants would have to establish the nonfunctionality of the design feature . . .—a showing that may involve some consideration of its esthetic appeal. . . . Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the

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57. Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205 (2000).

58. *Id.* at 207–08.

59. *Id.* at 207.

60. *See* Antonin Scalia, *The Rule of Law as a Law of Rules*, 56 U. CHI. L. REV. 1175, 1179–80 (1989).

61. *Samara Bros.*, 529 U.S. at 214–15.

62. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 769–75 (1992) (declining to apply to trade dress a requirement of secondary meaning and dismissing anticompetitive concerns raised by defendant Two Pesos).

63. *Samara Bros.*, 529 U.S. at 212–14 (explaining that product packaging is often used to identify the source of the product, while the common purpose of product design is to create a more useful or appealing product).

game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle.[64]

Justice Scalia's opinion is interesting for at least three reasons. First, the trade dress at issue in *Two Pesos* was a gestalt configuration of a particular building layout, décor, and colors. Using the product packaging/product design distinction, the *Two Pesos* gestalt could be characterized as a "package" (presumably "enclosing," "wrapping up" or "containing" food services) that, to Justice White and the *Two Pesos* Court,[65] was capable of being inherently distinctive (and therefore) protectable trade dress without a showing of secondary meaning. The *Two Pesos* decision could be viewed as having anticompetitive effects[66] because it allowed someone who was first in time in adopting particular inherently distinctive "packaging" to prevent geographically distant competitors from adopting similar packaging, even in the absence of notice or registration.[67]

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64. *Id.* at 214 (internal citations omitted).

65. Scalia concurred in the *Two Pesos* decision. *Two Pesos*, 505 U.S. at 776 (Scalia, J., concurring).

66. Of course, the opposite argument could be made—that failing to recognize inherently distinctive trade dress is anticompetitive because it allows later-in-time competitors to appropriate a start-up company's trade dress with impunity. But the question is whether the Lanham Act provides a kind of property right/incentive to encourage start-up businesses. If so, there are tensions with the traditional rationale of protecting consumers from confusion between marketplace signals.

67. The *Two Pesos* Court raised the question of anticompetitive effects of requiring secondary meaning requirement for nondescriptive trade dress cases, only to dismiss it. *Id.* at 774–75 (majority opinion) ("Suggestions that . . . 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). . . . [A] design is legally functional, and thus unprotectible, 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. . . . On the other hand, adding a secondary meaning requirement could have anticompetitive effects, creating particular burdens on the startup of small companies. It would present special difficulties for a business . . . that seeks to start a new product in a limited area and then expand into new markets. Denying protection . . . would allow a competitor . . . to appropriate the originator's dress in other markets . . . .").

There are also parallels to the "color depletion" theory reviewed in *Qualitex Co. v. Jacobsen Products Co.*, 514 U.S. 159 (1995). The debate in *Qualitex* over color depletion was a subset of "functionality," so the question is whether trademark law should be concerned about limiting firms in competition with one another to a range of product-signaling choices to promote competition, which benefits consumers. *Id.* at 164–65. While the *Qualitex* case dealt with the question of whether a color mark was registrable under the Lanham Act, the idea that in the context of ethnic restaurant décor certain types of color combination evocative of particular ethnic cuisines might be necessary, or at least be descriptive and not inherently distinctive. The dilemma for courts in this area is to lower the search costs of consumers or to make sure entry costs remain low by refraining from overexpansive trademark or trade dress claims. Of course, line drawing and redrawing in this area is endemic.

Second, in making a distinction between product packaging and product design, Justice Scalia drew a parallel to *Qualitex v. Jacobsen Products Co. Inc.*, in which the Court announced that color marks were never inherently distinctive but always needed a showing of secondary meaning to be registrable.[68] Conceding that there would be close cases (*tertium quid*) when deciding whether trade dress involved packaging or design, Justice Scalia alluded to the Raymond Lowry-designed Coke bottle, and wrote that, "[t]o the extent there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning."[69]

Third, by drawing a boundary between product design and product packaging, Justice Scalia veered away from the expansionist approach of *Two Pesos* in the name of advancing a pro-competition agenda.[70] Although *Samara Bros.* does not explicitly cite *Bonito Boats*, Scalia seems to have followed Justice O'Connor down the same conservative fork in the road by recalibrating trade dress protection under Section 43(a) as a justified exception to a backdrop of free competition.[71] In the area of clothing design, the Court effectively recognized a "right" of competitors to make knockoffs of garments lacking secondary meaning. It should be noted that Justice Scalia chose this case well, insofar as the default rule in U.S. intellectual property law is that clothing is characterized as utilitarian or functional. Therefore, in general, clothing cannot be protected from being copied under either copyright or trademark law.[72]

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68. *Qualitex*, 514 U.S. at 166–74.

69. Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 215 (2000).

70. *See id.* at 212–13 (stating that product design, unlike product packaging, is not inherently distinctive, and consumers should not be deprived of the "benefits of competition" with regard to the purposes that product design ordinarily serves); *supra* note 62 and accompanying text (stating that *Two Pesos* had created the possibility that trade dress protection could lead to very strong intellectual property protection).

71. *See Samara Bros.,* 529 U.S. at 216 ("[I]n an action for infringement of unregistered trade dress under § 43(a) of the Lanham Act, a product's design is distinctive, and therefore protectable, only upon a showing of secondary meaning.").

72. There are cases at the margins, of course, in which courts have upheld intellectual property rights in certain types of theatrical costumes or jewelry-type articles. *See* Whimsicality, Inc. v. Rubie's Costume Co., 891 F.2d 452, 455 (2d Cir. 1989) (denying copyright protection for clothing as opposed to fabric designs); Fashion Originators Guild of Am., Inc. v. Fed. Trade Comm'n, 114 F.2d 80, 84 (2d Cir. 1940) (allowing copyright protection for clothes as useful objects). *Compare* Masquerade Novelty, Inc. v. Unique Indus., Inc., 912 F.2d 663, 671 (3d Cir. 1990) (holding that animal "nose masks" were not useful objects for purposes of copyright and were copyrightable as "sculptural works"), *with* Kieselstein-Cord v. Accessories by Pearl, Inc., 632 F. 2d 989, 993 (2d Cir. 1980) (concluding that buckles were copyrightable because they had "conceptually separable sculptural elements"). *See generally* Mazer v. Stein, 347 U.S. 201, 217 (1954) (holding that statuettes of male and female dancing figures were copyrightable "works of art" as defined by the Copyright Statute).

C. *Functionality and the Limits of Trade Dress*

Justice Kennedy in *TrafFix Devices, Inc. v. Marketing Displays, Inc.* explicitly cites *Bonito Boats*, notwithstanding the fact that *TrafFix* involved trade dress.[73] Justice Kennedy wrote that "unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. . . . [And] copying is not always discouraged or disfavored by the laws which preserve our competitive economy."[74] Justice Kennedy also pointed to *Samara Bros.* as "caution[ing] against misuse or overextension of trade dress . . . [for] 'purposes other than source identification.'"[75] Justice Kennedy focused on the idea of functionality as another limit on the expansion of trade dress. In support of this limitation, Justice Kennedy referred to the mid-1990s amendments to the Lanham Act[76] and cited *Qualitex*,[77] which quoted O'Connor's opinion in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, for the proposition that "'a product feature is functional,' and cannot serve as a trademark, 'if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.'"[78]

Justice Kennedy thus ties together *Bonito Boats* and *Samara Brothers*, albeit in a strange way, by extrapolating *Bonito Boats*'s pro-competition policy into the area of trade dress. In so doing, the "intellectual property federalism" of *Bonito Boats* shifts from a question about the proper relationship between state and federal law into a question about the proper relationship between different federal intellectual property regimes (e.g., patent and trade dress protection under section 43(a) of the Lanham Act). Justice Kennedy's move appears even stranger still if one considers that in 1998, Congress enacted a federal Vessel Hull Design Protection Act—meaning that although states could not act to protect subpatentable boat hull

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73. TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 29 (2001).

74. *Id.*

75. *Id.* (quoting *Samara Bros.,* 529 U.S. at 213).

76. 15 U.S.C. § 1125(a)(3) (2000) ("In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.").

77. *TrafFix*, 532 U.S. at 32 (citing Qualitex Co. v. Jacobsen Prods. Co., 514 U.S. 159, 165 (1995)) (defining a feature as functional "'if it is essential to the use or purpose of the article or if it affects the cost or quality of the article'" and if the "exclusive use of [the functional feature] would put competitors at a significant non-reputation-related disadvantage").

78. *Qualitex*, 514 U.S. at 165 (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 850 (1982)).

designs, Congress could and did. Finally, there is something strange about seeing *Bonito Boats* deployed in cases that do not involve a clash between federal and state intellectual property regimes.[79]

In *Dastar Corp. v. Twentieth Century Fox Film Corp.*, Justice Scalia took the pro-competition attitude apparent in *TrafFix* and *Samara Bros.* and pushed it into overdrive.[80] Scalia embraced the idea of free use of unprotected works in open competitive markets.[81] He also raised the specter of anticompetitive effects on those markets if the boundaries of intellectual property laws become overextended.[82] Yet *Dastar* transmutes the rationale underlying Justice O'Connor's opinion in *Bonito Boats*—that state law should not allow someone to withdraw something out of the so-called federal "public domain" and turn it into a form of state-based intellectual property. While the federal preemption element is missing in *Dastar*, Justice Scalia proclaims that one may not take a work that has fallen out of copyright protection and use Section 43(a) to recapture it under a different federal

79. The Vessel Hull Design Protection Act (VHDPA) was Title V of the Digital Millennium Copyright Act of 1998. *See* Vessel Hull Design Protection Act, Pub. L. No. 105-304, 112 Stat. 2905 (codified as amended at 17 U.S.C. §§ 1301–1332 (1998)). The VHDPA gives ten years of protection against manufacturing, importing or otherwise trafficking commercially in articles duplicating protected designs. Vessel Hull Design Protection Act of 1998 §1305, 112 Stat. at 2907 (codified at 17 U.S.C. § 1305 (2000)). Designs must be registered with the Copyright Office, and protection runs from the date of registration or when authorized merchandise incorporating the protected design is first sold. Vessel Hull Design Protection Act of 1998 § 1304, 112 Stat. at 2907 (codified at 17 U.S.C. § 1304 (2000)). The threshold for protection is for original designs that make the article attractive or distinctive in appearance to a purchaser. Vessel Hull Design Protection Act of 1998 § 1301, 112 Stat. at 2906 (codified at 17 U.S.C. § 1301 (2000)). "Original" is defined as resulting from (1) the designer's creative endeavor; (2) is a distinguishable variation over prior similar works that is more than trivial; and (3) was not copied. Vessel Hull Design Protection Act of 1998 § 1301(b)(1), 112 Stat. at 2906 (codified at 17 U.S.C. § 1301 (2000)). The VHDPA also prohibits dual protection under its terms and under design patent law. Vessel Hull Design Protection Act of 1998 §§ 1301, 1329, 112 Stat. at 2906, 2916 (codified at 17 U.S.C. §§ 1301, 1329 (2000)). Despite the fact that Congress passed the VHDPA, there are problems with the protection of subpatentable innovations. Nonetheless, Congress did not claim to overrule *Bonito Boats*, and states are still forbidden from enacting anti-plug-molding legislation. *See* Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 168 (1989) (holding that states were preempted from legislating in the area of patents).

80. Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003). Dastar produced and sold copies of Fox's video series on World War II, in which the copyrights had lapsed. *Id.* at 26. Fox claimed that Dastar was misrepresenting the origin of the videos and thereby violating section 43(a) of the Lanham Act. *Id.* at 27. Justice Scalia rejected Fox's argument, construing the term "origin" to refer only to the physical source of the videos, not their authorship. *Id.* at 31.

81. *See id.* at 33–34 (stating that "once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution").

82. *Id.* at 36–37 (noting that a broad definition of "origin" could create causes of action harmful to competition).

intellectual property rubric.[83] Scalia identified the purpose of the Lanham Act as protecting consumers from confusion regarding the "source" of marketplace goods, though he defined "source" narrowly to exclude claims of authorship[84] and wrote that "[t]he words of the Lanham Act should not be stretched to cover matters that are typically of no consequence to purchasers."[85] Furthermore, he noted, "[t]he right to copy, and to copy without attribution, once a copyright has expired, like 'the right to make . . . it in precisely the shape it carried when patented—passes to the public.'"[86] Citing *TrafFix*, Justice Scalia utilized the *Bonito Boats* metaphor of a backdrop of free competition against which intellectual property rights are an exception: "In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying."[87] Scalia expressly invoked *Bonito Boats* to denounce a "species of mutant copyright law that limits the public's 'federal right to 'copy and use' expired copyrights" such as the repackaged film footage at issue in this case.[88]

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83. *See id.* at 33–34 (cautioning against the overextension of the Lanham Act "into areas traditionally occupied by patent or copyright").

84. *Id.* at 32 ("Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer's goodwill. It forbids, for example, the Coca-Cola Company's passing off its product as Pepsi-Cola or reverse passing off Pepsi-Cola as its product. . . . The consumer who buys a branded product does not automatically assume that the brand-name company is the same entity that came up with the idea for the product, or designed the product—and typically doesn't care whether it is."). Note that there are parallels between "forgery" (claiming that a work was created by another, when it was created by the forger) and "passing off," on the one hand, and between "plagiarism" (claiming that work created by another is one's own) and "reverse passing off" on the other hand. Fox's unsuccessful claim against Dastar for allegedly failing to acknowledge the "true" authorship of the videos was a type of plagiarism claim.

85. *Id.* at 32–33.

86. *Id.* at 33 (citing Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 230 (1964)).

87. *Id.* (quoting TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 29 (2001)).

88. *Id.* at 34 (citing Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 165 (1989)).

D. Bonito Boats *and the Return of the PHOSITA?*

KSR International Co. v. Teleflex Inc.,[89] the closely watched case handed down in April 2007, carries broad implications and effects that will emerge over the course of several years. *KSR* involved the question of the relative ease or difficulty involved in obtaining a patent. *KSR* expands the universe of prior art that might block a patent application or be used as a defense in patent litigation on grounds of obviousness. Writing for a unanimous Court, Justice Kennedy judicially redefined the idea of obviousness[90] in patent law. Kennedy rejected the Federal Circuit's[91] "teaching, suggestion,

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89. KSR Int'l Co. v. Teleflex Inc., 127 S. Ct. 1727 (2007). In this case, the patent claim involved "a position-adjustable pedal assembly with an electronic pedal position sensor attached to the support member of the pedal assembly" attached to a fixed pivot point—both the adjustable gas pedal and an electronic sensor were prior art. *Id.* at 1735–37. Teleflex demanded royalties from KSR. KSR refused, claiming that Teleflex had combined existing elements in an obvious manner; therefore, Teleflex's patent was invalid. *Id.* at 1734, 1737. The Federal Circuit, applying the TSM test, reversed a district court decision to grant KSR summary judgment on the ground that Teleflex's invention was "obvious." *Id.* at 1738. The Federal Circuit "ruled [that] the District Court had not been strict enough in applying the [TSM] test." *Id*.

90. In defining "obviousness," Justice Kennedy wrote,

> Section 103 [of the U.S. Patent Act] forbids issuance of a patent when "the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

Id. at 1734.

91. *See* John R. Allison & Mark A. Lemley, *Empirical Evidence on the Validity of Litigated Patents*, 26 AIPLA Q.J. 185, 187–88 (1998) (analyzing statistical data regarding the likelihood of patents being held valid and the probability that the Federal Circuit will affirm a trial court's finding of patent validity); John R. Allison & Mark A. Lemley, *How Federal Circuit Judges Vote in Patent Validity Cases*, 10 FED. CIR. B.J. 435, 436 (2001) (asserting that individual Federal Circuit judges cannot be described as propatent or antipatent); Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 25–26 (1989) (discussing the Federal Circuit's patent jurisdiction and the concerns raised about creating a specialized court); Donald R. Dunner, J. Michael Jakes & Jeffrey D. Karceski, *A Statistical Look at the Federal Circuit's Patent Decisions: 1982–1994*, 5 FED. CIR. B.J. 151, 153 (1995) (analyzing the results of the Federal Circuit's patent decisions through March 15, 1994); Robert P. Merges, *One Hundred Years of Solicitude: Intellectual Property Law, 1900–2000*, 88 CAL. L. REV. 2187, 2224 (2000) (analyzing the Federal Circuit's inception and its effect on intellectual property law); Kimberly A. Moore, *Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365, 367–68 (2000) (studying the Federal Circuit's affirmance rate in patent cases and the affect it has on patent trials in district courts); Pauline Newman, *The Federal Circuit in Perspective*, 54 AM. U. L. REV. 821, 821 (2005) (discussing the rationales behind the creation of the Federal Circuit and the Federal Circuit's current jurisprudence); *see also* Jay Dratler, Jr., *Alice in Wonderland Meets the U.S. Patent System*, 38 AKRON L. REV. 299, 302 (2005) (arguing that the patent claim in *State Street Bank & Trust v. Signature Financial Group* was "pedestrian arithmetic calculations, mostly as required by rules of the SEC and other accounting and tax authorities").

or motivation" (TSM)[92] test for obviousness and replaced it with an "expansive and flexible approach" as mandated by *Graham v.*

KSR International marks the fifth time in the past two years that the Supreme Court has overturned the Federal Circuit. *See KSR Int'l Co.*, 127 S. Ct. at 1746. The Court of Appeals for the Federal Circuit was created in 1982 when Congress passed the Federal Courts Improvement Act, in large part to bring patent practitioner expertise to the federal patent bench and to end the distrustful and skeptical attitude towards patents exemplified by Justice William O. Douglas, who was said to never have met a patent he didn't dislike. Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (codified as amended in scattered sections of 28 U.S.C.). For more on Justice Douglas's antipathy toward patents, see C. Paul Rogers III, The Antitrust Legacy of William O. Douglas and the Curse of the Curse of Bigness 36 (2007) (unpublished manuscript), *available at* http://works.bepress.com/c_paul_rogers/ ("Justice Douglas' anathema to price fixing showed itself in patent cases as well, although his dislike of the rights flowing from patent law was perhaps even stronger."). Justice Douglas's antipathy has played out in his jurisprudence. *See generally* Funk Bros. Seed Co. v. Kalo Inoculant Co., 333 U.S. 127, 131 (1948) (disallowing patents for bacteria); Gen. Elec. Co. v. Jewel Incandescent Lamp Co., 326 U.S. 242, 249 (1945) ("Where there has been use of an article or where the method of its manufacture is known, more than a new advantage of the product must be discovered in order to claim invention."); Mercoid Corp. v. Mid-Continent Inv. Co., 320 U.S. 661, 666 (1944) ("The instant case is a graphic illustration of the evils of an expansion of the patent monopoly by private engagements."); United States v. Masonite Corp., 316 U.S. 265, 278–79 (1942) (refusing to enable a "patent owner, under the guise of his patent monopoly, not merely to secure a reward for his invention but to secure protection from competition which the patent law . . . does not afford"); Cuno Eng'g Corp. v. Automatic Devices Corp., 314 U.S. 84, 91 (1941) (explaining that a "new device" must "reveal the flash of creative genius" in order to receive "a private grant on the public domain"). Note also Douglas's dissent in *Special Equipment Co. v. Coe.*, 324 U.S. 370, 380 (1945) (Douglas, J., dissenting). Justice Robert Jackson was skeptical of the Court's patent jurisprudence of this period (led by Justice Douglas), as Jackson voiced in his dissent in *Jungersen v. Ostby & Barton Co.,* 335 U.S. 560, 571–72 (1949) (Jackson, J., dissenting) ("[T]he only patent that is valid is one which this Court has not been able to get its hands on."). Note, however, that in 1988 Congress amended the Patent Act to remove the market power presumption from patent misuse cases, a result that was the opposite of how Justice Douglas approached the patent monopoly. *See* Patent Misuse Reform Act, Pub. L. No. 100-703, 102 Stat. 4676 (codified as amended at 35 U.S.C. § 271(d)(5) (1988)). However, the Federal Circuit was criticized during the 1990s for favoring patent holders to the detriment of competitors in cases such as *State Street*. *See* Beth Simone Noveck, *"Peer to Patent": Collective Intelligence, Open Review, and Patent Reform*, 20 HARV. J.L. & TECH. 123, 126 (2006) (stating that the Federal Circuit "rules in favor of patent holders more often than not in infringement actions"); *see also* State St. Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368 (Fed. Cir. 1998). Other Congressional legislation from the same period, such as the Federal Courts Improvement Act, includes The Bayh-Dole Act (Patent and Trademark Act Amendments of 1980), Pub. L. No. 96-517, 94 Stat. 3015, 3019 (codified as amended at 35 U.S.C. §§ 200–212 (2000)). The Bayh-Dole Act was significant because it allowed research universities to retain title to "subject inventions" that had been reduced to practice, with the expectation that they filed patent applications and engaged in commercialization of such inventions. *See* Janice M. Mueller, *Public Access Versus Proprietary Rights in Genomic Information: What is the Proper Role of Intellectual Property Rights?*, 6 J. HEALTH CARE L. & POL'Y 222, 234–35 (2003) (noting that the Bayh-Dole Act "intended to encourage non-profit entities such as universities . . . to patent their 'subject inventions' made with government funds").

92. For an example of a Federal Circuit case using the TSM test, see *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999) ("Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or

John Deere Corp.[93] and as informed by a robust construction of the "person having ordinary skill in the art" standard (PHOSITA).

Under the TSM test, which the Federal Circuit employed in an effort to "resolve the obviousness question with more uniformity and consistency," Kennedy wrote, "a patent claim is only proved obvious if . . . some motivation or suggestion to combine the prior art teachings" can be found in the prior art, the nature of the problem, or the "knowledge of a person having ordinary skill in the art."[94] However, by ignoring the role that ordinary skill plays—including routine experimentation and application of ordinary methods, tools, and problem-solving capabilities—the TSM test effectively marginalized the PHOSITA and turned the assessment of obviousness into a one-way ratchet of granted patents. Furthermore, by imposing the judge-made stringent evidentiary requirement of the TSM test, the Federal Circuit effectively conflated the patent examiner and the PHOSITA during the examination process.

Justice Kennedy concluded that the Federal Circuit's TSM test denied a "combination" patent only when the patent examiner or an opponent litigator could produce evidence showing that there was a teaching, suggestion, or motivation to combine in the prior art,[95] which the Federal Circuit had framed

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motivation to combine prior art references . . . ." (citing C.R. Bard, Inc. v. M3 Sys., Inc, 157 F.3d 1340, 1352 (Fed. Cir. 1998))). *See generally* Arti Rai, *Addressing the Patent Gold Rush: The Role of Deference to PTO Patent Denials*, 2 WASH. U. J.L. & POL'Y 199 (2000) (discussing patentability requirements especially in reference to the nonobviousness standard).

93. *KSR Int'l*, 127 S. Ct. at 1739; Graham v. John Deere Corp., 383 U.S. 1, 6 (1966) (recognizing that nonobviousness has a constitutional dimension: "[i]nnovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must 'promote the Progress of . . . useful Arts.' This is the *standard* expressed in the Constitution and it may not be ignored." (emphasis added)); *see also* John F. Duffy & Robert P. Merges, *The Story of* Graham v. John Deere Company*: Patent Law's Evolving Standard of Creativity*, *in* INTELLECTUAL PROPERTY STORIES 109, 155–58 (Jane C. Ginsburg & Rochelle Cooper Dreyfuss eds., 2006) (discussing the constitutional legacy of *Graham v. John Deere Co.*).

94. *KSR Int'l*, 127 S. Ct. at 1730.

95. The Supreme Court's most recent case on obviousness is *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 282 (1976). This case was cited and discussed by Justice Kennedy in *KSR*, and it set forth a "synergy test" to deal with "combination" patents by stating that "[w]e cannot agree that the combination of these old elements to produce an abrupt release of water directly on the barn floor from storage tanks or pools can be properly characterized as synergistic . . . ." *Sakraida*, 425 U.S. at 282; *see also KSR Int'l*, 127 S. Ct. at 1740 (discussing *Sakrida*); Robert P. Merges, *Commercial Success and Patent Standards: Economic Perspectives on Innovation*, 76 CAL. L. REV. 803, 815 n.39 (1988) (criticizing the "synergism" test). Note, however, that the presence of unanticipated effects among components of an invention can be evidence of a "combination" invention's nonobviousness. Conversely, if the sole novelty of an invention is that it merely combines

as a factual inquiry. Kennedy noted that the TSM test effectively swallowed the legal issue of "obviousness," leading to a "constricted analysis" and an inappropriately low standard for granting patents that focused on the inventor's motivation and gave insufficient attention to the question of whether "there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent's claims."[96]

What do the *KSR* decision and its recalibrated obviousness criterion have to do with pro-competition cases such as *Bonito Boats*, *TrafFix*, *Samara Bros.*, and *Dastar*? First, a heightened standard of obviousness could be seen as promoting competition because fewer patents would be issued (that is, more things would be deemed "obvious" and therefore unpatentable). Indeed, *KSR* may represent a significant swing of the patent pendulum, on its way back from a maximalist stance towards patents. For the *KSR* Court, the obviousness criterion requires an inquiry into not only what is already known in a specific field, but also what is within the scope of ordinary skill—e.g., the application of methods, tools, problem-solving ability, and routine experimentation.[97] While the Court does not cite *Bonito Boats*, Justice Kennedy's resurrection of the PHOSITA evokes O'Connor's explication in *Bonito Boats* of the rationale behind the "novelty" and nonobviousness requirements of federal patent law. Namely, that "concepts within the public grasp, or those so obvious that readily could be, [serve as] the tools of creation available to all . . . [and] provide the baseline of free competition upon which the patent system's incentive to creative effort depends."[98]

Second, in choosing a flexible standard over a bright line rule, the Court favored a pragmatic approach over predictability, which will undoubtedly spawn more patent litigation as the *KSR*

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prior art elements, with each element performing the same function as it did in the prior art context, then this may be evidence of the invention's obviousness.

96. *KSR Int'l*, 127 S. Ct. at 1742.

97. Professor Rebecca Eisenberg pointed out that the Federal Circuit

> has all but ignored the statutory directive that judgments of nonobviousness be made from the perspective of the PHOSITA. Today, PHOSITA sits on the sidelines of obviousness analysis. Courts consult PHOSITA on the scope, content and meaning of prior art references but not on the ultimate question of whether the invention would have been obvious at the time it was made in light of the prior art.

Rebecca S. Eisenberg, *Obvious to Whom? Evaluating Inventions From the Perspective of PHOSITA*, 19 BERKELEY TECH. L.J. 885, 888 (2004); *see also* Arti K. Rai, *Allocating Power Over Fact-Finding in the Patent System*, 19 BERKELEY TECH. L.J. 907, 912–17 (2004) (arguing that the U.S. Patent and Trademark Office (USPTO) should be allowed to insert its knowledge of the art into the patent examination process).

98. Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 156 (1989).

approach is sorted out.[99] The value of previously issued patents may also be impaired as "combination" patents will be open to litigation on the grounds of obviousness. Furthermore, *KSR* will make patents both harder to obtain (because examiners will be free to reject patent applications on the grounds of obviousness) and easier to attack (on the grounds of obviousness as a question of law). After *KSR*, parties in patent litigation will have an enhanced ability to challenge patents on obviousness grounds, as well as a heightened chance of prevailing on a motion for summary judgment rather than through pursuit of an expensive jury trial.

Third, *KSR* intersects with the *Bonito Boats* analysis on the issue of U.S. competition/innovation policy. Justice O'Connor and Justice Kennedy alike depict intellectual property rights as exceptional against a backdrop of free competition.[100] In both *Bonito Boats* and the *Sears-Compco* cases, the matter involved the granting of state intellectual property protection to subpatentable items; in *KSR*, the matter involved granting federal patent protection to obvious combinations of technology. By recalibrating the obviousness threshold, Justice Kennedy seems to be addressing the social costs of improvidently granted patents.[101] With a baseline of free competition, along with first-mover advantages and other ways of making innovative activity profitable (such as strong trademark protection), granting patents on insubstantial innovations imposes social costs and

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99. *See* MedImmune, Inc. v. Genentech, Inc., 127 S. Ct. 764 (2007). While this case was decided on narrow justiciability grounds, the Supreme Court reversed the Federal Circuit and remanded the case. *Id.* at 777. One reading of *MedImmune* is that it allows companies that license technology to challenge the validity of the underlying patent, which may mean that generic drug manufacturers/licensees may increasingly sue patent-holding pharmaceutical companies, challenging the validity of the underlying patent.

100. Further similarities between Justice O'Connor and Justice Kennedy can be found in their roles and reputations as the "swing votes" on 5-4 Court decisions. *See* Robert Barnes, *Justice Kennedy: The Highly Influential Man in the Middle*, WASH. POST, May 13, 2007, at A1 ("The label of 'swing vote' is one that justices often shun. For some, it connotes a wobbly judicial philosophy rather than a propensity for moderation. For years, Sandra Day O'Connor was seen as the court's pivotal vote, a role sometimes shared with Kennedy. But while O'Connor had a reputation for deciding only as much as needed for the case at hand, Kennedy has used the platform for bold and often controversial pronouncements."). Note also that in the 2006–2007 Supreme Court term, there were twenty-four 5-4 decisions and Justice Kennedy was on the majority side all twenty-four times. *See* Charlie Savage, *High Court Remains Politically Divided: More 5-4 Rulings Mark Shift to Right*, BOSTON GLOBE, June 30, 2007, at A1.

101. The Federal Circuit's TSM test may have been responsible for the issuance of lower-quality patents, thus raising the search costs for parties that attempt to combine pre-existing technologies and imposing a drag on innovation through higher consumer prices and increased transaction costs. Justice Kennedy seemed to weigh these kinds of concerns as well.

results in lost social benefits. These include licensing, administrative, and enforcement costs, as well as deterrence of innovation and follow-up innovation (e.g., through avoidance of particular research programs or the necessity of restructuring research programs around existing patents). Patent issuance on obvious "combination" inventions may also result in too many socially wasteful races to the patent office.[102]

Fourth, although *KSR* resembles *Samara Bros.*, *TrafFix*, and *Dastar* because all the decisions lack the "intellectual property federalism" apparent in *Bonito Boats*, in some respects Justice Kennedy's *KSR* opinion stands apart from these cases and has its own (if unarticulated) linkage to Justice O'Connor's opinion in *Bonito Boats*. *KSR* has less to do with the area of trade dress under the Lanham Act, *Samara Bros.*, *TrafFix*, and *Dastar*, and more to do with issues of institutional competence similar to those present in *Bonito Boats*. Whereas *Bonito Boats* provides a constitutionally mandated course correction to state legislatures, *KSR* provides a constitutionally mandated course correction to the lower federal courts and the U.S. Patent and Trademark Office.

Finally, even as Congress has expanded the scope of federal intellectual property law in the copyright and trademark areas, Justices Kennedy and Scalia have picked up the pro-competition conservatism that Justice O'Connor exemplified in *Bonito Boats*. Yet, while Kennedy and Scalia have bought into the idea that overexpansive judicial interpretations of intellectual property rights may harm competitive markets, the *Samara Bros.* and *Dastar* decisions lack O'Connor's capaciousness and nuance in balancing competition with intellectual property rights and, at least on Scalia's part, her overall propensity and skill at engaging in a pragmatic judicial "balancing act."[103]

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102. The social costs arising from an inappropriately-low obviousness threshold resemble the social costs imposed by states granting protection for subpatentable items. *See* Joseph Scott Miller, *Building a Better Bounty: Litigation-Stage Rewards for Defeating Patents*, 19 BERKELEY TECH. L.J. 667, 690 (2004) (discussing various social costs arising from improvidently-provided patents); *see also* Carl Shapiro, *Navigating the Patent Thicket: Cross Licenses, Patent Pools, and Standard Setting*, *in* 1 INNOVATION POLICY AND THE ECONOMY, 138 (Adam B. Jaffee, Josh Lerner, & Scott Stern, eds., 2001) (listing consumer costs of legal standardization); John H. Barton, *Non-Obviousness*, 43 IDEA 475, 494–95 (2003) (providing a litany of costs arising from the non-obviousness standard); Michael A. Heller & Rebecca S. Eisenberg, *Can Patents Deter Innovation? The Anticommons in Biomedical Research*, 280 SCI. 698, 698–99 (1998) (arguing that the state of intellectual property rights allow multiple owners the right to exclude others form a scarce resource that no one has an effective privilege of use); Glynn S. Lunney, Jr., *E-Obviousness*, 7 MICH. TELECOMM. & TECH. L. REV. 363, 370–80 (2000) (reviewing the diminished role that nonobviousness plays in the Federal Circuit).

103. Justice O'Connor did agree with the unanimous majority opinions in *Wal-Mart*

IV. AUTHORS, FACTS, AND THE SHOES OF THE "ORIGINAL" AUTHOR

Justice O'Connor wrote three significant copyright opinions during her years on the Court—*Harper & Row, Publishers, Inc. v. Nation Enterprises*,[104] *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*,[105] and *Stewart v. Abend*.[106] All three of these opinions bear the touchstones of her jurisprudence: balance, practicality, and pragmatism. At first glance, these opinions appear to have less to do with the pro-competition ideals that undergird *Bonito Boats* and more to do with reconciling and balancing tensions between the different branches of government and within the area of copyright law itself. O'Connor sought to strike a balance between maintaining a robust public domain and providing proper incentives for authors. Yet, the public domain can be seen as a rough equivalent to the backdrop of free competition that Justice O'Connor invoked in *Bonito Boats*, against which intellectual property rights are a (justified) exception. Because copyright and patent protections are constitutionally mandated, O'Connor's opinions in these areas map and respect the constitutional and statutory limits of such protection. The image of Justice O'Connor that emerges from these opinions is a generally pro-author jurist who embraces the idea of copyright as an engine of free expression, constitutionalizes the author's originality, and favors upstream authors. In each of the following cases, O'Connor also stressed the importance of deference to the legislature, particularly in writing about the rates of author remuneration under the Copyright Act: "These arguments are better addressed by Congress than the courts."[107]

A. Long Live the Author

In *Harper & Row*, a publisher owned the rights to President Ford's then-forthcoming memoir, *A Time to Heal*.[108] Before the memoir was completed, Harper & Row contracted with *TIME* for exclusive rights to publish an excerpt about Ford's pardon of former President Nixon.[109] Before *TIME* published the excerpt,

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Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 206 (2000), *TrafFix Devices Inc., v. Marketing Displays, Inc.*, 532 U.S. 23, 25 (2001), and *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 24 (2003) (8-0 decision).

104. Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 541 (1985).

105. Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 341 (1991).

106. Stewart v. Abend, 495 U.S. 207, 211 (1990).

107. *Id.* at 228.

108. *Harper & Row*, 471 U.S. at 542.

109. *Id.*

The Nation gained possession of an unauthorized copy of the Ford manuscript.[110] *The Nation* subsequently published a 2,250-word article, "at least 300 to 400 words of which consisted of verbatim quotes of copyrighted expression taken from the [unpublished] manuscript," that addressed Ford's pardon of Nixon and was "timed to 'scoop' the *TIME* article."[111] *TIME* cancelled its contract with Harper & Row, which in turn sued *The Nation* for copyright infringement. At issue was whether *The Nation*'s use of the 300–400 words was a fair use of copyrighted material under section 107 of the Copyright Act of 1976.[112]

Harper & Row marked only the second time that the Supreme Court examined section 107 of the then-new Copyright Act. The first review came the year before, when the Court issued the landmark opinion of *Sony Corp. v. Universal City Studios, Inc.*[113] *Harper & Row* contained a dramatically different fact pattern—the verbatim use of a very small amount of unpublished, copyrighted work—and presented Justice O'Connor with the challenge of determining how those facts fit within the statutory and constitutional scheme.

Reading *Harper & Row*, one can sense that the case was over just as soon as Justice O'Connor used the word "purloined" to describe the status of the manuscript at issue.[114] O'Connor

110. *Id.*

111. *Id.* at 539.

112. *Id.*

113. Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984). In *Sony*, Justice Stevens, who wrote for a five-person majority that included Justice O'Connor, applied Section 107 and found that home videotape "time-shifting" of copyrighted broadcast television was a "fair use." *Id.* at 454–55. *Sony* is an odd opinion because Stevens stressed the noncommercial nature of such home "time-shifting," even though home videotapers were copying one hundred percent of the copyrighted works. Part VI of this Article discusses Justice O'Connor's silent though important role in the *Sony* decision.

Stevens's opinion in *Sony* had two (not unrelated) aspects: (1) the competition policy aspect, exemplified by his importation of the "staple of commerce" doctrine from the patent area; and (2) the fair use analysis, as he expressed in a few not-quite-so-well-chosen words. *Id.* at 442, 454–55. I believe it was the first aspect that attracted Justice O'Connor to join in the Stevens's *Sony* majority. With regard to the second aspect, it seems that Justice O'Connor began the clean-up process of Stevens's take on fair use in *Sony* by devaluing the *Sony* presumption that commercial use was presumptively an unfair use that Justice Souter completed in *Campbell v. Acuff-Rose*, 510 U.S. 569, 584 (1994) ("As we explained in *Harper & Row*, Congress resisted attempts to narrow the ambit of [the first fair use factor] by adopting categories of presumptively fair use, and it urged courts to preserve the breadth of their traditionally ample view of the universe of relevant evidence. . . . Congress could not have intended such a rule, which certainly is not inferable from the common-law cases, arising as they did from the world of letters in which Samuel Johnson could pronounce that '[n]o man but a blockhead ever wrote, except for money.'" (internal citations omitted)).

114. *Harper & Row*, 471 U.S. at 542, 563. The word is also used later by the dissenters. It is interesting that Justice O'Connor's chose the word "purloined," because it

stated that the purpose of the Copyright Act was not "to impede that harvest of knowledge,"[115] but she also criticized the Second Circuit's "insufficient deference to the scheme established in the Copyright Act,"[116] thereby setting the stage for weighing two seemingly competing imperatives: the First Amendment and the fair use section of the Copyright Act. However, Justice O'Connor declined to make these two objectives polarities. Instead, she characterized these objectives as complementary.[117] O'Connor's careful attention to the factual underpinnings of the case allowed her to articulate and balance competing interests—those of consumers with those of authors and First Amendment interests in dissemination of news with the objectives of the Copyright Act—as she adumbrated the pertinent fair use factors. By closely parsing the facts and the legislative history of Section 107, O'Connor was convinced that the unpublished nature of the work (which was not referred to explicitly in Section 107 at the time, although it was one of the author's exclusive rights under Section 106(3))[118] outweighed its factual nature, and, therefore, "the balance of equities in evaluating such a claim of fair use inevitably shifts."[119] While the use of the idea/expression dichotomy[120] generally promotes a widespread dissemination of

was originally used by the trial court and drawn into question in Justice Brennan's dissent. *Id.* at 593 (Brennan, J., White, J., and Marshall, J., dissenting). One might observe that it is typical of a straight-laced jurisprudent looking askance at the mysterious and improper appearance of Ford's manuscript at *The Nation*'s doorstep. On the other hand, Justice O'Connor's invocation of the trial court's word choice may give us some insight into her views on competition law (i.e., where she drew the line between "fair" and "unfair" and her views on the role of courts in policing that particular distinction). Finally, it is probable that Justice O'Connor reached her decision in *Harper & Row* on the merits and then, seeking to make her opinion as persuasive as possible, sought to write up the facts of the case with persuasion in mind.

115. *Id.* at 545 (majority opinion).

116. *Id.*

117. *Id.* at 558.

118. *Id.* at 549–50. O'Connor seems to locate the right of first publication in the fourth fair use factor ("the effect of the use upon the potential market for or value of the copyrighted work") which she describes as "an important marketable subsidiary right." *See id.* at 549, 553 ("Publication of an author's expression before he has authorized its dissemination seriously infringes the author's right to decide when and whether it will be made public, a factor not present in fair use of published works. . . . Because the potential damage to the author from judicially enforced 'sharing' of the first publication right with unauthorized users of his manuscript is substantial, the balance of equities in evaluating such a claim of fair use inevitably shifts."). Note that the unpublished nature of the work arguably could have been considered under the second fair use factor—"the nature of the copyrighted work." 17 U.S.C. § 107(2) (2000).

119. *Harper & Row*, 471 U.S. at 553.

120. The idea/expression dichotomy in U.S. copyright may be traced back to *Baker v. Selden*, 101 U.S. 99, 101–07 (1879), which held that ideas are uncopyrightable, but expressions of ideas may be copyrighted. *Baker* is currently codified in section 102 of the Copyright Act of 1976. *See* 17 U.S.C. § 102 (2000).

ideas, she reasoned that authors must not be in fear of their works being "pirated away by a competing publisher."[121] Justice O'Connor cited Lionel Sobel's commentary that "[i]f every volume that was in the public interest could be pirated away by a competing publisher, . . . the public [soon] would have nothing worth reading."[122]

Justice O'Connor focused specifically on the fourth factor of the fair use test in Section 107—the effect of the challenged use on potential markets for the copyrighted work. O'Connor noted that "permitting 'fair use' to displace normal copyright channels disrupts the copyright market without a commensurate public benefit"[123] and observed that "a fair use doctrine that permits extensive prepublication quotations from an unreleased manuscript without the copyright owner's consent poses substantial potential for damage."[124] O'Connor concluded that this substantial potential for damage, "when multiplied many times, become[s] in the aggregate a major inroad on copyright that must be prevented."[125]

While *Harper & Row* is certainly a pro-author opinion,[126] it also contains a subtle pro-competition aspect.[127] While a crude pro-competition analysis might take as a baseline the absence of intellectual property laws, Justice O'Connor's respect for both the constitutional imperative for copyright and the policies behind the copyright statute focused her concern on the ways that copyright is capable of creating well-functioning and competitive markets for different types of copyrighted works, as well as the ways that courts may help maintain the balance between

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121. *Harper & Row*, 471 U.S. at 559.

122. *Id.*

123. *Id.* at 566 n.9. This footnote may be read as further support for the claim that Justice O'Connor's lifelong interest in economics (and, in this particular setting, the practical impact of the defendant's untoward behavior on the plaintiff's market incentive) helped shape her intellectual property jurisprudence.

124. *Id.* at 569.

125. *Id.*

126. For discussions of "authorship" as a legal concept, see generally MARK ROSE, AUTHORS AND OWNERS: THE INVENTION OF COPYRIGHT (1993); MARTHA WOODMANSEE, THE AUTHOR, ART, AND THE MARKET: REREADING THE HISTORY OF AESTHETICS (1994); Peter Jaszi, *Toward a Theory of Copyright: The Metamorphoses of "Authorship"*, 40 DUKE L.J. 455 (1991).

127. The assertion that Justice O'Connor is pro-author should not be read as conflating "authorship" and "ownership." The distinction between "authorship" and "ownership" under U.S. copyright law is a careful one. For example, in *Harper & Row*, while Gerald Ford was the author of his own memoir, Harper & Row owned the copyright to that memoir. *Harper & Row*, 471 U.S. at 539. Although the author/copyright owner distinction, operatively, does not matter in the cases considered within this Article, the creative interest, whoever technically possesses it subsequent to origination and possible transfer, is advanced in these cases no matter how it is examined.

incentives to create expressive works and the public interest in access to and dissemination of those works.

B. The Limits of Authorship

Feist Publications, Inc. v. Rural Telephone Service Co., Inc.[128] is arguably Justice O'Connor's most influential intellectual property opinion, with effects that resonate throughout the far-flung corners of copyright law and implications that are still resolving themselves.[129] In *Harper & Row*, O'Connor opined that "in the realm of factual narrative, the law is currently unsettled regarding the ways in which uncopyrightable elements combine with the author's original contributions to form protected expression."[130] Perhaps not unsurprisingly, only six years later, in an opinion by Justice O'Connor herself, the Court reached just that issue. *Feist* involved the question of whether a telephone company's white pages were entitled to copyright protection under a "sweat of the brow" theory,[131] by which copyright protection vests in fact-based compilations (e.g., an alphabetical ordering of names and phone numbers) produced by industrious (if unoriginal) intellectual labor. Unlike *Harper & Row*, in which Justice O'Connor held that *The Nation*'s "purloined" publication of an

128. Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991).

129. Jack Russo & Jamie Nafziger, *Software "Look and Feel" Protection in the 1990s*, 15 HASTINGS COMM. & ENT. L.J. 571, 572 (1993) (observing the influence of *Feist* on the "development of the law in this area").

130. *Harper & Row*, 471 U.S. at 548 (comparing Wainright Sec., Inc. v. Wall St. Transcript Corp., 558 F.2d 91 (2d Cir. 1977) (protecting an author's structuring and marshalling of facts) with Hoehling v. Universal City Studios, Inc., 618 F.2d 972 (2d Cir. 1980) (limiting copyright protection only to particular choice of words and ordering)); *see also* Robert C. Denicola, *Copyright in Collections of Facts: A Theory for the Protection of Nonfiction Literary Works*, 81 COLUM. L. REV. 516, 525 (1981) (discussing the protectibility problems associated with authorship of factual data); Jane C. Ginsburg, *Creation and Commercial Value: Copyright Protection of Works of Information*, 90 COLUM. L. REV. 1865, 1893–95 (1990) (recognizing that courts struggle with protection of labor intensive but less original works); L. Ray Patterson & Craig Joyce, *Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*, 36 UCLA L. REV. 719, 742 (1989) (noting that modern rulings in this field are unmistakably clear).

131. *Feist*, 499 U.S. 340, 359–60. At the time, as Justice O'Connor notes in *Feist*, the "sweat of the brow" theory was used to justify extension of copyright protection to databases and factual compilations such as the white pages, arguably a colonization of copyright law by the state misappropriation doctrine. *See* Int'l News Serv. v. Associated Press, 248 U.S. 215, 240–41 (1918); West Publ'g v. Mead Data Cent., Inc., 799 F.2d 1219, 1228 (8th Cir. 1986); Jeweler's Circular Publ'g Co. v Keystone Publ'g Co., 281 F. 83, 88–95 (2d. Cir. 1922) (illustrating the "sweat of the brow" theory by stating that "[n]o one can legally take the results of the labor and expense which another has incurred . . . and thereby save himself 'the expense and labor of working out and arriving at those results by some independent road'"). *But cf.* Matthew Bender & Co. v. West Publ'g Co., 158 F.3d 693, 699 (2d Cir. 1998) (noting a rejection of the "sweat of the brow" theory for protection).

unpublished work thwarted constitutional and statutory objectives of copyright, the copying of unoriginal "facts" in *Feist* did not.

At first glance, *Feist* may appear in tension with *Harper & Row*, insofar as the latter upheld a relatively thin copyright in a work based on facts and historical events while the former may be seen as striking down a copyright in a compilation of facts. However, Justice O'Connor grounded her analyses in each case on the *unoriginality* of "facts."[132] In *Harper & Row*, Justice O'Connor was solicitous of authors filtering historical facts through their individual voice, imbuing them with expressive originality. In *Feist*, O'Connor began with the observation that Congress changed the language between the 1909 Copyright Act and the 1976 Act, from protecting the "writings of an author" to protecting of "*original* works of authorship."[133] "[O]riginality," she pronounced, "is the very 'premise of copyright law' . . . [and] is the bedrock principle of copyright that mandates the law's seemingly disparate treatment of facts and factual compilations."[134]

Feist can also be understood as a pro-competition opinion consistent with the ideas of *Bonito Boats*. Namely, it maintains the view that free competition should be the baseline presumption and background against which intellectual property rights are an exception. In *Feist*, Justice O'Connor forcefully circumscribed the limits of authorship with regard to "facts," thereby allowing the copying of facts in compilations on grounds that such copying fails to meet "a constitutionally mandated prerequisite for copyright protection."[135]

C. Standing in the Shoes of the "Original" Author

Abend[136] is an example of a tough copyright case with conflicting interests and two competing notions of authorship

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132. Interestingly, the only recent appellate decision that O'Connor cited in *Feist* was *Miller v. Universal City Studios, Inc.*, 650 F.2d 1365 (5th Cir. 1981), a case that prefigured *Feist*'s analysis and holding. *Miller* involved a lawsuit over a book about a sensationalistic real-life kidnapping written by a journalist who sued ABC for using the facts of the case to make a TV movie. *Id.* at 1367. Looking at the cases dealing with the copyrightability of research, the *Miller* court held, "The line drawn between uncopyrightable facts and copyrightable expression of facts serves an important purpose in copyright law. It provides a means of balancing the public's interest in stimulating creative activity . . . against the public's need for unrestrained access to information." *Id.* at 1371.

133. *Feist*, 499 U.S. at 355 (citing 17 U.S.C. § 102(a)) (emphasis added).

134. *Id.* at 347.

135. *Id.* at 351.

136. Stewart v. Abend, 495 U.S. 207 (1990).

playing themselves out several decades down the road against the backdrop of a rigid statutory scheme. One notion would privilege the interests of an "original" author; the other would view the interests of an "original" author and the creator(s) of derivative work as co-equal.[137] In 1942, *Dime Detective Magazine* published pulp fiction writer Cornell Woolrich's short story, *It Had to Be Murder*.[138] Woolrich kept all other rights in his short story, and, in 1945, he assigned the motion picture rights to DeSylva Productions for both the initial and contingent renewal terms under the 1909 Copyright Act.[139] In 1953, DeSylva assigned the motion picture rights to Alfred Hitchcock and Jimmy Stewart, who used the story to produce the film *Rear Window*. Woolrich died in 1968, right before the renewal term vested, and his short story was left in trust. The trustee renewed the copyright, assigning the renewal term to Sheldon Abend for $650 plus ten percent of the income from exploitation of the story. Abend then sued Hitchcock and Stewart for copyright infringement, contending that showings of *Rear Window* without his consent infringed his copyright in Woolrich's story.[140]

Justice O'Connor confronted the question of whether Hitchcock and Stewart could continue to exploit their derivative work/film without Abend's consent during the renewal term because Woolrich died before the renewal term had vested.[141] On one hand, the Second Circuit in *Rohauer v. Killiam Shows, Inc.* held that the owner of a copyright in a derivative work could continue to use or exploit the existing derivative work according to the terms of the original initial term grant.[142] Justice O'Connor recognized the significance that the renewal term of the 1909 Copyright Act played in allowing the author and the author's statutory successors to renegotiate a more favorable renewal term license, particularly if the work proved of enduring commercial value.[143] On the other hand, Justice O'Connor recognized the "delicate balance Congress has labored to achieve"[144] through the 1909 Copyright Act's original and renewal terms as creating "a balance between the artist's right to control the work during the term of the copyright protection and the

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137. *See* Peter Jaszi, *When Works Collide: Derivative Motion Pictures, Underlying Rights, and the Public Interest*, 28 UCLA L. REV. 715, 756, 759 (1981).

138. *Abend*, 495 U.S. at 211.

139. *Id.* at 211–12.

140. *Id.* at 212–13.

141. *Id.* at 213–15.

142. Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 485–86 (2d Cir. 1977).

143. *Abend*, 495 U.S. at 218–19.

144. *Id.* at 230.

public's need for access to creative works."[145] As such, O'Connor wrote:

> When an author produces a work which later commands a higher price in the market than the original bargain provided, the copyright statute is designed to provide the author the power to negotiate for the realized value of the work. . . . At heart, petitioners' true complaint is that they will have to pay more for the use of works they have employed in creating their own works. But such a result was . . . consistent with the goals of the Copyright Act. . . . Absent an explicit statement of congressional intent that the rights in the renewal term of an owner of a pre-existing work are extinguished upon incorporation of his work into another work, it is not our role to alter the delicate balance Congress has labored to achieve.[146]

Justice O'Connor made two key interpretations of the 1909 Copyright Act. The first was recognizing that when an author dies before the renewal term vests the renewal right passes to the author's statutory successors, with the result that any advance assignment of renewal rights would be an "unfulfilled expectancy."[147] The second was her recognition that, during the renewal term, derivative works that had been made with permission during the initial term required continuing permission of the party owning the renewal term.[148] These interpretations guided her opinion in *Abend*, which upheld the interests of the "original" author against those of Hitchcock and Stewart as creators of derivative works.

There is one final point I would like to make before departing the areas of copyright and patent law: Justice O'Connor's jurisprudence in these areas has important continuities with later intellectual property decisions of which

145. *Id.* at 209.

146. *Id.* at 229–30. Note that in 1992, Congress made renewals automatic so that *Abend* was limited to those cases where the person entitled to renew had to timely renew with the Copyright Office in order to exercise their "*Abend*" rights. *See* Copyright Amendments Act of 1992, Pub. L. No. 102-307, § 102(a), 106 Stat. 264, 264 (codified as amended at 17 U.S.C. 304(b) (2000)). It is important that in the *Abend* opinion, Justice O'Connor left it to Congress (or perhaps, compelled Congress) to make the changes, rather than the Court stepping in and making the policy choice—a result that is consistent with Justice O'Connor's horizontal federalism views.

147. *Abend*, 495 U.S. at 221; *see also* Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373, 375 (1960) (noting that an author's "death, prior to the renewal period, terminates his interest in the renewal which . . . vests in the named classes"); Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643, 655 (1943) (allowing an author's next of kin or executors, if none exist, to apply for the renewal).

148. *Abend*, 495 U.S. at 222–25.

she was not an author, but in which she joined. One case in particular comes to mind—*Eldred v. Ashcroft*.[149]

In *Eldred*, which upheld the Sonny Bono Copyright Term Extension Act of 1998, the two relevant considerations were (1) the "traditional contours" language in section III[150] and (2) the ode to legislative branch deference in section IV.[151] Notwithstanding *Eldred*'s cites to *Harper & Row* and *Feist*, it seems very clear that those cases (*Feist*'s invocation of the idea/expression dichotomy and *Harper & Row*'s invocation of fair use) embody doctrines fundamental to copyright law. In *Feist*, Justice O'Connor grounded her opinion on the Copyright Clause and, in *Harper & Row*, she depicted copyright and the First Amendment as complementary and not antagonistic, with copyright being cast as "the engine of free expression" and as embodying First Amendment values.[152] Both opinions are absolutely crucial to the *Eldred* opinion. Finally, on this point, *Stewart v. Abend* employs the rhetoric of judicial deference as surely as does *Eldred*.[153]

V. STATUTORY INTERPRETATION, DEFERENCE, AND FUNCTIONALITY

The final Part of this Article looks at Justice O'Connor's opinions in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.* and

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149. Eldred v. Ashcroft, 537 U.S. 186 (2003).

150. *Id*. at 218–21 ("The Copyright Clause and First Amendment were adopted close in time. This proximity indicates that, in the Framers' view, copyright's limited monopolies are compatible with free speech principles. Indeed, copyright's purpose is to *promote* the creation and publication of free expression. . . . In addition . . . copyright law contains built-in First Amendment accommodations. . . . It distinguishes between ideas and expression and makes only the latter eligible for copyright protection. . . . [T]he '"fair use"' defense allows the public to use not only facts and ideas contained in a copyrighted work, but also expression itself in certain circumstances. . . . [W]hen, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary.").

151. *Id*. at 221–22 ("As we read the Framers' instruction, the Copyright Clause empowers Congress to determine the intellectual property regimes that, overall, in that body's judgment, will serve the ends of the Clause. . . . Beneath the façade of their inventive constitutional interpretation, petitioners forcefully urge that Congress pursued very bad policy in prescribing the CTEA's long terms. The wisdom of Congress' action, however, is not within our province to second-guess." (citation omitted)).

152. Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 558 (1985).

153. *Abend*, 495 U.S. at 230 ("[I]t is not our role to alter the delicate balance Congress has labored to achieve. . . ."); *see also* CRAIG JOYCE, MARSHALL LEAFFER, PETER JASZI, & TYLER OCHOA, COPYRIGHT LAW 61 (7th ed. 2006) (discussing the judicial rhetoric of deference in copyright law: "[C]opyright is, after all, a subject dominated by a complicated and detailed statute, so it is to be expected that judges sometimes will decline to second-guess Congressional judgments—even when there may be good arguments for doing so!").

Inwood Laboratories, Inc. v. Ives Laboratories, Inc. Although these cases may not be as central to Justice O'Connor's jurisprudence of competition as the *Bonito Boats* or *Feist* opinions, they nonetheless exemplify her respect for, and deference to, Congress in establishing a regime like the Lanham Act. They also demonstrate (dare I say it?) O'Connor's "trademark" pragmatic, contextual, common-sense approaches.

A. Whither Incontestability?

In *Park 'N Fly*, a case involving a dispute over the use of the descriptive names "Park 'N Fly" and "Dollar Park and Fly" by competing businesses, the Court held that the fact that a mark was "descriptive" was not a defense in an infringement suit if the "descriptive" mark achieved "incontestable" status based on its presences on the Lanham Act principal register for five years.[154] Justice O'Connor reached this conclusion because the Lanham Act provided that mere descriptiveness was enumerated as a ground to deny or cancel an initial trademark registration, but was *not* explicitly listed as a defense to incontestability.[155] Additionally, Justice O'Connor noted that Congress explicitly considered adding descriptiveness to the list of defenses against incontestability and chose not to do so.[156]

Justice O'Connor engaged in close statutory interpretation in determining the scope of protection an "incontestable" mark should be given under the Lanham Act. This case also exhibits O'Connor's characteristic deference to Congress's architecture of the Lanham Act, as well as her pragmatic, common-sense approach to getting to the bottom of strange judicial encrustations, indeed, of undoing or eliminating them—as she did with the "offensive/defensive" distinction in this area. O'Connor straightforwardly parsed the relevant statutory sections, correcting the Court of Appeals' use of an "offensive/defensive" distinction—that "incontestability" could be used "defensively" against cancellation of a mark that had been on the principal register for five years, but could "not be used offensively" in a lawsuit against a putative infringer on grounds that the mark was merely descriptive.[157] Justice O'Connor focused on protecting the reliance interests of a trademark owner who has met the "incontestability" time requirements: "This

154. Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 196–97 (1985).
155. *Id.* at 201.
156. *Id.* at 196–97.
157. *Id.* at 192–93.

function of the incontestability provisions would be utterly frustrated if the holder of an incontestable mark could not enjoin infringement by others so long as they established that the mark would not be registrable but for its incontestable status."[158]

B. A Not-So-Bitter Pill

Justice O'Connor's very first intellectual property opinion, *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, focused on the issues of vicarious infringement liability under the Lanham Act and the correct standard of review for an appeals court in reviewing a trial court's fact-finding—the "clearly erroneous" standard.[159] Justice O'Connor considered the questions of whether "the petitioners falsely designated the origin of their products by copying the capsule colors used by Ives and by promoting the generic products as equivalent to CYCLOSPASMOL," the formerly-patented drug at issue.[160] O'Connor upheld the district court's finding, concluding that

> [T]he blue and blue-red colors were functional to patients as well as to doctors and hospitals: many elderly patients associate color with therapeutic effect; some patients commingle medications in a container and rely on color to differentiate one from another; colors are of some, if limited, help in identifying drugs in emergency situations; and use of the same color for brand name drugs and their generic equivalents helps avoid confusion on the part of those responsible for dispensing drugs.[161]

Justice O'Connor also held that the court of appeals was insufficiently deferential to the trial court's findings of fact, noting that

> [B]latant trademark infringement inhibits competition and subverts both goals of the Lanham Act. By applying a trademark to goods produced by one other than the

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158. *Id.* at 198.

159. Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 853–55 (1982); *see also* FED. R. CIV. P. 52(a); Pullman-Standard v. Swint, 456 U.S. 273, 276 (1982) (deciding whether a court of appeals is bound by the clearly erroneous standard in the context of parties' motivations in negotiating a seniority system); Zenith Radio Corp. v. Hazeltine Research, Inc., 395 U.S. 100, 108 (1969) (considering whether the clearly erroneous standard applies to a court of appeals when reviewing a district court's findings of fact).

160. *Inwood Labs.*, 456 U.S. at 850.

161. *Id.* at 853. *But cf.* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 774 (1992). *Inwood Laboratories* is in tension with *Two Pesos* insofar as Justice O'Connor recognized the functional aspects of source-indicative trade dress. By contrast, Justice White in *Two Pesos* went in the other direction, choosing to find that requiring a secondary meaning for "inherently distinctive trade dress" under Section 43(a) "would hinder improving or maintaining the producer's competitive position." *Id.* at 774.

> trademark's owner, the infringer deprives the owner of the goodwill which he spent energy, time, and money to obtain. . . . [and] deprives consumers of their ability to distinguish among the goods of competing manufacturers.[162]

Cases like *Inwood Laboratories* and *Park 'N Fly* demonstrate that Justice O'Connor's intellectual property jurisprudence did not appear full-blown upon her appointment to the Court. Rather, her thinking developed and evolved over her tenure on the bench.[163] The final Part of this Article looks at two cases in which Justice O'Connor did not author an opinion, yet which act as the bookends of her intellectual property jurisprudence.

VI. JUSTICE O'CONNOR'S TRAJECTORY: A LEARNING CURVE FROM *SONY* TO *GROKSTER*

Separated by a little more than two decades, *Sony Corp. v. Universal City Studios, Inc.*[164] and *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*[165] exemplify Justice O'Connor's growing sophistication over that same period. Although she did not proffer a written opinion in either decision, these cases are noteworthy for the parts of the opinions she joined.

In *Sony*, Justice Stevens, writing for a five-judge majority, held that the making of individual copies of complete broadcast television shows for "time-shifting" did not constitute copyright infringement and was a fair use under the Copyright Act of 1976.[166] If individual "time-shifting" was a fair use, then Sony, the manufacturer of Betamax home video recorders, could not be liable for contributory infringement. Yet, Justice Marshall's papers reveal that a majority of the Justices on the *Sony* Court were initially inclined to affirm the Ninth Circuit's holding that "time-shifting" was not a fair use.[167] Justice Marshall, the senior justice voting with the majority to uphold the Ninth Circuit's

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162. *Inwood Labs.*, 456 U.S. at 854 n.14.

163. The phenomenon of evolution in a justice's thinking is not unusual, particularly for justices, such as Justice O'Connor, who serve on the bench for a quarter-century. The more salient point is that in the area of intellectual property (and other areas as well), Justice O'Connor showed her particular "sensibility" right from the beginning of her judicial career.

164. Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984); *see also* Pamela Samuelson, *The Generativity of* Sony v. Universal*: The Intellectual Property Legacy of Justice Stevens*, 74 FORDHAM L. REV. 1831, 1842 n.79, 1842–43 (2006) (noting Justice O'Connor's influence on Justice Stevens's majority opinion).

165. Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913 (2005).

166. *Sony*, 464 U.S. at 454–56.

167. Jessica Litman, *The Story of* Sony v. Universal Studios*: Mary Poppins Meets the Boston Strangler*, *in* INTELLECTUAL PROPERTY STORIES, *supra* note 93, at 358, 367 (discussing the Court's deliberations in *Sony*).

decision, assigned to Justice Blackmun the role of crafting the majority opinion.[168] Such an opinion would have been pro-copyright owner, holding that "time-shifting" was an act of direct infringement and that Sony was liable for contributory copyright infringement.[169]

Although Justice O'Connor initially sided with Justice Blackmun, she became part of the eventual *Sony* majority that Justice Stevens authored (which he began drafting as a dissent).[170] O'Connor was concerned about the effect of shifting the burden of proof away from the plaintiff in a copyright infringement case.[171] The district court found the plaintiffs had failed to show they were harmed, and Justice Blackmun was reluctant to hold that actual harm must be shown.[172] Unlike Blackmun, however, Justice Stevens was willing to make changes in his draft opinion to accommodate O'Connor's concerns.[173]

One might say that, while she did not author the majority opinion, in reality it was Justice O'Connor's shift that decided the case. Arguably, this shift and its pro-competition slant (rather than simply being opposed to a pro-copyright owner position) should make *Sony* Justice O'Connor's most famous case because it prefigures the "swing vote" position for which she became renowned in the 1990s. Thus, even though no opinion in the case bears her name,[174] *Sony* rightfully belongs in Justice O'Connor's

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168. *Id.* at 368.

169. *Id.* at 369.

170. *See* PAUL GOLDSTEIN, COPYRIGHT'S HIGHWAY: FROM GUTENBERG TO THE CELESTIAL JUKEBOX 124–26 (rev. ed., Stanford Univ. Press 2003) (1994) (discussing Justice O'Connor's decision in *Sony* to endorse Justice Stevens's opinion); Litman, *supra* note 167, at 372–79 (same).

171. *See* GOLDSTEIN, *supra* note 170, at 125; LITMAN, *supra* note 167, at 373.

172. Letter from Sandra Day O'Connor, Associate Justice, U.S. Supreme Court, to Harry A. Blackmun, Associate Justice, U.S. Supreme Court (June 16, 1983) (on file with Library of Congress); *see also* GOLDSTEIN, *supra* note 170, at 124–26 (detailing the predecision chamber discussion between Justice O'Connor and Justice Brennan on the issue of harm in *Sony*); Litman, *supra* note 167, at 372–75 (same); Jonathan Band & Andrew J. McLaughlin, *The Marshall Papers: A Peek Behind the Scenes at the Making of* Sony v. Universal, 17 COLUM.-VLA J.L. & ARTS 427, 438–47 (1994) (same).

173. *See* Litman, *supra* note 167, at 376–77 (stating that Justice Stevens's opinion "combined Stevens's initial conclusion that noncommercial private copying should be treated differently from commercial copying with O'Connor's insistence that the burden of proof on the issue of harm should be assigned to the plaintiff").

174. There may have been aspects of *Sony* that Justice O'Connor did not like, such as the presumption adopted by lower courts following *Sony* that a commercial use was an unfair use. In *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 561–62 (1985), O'Connor weakened Stevens's presumption from *Sony* regarding commercial uses; this weakening was eventually completed in Justice Souter's unanimous opinion in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 583–85 (1994).

intellectual property portfolio, and Justice Stevens's majority opinion offers a window into O'Connor's thinking about competition and new technologies.

Speaking for the majority in *Sony*, Justice Stevens identified the need to

> strike a balance between a copyright holder's legitimate demand for effective—not merely symbolic—protection of the statutory monopoly, and the rights of others freely to engage in substantially unrelated areas of commerce. Accordingly, the sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses. . . . If there are millions of owners of VTR's who make copies of televised sports events, religious broadcasts, and educational programs . . . and if the proprietors of those programs welcome the practice, the business of supplying the equipment that makes such copying feasible should not be stifled simply because the equipment is used by some individuals to make unauthorized reproductions of respondents' works. [175]

Justice Stevens enunciates a pro-competition theme with which O'Connor is sympathetic—why impose contributory infringement liability in the absence of actual, demonstrable harm? Perhaps even more tellingly, Justice Stevens focuses on the need within the intellectual property realm to maintain delicate balances, which, of course, became hallmark virtues of Justice O'Connor's jurisprudence, both within and beyond this realm.[176]

Flashing forward some fifteen years, Congress passed the Digital Millennium Copyright Act (DMCA) in 1998, which changed the legal backdrop against which the *Sony* case was decided.[177] Courts have since handed down new and controversial interpretations of the DMCA,[178] which was criticized for having

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175. Sony Corp v. Universal City Studios, Inc., 464 U.S. 417, 442, 446 (1983).

176. I do not mean to suggest that Justice O'Connor acquired those particular values from Justice Stevens in *Sony*, or that those virtues entered her jurisprudence later, but that she already held those virtues, which would be shortly manifested in the *Harper & Row* decision the year after *Sony* was handed down.

177. Digital Millennium Copyright Act of 1998, Pub. L. No. 105-304, 112 Stat. 2860 (codified as amended in scattered sections of 17 & 28 U.S.C.).

178. *See* Lexmark Int'l, Inc. v. Static Control Components, Inc., 253 F. Supp. 2d 943, 966 (E.D. Ky. 2003) ("Lexmark's efforts to enforce the rights conferred to it under the DMCA cannot be considered an unlawful act undertaken to stifle competition."), *reversed on other grounds*, 387 F.3d 522 (6th Cir. 2004). *But cf.* Chamberlain Group, Inc. v. Skylink

unintended anticompetitive effects[179]—for example, when its anticircumvention provisions are used by printer manufacturers to sue their competitors for allegedly violating their DRM (Digital Rights Management) protocols.[180] Additionally, the DMCA's "safe harbor" and "notice and takedown" provisions have given rise to the criticism that these provisions grant copyright holders the benefit of a temporary restraining order without the expense of going to court to make a showing of irreparable harm.[181]

Techs., Inc., 381 F.3d 1178, 1201 (Fed. Cir. 2004) (interpreting anticircumvention provisions narrowly, in part because the plaintiff's "construction of the DMCA would allow virtually any company to attempt to leverage its sales into aftermarket monopolies—a practice that both the antitrust laws, and the doctrine of copyright misuse, normally prohibit" (citations omitted)). For specific DMCA enactments, see generally WIPO Copyright and Performances and Phonograms Treaties Implementation Act of 1998, Pub. L. No. 105-304, 112 Stat. 2861 (codified as amended in scattered sections of 17 U.S.C.) (adding Chapter 12 to codify DMCA, prohibiting circumvention of copyright protection systems, and providing protection for copyright management information); Online Copyright Infringement Liability Limitation Act, Pub. L. No. 105-304, 112 Stat. 2877 (codified as amended in 17 U.S.C. § 512 (1998)) (adding Section 512 to codify limitations on liability related to online material). For additional copyright related enactments amending 17 U.S.C., see Satellite Home Viewer Improvement Act of 1999, Pub. L. No. 106-113, Appendix I, 113 Stat. 1501A-523 (codified as amended in scattered sections of 17 & 47 U.S.C.) (providing, among other things, limitations on transmissions by satellite carriers); Digital Theft Deterrence and Copyright Damages Improvement Act of 1999, Pub. L. No. 106-160, 113 Stat. 1774 (codified as amended at 17 U.S.C. § 504) (increasing statutory damages for copyright infringement).

179. *See* TIMOTHY B. LEE, CATO INSTITUTE, CIRCUMVENTING COMPETITION: THE PERVERSE CONSEQUENCES OF THE DIGITAL MILLENNIUM COPYRIGHT ACT 1, (2006), http://cato.org/pub_display.php?pub_id=6025 ("Some firms have used the DMCA to thwart competition by preventing research and reverse engineering. Others have brought the weight of criminal sanctions to bear against critics, competitors, and researchers. The DMCA is anti-competitive. It gives copyright holders—and the technology companies that distribute their content—the legal power to create closed technology platforms and exclude competitors from interoperating with them."). On the doctrine of copyright misuse, see generally Thomas F. Cotter, *Misuse*, 44 HOUS. L. REV 899 (2007). On enforcement of the DMCA's anticircumvention provisions under certain circumstances, see generally Dan L. Burk, *Anticircumvention Misuse*, 50 UCLA L. REV. 1095 (2003) (discussing anticompetitve abuses regarding new technological anticircumvention rights known as "paracopyrights"); ELECTRONIC FRONTIER FOUNDATION, UNINTENDED CONSEQUENCES: SEVEN YEARS UNDER THE DMCA 1 (2006), http://www.eff.org/files/DMCA_unintended_v4.pdf (analyzing cases "where the anti-circumvention provisions of the DMCA have been invoked not against pirates, but against consumers, scientists, and legitimate competitors").

180. *See Lexmark Int'l*, 253 F. Supp. 2d at 974 (stating printer manufacturer likely will prevail on copyright infringement and DMCA claims and finding injunctive relief appropriate).

181. For critical discussions of the Copyright Act of 1976 and consideration of alternative information policy frameworks, see generally Pamela Samuelson, Randall Davis, Mitchell D. Kapor, & J.H. Reichman, *A Manifesto Concerning the Legal Protection of Computer Programs*, 94 COLUM. L. REV. 2308 (1994) (focusing on a market-oriented approach to protecting computer programs and discussing various related prototype frameworks). *See also* JULIE E. COHEN, LYDIA PALLAS LOREN, RUTH GANA OKEDIJI, &

Since then, many issues raised in *Sony* have been litigated in other cases as well. In *A&M Records, Inc. v. Napster, Inc.*, which dealt with peer-to-peer MP3 file sharing, the Ninth Circuit rejected the defendant's attempt to draw a parallel between *Sony*'s "time-shifting" and peer-to-peer "space-shifting."[182] In applying principles of vicarious liability, the Ninth Circuit held Napster liable for its ability to monitor and potentially control the putatively infringing activities of Napster users.[183]

Then, in 2005, the Supreme Court revisited *Sony* in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*[184] *Grokster* came before the Supreme Court following technologists' successes in both the district court and the Ninth Circuit. Citing *Sony*, the district court dismissed MGM's case, thus denying its claim of contributory copyright infringement against peer-to-peer companies Grokster and Streamcast.[185] The Ninth Circuit upheld that decision, holding that the defendants' peer-to-peer file sharing programs possessed "significant noninfringing uses" and,

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MAUREEN A. O'ROURKE, COPYRIGHT IN A GLOBAL INFORMATION ECONOMY 47 (2002) (discussing the copyright regime's inability to protect "facts, ideas, or abstract functional principles, all of which are considered part of the public domain and essential building blocks for future innovation"); Julie E. Cohen, *A Right to Read Anonymously: A Closer Look at "Copyright Management" in Cyberspace*, 28 CONN. L. REV. 981, 981–82 (1996) (focusing "specifically on digital monitoring of individual reading habits . . . and evaluat[ing] the import of this monitoring for traditional notions of freedom of thought and expression"); Julie E. Cohen, *Some Reflections on Copyright Management Systems and Laws Designed to Protect Them*, 12 BERKELEY TECH. L.J. 161, 163–69 (1997) (reviewing CMS legislative and treaty developments while arguing for greater public scrutiny on both CMS and the laws designed to protect them); Julie E. Cohen, *Copyright and the Jurisprudence of Self-Help*, 13 BERKELEY TECH. L.J. 1089, 1089 (1998) (examining electronic fencing and self-help under Article 2B of the Uniform Commercial Code and concluding that the "law should afford users of digital works rights of electronic self-help where necessary to preserve the copyright balance"); Julie E. Cohen, *The Place of the User in Copyright Law*, 74 FORDHAM. L. REV. 347, 349 (2005) (introducing the "situated user" and suggesting "the success of a system of copyright depends on both the extent to which its rules permit [this user] to engage in creative play and the extent to which they enable contextual play, or degrees of freedom, within the system of culture more generally"); Pamela Samuelson, *Mapping the Digital Public Domain: Threats and Opportunities*, 66 LAW & CONTEMP. PROBS. 147, 148 (2003) (discussing "possible impacts of various legal and policy developments affecting the digital public domain").

182. A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1019 (9th Cir. 2001).

183. *Id.* at 1022–24.

184. Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913 (2005). For background discussion and materials on *Grokster*, see Brief for Sixty Intellectual Property and Technology Law Professors and the United States Public Policy Committee of the Association for Computing Machinery as Amici Curiae in Support of Respondents, MGM Studios, Inc. v. Grokster, Ltd. (2005) (No. 04-480), *reprinted in* 20 BERKELEY TECH. L.J. 535 (2005). *See also* Posting of Steven Wu to SCOTUSblog, http://web.archive.org/web/20060111135013/http://www.scotusblog.com/movabletype/archives/2005/03/mgm_v_grokster.html (Mar. 25, 2005, 03:53 PM).

185. Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 259 F. Supp. 2d 1029, 1035–43 (C.D. Cal. 2003), *aff'd*, 380 F.3d 1154 (9th Cir. 2004), *rev'd*, 545 U.S. 913 (2005).

under *Sony*, the companies had not committed contributory copyright infringement.[186]

Writing for a unanimous Court, Justice Souter took the position that the defendants were liable because of evidence demonstrating that they were inducing copyright infringement.[187] However, Justice Souter left open the question of whether there would have been contributory infringement liability in the absence of evidence of inducement. Justice Souter held that

> one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.[188]

By focusing on the issue of "inducement," the Court resolved *Grokster* narrowly on the specific facts of the case. By doing so, the Court temporarily avoided the need to reinterpret *Sony*, or even to tell us what *Sony* meant. Yet marked disagreements remained among the Justices as to the current status of *Sony*, and no consensus emerged regarding the expansion or contraction of the relevance of *Sony*'s "substantial noninfringing uses" doctrine. While Justice Souter's opinion did not resolve this question,[189] it did leave the door open for the Justices to engage in a spirited debate.

Among the majority, Justice Ginsburg, on one side, wrote a concurrence joined by Justices Rehnquist and Kennedy. Ginsburg contended that *Grokster* differed significantly from *Sony* because there was *insufficient evidence introduced* of "'substantial' or 'commercially significant' noninfringing uses."[190] In other words, the Ginsburg concurrence held Grokster and Streamcast liable under *Sony* even *without* evidence of inducement.

On the other side, Justice Breyer's concurrence—joined by Justices O'Connor and Stevens—asserted that there was no need to change *Sony*'s doctrine regarding "'substantial' or 'commercially significant' noninfringing uses" and that, in the

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186. Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 380 F.3d 1154, 1160–64 (9th Cir. 2004), *rev'd*, 545 U.S. 913 (2005).

187. *Metro-Goldwyn-Mayer Studios Inc.*, 545 U.S. at 923–24.

188. *Id.* at 919.

189. *Id.* at 939 n.12 ("[I]n the absence of other evidence of intent, a court would be unable to find contributory infringement liability merely based on a failure to take affirmative steps to prevent infringement, if the device otherwise was capable of substantial noninfringing uses. Such a holding would tread too close to the *Sony* safe harbor.").

190. *Id.* at 942–49 (Ginsburg, J., concurring) (discussing the differences between *Sony* and *Grokster* concerning noninfringing uses).

absence of evidence of inducement, the "nature of . . . lawfully swapped files is such that it is *reasonable to infer* quantities of current lawful use roughly approximate to those at issue in *Sony*."[191]

Considered in this light, the holding in *Grokster* is a narrow one, focusing the basis for liability upon inducing users to utilize a peer-to-peer program in order to infringe copyrights. While joining with her fellow justices in disposing of the case at hand on the narrow ground of inducement (a doctrine borrowed, appropriately, from patent law, as had also occurred with the adoption of the staple article of commerce doctrine in *Sony*), Justice O'Connor nonetheless sided with Justice Breyer. This signaled that, in a case properly and unavoidably presenting the issue, she—like *Sony*'s author, Justice Stevens—would retain the broad safe harbor for "significant noninfringing use" first stated in Stevens's opinion for the bare 5-4 *Sony* majority two decades before. Arguably, this is consistent with *Bonito Boats*'s presumption of free competition against which intellectual property rights are a limited exception. At the very least, *Grokster* leaves software developers some wiggle room when developing new products, a result upon which Justice O'Connor would look favorably.

While Justice O'Connor did not write an opinion in *Grokster*, by examining the various concurrences in that case one may nonetheless glean insights into both her fully-formed intellectual property views and her influence on the Court. In particular, Justice Breyer's concurrence—joined by Justices O'Connor and Stevens—represents a bookend to O'Connor's intellectual property jurisprudence. Breyer's concurrence took the position that although the strong version of *Sony* was the right policy choice, it was unnecessary to reach that question in *Grokster* and, furthermore, *Grokster* was not the proper case in which to reach such a determination.[192] From this perspective, *Grokster* is a unanimous yet 3-3-3 decision—three for a strong *Sony* standard, three for a weak *Sony* standard, and three remaining agnostic. *Grokster* thus gives us an indication from Justice O'Connor that given the right case and circumstances, she would have been willing to engage again in the "delicate balancing" that so becomes her intellectual property jurisprudence. However, with Chief Justice Rehnquist gravely ill and Justice O'Connor on the verge of retirement, *Grokster* can be viewed in the context of a Court in transition.

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191. *Id.* at 949, 953 (Breyer, J., concurring) (emphasis added).
192. *Id.* at 949.

VII. CONCLUSION

This Article has argued that while Justice Sandra Day O'Connor did not begin her judicial career with a fixed set of ideas about the field of intellectual property, she still brought to bear in this area enormous common sense and fundamentally good instincts that would serve her well as her intellectual property jurisprudence became more refined in the course of her service. Justice O'Connor's western roots and her roles in three branches of Arizona government provided her with distinctive experiences that played a role in shaping her jurisprudence in general—and her intellectual property philosophy in particular. At the very least, her 1960s Arizona republican background gave her a healthy appreciation for the central role of competition and free enterprise in the U.S. economy, while her western roots and values may have had a more subtle but ambiguous role in shaping her attitudes towards intellectual property law. From these roots and roles, and facilitated by a swift learning curve in cases like *Bonito Boats*, *Feist*, and *Harper & Row*, she developed a nuanced and capacious jurisprudence of intellectual property that reflected her keen abilities to carefully balance conflicting interests. These hallmarks are evident even in her silence in *Sony* and *Grokster*.

In *Bonito Boats*, Justice O'Connor laid out the view that free competition is the baseline against which intellectual property rights are the exception. *Bonito Boats* took a strong view of patent preemption wherein Congress crafts a federal patent schema and threshold for patent protection; the states are foreclosed from granting protection for subpatentable innovations. Subsequent opinions by Justices Kennedy and Scalia seem to have picked up on the conservative pro-competition arguments Justice O'Connor voiced in *Bonito Boats*, albeit with less finesse. In *Samara Brothers*, *TrafFix*, and *Dastar*, Justices Kennedy and Scalia drew limits on the expansion of intellectual property rights in the area of trade dress protection under Section 43(a). In particular, in *KSR*, Justice Kennedy's recalibration of the obviousness threshold in patent law should result in the issuance of fewer questionable patents, thereby opening the range for subpatentable innovations and promoting competition.

In the area of copyright law, this Article has argued for a pro-author (or pro-copyright) interpretation of Justice O'Connor's opinions, where again she pursues the theme of balance. In *Harper & Row* and *Feist*, O'Connor's opinions demonstrate sensitivity to the need to balance the "private" rights of the

author against the interests of the public; in *Abend*, she struck the balance in favor of the author/copyright holder.

In two relatively early cases in the trademark area, *Inwood Labs* and *Park 'N Fly*, one can see the beginnings of Justice O'Connor's intellectual property jurisprudence and perhaps her underlying sympathy for a pro-competition position (*Inwood Labs*) that is tempered by a deference to Congressional intent in the context of Lanham Act incontestability (*Park 'N Fly*).

Finally, this Article looked at two cases which serve as the bookends of Justice O'Connor's intellectual property jurisprudence. In these cases she remained silent but arguably wielded significant influence. In *Sony*, O'Connor shifted her vote from siding with Justice Blackmun to siding with Justice Stevens and reversed the holding of the case. This shift of vote may give us some insight into O'Connor's attitude towards new technologies, copying, and competition. Two decades later, Justice O'Connor sided with Justices Breyer and Stevens in a concurrence in *Grokster*—a concurrence that indicated the continuing vitality of the *Sony* "substantial noninfringing uses" doctrine. Granted, interpreting *Sony* and *Grokster* as bearing a distinctive O'Connor palimpsest may be a stretch, but not too far of one.

With or without these latter cases, however, Justice O'Connor's legacy in the field of intellectual property has proven to be foundational to the Court's jurisprudence in this important area of the law, both now and for the foreseeable future. Justice O'Connor's respect for the role of competition as a social baseline, with carefully carved out exceptions as constitutionally demanded, has gathered momentum on the Court and is a useful counterpoint to the trend towards intellectual property maximalism. The field of intellectual property has also been a beneficiary of her pragmatic propensity for engaging in a capacious "balancing act" regarding these increasingly important issues in the realms of numinous invention and creativity.