

A HIGH LIKELIHOOD OF CONFUSION: *WAL-MART, TRAFFIX, MOSELEY, AND DASTAR*—THE SUPREME COURT’S NEW TRADEMARK JURISPRUDENCE

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INTRODUCTION: A QUIET CONFUSING CULTURAL REVOLUTION

The word “trademark” doesn’t generate passion. The word doesn’t cause the heart to race or adrenalin to flow. Unlike “copyright,” a word whose very utterance gives rise to serious disputes about the fate of our society and the normative role of law,¹ “trademark” is, largely, not seen as a significant part of our cultural infrastructure. Except at the margins, among those few who look for assaults on the “public domain” in hidden places,² discussions of trademark matters usually engender little excitement, even when the disputants are in strong disagreement or have sharply divergent views of the scope of intellectual property rights in general.³ For the most part, the response to perceived excess in the assertion of trademark rights is that what is happening is unwise, or, at worst, just plain silly,⁴ but not unmitigated evil. Candidly, the fight usually is only about money. While affecting the pocket, trademark problems generally do not touch the soul of society.

Nevertheless, the growing international and transnational nature of commerce, the spread of digital technology, and the ubiq-

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1. See, e.g., Ann Bartow, *Electrifying Copyright Norms and Making Cyberspace More Like a Book*, 48 VILL. L. REV. 13 (2003); Sheldon W. Halpern, *The Digital Threat to the Normative Role of Copyright Law*, 62 OHIO ST. L.J. 569 (2001).

2. See *White v. Samsung Elecs. Am., Inc.*, 989 F.2d 1512 (9th Cir. 1993) (Kozinski, J., dissenting from denial of rehearing en banc of 971 F.2d 1395 (9th Cir. 1992)); See Michael Madow, *Private Ownership of Public Images: Popular Culture and Publicity Rights*, 81 CAL. L. REV. 125 (1993).

3. See, e.g., Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721 (2004).

4. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 898 (9th Cir. 2002), cert. denied, 537 U.S. 1171 (2003) (“Speech-Zilla meets Trademark Kong”); *New Kids on the Block v. News America Publ’g, Inc.*, 971 F.2d 302 (9th Cir. 1992).

uity of the Internet, which together have provided a fertile ground for new trademark battles, have accompanied a broad legislative and judicial expansion of fundamental trademark concepts. As discussed below, in less than a quarter of a century, United States trademark law, embodied in the Lanham Act,⁵ has become the vehicle by which the limited, “commerce”-centered trademark construct of a “right appurtenant” has been extended from a simple subset of the law of unfair competition to a multifaceted remedial scheme. There has been a general expansion in the scope of coverage, together with the proliferation of highly specific, *sui generis* remedial devices constructed to respond to specific problems attendant to technological and other change in commercial and political life.⁶

Against this backdrop, the Supreme Court in the recent past chose to decide four seemingly unrelated cases: *Wal-Mart*,⁷ *Traffix*,⁸ *Moseley*,⁹ and *Dastar*.¹⁰ These four opinions involved very different factual and legal contexts. *Wal-Mart* appears to be a narrow opinion devoted to the arcane question of whether federal trade dress protection requires a showing that the trade dress has “acquired” distinctiveness. *Traffix* concerned the relationship between patent and trademark where there had been conflicting Court of Appeals decisions, and it gave the Court the opportunity to refine the “functionality” doctrine. The Court granted Certiorari in *Moseley* to resolve a dispute as to the proper standard for determining “dilution” under the Federal Trademark Dilution Act. *Dastar* involved the unique circumstance of distributing, without attribution, matter whose copyright protection had been lost, and used an arcane discourse on the meaning of “origin” as a vehicle for a re-examination of the fundamental nature of trademark.

These opinions taken together, however disparate the contexts and the analytic approaches, have had the paradoxical consequences of significantly slowing the overall expansion of the nature and scope of federal trademark protection, while sowing confusion,

5. 15 U.S.C. §§ 1051–1129 (2000).

6. *See, e.g.*, Trademark Law Revision Act of 1988, Pub. L. No. 100–667 § 132, 102 Stat. 3935, 3946 (1988) (codified at 15 U.S.C. § 1125(a) (2000)); The Federal Trademark Dilution Act of 1995, Pub. L. No. 104–98, Lanham Act § 43(c), 109 Stat. 985, 985 (1995) (codified at 15 U.S.C. § 1125(c) (2000)); The Anti-Cyber-squatting Consumer Protection Act, Lanham Act § 43 (d), 15 U.S.C. § 1125(d) (2000).

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

8. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001).

9. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

10. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003).

if not inconsistency, in attempts to implement the language of the Court. In the broadest terms, we know what the Court said; we think we know what the Court was trying to do globally; but in the specifics of implementing these opinions, we cannot be at all sure about what to do.

I.

TRADEMARK, THE PROTEAN HYBRID

Federal trademark law has long been the black hole in the intellectual property universe. Although considered, with copyright and patent, one of the three pillars of the field, it is a peculiar hybrid, possessing its own quantum-like instability, with its own uncertainty principle. As applied, trademark law sometimes exhibits the independent property-like aspects of its intellectual property siblings and at other times reverts to its traditional persona of a device to protect the public from fraud and unfair competition.

Unlike patent and copyright, trademark is not enshrined in Article One of the Constitution;¹¹ Congressional power to deal with the subject derives, rather, from the overall power of Congress to act with respect to interstate and foreign “commerce.” “Traditional trademark infringement law is a part of the broader law of unfair competition[.]”¹² Modern trademark law, born in the 1946 Lanham Act¹³ as a federal remedial device for enforcing common law “unfair competition” claims,¹⁴ has, with help from its judicial midwives,¹⁵ spread and expanded much like kudzu.

A. *The Expansive Scope of Trademark*

Much of that growth was sparked by a great judicial expansion of the scope of Lanham Act Section 43(a).¹⁶ Ostensibly designed to enforce rights in unregistered marks,¹⁷ Section 43(a) became the

11. Trade-Mark Cases, 100 U.S. 82, 93–94 (1879).

12. *Moseley*, 537 U.S. at 428 (2003).

13. Lanham Trademark Act, ch. 540, 60 Stat. 427 (1946) (codified at 15 U.S.C. §§ 1051-1128 (2000)).

14. *Moseley*, 537 U.S. at 428 (Traditional trademark law “was largely codified in the Trademark Act of 1946 (Lanham Act)”).

15. For a review of the early development of trademark law at the federal level, see David S. Welkowitz, *The Supreme Court and Trademark Law in the New Millennium*, 30 WM. MITCHELL L. REV. 1659 (2004).

16. 15 U.S.C. § 1125(a) (2000).

17. “Trademark” rights may be asserted under § 43(a), in contradistinction to rights arising from marks registered under Lanham Act § 1, 15 U.S.C. § 1051(a) (2000). The governing principles are not significantly different with respect to the two kinds of marks. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768

remedial home for a large and diverse assortment of federally enforced private claims.¹⁸ Federal “trademark” rights were asserted not only for infringement of unregistered marks,¹⁹ but were extended to function as analogues of rights of publicity²⁰ or moral rights²¹ claims.

Concomitantly, the courts and Congress, over time, developed a broad view of the subject matter of trademark—what is a “mark”—treating the fundamental requirement of “distinctiveness” as both a limitation and an invitation to creativity. A necessary condition to protection for any mark—registered or unregistered, trade mark or service mark²²—is that the mark be a distinctive, unequivocal indicator of the source or origin of goods or services, and that, to be protected, the mark must be used in commerce as such an indicator (i.e., in its “trademark” sense).²³ On the other hand, if a mark is so used and is “distinctive” it will generally be protected irrespective of its character; trademark protection is available to a “distinctive” mark, whatever the form that gives it distinctiveness. The Lanham Act rubric, by which the term “trademark”

includes any word, name, symbol, or device, or any combination thereof [used by any person] to identify and distinguish his or her goods . . . from those manufactured or sold by others

(1992) (“[I]t is common ground that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).”).

18. See J. Thomas McCarthy, *Lanham Act § 43(a): The Sleeping Giant Is Now Wide Awake*, LAW & CONTEMP. PROBS., Spring 1996, at 45.

19. See *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29–30 (2003) (describing the judicial development “creating a federal cause of action for traditional trademark infringement of unregistered marks”).

20. See, e.g., *White v. Samsung Elecs. Am., Inc.*, 971 F.2d 1395 (9th Cir. 1992); *Allen v. Nat’l Video, Inc.*, 610 F.Supp. 612, 625–631 (S.D.N.Y. 1985).

21. See, e.g., *Lamothe v. Atlantic Recording Corp.*, 847 F.2d 1403 (9th Cir. 1988); *Gilliam v. Am. Broad. Cos.*, 538 F.2d 14, 24 (2d Cir. 1976). See Sheldon W. Halpern, *Of Moral Right and Moral Righteousness*, 1 MARQ. INTELL. PROP. L. REV. 65 (1997).

22. “Trade mark” refers to the device that distinctively identifies the source or origin of goods, while “service mark” refers to the distinctive identification of the source or origin of services. For most purposes, they are treated the same. Lanham Act § 45, 15 U.S.C. § 1127 (2000).

23. See, e.g., *Comedy III Productions, Inc. v. New Line Cinema*, 200 F.3d 593, 594–95 (9th Cir. 2000); *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915, 923 (6th Cir. 2003) (noting that a mark must “‘create a consistent and distinct commercial impression as an indicator of a single source of origin or sponsorship’”) (quoting from *Rock and Roll Hall of Fame & Museum, Inc. v. Gentile Productions*, 134 F.3d 749, 751 (6th Cir. 1998)).

and to indicate the source of the goods, even if that source is unknown[,]”²⁴ describes “the universe of things that can qualify as a trademark . . . in the broadest of terms[,]”²⁵ so that it includes not simply words or pictorial designs or images, but also sounds and colors, and the shape, smell and any distinctive design or configuration of a product or its package.²⁶

B. “Distinctiveness,” “Trade Dress,” and “Functionality”

Faced with so broad a universe of possibilities, the courts strove to create analytic tools to help determine the central condition of protection, “distinctiveness.” Our need for the appearance of order (however ephemeral) produced a brief working taxonomy of “distinctiveness,” the *Abercrombie* factors,²⁷ defining a set of distinctiveness pigeon holes: a mark is to be categorized as “arbitrary,” or “fanciful,” or “suggestive,” or “descriptive,” or “generic.” If the mark fits into one of the first three boxes, it is a “technical” trademark and is deemed “inherently distinctive.” If it is “descriptive,” it is not “inherently” distinctive, but may “acquire” distinctiveness over time, and become protected as public association creates a “secondary,” source-identifying meaning. If it is “generic,” it may never be considered “distinctive.”²⁸

While word and pictorial marks can readily fit into the *Abercrombie* taxonomy, other kinds of marks, the product of marketing ingenuity, are not so easily shoe-horned into these categories. Is a “smell” “suggestive” or “descriptive”? Determination of distinctiveness is particularly troublesome in the case of “trade dress,” the configuration or design of a product or its package.²⁹ In its 1995

24. Lanham Trademark Act § 45, 15 U.S.C. § 1127 (2000).

25. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995).

26. As the Court described it:

Since human beings might use as a “symbol” or “device” almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive. The courts and the Patent and Trademark Office have authorized for use as a mark a particular shape . . . , a particular sound . . . , and even a particular scent

Id. (citations omitted).

27. Derived from Judge Friendly’s opinion in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).

28. *Id.* at 9–11. See SHELDON W. HALPERN, CRAIG ALLEN NARD & KENNETH L. PORT, FUNDAMENTALS OF UNITED STATES INTELLECTUAL PROPERTY LAW: COPYRIGHT, PATENT, AND TRADEMARK, Part III, § 3.1 (1999) [hereinafter FUNDAMENTALS].

29. “[T]rade dress’ includes the total look of a product and its packaging and even includes the design and shape of the product itself.” 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 8:4 (2004).

Qualitex opinion, the Supreme Court recognized the protectibility (and registerability) of a “distinctive” color, while observing that such distinctiveness was “acquired” rather than “inherent.”³⁰ In the 1992 *Two Pesos* opinion, the Court made clear that “trade dress” is not to be treated under standards of protection different from those applicable to other kinds of marks and that, irrespective of the general applicability of the *Abercrombie* factors, the law can recognize “inherently distinctive” trade dress.³¹ These two opinions, along with confusion in the Courts of Appeals as to trade dress distinctiveness in general,³² and as to whether significant distinctions exist for these purposes between trade dress in the form of product design and trade dress in the form of product packaging,³³ set the stage for the Court’s attempt in *Wal-Mart*,³⁴ discussed below, to reconcile the expanded concept of “distinctiveness” with the realities of trade dress.

But “distinctiveness” in the context of trade dress carries with it another complication not present in other contexts. Where trade dress trademark protection is sought, ambiguity can well exist as to whether the feature in question serves primarily to identify the source—the “trademark” nature of the trade dress—or to enhance the utility or appeal of the product—the “functional” nature of the trade dress. It has been suggested that there is a relationship, reciprocal or otherwise, between distinctiveness and functionality.³⁵

“Functionality” has long been recognized as an impediment to trademark protection.³⁶ Although it was a judicially created doctrine, the “functionality” preclusion is now articulated in the Lanham Act.³⁷ The significance of functionality is highlighted by the fact that the Lanham Act specifically provides, in connection with

30. *Qualitex Co.*, 514 U.S. at 163.

31. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

32. See *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 39–41 (1st Cir. 1998) (discussing the issue and reviewing the cases).

33. *Id.* Cf. *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1005–09 (2d Cir. 1995); *Duraco Prods., Inc. v. Joy Plastic Enters.*, 40 F.3d 1431 (3d Cir. 1994); *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780 (8th Cir.1995).

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

35. *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 38–39 (1st Cir. 1998); Cf. *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1343 (C.C.P.A. 1982).

36. See generally Margreth Barrett, *Consolidating the Diffuse Paths to Trade Dress Functionality: Encountering Traffix on the Way to Sears*, 61 WASH. & LEE L. REV. 79 (2004).

37. Thus, a mark may not be registered if it “comprises any matter that, as a whole, is functional.” Lanham Trademark Act, § 2(e)(5), 15 U.S.C. § 1052(e)(5) (2000). Similarly § 33(b) recognizes the defense that “the mark is functional,” even as against an “incontestable right.” *Id.* § 33(b). 15 U.S.C. § 1115(b)(8).

trade dress infringement claims for unregistered marks, that “the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”³⁸

While it is axiomatic that a “functional” feature cannot be protected as a trademark,³⁹ what makes a feature functional has not been nearly so clear. The fact that the feature *does* something, serves some utilitarian purpose, and is therefore *de facto* functional, does not necessarily render it *de jure* functional for the purpose of invoking the doctrine.⁴⁰ Commentators,⁴¹ the Courts of Appeals⁴² and, to some extent, the Supreme Court,⁴³ had proposed somewhat differing definitions of *de jure* functionality, all concerned with the need to prevent trademark protection from inhibiting competition. Moreover, with respect to functionality as it relates to protection of features of the design of a product, trademark law can tread dangerously close to patent law, and the courts have had to deal, not always consistently, with functionality analysis for a feature that had been part of a utility patent.⁴⁴ These various threads, and the complex patterns they wove, were the framework for the Supreme Court’s 2001 *Traffix* opinion,⁴⁵ discussed below.

C. “Dilution” of the “Right Appurtenant”

One constant in the trademark calculus, notwithstanding expansion of the nature and scope of trademark protection, was the premise that trademark rights are not so much intellectual property rights as they are rights appurtenant to commerce in goods or ser-

38. Lanham Trademark Act § 43(a)(3), 15 U.S.C. § 1125(a)(3) (2000).

39. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001) (“trade dress protection may not be claimed for product features that are functional”); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) (“The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.”).

40. *Morton-Norwich*, 671 F.2d 1332.

41. See McCARTHY, *supra* note 29, at § 7:64. See also Mark Alan Thurmon, *The Rise and Fall of Trademark Law’s Functionality Doctrine*, 56 FLA. L. REV. 243 (2004).

42. See, e.g., *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 338–40 (7th Cir. 1985). The judicial exegesis of functionality is described in Barrett, *supra* note 36.

43. *Qualitex Co.*, 514 U.S. at 165; *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 (1982); *Morton-Norwich*, 671 F.2d at 1337–40.

44. As McCarthy notes, the concern is that trade dress protection has the potential to create “back-door patents.” He explains: “If there is to be an exclusive right for functional features, such protection can only be gained by utility patent protection limited in time, not perpetual protection under trademark law.” McCARTHY, *supra* note 29, at § 7:64.

45. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001).

vices. The body of trademark law, with its focus on “likelihood of confusion” and lines of commerce, is predicated on the proposition that a trademark does not stand alone, and cannot be assigned or otherwise dealt with separately from the “commerce” to which it is appurtenant. Thus, a purported assignment in gross of a trademark, or a “naked license” granting rights to a mark without concomitant quality or other controls over the licensee, will be considered an abandonment of the mark, with a consequent loss of all trademark rights to it.⁴⁶ As the Supreme Court noted almost a century ago, “There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.”⁴⁷ This aphorism has its corollary in Justice Frankfurter’s oft repeated pronouncement that:

The protection of trade-marks is the law’s recognition of the psychological function of symbols. . . . A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. . . . Whatever the means employed, the aim is the same—to convey through the mark, in the minds of the potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.⁴⁸

Without the article of commerce—goods or services—to which the mark attaches as a designation of “origin,” the mark as such classically cannot exist: “a trademark, unlike a copyright or patent, is not a ‘right in gross’ that enables a holder to enjoin all reproductions.”⁴⁹ Similarly, a bedrock proposition of trademark enforcement makes the use of a protectible mark by one other than its owner actionable only if that use creates a likelihood of confusion

46. See FUNDAMENTALS, *supra* note 28, Part III, §§ 5.2, 5.3.

47. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918). The Court went on to note that:

[t]he law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another’s product as his; and it is not the subject of property except in connection with an existing business.

Id. (citation omitted).

48. *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge*, 316 U.S. 203, 205 (1942).

49. *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915, 922 (6th Cir. 2003) (quoting from *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 35 (1st Cir. 1989)).

as to the source, origin, or sponsorship or affiliation of goods or services, usually in the context of business competition.⁵⁰ From the mid-1980s to the close of the Twentieth Century, however, there was a growing attenuation—quite literally a “dilution”—of that linkage to “commerce” and competition and the clear separation from independent intellectual property rights.

The expansion of trademark rights through § 43(a) of the Lanham Act initially took the form of a judicial gloss on the concept of “origin” to embrace “affiliation” or “association,”⁵¹ an extension that Congress then codified in the language of the section.⁵² By the late 1980s, United States trademark law began to take a decidedly international perspective. With the Trademark Revision Act of 1988,⁵³ recognizing a limited right to “bank” a mark (reserving trademark rights prior to actual use in commerce through the “intent to use” application),⁵⁴ an effort was made to conform United States trademark practice to that in the European Union and to eliminate what was perceived to be an unfair advantage accorded foreign trademark owners over U.S. trademark applicants.⁵⁵ This simple procedural change, creating rights without use, albeit conditional on future use, was a significant weakening of the traditional tie between trademark rights and “use in commerce.” That tie was somewhat further loosened in 2004, at least for foreign trademark owners, with implementation of the Madrid Protocol,⁵⁶ which gives a foreign applicant, whose mark is registered in his or her own

50. FUNDAMENTALS, *supra* note 28, Part III, § 8.1.

51. *See, e.g.*, *Allen v. Nat'l Video*, 610 F. Supp. 612, 625–631 (S.D.N.Y. 1985) (reviewing the development).

52. The statute provides:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, . . .

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a)(1) (2000).

53. Pub. L. No. 100-667 § 132, 102 Stat. 3935, 3946.

54. Lanham Act § 1(b), 15 U.S.C. § 1051(b) (2000).

55. *See* FUNDAMENTALS, *supra* note 28, Part III, § 1.3.2.

56. Lanham Act §§ 60–74, 15 U.S.C. §§ 1141a–1141n (2000).

country, a period of five years after filing a U.S. application within which to demonstrate actual use of a mark.⁵⁷

The most significant blurring of what had been a bright-line demarcation in trademark jurisprudence came with the adoption of the Federal Trademark Dilution Act of 1995.⁵⁸ As has been frequently noted,⁵⁹ the “dilution” construct grew out of a 1927 law review article proposing that, rather than an interest in protecting consumers from fraud, “the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.”⁶⁰ This proposition, with its expansive focus on the “unique” mark itself rather than on its relation to goods or services, became the foundation for an array of state “dilution” statutes.⁶¹

Although differing from one another in certain respects, the state statutes generally provided a cause of action for activities that create a “likelihood of injury to business reputation or of dilution of the distinctive quality of a mark[,]” irrespective of the existence of competition between the parties or of a likelihood of confusion as to source, origin or sponsorship of goods or services.⁶² In construing such a statute, the New York Court of Appeals described “dilution” as “the whittling away of an established trademark’s selling power and value through its unauthorized use by others upon dissimilar products.”⁶³

57. Lanham Act § 71, 15 U.S.C. § 1141k (2000).

58. The Federal Trademark Dilution Act 1995, Pub. L. No. 104-98, 109 Stat. 985 (1995) (codified at 15 U.S.C. §§ 1051, 1125–1127 (2000)).

59. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 429–30 (2003). *See, e.g.*, Lee Goldman, *Proving Dilution*, 58 U. MIAMI L. REV. 569, 570 n.9 (2004) (collecting sources).

60. Frank Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 831 (1927).

61. As *Moseley* notes, there were at least 25 such state dilution statutes in effect as of 1995. *Moseley*, 537 U.S. at 430.

62. *Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 42 N.Y.2d 538, 541–42 (1977) (quoting N.Y. Gen. Bus. Law. § 368-d (repealed)). In construing the New York statute the New York Court of Appeals observed:

Since an action for infringement as well as an action for unfair competition both require a showing that the public is likely to confuse the defendant’s product or service with that of the plaintiff, relief may be difficult to secure in situations in which the parties are not in competition, nor produce similar products or perform similar services. It is for this reason that [the anti-dilution statute] specifically provides that an injunction may be obtained notwithstanding the absence of competition or confusion.

Id. at 543 (emphasis removed). For a review of anti-dilution statutes see 3 MCCARTHY, *supra* note 29, at § 24:67–:69.

63. *Allied Maint. Corp.*, 42 N.Y.2d at 542 (quoting the legislative history of New York’s anti-dilution statute).

The evil which the Legislature sought to remedy was not public confusion caused by similar products or services sold by competitors, but a cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name.⁶⁴

The anti-dilution statutes provide protection “beyond that provided by the classic ‘likelihood of confusion’ test under the Lanham Act [to prevent] the gradual whittling away of trademarks’ distinctiveness through use by third parties on non-confusing, non-competing products.”⁶⁵ Of course, while neither competition nor confusion are necessary predicates for a dilution claim, the existence of competition and/or confusion that would support a traditional trademark infringement or unfair competition action will not preclude a dilution claim under these statutes.⁶⁶ Infringement and dilution claims are frequently (albeit uneasily) joined in the same action.⁶⁷

Generally, the “whittling away” amounting to dilution could be found by acts which either “blur” the mark’s distinctiveness or “tarnish” the mark or the goodwill it otherwise generates for its owner⁶⁸ (although at least one court held that there might be “dilution” under the appropriate statute by uses which “may drain off any of the potency of the mark” even absent findings of either tarnishment or blurring⁶⁹). The blurring/tarnishment elements appear to be a gloss on the common statutory language providing redress for “injury to business reputation” and “dilution of the distinctive quality of the trade name or trademark.”⁷⁰

[D]ilution by “blurring” may occur where the defendant uses or modifies *the plaintiff’s trademark* to identify *the defendant’s goods and services*, raising the possibility that the mark will lose

64. *Id.* at 544.

65. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 482 (7th Cir. 1988) (citation omitted) (construing the Illinois anti-dilution statute).

66. *See, e.g.*, *Nikon Inc. v. Ikon Corp.*, 987 F.2d 91, 96 (2d Cir. 1993). *Cf.* *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 48 (1st Cir. 1998) (noting the court’s discomfort with dilution claims where the parties are in competition).

67. *See, e.g.*, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

68. *See, e.g.*, *Pebble Beach Co. v. Tour 18 I, Ltd.*, 155 F.3d 526, 547 (5th Cir. 1998) (“Dilution can be shown by way of two different theories: blurring and tarnishment.”); *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989).

69. *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 44 (2d Cir. 1994) (“[T]he blurring/tarnishment dichotomy does not necessarily represent the full range of uses that can dilute a mark . . .”).

70. *Moseley*, 537 U.S. at 430, 432 (2003).

its ability to serve as a unique identifier of the plaintiff's product.

"Tarnishment" generally arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an wholesome or unsavory context likely to evoke unflattering thoughts about the owner's product. . . . [T]he trademark's reputation and commercial value might be diminished because the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods, or because the defendant's use reduces the trademark's reputation and standing in the eyes of consumers as a wholesome identifier of the owner's product or services.⁷¹

Although it was not particularly difficult to determine what kinds of unsavory associations might "tarnish" a mark for purposes of the state dilution statutes,⁷² it was, and remains, a far more daunting task to articulate standards or "factors" indicative of "blurring" of the distinctive quality of a mark in the absence of a likelihood of confusion as to source or origin.⁷³

While the states were attempting to work out a viable way to define "likelihood of dilution," Congress entered the field. Originally proposed—and rejected—as part of the 1988 trademark revisions,⁷⁴ the Federal Trademark Dilution Act (the "FTDA") was enacted in 1995, and signed into law as Lanham Act § 43(c)⁷⁵ in 1996. The FTDA was not simply a federal codification of state anti-dilution law. Rather, it set out a peculiar federal scheme providing a remedy for "dilution" of a "famous mark":

The owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use . . . causes dilution of the distinctive quality of the mark⁷⁶

71. *Deere & Co.*, 41 F.3d at 43.

72. *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir. 1987) (holding a trademark can be "tarnished" by a non-commercial parody); *Pillsbury Co. v. Milky Way Prods., Inc.*, 215 U.S.P.Q. (BNA) 124 (N.D. Ga. 1981) (placing product in "depraved" context "tarnishes" the product). The question of parody and the relationship between trademark rights and First Amendment limitations is beyond the scope of this article. *Cf. L.L. Bean*, 811 F.2d at 28 ("The ridicule conveyed by parody inevitably conflicts with one of the underlying purposes of the . . . anti-dilution statute, which is to protect against the tarnishment of goodwill and reputation associated with a particular trademark.").

73. *Cf. Mead Data Cent.*, 875 F.2d at 1035 (Sweet, J., concurring).

74. *Moseley*, 537 U.S. at 430–31.

75. 15 U.S.C. § 1125(c) (2000).

76. Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1) (2000).

Eight enumerated nonexclusive “factors” help determine whether a mark is both “distinctive” and “famous.”⁷⁷ The statute specifically exempts “fair use . . . in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark,” “noncommercial use of a mark,” and “all forms of news reporting and news commentary.”⁷⁸

The FTDA quickly became a versatile tool for extending trademark-like protection into theretofore uncharted waters. Thus, before it became the subject of *sui generis* legislation,⁷⁹ “cybersquatting”—the use by one person of another’s mark as an Internet domain name—became subject to action under the FTDA.⁸⁰

The statutory language, with its departure from the state law models, necessarily gave rise to questions of construction. For example, the use of the term “distinctive” twice in the opening paragraph of § 43(c) and the conjunctive use of the term “famous” gives rise to the question whether “distinctive” means something different for purposes of the FTDA than it does for trademark infringement purposes. Construing this language, the Second Circuit has held that although a mark must have achieved a high degree of acquired distinctiveness in order to be “famous” the mark must be *inherently* distinctive in order to meet the “distinctive” test.⁸¹

So, too, judicial discomfort can be expected in accommodating the FTDA to trade dress. As the First Circuit observed:

It is possible that Congress did not really envision protection for product design from dilution by a competing product under the FTDA, but the language it used does not permit us

77. *Id.*

78. *Id.* § 43(c)(4), 15 U.S.C. § 1125(c)(4) (2000).

79. The Anti-Cybersquatting Consumer Protection Act, Lanham Act § 43(d), 15 U.S.C. § 1125(d) (2000).

80. *See, e.g.*, Panavision Int’l, LP v. Toeppen, 141 F.3d 1316 (9th Cir. 1998); Morrison & Foerster, LLP v. Wick, 94 F. Supp. 2d 1125 (D. Colo. 2000). *Cf.* Ty Inc. v. Perryman, 306 F.3d 509 (7th Cir. 2002), *cert. denied*, 538 U.S. 971 (2003).

81. TCPIP Holding Co. v. Haar Communications, Inc., 244 F.3d 88 (2d Cir. 2001). As the court explained:

We therefore understand Clause (A) of § 1125(c)(1) to invite two inquiries: (1) Has the plaintiff’s mark achieved a sufficient degree of consumer recognition (“acquired distinctiveness”) to satisfy the Act’s requirement of fame? (2) Does the mark possess a sufficient degree of “inherent distinctiveness” to satisfy the Act’s requirement of “distinctive quality.” The latter requirement cannot be satisfied by the mere fact that the public has come to associate the mark with the source.

Id. at 98. Compare the Second Circuit’s more demanding definition of “distinctiveness” for purposes of the FTDA with the First Circuit’s more rigorous definition of “fame” in *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998).

to exclude such protection categorically and rare cases can be imagined. But a broad reading of dilution would bring us close to the constitutional edge, and we decline to attribute such brinksmanship to Congress, and so insist on rigorous review.⁸²

The FTDA language creates other problems of construction. For example, it limits dilution claims to those arising from “another person’s commercial use in commerce” and separately provides specific exemption for “noncommercial use of a mark.”⁸³ Is this simply a redundancy or does “commercial” mean different things in the different parts of the same section?⁸⁴ Similarly, the language sharply departs from that found in the typical state statutes by providing a remedy only for “dilution” without any mention of “injury to business reputation,” raising, at least inferentially, the question whether “tarnishment,” as opposed to “blurring,” is within the scope of the FTDA. Finally, unlike the state statutes, which provide relief upon a showing of a “likelihood of dilution,” the FTDA provides for injunctive relief against a use that “causes dilution of the distinctive quality of the mark.” Is the state “likelihood” criterion to be imported into the FTDA and, if not, how is one to demonstrate that a use “causes dilution”? In response to a split in the Circuits,⁸⁵ the Supreme Court agreed to resolve this question in *Moseley*.

II IN THE SUPREME COURT

The different themes in the story of trademark, discussed above, came together in the four trademark cases decided by the Supreme Court between 2000 and 2003. Since the adoption of the Lanham Act in 1946, the Court had agreed to hear only a few trademark cases, rendering opinions that amplified the statute incrementally,⁸⁶ a process that culminated in the expansive *Qualitex* and *Two Pesos* opinions, discussed above.⁸⁷ That history left us totally

82. See *I.P. Lund Trading ApS*, 163 F.3d 27 at 50; *but cf.* *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999).

83. Compare Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1) (2000) with Lanham Act § 43(c)(4), 15 U.S.C. § 1125(c)(4) (2000).

84. See, e.g., *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 904 (9th Cir. 2002), *cert. denied*, 537 U.S. 1171 (2003) (Kozinski, J.) (arguing that there is a significant, constitutional distinction between the two usages).

85. Compare *Nabisco, Inc.*, 191 F.3d 208 (“likelihood of dilution”) with *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999) (“actual economic harm”).

86. See, e.g., *Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985).

87. See notes 30–31 *supra* and accompanying text.

unprepared for the sharp and not necessarily consistent directional changes in the Court's thinking as it dealt with the *Wal-Mart*, *Traf-Fix*, *Moseley*, and *Dastar* cases.

A. *Trade Dress and Distinctiveness: Wal-Mart*

*Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*⁸⁸ arose out of Wal-Mart's sale of "knockoffs" of a line of children's clothing made by Samara Brothers. Wal-Mart appealed from a judgment of more than \$1.6 million on Samara Brother's claims, including, *inter alia*, infringement of unregistered trade dress under § 43(a) of the Lanham Act. The issue for the Court was whether trade dress infringement could be found in the absence of proof of acquired distinctiveness (secondary meaning); i.e., could a trade dress infringement claim be predicated on a determination of "inherent" distinctiveness? The Court granted *certiorari* ostensibly to resolve conflicts in the Courts of Appeals over the applicability of the *Abercrombie* factors to determinations of trade dress distinctiveness.⁸⁹ Justice Scalia, for a unanimous court, chose to deal with the matter by a categorical rule: as a matter of law, trade dress, at least in the form of product design, cannot be inherently distinctive and therefore, one seeking trademark protection for the design of a product must demonstrate acquired distinctiveness.

While acknowledging the utility of the *Abercrombie* factors as applied to word marks,⁹⁰ Justice Scalia held that that taxonomy is not applicable to trade dress. Instead, a different analytic mode was necessary. To that end, he looked to the Court's 1995 *Qualitex*⁹¹ opinion. In what had been seen as an expansive approach to trade dress, Justice Breyer found no bar to the registerability of a distinctive color:

We cannot find in the basic objectives of trademark law any obvious theoretical objection to the use of color alone as a trademark, where that color has attained "secondary meaning" and therefore identifies and distinguishes a particular brand (and thus indicates its "source").⁹²

In an unexpected inversion, the *Wal-Mart* Court read *Qualitex* as limiting: "with respect to at least one category of mark—colors—we have held that no mark can ever be inherently distinctive."⁹³

88. 529 U.S. 205 (2000).

89. See *supra* notes 32–33 and accompanying text.

90. 529 U.S. at 210–11.

91. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995).

92. *Id.* at 163.

93. *Wal-Mart Stores*, 529 U.S. at 211.

Extrapolating, the Court remarked, “It seems to us that design, like color, is not inherently distinctive.”⁹⁴

However, the Court’s 1992 *Two Pesos* decision—which recognized the legal possibility of inherently distinctive trade dress⁹⁵—was an obstacle to creation of a categorical rule precluding inherent distinctiveness for trade dress. That opinion, much as did *Qualitex*, exemplified a universalist approach to trademark.⁹⁶ Justice Scalia simply brushed away the impediment with his *ipse dixit* conclusion that *Two Pesos*, involving the design of the interior of a chain of Mexican restaurants, was not concerned with “product design”:

Two Pesos unquestionably establishes the legal principle that trade dress can be inherently distinctive, . . . but it does not establish that *product-design* trade dress can be. *Two Pesos* is inapposite to our holding here because the trade dress at issue, the decor of a restaurant, seems to us not to constitute product design. It was either product packaging—which, as we have discussed, normally is taken by the consumer to indicate origin—or else some *tertium quid* that is akin to product packaging and has no bearing on the present case.⁹⁷

For good or ill, abandoning an all-embracing trademark construct that underlay both *Qualitex* and *Two Pesos*, the Court took a fragmentary approach to trade dress distinctiveness, distinguishing between product design on the one hand and product packaging or some *tertium quid* on the other. While recognizing some difficulties at the margins in making the distinction, the Court essentially elided the question it took the case to resolve: how does one determine inherent distinctiveness for trade dress? Rather, instead of the complications of an analytic model, the Court unanimously opted for the certainty of a categorical rule with respect to product design:

We hold that, in an action for infringement of unregistered trade dress under § 43(a) of the Lanham Act, a product’s design is distinctive, and therefore protectible, only upon a showing of secondary meaning.⁹⁸

The *Wal-Mart* opinion is remarkably short and remarkably candid. It demonstrates a refreshing recognition of the capability

94. *Id.* at 212.

95. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

96. See *supra* notes 30–31 and accompanying text.

97. 529 U.S. at 215 (internal citations omitted).

98. *Id.* at 216.

problem courts face in making certain fine distinctions. As to postulating factors that might serve to define inherent distinctiveness for product design, Justice Scalia was more than dubious: “where product design is concerned we have little confidence that a reasonably clear test [of inherent distinctiveness] can be devised.”⁹⁹ He also was quite revealing in his caution with respect to the scope of trademark protection:

We believe . . . that the frequency and the difficulty of having to distinguish between product design and product packaging will be much less than the frequency and the difficulty of having to decide when a product design is inherently distinctive. To 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. The very closeness will suggest the existence of relatively small utility in adopting an inherent-distinctiveness principle, and relatively great consumer benefit in requiring a demonstration of secondary meaning.¹⁰⁰

Ultimately, the Court seems moved at least as much by competition and consumer concerns, and by narrowing the role played by trademark in protecting products and their design, as it is by concerns over consistent construction of the law:

The fact that product design almost invariably serves purposes other than source identification not only renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests.¹⁰¹

Justice Scalia’s opinion, notwithstanding its great brevity, is rich in underlying ideas about the world of commerce, and consumer and competitive protection, and what makes something “distinctive” for a consumer. What is troubling, however, is that this rich underlay is to be taken on faith, or as the product of a judicial *ipse dixit*; he may be right in his intuitive characterizations, but some further support would have been welcome before the Court pronounced inherent distinctiveness unworkable with respect to product design and promulgated a categorical preclusion rule. As one commentator has described the effect of *Wal-Mart*: “It entrenches (without any factual support) a generalized assumption of con-

99. *Id.* at 213.

100. *Id.* at 215.

101. *Id.* at 213.

sumer practices as a rule of law. It thus prevents trademark law from fully reflecting changes in consumer behavior.”¹⁰²

Does the categorical rule work? There is certainly value in its apparent efficiency; we needn’t struggle to define and apply standards for inherent distinctiveness if we have already precluded it as a matter of law. On the other hand, it is not necessarily only at the margins that we will be required to make the no less inefficient distinction among product design, product packaging, and some *tertium quid*. By avoiding the construction of an analytic model of distinctiveness in favor of a categorical rule, the Court may simply be moving the problem around and not solving it.¹⁰³

B. Trade Dress and Functionality: Traffix

Traffix,¹⁰⁴ also involving trade dress/product design questions, came to the Court shortly after *Wal-Mart* was decided. Again, the Court took the case to resolve a split in the Circuits over application of the doctrine of functionality.¹⁰⁵ Granting *certiorari* apparently to deal with a narrow question, the Court used the case as a springboard for a major re-examination of functionality standards.¹⁰⁶

1. Functionality and Utility Patents

Where trade dress protection is sought for a design feature that had been incorporated in an expired utility patent, the courts are acutely aware of the danger of trademark protection encroaching on the limits of patent protection. Trademark constructs may not be used simply to extend an expired patent. With the accepted unprotectibility of “functional” features by trademark,¹⁰⁷ the narrow question for the courts had been whether the existence of an expired utility patent that included the features for which trade dress protection is sought absolutely precludes such protection—making the feature “functional” as a matter of law—or gives rise to a presumption of functionality stronger than the presumption that exists through the requirement that the party claiming protection

102. Graeme B. Dinwoodie, *The Trademark Jurisprudence of the Rehnquist Court*, 8 MARQ. INTELL. PROP. L. REV. 187, 198–99 (2004).

103. See *id.* at 198 (“[T]he Court’s opinion merely illustrates, rather than solves, the difficulties of categorical classification.”).

104. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001).

105. See *supra* text accompanying notes 36–42.

106. As one commentator uncharitably described it: “[T]he Supreme Court intervened to resolve a minor split on a secondary functionality issue, and proceeded to recast the entire law of functionality.” Thurmon, *supra* note 41, at 244.

107. See *supra* note 36 and accompanying text.

bear the burden of proving non-functionality, or is another thing, a *tertium quid*. While most of the circuits were in agreement that protection was not absolutely foreclosed,¹⁰⁸ the Tenth Circuit had adopted a categorical preclusion rule.¹⁰⁹ The Supreme Court granted certiorari to resolve that conflict.¹¹⁰

Justice Kennedy's opinion begins with an admonition about the limitations of trademark; while acknowledging the general applicability of trademark protection to distinctive trade dress,¹¹¹ he noted that the functionality preclusion is a means of ensuring that trademark law is not misused to create patent-like rights:

[I]n *Wal-Mart* . . . we were careful to caution against misuse or over-extension of trade dress. We noted that "product design almost invariably serves purposes other than source identification."

Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products. In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. As the Court has explained, copying is not always discouraged or disfavored by the laws which preserve our competitive economy. . . . Allowing competitors to copy will have salutary effects in many instances.¹¹²

Nevertheless, Justice Kennedy rejected the proposed categorical rule that would make a product design feature "functional" as a matter of law if it had been included in the claims of an expired utility patent. In doing so, he also expressly avoided consideration of the related argument, made by the defendant and *amici*, that the Patent Clause¹¹³ of the Constitution prohibits the holder of an expired utility patent from claiming trade dress protection:

We need not resolve this question. If, despite the rule that functional features may not be the subject of trade dress pro-

108. *Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246 (5th Cir. 1997); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir. 1998); *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002 (9th Cir. 1998); *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir. 1999).

109. *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1500 (10th Cir. 1995) ("Where a product configuration is a significant inventive component of an invention covered by a utility patent . . . it cannot receive trade dress protection . . .").

110. *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 28 (2001).

111. *Id.* at 28 ("It is well established that trade dress can be protected under federal law.")

112. *Id.* at 29 (citations omitted).

113. U.S. CONST. art. I, § 8, cl. 8.

tection, a case arises in which trade dress becomes the practical equivalent of an expired utility patent, that will be time enough to consider the matter.¹¹⁴

Rather, the Court adopted a rule creating a strong presumption—beyond the existing statutory presumption—of functionality: one seeking trade dress protection for a product feature included in the claims of a utility patent carries a heavy burden of demonstrating non-functionality:

A prior patent, we conclude, has vital significance in resolving the trade dress claim. A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.¹¹⁵

In propounding a rule “that the disclosure of a feature in a utility patent’s claims constitutes strong evidence of functionality[,]”¹¹⁶ Justice Kennedy did not quantify the “great weight” this presumption adds to the existing statutory burden. The example the Court offered is less than enlightening. How does one demonstrate that a product feature within the claims of a utility patent “is merely an ornamental, incidental, or arbitrary aspect of the device” without in effect arguing that the grant of the patent including such claims was erroneous or mistaken?

In a case where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims . . . a different result might obtain. There the manufacturer could perhaps prove that those aspects do not serve a purpose within the terms of the utility patent.¹¹⁷

The Court clearly wanted to increase the existing burden of proving non-functionality without going to the extreme of a categorical preclusion, but it offered little guidance to the courts and counsel who will have to work within this frame of reference. It is

114. *TrafFix*, 532 U.S. at 35.

115. *Id.* at 29–30.

116. *Id.* at 24.

117. *Id.* at 34.

not at all clear that the Court is saying much more than that one rebuts a presumption of functionality by demonstrating that the feature is non-functional! In short, without a categorical preclusion rule, it seems that the Court effectively elided answering the question before it; instead, as discussed below, the Court shifted the issue back to the very definition of *de jure* functionality, which may well be the real reason the Court agreed to hear the case.

2. Redefining Functionality

As discussed above,¹¹⁸ the Courts of Appeals had labored to set standards for finding that a feature for which trade dress protection is sought was not only *de facto* functional, but was *de jure* functional and therefore not protectible. Although several different formulations were proposed, the *Morton-Norwich* “competitive necessity” construct¹¹⁹ had apparently largely been accepted by most of the courts of appeals as central to the functionality determination. Simply stated, a trade dress feature would be considered *de jure* functional if its effect would be “great enough to significantly disadvantage competitors in ways other than consumer preference for a particular source.”¹²⁰ Focus on the competitive impact (or “practical effect”¹²¹) of a *de facto* functional feature:

allows courts to deem product features that play a material or important role in the product, other than identification of source, nonfunctional and protected. The courts applying this standard assume that consumers’ interest in avoiding confusion and producers’ interest in their chosen identifiers are at least co-equal to competitors’ interest in copying unpatented product features.¹²²

Thus, the availability of equally effective alternative designs would militate against a finding of functionality.¹²³ As the Restatement (Third) of Unfair Competition put it:

A design is “functional” [if it] affords benefits in the manufacturing, marketing, or use of the goods or services with which the design is used, apart from any benefits attributable to the design’s significance as an indication of source, that are impor-

118. See *supra* notes 36–42 and accompanying text.

119. *In re Morton-Norwich Prods.*, 671 F.2d 1332, 1339–40 (C.C.P.A. 1982).

120. *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 539 (5th Cir. 1998).

121. Barrett, *supra* note 36, at 98–103.

122. *Id.* at 95.

123. *Morton-Norwich*, 671 F.2d at 1341–43.

tant to effective competition by others and that are not practically available through the use of alternative designs.¹²⁴

In a footnote to *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, the Supreme Court appeared to take a different position: “in general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”¹²⁵ More than a decade later, in *Qualitex*,¹²⁶ the Court appeared to refine this language to harmonize it with the “competitive necessity” analytic model of functionality:

This Court . . . has explained that, “[i]n general terms, 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,” that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.¹²⁷

In *Traffix*, the Sixth Circuit had relied on this *Qualitex* interpretation and applied the competitive necessity test to find that the availability of reasonable alternative designs rendered the feature at issue nonfunctional.¹²⁸ Justice Kennedy, for a unanimous Court, reversed, and in so doing, essentially rewrote the *Qualitex* language:

Discussing trademarks, we have said “[i]n general terms, 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.’” *Qualitex*, 514 U.S., at 165 (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850, n.10, 102 S.Ct. 2182, 72 L.Ed.2d 606 (1982)). Expanding upon the meaning of this phrase, we have observed that a functional feature is one the “exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.” 514 U.S., at 165, 115 S.Ct. 1300. The Court of Appeals in the instant case seemed to interpret this language to mean that a necessary test for functionality is “whether the particular product configuration is a competitive necessity.” This was incorrect as a comprehensive definition. As explained in *Qualitex, supra*, and *Inwood, supra*, a feature is also functional when it is essential to the use or purpose of the

124. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 (1995).

125. 456 U.S. 844, 850 n.10 (1982).

126. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995).

127. *Id.* at 165 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.* 456 U.S. 844, 850 n.10 (1982)) (alteration in original).

128. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 27–28 (2001) (citing *Mktg. Displays, Inc. v. Traffix Devices, Inc.*, 200 F.3d 929 (6th Cir. 1999)).

device or when it affects the cost or quality of the device. The *Qualitex* decision did not purport to displace this traditional rule. Instead, it quoted the rule as *Inwood* had set it forth.¹²⁹

Accordingly, having found that the design feature was both “essential to the use or purpose of the device” and affected its “cost or quality,” the Court held that the design was functional and that the availability to competitors of alternative designs was therefore irrelevant.¹³⁰

Justice Kennedy rejected the prevalent interpretation of the relationship between *Qualitex* and *Inwood* and relegated the competitive necessity test to, at best, a secondary role. “Competitive necessity,” the Court ruled, is not “a comprehensive definition.” Where a feature *is* essential to the use or purpose of the article or *does* affect its cost or quality, it will be deemed *de jure* functional, ending the inquiry without consideration of competitive necessity.¹³¹ The latter situation would most often arise in the context of “aesthetic functionality”: a feature would be considered *de jure* functional if it makes the product more appealing or otherwise enhances its marketability. To the extent that there had been any doubt as to the preclusive effect of aesthetic functionality, Justice Kennedy lays the matter to rest:

It is proper to inquire into a “significant non-reputation-related disadvantage” in cases of aesthetic functionality, the question involved in *Qualitex*. Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature. In *Qualitex*, by contrast, aesthetic functionality was the central question¹³²

The courts of appeals have now begun to apply this significantly changed functionality analysis, raising more questions about just what Justice Kennedy’s opinion meant.¹³³ A few things are

129. *Id.* at 32–33 (some internal citations removed).

130. *Id.* at 34.

131. *Id.* at 33 (Under these circumstances, “there is no need . . . to engage . . . in speculation about other design possibilities[.]”).

132. *Id.* at 33.

133. *Antioch Co. v. Western Trimming Corp.*, 347 F.3d 150, 157 (6th Cir. 2003) (“[T]he Supreme Court ‘rejected’ the competitive-necessity test as the main test and reinstated the *Inwood* formulation as the primary method for evaluating functionality.”); *Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 356 (5th Cir. 2002):

This court’s “utilitarian” test, with its focus on the ability of competitors to compete effectively in the marketplace, is virtually identical to the “competitive necessity” test discussed in *Traffix*. Accordingly, *Traffix* supersedes the

clear from an opinion that has been subject to both deep analysis and to sharp criticism from commentators:¹³⁴ aesthetic functionality will bar trade dress protection; the *Morton-Norwich/Qualitex* competitive necessity standard will apply to aesthetic functionality analysis; that standard, if and to the extent that it exists at all with respect to utilitarian functionality, is secondary to the *Inwood* test. The rest is silence.

With awe-inspiring legerdemain, the Court, in *Wal-Mart* and in *TrafFix*, turned its expansive *Two Pesos* and *Qualitex* opinions into the vehicle for both a restrictive categorical rule for trade dress distinctiveness and a restrictive quasi-categorical rule for trade dress functionality (even while rejecting a categorical rule for dealing with the effect of an expired utility patent). However questionable the rigor of the Court's logic or the consistency of its modes of analysis, however uncertain the merits of the particular rules adopted, however confusing implementation may prove to be for the lower courts, there is no doubt about the Court's unanimous policy determination to reverse, or at least to stem, the tide of expansive trade dress protection. The impact of these opinions, which appear to impose heightened distinctiveness and functionality burdens on one claiming trade dress protection, must necessarily inhibit such protection.

The Court seemed particularly mindful of the underlying problem of reconciling trademark law, in the form of trade dress protection, with the limitations of patent law, and appeared to be

definition of functionality previously adopted by this court. The "utilitarian" test, although still valid as a secondary test, is not a comprehensive definition of functionality In light of *TrafFix*, the primary test for determining whether a product feature is functional is whether the feature is essential to the use or purpose of the product or whether it affects the cost or quality of the product.

But cf. *Valu Eng'g v. Rexnord Corp.*, 278 F.3d 1268, 1276 (Fed. Cir. 2002) (adopting a contrary construction proposed by Professor McCarthy)

[T]he *Morton-Norwich* factors aid in the determination of whether a particular feature is functional Nothing in *TrafFix* suggests that consideration of alternative designs is not properly part of the overall mix, and we do not read the Court's observations in *TrafFix* as rendering the availability of alternative designs irrelevant.

(citing 1 MCCARTHY, *supra* note 29 at § 7:75). See generally Barrett, *supra* note 36 at 129–35 (surveying the lower court approaches).

134. See, e.g., Barrett, *supra* note 36; Harold R. Weinberg, *Trademark Law, Functional Design Features, and the Trouble with TrafFix*, 9 J. INTELL. PROP. L. 1 (2001); Thurmon, *supra* note 41.

more concerned with maintaining those limitations than it was with issues of competitiveness or unfair competition in general.¹³⁵ With trade dress, the matter often comes down to the question of whether to protect a feature that, either because it is unpatentable or is part of an expired patent, is otherwise available for copying by all.

Thus, Justice Scalia observes in *Wal-Mart*:

[T]he producer can ordinarily obtain protection for a design that *is* inherently source identifying (if any such exists), but that does not yet have secondary meaning, by securing a design patent or a copyright for the design The availability of these other protections greatly reduces any harm to the producer that might ensue from our conclusion that a product design cannot be protected under § 43(a) without a showing of secondary meaning.¹³⁶

This concern with trademark rights spilling over into other areas serves as the defining theme—a throbbing ostinato—in *Traffix*. As noted above,¹³⁷ Justice Kennedy takes pains to point out that “in *Wal-Mart* . . . we were careful to caution against misuse or over-extension of trade dress Allowing competitors to copy will have salutary effects in many instances.”¹³⁸ Just as in the broader context of *Dastar* (discussed below), the Court here seems to be reaching back to build on its earlier struggles with issues of federal preemption in an attempt both to limit and to redefine the role of trademark and to create brighter lines of demarcation between trademark and other aspects of intellectual property law; the clear goal and the undoubted effect of this process is to expand the scope of permissible copying by contracting the scope of trademark protection, in a kind of zero sum game.

C. *Dilution: Moseley*

*Moseley v. V Secret Catalogue, Inc.*¹³⁹ was the Supreme Court’s first look at the Federal Trademark Dilution Act.¹⁴⁰ As discussed above, the language of the FTDA has raised a number of serious

135. In rejecting a categorical preclusion rule for features within an expired utility patent, the court nevertheless heightened the burden on the party seeking trade dress protection.

136. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 214 (2000).

137. See *supra* Notes 109–10 and accompanying text.

138. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001).

139. 537 U.S. 418 (2003).

140. Lanham Act § 43(c), 15 U.S.C. § 1125(c) (2000).

questions.¹⁴¹ The Court took the case specifically to resolve a split in the Circuits over one of these questions: whether the plaintiff in an action under the FTDA is required to prove that the defendant's use of the plaintiff's "famous" mark has caused "actual economic harm" or if a showing of a "likelihood of dilution" would be sufficient.¹⁴² Answering the question that brought the matter to it, the Court, in Justice Stevens' opinion, firmly and expressly rejected both of the competing lines of cases and then just as firmly equivocated. Briefly, the Court held that a "likelihood of dilution" test would not be in accord with the statutory language, which requires a showing of "actual dilution." However, the opinion goes on to hold that showing "actual dilution" does not require a demonstration of "actual economic harm."

The analytic portion of the opinion, like the *Wal-Mart* and *Traf-Fix* opinions, is remarkably concise. Justice Stevens distinguished the statutory language—one may enjoin "another person's commercial use in commerce of a [famous] mark or trade name, if such use . . . causes dilution of the distinctive quality of the mark"¹⁴³—from the "likelihood of dilution" rubric used in the state statutes and found no basis for importing the state "likelihood" test into the federal statute without doing violence to the unambiguous language of the statute:

The contrast between the state statutes and the federal statute . . . sheds light on the precise question that we must decide. For these state statutes, like several provisions in the federal Lanham Act, repeatedly refer to a "likelihood" of harm, rather than to a completed harm. The relevant text of the FTDA . . . unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.¹⁴⁴

Moving on, the opinion summarily dismissed the proposed "actual harm" interpretation: "Of course, [proving "actual dilution"] does not mean that the consequences of dilution, such as an actual loss of sales or profits, must also be proved."¹⁴⁵ The question remains, however, how, beyond showing a "likelihood" of dilution,

141. See text accompanying notes 79–83, *supra*.

142. *Moseley*, 537 U.S. at 427–28. Compare *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999) ("likelihood of dilution") with *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999) ("actual economic harm").

143. Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1) (2000) (emphasis added).

144. *Moseley*, 537 U.S. at 432–33.

145. *Id.* at 433.

but without proving economic harm one proves “actual dilution”? Justice Stevens suggested that:

at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution. . . . [S]uch mental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement for dilution under the FTDA. . . . “Blurring” is not a necessary consequence of mental association. (Nor, for that matter, is “tarnishing.”)¹⁴⁶

The only other guidance the Court offered is the further suggestion that the “expensive and often unreliable” surveys that might be offered as evidence could be dispensed with “if actual dilution can reliably be proved through circumstantial evidence—the obvious case being one where the junior and senior marks are identical.”¹⁴⁷ And with that, the opinion drew to a close.

Justice Kennedy filed a concurring opinion¹⁴⁸ in which he focused on the statutory definition of “dilution”: “the lessening of the *capacity* of a famous mark to identify and distinguish goods or services”¹⁴⁹ Concentrating on the word “capacity”—which he defined as “the power or ability to hold, receive, or accommodate”—he proposed that the definition “imports into the dilution inquiry both the present and the potential power of the famous mark to identify and distinguish goods”¹⁵⁰ This, he suggested, carries the inference that “in some cases the fact that this power *will be diminished* could suffice to show dilution”¹⁵¹:

If a mark will erode or lessen the power of the famous mark to give customers the assurance of quality and the full satisfaction they have in knowing they have purchased goods bearing the famous mark, the elements of dilution may be established.

Diminishment of the famous mark’s capacity can be shown by the probable consequences flowing from use or adoption of the competing mark Equity principles encourage those who are injured to assert their rights promptly. A holder of a famous mark threatened with diminishment of the mark’s capacity to serve its purpose should not be forced to

146. *Id.* at 433–34.

147. *Id.* at 434.

148. *Id.* at 435 (Kennedy, J., concurring).

149. Lanham Act § 45, 15 U.S.C. § 1127 (2000) (emphasis added).

150. *Moseley*, 537 U.S. at 435.

151. *Id.* (emphasis added).

wait until the damage is done and the distinctiveness of the mark has been eroded.¹⁵²

Again, there is no further explanation or development. Justice Steven's opinion, while expressly rejecting a "likelihood of dilution" test, left room for (an undefined) circumstantial demonstration of "actual dilution" (at least where the marks are identical), while Justice Kennedy seemed to use the "capacity" concept as, in effect, a surrogate for "likelihood"!

In short, the Court both answers and doesn't answer the question before it. Rather, the lower courts will now need to flesh out these rather delphic declarations and attempt to devise workable and predictable standards of proof. What the Court did do, however, consistently with the other cases discussed in this article, was apply some brakes to the expanding universe of trademark. Whatever else *Moseley* might mean, it clearly was intended to make proof of a federal dilution claim more difficult than its state forbears. The Court here seemed to provide substance for the observation of the First Circuit that "[d]ilution laws are intended to address specific harms; they are not intended to serve as mere fallback protection for trademark owners unable to prove trademark infringement."¹⁵³

I should note what the Court chose not to do, the questions it chose not yet to resolve. *Moseley* came to the Court in a strange posture. The corporate owner of the "Victoria's Secret" mark sued the owner of a sexually suggestive shop for, *inter alia*, both trademark infringement and dilution under the FTDA. Procedurally, when the matter reached the Court, the infringement claim had been dismissed for lack of a likelihood of confusion, and the FTDA claim had been upheld by the Sixth Circuit on both "blurring" and "tarnishment" grounds. Although the parties appeared to agree that "tarnishment" is actionable as dilution under the FTDA,¹⁵⁴ Justice Stevens observed that tarnishment is properly part of the state anti-dilution scheme because the state statutes refer both to "injury to business reputation" and to "dilution of the distinctive quality of a trade name or trademark," but the FTDA uses only the "dilution" language.¹⁵⁵ This caused him to question whether tarnishment "is actually embraced by the statutory text." Having raised the ques-

152. *Id.* at 435–36.

153. *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 48 (1st Cir. 1998).

154. *Moseley*, 537 U.S. at 432 ("presumably because that concept was prominent in litigation brought under state antidilution statutes and because it was mentioned in the legislative history [of the FTDA]").

155. *Id.*

tion, however, he then let the matter drop. As noted above, however, the language difference between the state and the federal statutes provided the Court the basis for requiring a demonstration of “actual dilution” rather than a “likelihood of dilution.” Should one then infer that, were the issue properly presented, the Court would hold that the present statutory language embraces only dilution by “blurring”?

Similarly, by the time the dispute reached the courts, the defendant had changed the mark it was using from “Victor’s Secret” to “Victor’s Little Secret,” so that the record before the Court concerned marks that, albeit similar, were not identical. This distinction, which might otherwise not appear to be significant, grows in importance in the context of Justice Steven’s comment, noted above, concerning the availability of circumstantial proof of dilution “at least where the marks are identical.”¹⁵⁶ Would the court have treated the matter differently if the conflict had been between “Victoria’s Secret” and “Victor’s Secret”?

Other open questions about the FTDA remain, of course. There was no dispute either that “Victoria’s Secret” was both “famous” and “distinctive” for purposes of the FTDA and the Court therefore had no need to deal with the open definitional questions surrounding those statutory terms.¹⁵⁷ So too, since *Moseley* did not involve trade dress at all, the Court had no occasion to reach the question whether its *Wal-Mart* holding categorically precluding inherent distinctiveness in the case of product design would combine with the Second Circuit’s holding that the FTDA requires that the mark at issue be inherently distinctive,¹⁵⁸ and the First Circuit’s reservations about trade dress dilution,¹⁵⁹ to produce another categorical rule precluding product design from FTDA coverage. Finally, the Court gives no hint as to how it would deal with the constitutional, First Amendment concerns—the parody, “commercial use” and commercial speech issues—that may be peculiar to dilution claims.¹⁶⁰ The Court might well have visited this issue, at least indirectly, in its recently decided *KP Permanent Make-Up v. Lasting Impression, Inc.* opinion,¹⁶¹ a case which technically presented a

156. *Id.* at 433–34.

157. *See supra* note 79 and accompanying text.

158. *Id.*; *TCPIP Holding Co. v. Haar Communications, Inc.*, 244 F.3d 88 (2d Cir. 2001).

159. *See supra* note 80 and accompanying text.

160. *See supra* notes 81–82 and accompanying text.

161. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 125 S.Ct. 542 (2004).

narrow trademark infringement issue,¹⁶² but which could readily have been broadened into a more general discussion of trademark and the First Amendment. The Court, however, chose to issue a very narrow, temporizing opinion, leaving the broader matters untouched.¹⁶³

D. Dastar, "Origin," and the Limits of Trademark

The Court, in *Dastar v. Twentieth Century Fox Film Corp.*,¹⁶⁴ was "asked to decide whether § 43(a) of the Lanham Act prevents the unaccredited copying of a work."¹⁶⁵ Dastar had copied tapes of the television series *Crusade in Europe*, derived from President Eisenhower's book, and, with some revision and rearranging of material, distributed the resulting set of video tapes as its own *World War II Campaigns in Europe*. The original television series had fallen into the public domain as a result of failure by Twentieth Century Fox Film Corporation, copyright owner of the series, to comply with renewal formalities, although the book on which it was based retained copyright protection. Dastar was sued for infringing the copyright in the book (an issue not before the Court)¹⁶⁶ and for trademark infringement under Lanham Act § 43(a)(1)(A). Plaintiffs claimed that Dastar's distributing the work without credit or attribution "to the *Crusade* television series constitutes 'reverse passing off,'"¹⁶⁷ actionable under that section.¹⁶⁸

Thus, as it comes to us, the gravamen of respondents' claim is that, in marketing and selling Campaigns as its own product without acknowledging its nearly wholesale reliance on the *Crusade* television series, Dastar has made a "false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion . . . as to the origin . . . of his or her goods." . . . Dastar's

162. Whether the technical "fair use defense" is available for a descriptive use of a mark that nevertheless causes a likelihood of confusion.

163. *KP Permanent Make-Up*, 125 S.Ct. 542.

164. 539 U.S. 23 (2003).

165. *Id.* at 25 (citation omitted).

166. There was dispute over whether alleged improprieties in the book's renewal registration negated the renewal and therefore put the book, as well as the television series, in the public domain. *Id.* at 28 n.2.

167. *Id.* at 27. "Passing off . . . occurs when a producer misrepresents his own goods or services as someone else's. 'Reverse passing off,' as its name implies, is the opposite: The producer misrepresents someone else's goods or services as his own." *Id.* at 27 n.1 (citation omitted).

168. As Justice Scalia put it, the statutory "language is amply inclusive . . . of reverse passing off." *Id.* at 30.

alleged wrongdoing [is that] [i]t took a creative work in the public domain, . . . copied it, made modifications (arguably minor), and produced its very own series of videotapes. If “origin” refers only to the manufacturer or producer of the physical “goods” that are made available to the public (in this case the videotapes), *Dastar* was the origin. If, however, “origin” includes the creator of the underlying work that *Dastar* copied, then someone else (perhaps Fox) was the origin of *Dastar*’s product. At bottom, we must decide what § 43(a)(1)(A) of the Lanham Act means by the “origin” of “goods.”¹⁶⁹

In reversing the Ninth Circuit and holding for *Dastar*, as the “origin” of the work, the Court decided that “origin” for purposes of § 43(a) does *not* include the creator of the copied underlying work. Justice Scalia refused to read “§ 43(a) of the Lanham Act as creating a cause of action for, in effect, plagiarism—the use of otherwise unprotected works and inventions without attribution”¹⁷⁰

Implicit in the Court’s ruling was a questioning, if not a reversal, of the history of judicial expansion of § 43(a).¹⁷¹ Justice Scalia emphasized that “§ 43(a) ‘does not have boundless application as a remedy for unfair trade practices.’”¹⁷² The holding raises serious questions about the assertion of attribution rights—part of the moral rights construct—an author or creator’s right to have his or her work used by another only with proper attribution. In the absence of general recognition of moral rights in American law, § 43(a) had been expanded into a kind of surrogate for an enforceable “attribution” right.¹⁷³ Indeed, the enforcement of some form of attribution right through § 43(a) provided the basis for Congressional reluctance to adopt broad moral rights legislation in order to accede to the Berne Convention.¹⁷⁴ With *Dastar*, the Court appeared to reject recognition of an attribution right to uncopyrighted works. The facts there, of course, are not nearly as

169. *Id.* at 31.

170. *Id.* at 36.

171. *See supra* notes 16–21 and accompanying text.

172. *Dastar Corp.*, 539 U.S. at 29 (quoting *Alfred Dunhill, Ltd. v. Interstate Cigar Co.*, 499 F.2d 232, 237 (2d Cir. 1974)).

173. *See, e.g.*, FUNDAMENTALS, *supra* note 28, Part I, § 6.7.1.

174. *See* Ralph S. Brown, *Adherence to the Berne Copyright Convention: The Moral Rights Issue*, 35 J. COPYRIGHT SOC’Y 196 (1987). *See also*, Roberta Rosenthal Kwall, *How Fine Art Fares Post VARA*, 1 MARQ. INTELL. PROP. L. REV. 1, 3–4 (1997). The conforming amendments were adopted without a counterpart to Article 6bis of the Berne Convention. *See* Sheldon W. Halpern, *THE LAW OF DEFAMATION, PRIVACY, PUBLICITY, AND MORAL RIGHT, PART FOUR— MORAL RIGHT* (4th ed. 2000).

compelling as they may be in other “attribution” settings,¹⁷⁵ but the Court’s definition of “origin,” and its refusal to treat “communicative” works differently from other “goods,”¹⁷⁶ sends a very strong signal.¹⁷⁷

Although the framed issue, and its analysis, looks like a strict and technical matter of defining a word in the Lanham Act, the Court made a sweeping and important statement about the nature of trademark protection and its relationship to broad patent and copyright policy. Thus, Justice Scalia concluded:

In sum, reading the phrase “origin of goods” in the Lanham Act in accordance with the Act’s common-law foundations (which were *not* designed to protect originality or creativity), and in light of the copyright and patent laws (which *were*), we conclude that the phrase refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods. . . . To hold otherwise would be akin to finding that § 43(a) created a species of perpetual patent and copyright, which Congress may not do.¹⁷⁸

The unanimous¹⁷⁹ Court, as it did in *Wal-Mart*, *TrafFix*, and *Moseley*, used the narrow issue before it forcefully to set limits on the scope of trademark protection.¹⁸⁰ Expressly building on *Wal-Mart* and *TrafFix*, Justice Scalia sought to constrain trademark, or at least the expanding Lanham Act § 43(a) version of it, to its traditional consumer focus and away from proprietary interests. In language reminiscent of those opinions, he cautioned: “The words of the Lanham Act should not be stretched to cover matters that are typically of no consequence to purchasers.”¹⁸¹

Just as *TrafFix* was concerned with the use of trademark constructs to bypass the limitations of patent law, so the Court here is particularly concerned with ensuring that Lanham Act § 43(a) not

175. The trademark issue would have been unnecessary if the plaintiff had not neglected properly to renew the copyright (under then existing copyright law) in the *Crusade* series.

176. *Dastar Corp.*, 539 U.S. at 33-38.

177. See Jane C. Ginsburg, *The Right to Claim Authorship in U.S. Copyright and Trademarks Law*, 41 Hous. L. Rev. 263 (2004).

178. *Dastar Corp.*, 539 U.S. at 37 (citations omitted).

179. Justice Breyer did not participate.

180. Prompting one commentator to describe the restrictive opinion as “what some might see as an act of contrition [by the Court] for having upheld copyright term extension in *Eldred v. Ashcroft* [537 U.S. 186 (2003)].” Ginsburg, *supra* note 175, at 267.

181. *Dastar Corp.*, 539 U.S. at 32-33.

be used essentially to revive copyright in works that have fallen into the public domain or to subvert other limiting principles. Thus, in framing his definition of “origin,” Justice Scalia argued:

[The] carefully considered limitation [in *Wal-Mart*, requiring secondary meaning for protection of product design trade dress] would be entirely pointless if the “original” producer could turn around and pursue a reverse-passing-off claim under exactly the same provision of the Lanham Act. Samara would merely have had to argue that it was the “origin” of the designs that Wal-Mart was selling as its own line. . . .

Similarly under respondents’ theory, the “origin of goods” provision of § 43(a) would have supported the suit that we rejected in *Bonito Boats*, where the defendants had used molds to duplicate the plaintiff’s unpatented boat hulls (apparently without crediting the plaintiff). And it would have supported the suit we rejected in *Traffix*: The plaintiff, whose patents on flexible road signs had expired, and who could not prevail on a trade-dress claim under § 43(a) because the features of the signs were functional, would have had a reverse-passing-off claim for unattributed copying of his design.¹⁸²

The reference to *Bonito Boats*¹⁸³ is particularly illuminating. Justice Kennedy had used *Bonito Boats* to support his assertion in *Traffix* that “copying is not always discouraged or disfavored by the laws which preserve our competitive economy.”¹⁸⁴ In *Bonito Boats* the Supreme Court attempted to reconcile conflicting views of the sweep of federal preemption of state law. Earlier, in the 1964 Supreme Court opinions in the companion *Sears*¹⁸⁵ and *Compco*¹⁸⁶ cases, the Court struck down state law attempts to create rights equivalent to patent rights in making actionable the copying of devices that were either unpatentable or not subject to a valid patent. This firmly articulated principle of federal exclusivity appeared to have been attenuated a decade later by a sharply divided Court.¹⁸⁷ In *Bonito Boats*, Justice O’Connor, attempting to harmonize these conflicting lines of cases, reaffirmed the continued (albeit limited) viability of *Sears-Compco*:

182. *Id.* at 36–37 (citations omitted).

183. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989).

184. *See supra* text accompanying note 110.

185. *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225 (1964).

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

187. *See Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974); *Goldstein v. California*, 412 U.S. 546 (1973).

[W]e have consistently reiterated the teaching of *Sears* and *Compco* that ideas once placed before the public without the protection of a valid patent are subject to appropriation without significant restraint.

At the heart of *Sears* and *Compco* is the conclusion that the efficient operation of the federal patent system depends upon substantially free trade in publicly known, unpatented design and utilitarian conceptions. . . . While, as noted above, our decisions since *Sears* have taken a decidedly less rigid view of the scope of federal pre-emption under the patent laws, we believe that the *Sears* 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.¹⁸⁸

While *Sears-Compco* and *Bonito Boats* concerned federal preemption of state causes of action, and strictly speaking do not apply to the relationship between two sets of *federal* laws,¹⁸⁹ the Court essentially extended these opinions¹⁹⁰ into the conceptual underpinning setting the limits of trademark protection.¹⁹¹ Notwithstanding the ambiguities and open questions in the *Wal-Mart*, *TrafFix*, and *Dastar* cases, the Court appeared to be saying, clearly and consistently, that trademark law will be applied sparingly, if at all, and only in the context of strong inhibitory presumptions, to create exclusive rights in matter that the public has a right to copy.

CONCLUSION

The *Wal-Mart*, *TrafFix*, *Moseley*, and *Dastar* opinions are maddening in their specifics, leaving behind them unanswered questions both as to their analytic bases and their consequences, and

188. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 156 (1989) (citations omitted).

189. See, e.g., Barrett, *supra* note 36, at 141 (discussing this distinction and citing relevant case law).

190. See *id.* at 136–37. Writing about *TrafFix*, Prof. Barrett notes: “While the *Sears/Compco/Bonito Boats* line of cases addressed the question of state unfair competition protection for product features, *TrafFix* indicates that the policy considerations enunciated in those cases should shape Lanham Act protection for product features, as well.” *Id.* at 137.

191. As Prof. Barrett suggests:

Compco and *Bonito Boats* both grounded the policy of relegating unpatentable product features to the public domain in the Constitution itself, which suggests a limit on Congress’s power to rely on other constitutional powers, such as the Commerce Clause, to remove product features from the public domain. *Id.* at 141.

troublesome issues of implementation for the lower courts. At the same time, taken together, they sweep majestically (if a bit absent-mindedly as to what's left in their wake) into the policy debate over the proper scope of trademark law and its interaction with intellectual property law. Whether one agrees or disagrees with the individual determinations, the ambitious objectives of these cases is impressive.

Over a relatively brief period, the same Court moved from the expansiveness of *Two Pesos* and *Qualitex* to the restrictiveness of *Wal-Mart*, *Traffix*, *Moseley*, and *Dastar*. The Court, in clearly restraining expansion of trademark law, seeks to redirect the law's focus to its traditional consumer-related concerns and away from the development of proprietary rights; an attempt to reverse the drift of trademark rights toward a "property-like" construct and away from a limited "right appurtenant." This change in direction, without dissent, by the same individuals necessarily reflects deeply felt concerns about the proper balance between trademark law and the constitutionally limited monopolies of copyright and patent law and the scope of permissible public use.

