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THE SUPREME COURT AND TRADEMARK LAW IN THE NEW MILLENNIUM

David S. Welkowitz[†]

I.	TRADEMARK LAW IN THE OLD MILLENNIUM	1660
	A. <i>The Earliest Years</i>	1660
	B. <i>The Twentieth Century: Pre-Lanham Act</i>	1664
	C. <i>The Twentieth Century: Post-Lanham Act</i>	1669
II.	TRADEMARK LAW IN THE NEW MILLENNIUM.....	1676
	A. <i>Wal-Mart</i>	1676
	B. <i>TrafFix</i>	1679
	C. <i>Moseley</i>	1681
	D. <i>Dastar</i>	1685
III.	THE LESSONS OF THE NEW MILLENNIUM	1687
	A. <i>The Paradigm Shift</i>	1687
	B. <i>Some Implications of the New Trademark Paradigm</i>	1690
	C. <i>The Effect on Lower-Court Jurisprudence</i>	1695
	D. <i>Speculation about the KP Permanent Case</i>	1697
IV.	CONCLUSION	1700

Depending on how you count, we are now in the fourth or fifth year of the new millennium. Ordinarily, one would think that it is too early to make lofty pronouncements about Supreme Court jurisprudence in this millennium, or even this century. And perhaps it is. However, at least in trademark law, the dawning of the new millennium has seen a significant quickening of the pace and importance of trademark cases in the Supreme Court. If we measure the new millennium from the year 2000 (the first year beginning with a “2”), a year marking an important shift in trademark law, there have been four Supreme Court trademark cases already decided, with a fifth one in the pipeline. Considering that in the last fifty years of the twentieth century trademark law had been somewhat of a backwater in the Supreme Court’s docket,

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this development represents a markedly increased interest in this area of law. Moreover, as will be seen, these cases appear to signify a shift in attitude by the Court about trademark law, or at least about the general direction of trademark law.

The Supreme Court's four trademark opinions this millennium have three critical factors in common: (i) all four decisions were unanimous;¹ (ii) all four decisions reversed the decision of a court of appeals; and (iii) all four decisions took a narrow view of the protective umbrella afforded by the trademark laws. The clarity of these results is striking—obviously, the Court is sending a message. One part of the message is clear: the Court is unhappy with the expansive view of trademark protection put forth by many lower courts. This unhappiness appears to stem from the Court's conviction that trademark law remains an offshoot of unfair competition rather than a subset of intellectual property law. But a further explication of the Court's new millennium message requires that we explore its jurisprudence in the previous millennium.

We will begin with that discussion, and then move on to a discussion of the “new millennium” cases.

I. TRADEMARK LAW IN THE OLD MILLENNIUM

A. *The Earliest Years*

Although trademarks have been traced back several hundred years, fortunately for us the Supreme Court's jurisprudence in this area does not stretch quite that far. We begin in the nineteenth century, with the celebrated opinion in *In re Trade-Mark Cases*.² In that case, the Court held the Trademark Act of 1870 (as amended in 1876) to be beyond the constitutional bounds of Congress's

1. Justice Kennedy wrote a concurring opinion in one case, but he also joined the opinion of the Court. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 435 (2003) (Kennedy, J., concurring). Justice Scalia declined to join the portion of the *Moseley* opinion discussing legislative history. *See id.* at 420 n.*. Justice Breyer did not participate in the last case, *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 123 S. Ct. 2041 (2003).

2. 100 U.S. 82 (1879). The decision in *In re Trade-Mark Cases* was not the Court's first trademark opinion. For example, just seven years earlier, the Court decided *Canal Co. v. Clark*, 80 U.S. 311 (1872), where the Court denied relief to the first seller of “Lackawanna” coal against a competitor using the same geographic name, which accurately described its origin.

power.³ One may be tempted to dismiss the *Trade-Mark Cases* as representing the Court's narrow late-nineteenth-century view of Congress's commerce power, rather than a view about trademark law.⁴ But I believe that would ignore some interesting aspects of the opinion. The 1870 trademark statute was part of a statute entitled "An Act to revise, consolidate, and amend the statutes relating to patents and copyrights."⁵ Evidently, Congress assumed it had the power to regulate trademarks as a "necessary and proper" adjunct to its power to regulate the traditional areas of intellectual property, namely patents and copyrights.⁶ But the Court did not agree. In its view, a trademark did not look like a patent:

The ordinary trade-mark has no necessary relation to invention or discovery. The trade-mark recognized by the common law is generally the growth of a considerable period of use rather than a sudden invention . . . and when under the act of Congress it is sought to establish it by registration, neither originality, invention, discovery, science, nor art is in any way essential to the right conferred⁷

Nor did a trademark look like a copyright:

[W]hile the word *writings* may be liberally construed . . . it is only such as are *original*, and are founded in the creative powers of the mind. The writings which are to be protected are *the fruits of intellectual labor*, embodied in the form of books, prints, engravings, and the like. The trade-mark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it. At common law the exclusive right to it grows out of its *use*, and not its mere adoption. By the act of Congress this exclusive right attaches upon registration. But in neither case does it depend upon novelty, invention, discovery, or any work of the brain. It requires no fancy or imagination, no genius, no laborious thought. It is simply founded on priority of appropriation. We look in vain in the statute for any other qualification or

3. *In re Trade-Mark Cases*, 100 U.S. at 99.

4. *See, e.g.*, *Paul v. Virginia*, 75 U.S. 168, 183 (1868) ("Issuing a policy of insurance is not a transaction of commerce.").

5. *In re Trade-Mark Cases*, 100 U.S. at 92.

6. *Id.* *See* U.S. CONST. art. I, § 8, cl. 8 (the Patents and Copyrights Clause). The statute at issue provided that trademarks would be registered with the Patent Office. *In re Trade-Mark Cases*, 100 U.S. at 92.

7. *In re Trade-Mark Cases*, 100 U.S. at 94.

condition. If the symbol, however plain, simple, old, or well-known, has been first appropriated by the claimant as his distinctive trade-mark, he may by registration secure the right to its exclusive use.⁸

Only after exhausting these possibilities did the Court examine, but reject, the possibility that the statute might be sustained under Congress's commerce power.⁹ Thus, trademarks were left as a kind of outlier in the world of intellectual property, protected by common law, but not the same species of property as patents and copyrights. Less than a decade later, in a very short opinion in another case, the Court reiterated its belief that the grounding of trademark law is in deception, not in a strong proprietary interest.¹⁰

The end of the nineteenth century (1896 to be precise) brought another landmark, the *Singer* case,¹¹ which further solidified the Court's skepticism about expansive notions of trademark law. Singer was the most prominent manufacturer of sewing machines of its era. However, when the patents on various elements of Singer's machines expired in the 1870s, competition appeared.¹² The defendant, a competitor of Singer's, manufactured its machines to look like those of Singer (even placing a "dummy" screw on the machine where the Singer-made machines had a still-patented tension screw device).¹³ In addition, the defendant marked and advertised its machines as "Improved Singer" machines.¹⁴ The principal issue, therefore, was whether the shape of the machines and the name "Singer" were generic designations.¹⁵

Viewed from a modern perspective, one can criticize the manner in which the Court reached its conclusion in *Singer* that the form and the name were both generic. But that is not the point of this discussion, which is to understand the underlying jurisprudence, or mindset, of the Court at the time. Thus, we leave

8. *Id.* at 94.

9. *Id.* at 97-98.

10. *Liggett & Myers Tobacco Co. v. Finzer*, 128 U.S. 182, 184 (1888) (denying relief citing, *inter alia*, differences in the "star" designs used by each party, as well as lack of evidence of confusion).

11. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896).

12. *See id.* at 174-77.

13. *Id.* at 177.

14. *Id.* at 176-77. The defendant's trade name also appeared on the machines. *Id.*

15. *Id.* at 178.

2004] TRADEMARK LAW IN THE NEW MILLENNIUM 1663

to others the extended critique of *Singer's* reasoning, and only seek to discern its message.

Considering first the claim as to the form or appearance of the machines—an issue that would reappear in the Court's first two "new millennium" cases—the Court dismissed *Singer's* contentions with very simple (perhaps even simplistic) reasoning. The machines were covered by patents, and the expiration of the patents essentially precluded the claim:

It is self evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine *in the form in which it was constructed during the patent*. We may therefore dismiss without further comment the complaint as to the form in which the defendant made his machines.¹⁶

Notice that the italicized portion does not refer to the form in which the patent *required* the machine to be made, but simply the form used by the company that owned the patent.¹⁷

As to the "Singer" name, the Court held that the expiration of the patent necessarily gave the public the right to use

the generic designation of the thing which has arisen during the monopoly in consequence of the designation having been acquiesced in by the owner, either tacitly, by accepting the benefits of the monopoly, or expressly by his having so connected the name with the machine as to lend countenance to the resulting dedication. To say otherwise would be to hold that, although the public had acquired the device covered by the patent, yet the owner of the patent or the manufacturer of the patented thing had retained 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. In other words, that the patentee or manufacturer could take the benefit and advantage of the patent upon the condition that at its termination the monopoly should cease, and yet when the end was

16. *Id.* at 185 (emphasis added).

17. The above statement is tempered by the Court's earlier statement indicating that the patents gave the *Singer* machines "as a whole, a distinctive character and form." *Id.* at 179.

reached, disregard the public dedication and practically perpetuate indefinitely an exclusive right.¹⁸

What is notable about this analysis is the Court's expressed fear that the patent owner might use trademark or unfair competition law to extend indefinitely the practical life of the patent. Thus, at least where another form of intellectual property was directly implicated, the Court appeared unwilling to permit trademark law to become a functional substitute for that other form of protection.

Of course, as the Court's ultimate decree recognized, the right to compete by using the form of the machines and the generic designation "Singer" was not unlimited. Finding that the defendant had not marked its machines with a sufficiently prominent disclosure of the actual source of manufacture, and that some of defendant's advertisements did not adequately disclose the true source of the goods, the Court ordered an accounting of defendant's wrongfully obtained profits.¹⁹ But the finding was based on a desire to protect the public from deception, and did not alter the foundation of the Court's opinion that the form of the machines and the "Singer" name were dedicated to the public.²⁰

B. The Twentieth Century: Pre-Lanham Act

In the first half of the twentieth century, the Court actually decided a relatively large number of trademark cases. Many were not of lasting consequence, but a few set standards that remain to this day.

Reviewing these cases, we see that the limited view of trademark protection expressed in *Singer* and the *Trade-Mark Cases* continued into the first half of the twentieth century. As early as 1901, the Court refused to allow protection to the Elgin Watch Company, which was based in Elgin, Illinois, against the use of the "Elgin" name on watch cases made by other manufacturers also located in Elgin.²¹ The Court found that the Elgin name primarily signified a place of manufacture, and therefore could not operate

18. *Id.* at 185-86.

19. *Id.* at 200-04.

20. This distinction would resurface in *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938), *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

21. *Elgin Nat'l Watch Co. v. Illinois Watch Case Co.*, 179 U.S. 665, 677 (1901).

as a trademark.²² Two better-known opinions of this era are the *Hanover Star Milling* and *Rectanus duo*²³ from 1916 and 1918, respectively, in which the Court limited the protection of the first user of a trademark to the geographic area in which its trademark was used or known, thus providing a safe haven for the so-called good-faith remote junior user who had built up a trade in a particular location without knowledge of the prior user.²⁴ Again, the focus of these cases was on unfair competition and deception, not on an absolute property right (which would have favored granting the senior user absolute priority over any junior users). These two decisions were followed by a number of less critical decisions, leading up to the next “big” case, *Kellogg Co. v. National Biscuit Co.*²⁵ These intermediate cases, while not always favoring the most-restrictive reading of trademark protection possible,²⁶ included some opinions notable for restricting the scope of trademark protection. In *Prestonettes, Inc. v. Coty*,²⁷ for instance, the Court permitted the use of the Coty trademark on repackaged powder and perfume (at least as long as the label truthfully indicated the repackaging). In *American Steel Foundries v. Robertson*,²⁸ the Court refused to extend trademark protection to the word “simplex” because “simplex” was part of the name of a different company that registered the word on other products.²⁹ But it was *Kellogg* that truly set the tone for the pre-Lanham Act era.

22. *Id.*

23. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

24. *Hanover Star Milling*, 240 U.S. at 415, 419-20; *Rectanus*, 248 U.S. at 98-100.

25. 305 U.S. 111 (1938). Shortly before *Hanover Star Milling* and *Rectanus* the Court decided *G. & C. Merriam Co. v. Syndicate Pub. Co.*, 237 U.S. 618 (1915), in which one publisher sought to prevent another publisher from using “Webster’s Dictionary” as a designation for its book. In a passage reminiscent of the *Singer* opinion, the Court stated the following:

After the expiration of a copyright [in the dictionary], it is well settled that the further use of the name by which the publication was known and sold under the copyright cannot be acquired by registration as a trademark, for the name has become public property, and is not subject to such appropriation.

Id. at 622.

26. *See, e.g.*, *A. Bourjois & Co. v. Katzel*, 260 U.S. 689 (1923) (enjoining sale of grey market goods purchased from a genuine source in France). The broad potential of the *Bourjois* case would be limited somewhat in scope over a half-century later in *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988).

27. 264 U.S. 359 (1924).

28. 269 U.S. 372 (1926).

29. *Id.* at 382-84.

Kellogg was very much like *Singer*, in both form and substance. National Biscuit Company (Nabisco) sued Kellogg, claiming primarily that Kellogg's use of "shredded wheat" as the name for its cereal, and its production of the product in a pillow shape like Nabisco's own product, constituted unfair competition.³⁰ Rejecting Nabisco's claims, the Court strongly reaffirmed the principles enunciated in *Singer*. In fact, when discussing the name "shredded wheat" (which it found generic), the Court quoted the passage in *Singer* holding the *Singer* name to be generic and referring to the problem of generic name monopolization resulting from a patent monopoly on production.³¹ Discussing Kellogg's right to produce shredded wheat in a pillow shape, the Court quoted the passage from *Singer* relating to expired patents.³² Finally, as in *Singer*, the Court considered Kellogg's obligation to avoid confusion. Unlike *Singer*, it found that Kellogg had taken adequate steps to avoid confusion.³³ Nevertheless, the principles of *Singer* were all present in *Kellogg*. *Kellogg* did add an important rhetorical and doctrinal message in the following passage:

Kellogg Company is undoubtedly sharing in the goodwill of the article known as "Shredded Wheat"; and thus is sharing in a market which was created by the skill and judgment of [Nabisco's] predecessor But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested.³⁴

Although this is not fundamentally different from the sentiment expressed in *Singer*, the reference to "goodwill" is important. It elevates the interests of the consuming public above the "sweat of the brow" of the company whose efforts may have brought the product to the marketplace, and whose market is now being taken, in part, by a competitor who is able to profit from another's initial investment in the product.

The importance of this last passage is best seen in light of

30. *Kellogg*, 305 U.S. at 113.

31. *Id.* at 118.

32. *Id.* at 120 (quoting *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896)). See *supra* text accompanying note 16 for the quoted passage.

33. *Id.* at 120-22 (finding sufficient distinctiveness in the size and shape of the biscuit, the prominence of the Kellogg name, and the size, form, and color of the packaging).

34. *Id.* at 122.

another well-known but non-trademark case, *International News Service v. Associated Press*.³⁵ In that case, the Court upheld an injunction against International News Service (INS) for “misappropriation” of Associated Press’s (AP’s) news stories, as INS allowed its members to publish West Coast newspapers using stories taken from the East Coast newspapers of AP members.³⁶ The Court’s opinion included the oft-quoted passage that INS should not be permitted to “reap where it has not sown,”³⁷ in effect denying INS the right to trade on AP’s goodwill. *International News Service* was decided over a vigorous dissent by Justice Brandeis, the author of the *Kellogg* opinion (some twenty years later).³⁸ Thus, the quoted passage in *Kellogg* presumably serves multiple purposes. It is a not-so-subtle measure of revenge by Justice Brandeis against a case with which he disagreed, and it is a forceful reminder that the misappropriation doctrine does not mean that copying and sharing in the goodwill of a market created by another is necessarily unfair—indeed, it may be presumptively fair competition.³⁹ This is important, and not just for trademark law. The misappropriation mantra—that one should not “reap where one has not sown”—is a powerful one in intellectual property law. Indeed, in a case like *Kellogg*, a strong urge exists to protect a market created and nurtured by one company from the seemingly “predatory” actions of a competitor. That urge also exists in the four “new millennium” cases discussed below, all of which involve attempts to protect the “goodwill” built up over time by plaintiffs against various perceived encroachments by defendants. *Kellogg* provides a powerful rhetorical and doctrinal counterpoint to the urge to protect competitors from perceived acts of misappropriation.⁴⁰ *Kellogg* set standards that endure to this day, even in the post-

35. 248 U.S. 215 (1918). This case mainly deals with copyrightability of news information.

36. *Id.* at 230-31.

37. *Id.* at 239.

38. *Id.* at 248 (Brandeis, J., dissenting).

39. The dissenters in *Kellogg* clearly believed that by sharing in shredded wheat’s goodwill, *Kellogg* was competing unfairly. *Kellogg*, 305 U.S. at 123 (McReynolds & Butler, JJ., dissenting). Neither Justice Brandeis nor Justice McReynolds cited the *International News Service* case.

40. There are, of course, differences between *Kellogg* and *International News Service*. In the latter, competition and the public were arguably best served by prohibiting the conduct because it threatened AP’s ability to compete at all. In most cases, however, consumers are better served by having competition, which can result in a lower price and/or a better product.

Lanham Act era. It was, perhaps, the apex of the Supreme Court's twentieth-century trademark jurisprudence, given the number of principles it enunciated and the thoughtful treatment those principles received.

One might be tempted to see the *Mishawaka* decision⁴¹ five years later as a partial repudiation of *Kellogg's* broad statement that competitors can share in the goodwill of a product, even if created by the sweat of another. However, that would be a mistake. *Mishawaka* involved an infringement suit against a manufacturer of replacement heels for shoes.⁴² The plaintiff complained that defendant's replacement heels contained a red plug virtually identical to that used by plaintiff in the original heels.⁴³ Justice Frankfurter's opinion for the Court contains a frequently quoted passage about the value of trademarks:

The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of 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.⁴⁴

This strong statement about trademark law protecting "commercial magnetism" must be tempered by two important facts. First, the issue of infringement (and, specifically, what might constitute infringement) was not before the Court—only the issue of the proper remedy was to be decided. Second, Justice Frankfurter wrote only for a four-person majority; only seven Justices participated in the case, and they were divided four to three. Thus, *Mishawaka's* place in the Court's trademark jurisprudence can be, and probably has been, easily overemphasized.

A final first-half-of-the-century-long foray into trademark law was *Champion Spark Plug Co. v. Sanders*,⁴⁵ which was consistent with

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

42. *Id.* at 203-04.

43. Plaintiff evidently did not manufacture replacement heels. *Id.*

44. *Id.* at 205.

45. 331 U.S. 125 (1947).

the general tenor of most of the Court's earlier opinions. Written by Justice Douglas (who dissented in *Mishawaka*), the opinion acknowledges the right of a competitor to use the trademark of another when selling reconditioned versions of the other's goods—in this case, reconditioned spark plugs—as long as consumers are told the truth about the nature of the goods and the source of the reconditioning.⁴⁶ The Court provided some relief for the trademark owner, namely, requiring truthful disclosure.⁴⁷ But the defendant had not challenged this relief before the Court, and the Court rejected the plaintiff's entreaty for further protection and damages.⁴⁸ *Champion* reiterates a general theme running through the earlier cases that trademark law is, at its core, aimed at deception. Where there is no deception, both *Kellogg* and *Champion* decided that trademark law offers no protection.

Shortly after *Champion*, the Trademark Act of 1946, commonly known as the Lanham Act, became effective.⁴⁹ The Lanham Act was the first trademark statute to actually federalize trademark law.⁵⁰ In many respects, the Lanham Act codified existing common law principles, including some enunciated in the major Supreme Court opinions discussed above. In other respects, the statute extended the common law, creating a degree of uniformity and protection previously unknown to trademark law. For the first time, a national trademark was a reality in law. The implementation of the Lanham Act, which conveniently occurred almost halfway into the twentieth century, is an appropriate dividing line for a discussion of Supreme Court jurisprudence in trademark law.

C. *The Twentieth Century: Post-Lanham Act*

The enactment of a comprehensive federal trademark statute might have been expected to engender a spate of Supreme Court cases interpreting the new law. Paradoxically, quite the opposite

46. *Id.* at 130.

47. *Id.* at 131-32.

48. *Id.* Denying an accounting, the Court distinguished the *Mishawaka* case. *Id.* at 131.

49. The Act, named after its long-time sponsor, Representative Fritz Lanham, went into effect on July 5, 1947. Lanham Trademark Act, ch. 540, 60 Stat. 427 (1946) (codified and amended at 15 U.S.C. §§ 1051-1128 (2000)).

50. Following the *In re Trade-Mark Cases*, other statutes were enacted, but they did not fundamentally alter trademark law, which continued to be governed largely by the common law.

occurred. For four decades following the statute's passage, the Supreme Court appeared willing to allow lower courts to shoulder the burden of interpreting and, in many cases, expanding the scope of protection afforded by the statute. The Court stepped into trademark law only very occasionally, largely to sort out relatively minor differences among the courts. In 1952, for example, it held that the Lanham Act could be used to reach conduct by United States citizens occurring in another country where significant effects were felt in the United States.⁵¹ In 1964, the Court obliquely referred to trademark in the *Sears-Compco* cases.⁵² It rejected claims that the lighting fixtures at issue in those cases had "secondary meaning" and could be protected notwithstanding their expired patents.⁵³ Thus, *Sears-Compco* simply reiterated the pre-Lanham Act idea that trademark law could not fill the gaps left by patent law. In 1967, the Court dealt with a fairly minor aspect of monetary remedies under the Lanham Act.⁵⁴ By the time the Court truly returned to trademark law, most of the landscape had been carved out by lower courts, in a manner fairly protective of trademarks.

The Court did not return to trademark until the 1980s. Its first real trademark case upon its return was the *Ives* case in 1982.⁵⁵ *Ives* was primarily a case about contributory trademark infringement. Generic drug manufacturers were accused of supplying pills in a color and shape that allegedly facilitated illegal substitutions for branded drugs.⁵⁶ Although it was thought that in this case the Supreme Court might finally venture a serious opinion about trademark law, the result was rather less-than-satisfying in that regard. The real holding of *Ives* was that the court of appeals

51. *Steele v. Bulova Watch Co.*, 344 U.S. 280, 286 (1952). It is perhaps noteworthy that in *Steele*, the Court described the Lanham Act as "complex and controversial," *id.* at 283 (footnotes omitted), and seemed almost relieved that the case did not require it to interpret the substantive provisions of the statute. Indeed, in footnotes accompanying this statement, the Court listed a number of discussions pertaining to that complexity and controversy. *Id.* at nn.6-7.

52. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

53. See *Sears*, 376 U.S. at 232; *Compco*, 376 U.S. at 238.

54. *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 717 (1967) (holding that there is no right to attorney's fees under the Lanham Act). The statute now permits such recoveries in "exceptional cases." Lanham Act § 35(a), 15 U.S.C. § 1117(a) (2000).

55. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982).

56. *Id.* at 846-49.

had failed to give proper deference to the district court's findings of fact.⁵⁷ In passing, the Court set forth what it assumed were commonly accepted standards for contributory infringement⁵⁸ and functionality,⁵⁹ without engaging in an extended discussion of either.⁶⁰ Ultimately, *Ives* provided little insight into the Court's thinking about trademark law.⁶¹

Three years later, the Court took up another case, *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*⁶² Here, the issue was the proper evidentiary status afforded to "incontestable" trademarks.⁶³ The Ninth Circuit had ruled that incontestability was only a shield against cancellation, and could not be used to foreclose a defense that the mark was merely descriptive and had no secondary meaning.⁶⁴ The Supreme Court reversed the Ninth Circuit, viewing the case as calling for a straightforward application of the plain language of the statute.⁶⁵ The statute did not make the distinction drawn by the Ninth Circuit; indeed, the statutory defenses to incontestability did not include "descriptiveness."⁶⁶ Moreover, the Court found some support in the legislative history for its

57. *Id.* at 855-58.

58. *Id.* at 853-54.

59. *Id.* at 850 n.10.

60. Justice White, concurring, expressed concern that the Court had acquiesced in a reduced burden on the plaintiff for showing contributory infringement, *id.* at 860-62 (White, J., concurring), though the Court disagreed. *Id.* at 854 n.13. In any event, Justice White's opinion, which provides a more extensive analysis of contributory infringement, expressed concern lest contributory infringement give overbroad protection, especially to branded drugs. *Id.* at 861.

61. See, e.g., *An Analysis of the Ives Case: A TMR Panel*, 72 TRADEMARK REP. 118, 118-20, 140 (1982). At one point in the discussion, a panelist stated: "I do not believe that this case will stand for any significant proposition of trademark or unfair competition law which would not, or ought not, have stood before this decision." *Id.* at 140.

62. 469 U.S. 189 (1985).

63. See *id.* at 191. See also 15 U.S.C. §§ 1065, 1115 (2000) (listing the conditions for granting and the effects of incontestable status). Essentially, after a mark has been registered and in constant use for five years, the registrant may, by filing the proper affidavit, gain "incontestable" status, *id.* § 1065, meaning that the registrant is conclusively presumed to have the exclusive right to use the mark on the goods and services for which it is registered. *Id.* § 1115.

64. *Park 'N Fly*, 469 U.S. at 192-93. A merely descriptive mark cannot be registered without "secondary meaning," which means it cannot be registered without showing that the relevant public regards it as a source identifier and not simply as a description of the goods or services. See 15 U.S.C. § 1052(e), (f) (2000).

65. *Park 'N Fly*, 469 U.S. at 205.

66. *Id.* at 196.

conclusion that this omission was not accidental.⁶⁷ It did not question the wisdom of Congress's choice, leaving that to legislative action.⁶⁸ Only Justice Stevens dissented.⁶⁹ He thought it improper to afford incontestable status to a merely descriptive mark, registration of which he assumed resulted from an error by the Patent and Trademark Office.⁷⁰ Moreover, he feared the overprotection of "words or phrases that are a part of our common vocabulary," stating that "[l]anguage, even in a commercial context, properly belongs to the public unless Congress instructs otherwise."⁷¹

Although *Park 'N Fly* ultimately took the position most favorable to trademark protection, it did not involve a major public policy interface with trademark law. The case foreclosed one door to challenging incontestable marks, but many others remained. The case did not alter the direction of trademark law in any meaningful way. The Court's next foray into trademark law, however, did involve an interface between trademark law and public policy, but the Court was either unaware of its implications or chose to ignore them.

Seven years passed before the Court's next important trademark case. The *Two Pesos* case⁷² posed the question whether

67. *Id.* at 196-97.

68. *See id.* at 202 (asserting that the dissent simply disagrees with the balance struck by Congress).

69. *See id.* at 206-20.

70. *Id.* at 207, 212 (Stevens, J., dissenting). That may not be so. The mark could have had weak secondary meaning when registered, but then reverted to merely descriptive status later.

71. *Id.* at 215 (citations omitted) (Stevens, J. dissenting). His citations are interesting, one of which is a pre-Lanham Act case from the nineteenth century, *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 323-24 (1872), which reiterated the fear of over-protecting descriptive terms as marks. *Park 'N Fly*, 469 U.S. at 215 n.21. Justice Stevens's dissent in *Park 'N Fly* may presage his thinking in the *KP Permanent* case currently before the Court, which raises the issue of the breadth of the "descriptive fair use" defense of § 33(b)(4). *See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061 (9th Cir. 2003), *cert. granted*, 124 S. Ct. 981 (2004). This case is discussed *infra* Part III.D.

72. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992). Five years before *Two Pesos*, the Court did have occasion to comment on a trademark-related problem, in *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee*, 483 U.S. 522 (1987). In that case, the Court rejected a constitutional challenge to a special statute (section 110 of the Amateur Sports Act, 36 U.S.C. § 380) that gave the United States Olympic Committee exclusive rights in the word "Olympic" in most commercial contexts. *See id.* at 540-41. Although primarily a first amendment case, the Court's opinion noted, and did not disturb, the broad trademark protection granted to the USOC by the statute, which was very similar

an “inherently distinctive” trade dress could be protected without any showing of secondary meaning.⁷³ The case was brought under § 43(a) of the Lanham Act because the “mark” at issue, the decor of a restaurant, was not registered.⁷⁴ Unlike the statutory sections in *Park 'N Fly*, § 43(a) is broadly worded, so that its language alone could not dictate a result.⁷⁵ However, in the absence of Supreme Court guidance, over the previous forty years the lower courts had steadily expanded the reach of § 43(a), creating a large background for the Court’s decision. Rather than reassessing that background, the Court simply accepted it as settled law and proceeded, almost perfunctorily, to apply the existing paradigm to the case before it. Thus, the Court accepted the hierarchy of marks created by the Second Circuit⁷⁶—arbitrary/fanciful, suggestive, descriptive, generic—and applied it mechanically to a restaurant.⁷⁷ The problem, of course, is that the hierarchy (based on a distinction between “inherently distinctive” and other marks) was developed for word marks, and is not necessarily well-suited for testing whether the decor of a restaurant should be protectable.⁷⁸ The Court never really considered the differences between trade dress and word marks, saying only that nothing in § 43(a) (a broadly worded statute that does not even use the word

to that provided by trademark dilution statutes. *See id.* at 539.

73. *Two Pesos*, 505 U.S. at 764-65. A mark that is inherently distinctive is deemed capable of acting as a source identifier without any showing that the public actually recognizes it as such (i.e., without secondary meaning). *See id.* at 769. Generally speaking, “merely descriptive” marks (those that simply describe the goods or services) are not considered inherently distinctive and therefore require a showing of secondary meaning to be protected. *See id.* Generic terms cannot be protected as trademarks, even if there is a showing of secondary meaning. *Id.* at 768 (citations omitted).

74. *See id.* at 765.

75. Compare Lanham Act § 43(a), 15 U.S.C. § 1125(a) (2000) (creating liability “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”) with 15 U.S.C. §§ 1065, 1115. *See supra* text accompanying note 63.

76. *See Two Pesos*, 505 U.S. at 773-74 (citing *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976)).

77. *See id.* at 773-76.

78. As the Court would later note, some trade dress can be denominated as “descriptive,” such as a green can for lime soda. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163 (1995) (stating, in dicta, that orange color of marmalade was not source identifier). The doctrine of functionality can be used to smooth out some of the anticompetitive edges in the protection of trade dress. *See Two Pesos*, 505 U.S. at 774-75. But these obscure the more fundamental problems that a secondary meaning requirement could create for small companies. *Id.*

“trademarks”) indicated that trade dress should be treated differently than word marks.⁷⁹ The Court concluded that the restaurant’s decor could be protected as “inherently” distinctive,⁸⁰ and awarded substantial monetary damages,⁸¹ despite the fact that the jury found that the decor was not recognized by *consumers* as a source identifier.⁸²

It was left to the concurring opinions to confirm what this case was about—the affirmation of standards created by lower courts over a half-century without the Supreme Court’s intervention.⁸³ Ultimately, the concurring justices also accepted the existing framework and did not seriously question its application in this case. This proved a mistake, as the Court found it necessary to revisit this area in 2000—about which there will be additional comment below.

The Court’s last trademark case before 2000, *Qualitex*,⁸⁴ was truly, to borrow from former President Bill Clinton, a “bridge to the twenty-first century.”⁸⁵ *Qualitex* asked whether color alone could be a trademark.⁸⁶ Although the Court’s affirmative answer to that question seemingly solidified the trend of expanding trademark rights, Justice Breyer’s opinion was far more extended and nuanced than the Court’s previous opinions in the post-Lanham Act era. Thus, although the Court recognized correctly that color *could* be a trademark, it also recognized that “a product’s

79. *Two Pesos*, 505 U.S. at 773-74.

80. *See id.* at 776 (affirming the decision of the court of appeals).

81. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 932 F.2d 1113, 1117 (5th Cir. 1991) (damage award of \$1,868,600 (after doubling), plus attorney’s fees of \$937,550).

82. *See Two Pesos*, 505 U.S. at 766.

83. Justice Stevens argued that the original text of § 43(a) “has been transformed by the federal courts,” but agreed that the extension of protection to trade dress was “consistent with the purposes of the statute and has recently been endorsed by Congress.” *Id.* at 776 (Stevens, J., concurring). He argued that the federal courts had expanded the interpretation of false designation of origin in § 43(a) to encompass trademark and trade dress infringement, *id.* at 779-80, but that Congress acceded to this, particularly in its 1988 revision of the Lanham Act. *Id.* at 783. Justice Thomas felt that § 43(a)’s language directly supported an inclusion of trademark infringement, citing the “false description . . . including words *or other symbols* tending falsely to describe” language of the statute. *Id.* at 785 (Thomas, J., concurring) (emphasis added) (citation omitted).

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

85. William J. Clinton, Address at the Democratic National Convention (Aug. 29, 1996), *available at* <http://www.4president.org/speeches/clintongore1996convention.htm> (last visited July 8, 2004).

86. 514 U.S. at 160-61.

color is unlike ‘fanciful,’ ‘arbitrary,’ or ‘suggestive’ words or designs, which almost *automatically* tell a customer they refer to a brand.”⁸⁷ It analogized color to a descriptive mark, which can require secondary meaning.⁸⁸ Yet, even this showed that the Court was thinking beyond the surface of the hierarchy to its underlying function of determining whether a mark is a source identifier. The Court also made reference to aesthetic functionality, a doctrine often criticized by the bar, but which the Court believed had value in cabining trademark, and preventing it from stepping into the realm of patent law.⁸⁹ In sum, although the Court granted protection, it did so in a way that recognized the problems, and that reminded courts of their obligations both to assure themselves that the proposed mark truly was a mark (limiting color marks to those with secondary meaning) and that marks do not interfere with competitive values. The former certainly was a departure from *Two Pesos*, which applied the trademark distinctiveness hierarchy without much discussion of its logic in the trade dress context.⁹⁰

At the close of the twentieth century, the Court’s trademark jurisprudence in the second half of the century largely reflected the Court’s absence from the scene. Lower courts had seized the initiative in interpreting the Lanham Act, and the Supreme Court intervened only very occasionally and only where there was a circuit split, essentially acquiescing to the trends set by the lower courts and Congress. Congress was notably active in the latter part of the century, enacting a comprehensive reform of the Lanham Act in

87. *Id.* at 162-63 (citations omitted).

88. *Id.* at 163.

89. *See id.* at 164-65 (stating “[i]t is the province of patent law, not trademark law, to encourage invention . . .”). A design feature is “aesthetically functional” if it is an ornamental design feature, and competitors deprived of the use of that feature would be at a significant disadvantage in the marketplace. *See id.* at 170. For example, if one company makes yellow computer cases and a competitor could not make a yellow computer monitor, that might be a problem of aesthetic functionality. *See Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 79-82 (2d Cir. 1990), *cert. denied*, 499 U.S. 976 (1991) (ruling that competitor could not be prevented from making Baroque-style silverware).

90. The Court also recognized the changes in the common law brought by the Lanham Act that permitted color to be registered as a mark. *Qualitex*, 514 U.S. at 171-73. Specifically, the Lanham Act’s definition of trademark was intended to broaden the universe of registrable marks, and the Court accepted Congress’s extension of the law without criticism. *Id.* at 171. Certainly, *Qualitex* cannot be said to have relied on a pre-Lanham Act conception of the law to reach its conclusion.

1988,⁹¹ the Federal Trademark Dilution Act in 1995,⁹² and the Anticybersquatting Consumer Protection Act in 1999.⁹³ Each of these statutes represented an extension of trademark law in response to issues raised in the lower courts.⁹⁴ At the turn of the century, no Supreme Court cases were in sight to interpret the last two statutes. Only in *Qualitex* did the Court show any sign of understanding that the expansion of trademark law might require an approach more sensitive to competing interests, one that could even suggest a need to slow this expansive trend.

II. TRADEMARK LAW IN THE NEW MILLENNIUM

As noted earlier, I am choosing to begin the new millennium with the year 2000 even though it is technically the end of the old one. Not only was 2000 the “layperson’s” new beginning, but also the Court’s trademark case in 2000—*Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*⁹⁵—represents a fairly clear break from the bulk of the Court’s late twentieth century trademark jurisprudence. It also marks a clear beginning of a jurisprudence that harkens back to the late nineteenth and early twentieth centuries and its discomfort with the treatment of trademarks as a species of intellectual property.⁹⁶

A. *Wal-Mart*

The *Wal-Mart* case was an apt place to begin the new

91. Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (1988).

92. Pub. L. No. 104-98, § 3(a), 109 Stat. 985 (codified at 15 U.S.C. §§ 1125(c) and 1127 (2000)).

93. Pub. L. No. 106-113, 113 Stat. 1536 (codified as amended at 15 U.S.C. §§ 1117(d), 1125(d), 1127, 1129 (2000)).

94. S. REP. NO. 100-515, at 7-8 (1988), *reprinted in* 1996 U.S.C.C.A.N. 5577, 5583-84 (noting that the 1988 amendments were intended to “provide consistent national protection for the tremendous value of famous marks” by protecting them from dilution); H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030 (explaining that the Federal Trademark Dilution Act creates a federal cause of action for trademark dilution and assists American companies that compete with foreign companies); H.R. REP. NO. 106-412, at 5-6 (1999) (enacting legislation to combat “cyberpiracy,” which involves individuals who attempt to profit by reserving domain names similar to trademarked names with no intent to use them).

95. 529 U.S. 205 (2000).

96. The last of the four “new millennium” cases, the *Dastar* case, contains an interesting and poignant contrast between trademark and copyright. *See infra* Part II.D.

millennium. It addresses one of the latest developments in trademark law, namely, the use of the design of a product as a trademark.⁹⁷ The Court visited this issue (or at least a closely related one) before in *Two Pesos*, where the Court held that it is possible for trade dress (product designs are considered a species of trade dress) to be protected if it is “inherently distinctive.”⁹⁸ Lower courts assumed that *Two Pesos* applied equally to all forms of trade dress, including product designs, but the results reached were unsatisfactory.⁹⁹ Yet, in *Wal-Mart*, after a short preliminary discussion, the Court made the bold statement that “[n]othing in [the trademark statute], however, demands the conclusion that every category of mark necessarily includes some marks ‘by which the goods of the applicant¹⁰⁰ may be distinguished from the goods of others’ without secondary meaning—that in every category some marks are inherently distinctive.”¹⁰¹ The Court reasoned that although some devices such as word marks and packaging are almost always intended to serve as source identifiers, other devices such as product designs and colors do not automatically signify source.¹⁰² This is a materially different tone than *Two Pesos*, where the Court emphasized that nothing in the statute indicated that trade dress should be treated differently than word marks. Here, the Court in effect states that nothing in the statute requires trade dress and word marks to be treated the same.

Perhaps the most telling portion of the opinion came next, in the following statement:

The fact that product design almost invariably serves purposes other than source identification not only

97. In *Wal-Mart*, the plaintiff alleged that defendant had copied the design motif of plaintiff’s line of children’s clothing. Underscoring the intellectual property orientation of the case, plaintiff brought both copyright and trademark infringement claims. *Wal-Mart*, 529 U.S. at 208.

98. See *supra* notes 72-78 and accompanying text.

99. See, e.g., David S. Welkowitz, *Trade Dress and Patent—The Dilemma of Confusion*, 30 RUTGERS L.J. 289, 309-20 (1999).

100. The Court was referring here to the registration applicants under § 2 of the Lanham Act on the assumption, drawn from *Two Pesos*, that the standards of section 2 applied equally to the protectability of unregistered marks under § 43(a). See *Wal-Mart*, 529 U.S. at 210.

101. 529 U.S. at 211 (footnote added). The Court then cited *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162-63 (1995) to demonstrate that one type of trademark—color—can only be protected on a showing of secondary meaning. *Id.*

102. *Id.* at 212-13. It is interesting that the Court made this assertion with no citation to factual authority.

renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests. Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness.¹⁰³

This, too, is a startling change in direction for the Court. Rather than simply applying the statutory language and the judicial gloss of many lower courts, the Court injected the view that the interpretation of the statute (at least when it allows for interpretation) must include a separate consideration of *consumer* interests, assuming that such interests will be different than trademark owner interests. Moreover, the Court recognized that trademark law could be used as a competitive weapon, and that the effectiveness of this weapon turned not on the ultimate result of the suit, but on the ability of the plaintiff to sustain the suit past an early stage. Thus, the Court rejected a multifactor test that would not permit early disposition of lawsuits.¹⁰⁴ Indeed, when discussing the distinction—now very important—between packaging, which can be inherently distinctive, and product design, which requires secondary meaning, the Court directed lower courts to err in close cases on the side of finding trade dress to be product design, not packaging.¹⁰⁵ Clearly, the Court wanted these suits to be more carefully scrutinized. Recognizing the anticompetitive nature of such suits is an important step because copyrights and patents are recognized as sanctioned monopolies, with the societal benefits flowing from the inducement to produce works and inventions. Obviously, the Court did not believe that a trademark monopoly creates the same kind of societal benefit. As if to make clear that trademark law is different from copyright and patent, the Court noted that those doctrines would permit protection for many product designs, and ameliorate the consequences of its decision. In other words, the message to trademark owners is, if you want intellectual *property* protection, use “real” intellectual property

103. *Id.* at 213.

104. *Id.* at 213-14 (citing the multifactor test formulated in *Seabrook Foods, Inc. v. Bar-well Foods, Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977)).

105. *Id.* at 215. The Court relegated its *Two Pesos* decision to its facts, characterizing it as either a packaging case (a rather dubious conclusion) or some *tertium quid* that is akin to packaging. *Id.*

doctrines, not trademark law.¹⁰⁶

In a rather short opinion, the Court made a clean break from its previous post-Lanham Act cases. Gone was the deference to lower courts;¹⁰⁷ gone was the acceptance of the judicial expansion of trademark law. In their place was a message that trademark protection had to compete with other concepts that also form the basis of trademark law, such as consumer protection, and that trademark law was not a substitute for conventional intellectual property protection.

B. *TrafFix*

In the Court's next term, it decided *TrafFix Devices, Inc. v. Marketing Displays, Inc.*¹⁰⁸ *TrafFix* was really a follow-up to *Wal-Mart*. The case similarly involved trademark protection for a product design.¹⁰⁹ But the issue was whether the dual-spring design for a temporary road sign was functional, and thus ineligible for trademark protection.¹¹⁰ The issue was complicated, or perhaps simplified, by the fact that Marketing Displays (MDI), the plaintiff and purported trademark owner, had expired patents on the design.¹¹¹ The case required the Court to decide the effect of an expired patent on the test for functionality.

Before turning to the particulars of the case, the Court began with some general principles, notably the following:

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

106. *See id.* at 214. It is also interesting that the Court specifically noted that the doctrine of functionality includes aesthetic functionality. *Id.* The Court had no obvious reason to include this statement, but the inclusion emphasizes the Court's determination that trademark law does not become an alternative to patent and copyright. *Id.*

107. The Court rejected a test promulgated by a lower court. *Id.* at 213-14 (citing *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977)).

108. 532 U.S. 23 (2001).

109. *Id.* at 25.

110. *Id.* at 27-28. *See also* 15 U.S.C. § 1052 (e)(5), (f) (2000) (functional designs not registrable); 15 U.S.C. § 1115(b)(8) (2000) (functionality as a defense to trademark incontestability); 15 U.S.C. § 1125(a)(3) (2000) (in action for trade dress infringement, burden of proof is on trademark owner to show non-functionality); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210 (2000) (trade dress must not be functional); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164-65, 169-70 (1995) (discussing functionality).

111. *TrafFix*, 532 U.S. at 25-26.

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.¹¹²

The same line between trademark and patent/copyright is drawn in *TrafFix*, as in *Wal-Mart*. The *Wal-Mart* philosophy that trademark is different than conventional intellectual property and that trademark law should not hinder competition was furthered. Indeed, the Court's statement implied that trademark law is intended to "preserve our competitive economy," not to grant proprietary rights to trademark owners.¹¹³

When assessing functionality, the Court did not draw as definitive of a line as it did in *Wal-Mart*; however, it did take a fairly strong stand against trademark protection in this context. The Court held that a utility patent is "strong evidence" of functionality, and that it created a significant barrier to any contrary conclusion.¹¹⁴ Equally important, the Court explained its prior statements about the test for functionality. In *Qualitex*, the Court had stated that a feature was functional "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*."¹¹⁵ Several lower courts, including the one in *TrafFix*, interpreted the last phrase as permitting trademark protection for a patented product design unless the feature was "a competitive necessity."¹¹⁶ The Court disagreed, however, stating that the latter analysis was only necessary where the issue was aesthetic functionality.¹¹⁷ If the feature is important to the way the product works, it is not necessary to investigate whether other means exist to accomplish the same end.¹¹⁸ As a result, the Court made it harder for a plaintiff to avoid a finding of functionality by demonstrating the existence of alternative designs available for defendant's use.¹¹⁹ Finally, at the

112. *Id.* at 29 (emphasis added) (citation omitted).

113. *See id.*

114. *Id.* at 29-30. The Court's discussion assumed that the feature to which trademark protection was to attach was part of the claims of the patent. *Id.* at 31.

115. *Qualitex*, 514 U.S. at 165 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)) (emphasis added).

116. *TrafFix*, 532 U.S. at 32-33.

117. *Id.* at 33. Aesthetic functionality is explained *supra* note 89.

118. *Id.* at 34.

119. The Federal Circuit, however, seems not to have taken the hint as

end of the opinion (and not in a footnote), the Court sidestepped a broader constitutional challenge to trade dress protection, but noted “[i]f, despite the rule that functional features may not be the subject of trade dress protection, a case arises in which trade dress becomes the equivalent of an expired utility patent, that will be time enough to consider [the effect of the Patent and Copyright clause].”¹²⁰ This issue may have more relevance if trademark dilution, the subject of the Court’s next trademark opinion, regains its momentum as a form of trademark protection.

C. *Moseley*

The combination of *Wal-Mart* and *Traffix* sent a significant message to the trademark world. However, in terms of immediate practical effect on the results of cases, and the momentum in this area of law, the case of *Moseley v. V Secret Catalogue, Inc.*¹²¹ may be the most significant new millennium trademark case.

The case was the Court’s first foray into the realm of trademark dilution, a form of trademark protection for “distinctive” marks¹²² that protects such marks from the erosion of their “unique” identities. Unlike traditional infringement claims, dilution does not require any showing of likelihood of confusion. Thus, dilution protection provides a potentially very powerful form of protection, a virtual form of property in a trademark. Although many states had laws providing dilution protection dating from the 1950s and 1960s,¹²³ this form of trademark protection became immensely popular following the passage of the Federal Trademark Dilution Act (FTDA) in 1995.¹²⁴ Thus, like *Wal-Mart* and *Traffix*,

seriously as it might have. See *Valu Eng’g, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1276 (Fed. Cir. 2002) (holding that *Traffix* did not preclude consideration of alternative designs, and that *Traffix* did not alter the law of functionality). Cf. *Antioch Co. v. W. Trimming Co.*, 347 F.3d 150, 156 (6th Cir. 2003) (declining to decide whether *Traffix* permits consideration of evidence of alternative designs).

120. *Traffix*, 532 U.S. at 35. Defendant had asserted that trade dress protection for product designs created the equivalent of a perpetual patent, in violation of the “limited times” provision of the Patent and Copyright Clause.

121. 537 U.S. 418 (2003).

122. In the federal version, only “famous” marks are protected. See Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1) (2000).

123. The earliest such law dates from 1947 in Massachusetts. See *Moseley*, 537 U.S. at 430.

124. Pub. L. No. 104-98, § 3(a), 109 Stat. 985 (1996) (codified at 15 U.S.C. §§ 1125(c) and 1127 (2000)). For a comprehensive treatment of trademark dilution law, see generally DAVID S. WELKOWITZ, TRADEMARK DILUTION: FEDERAL,

Moseley presented the Court with an issue of the extent of trademark protection in a new and different form from that found in traditional cases.

The facts of *Moseley*, particularly the involvement of the lingerie giant Victoria's Secret, attracted much attention. In Elizabethtown, Kentucky, near an Army base, Victor and Cathy Moseley opened a store called "Victor's Secret" (later renamed "Victor's Little Secret"), which advertised various items, including lingerie, "Lycra Dresses," "Romantic Lighting," and "Adult Novelties/Gifts."¹²⁵ The store came to the attention of Victoria's Secret via a letter from an Army colonel, who saw the advertisement in his base newspaper.¹²⁶ Victoria's Secret sued, claiming both traditional infringement (i.e., likelihood of confusion) and trademark dilution under the federal statute.¹²⁷ The district court found no likelihood of confusion and dismissed the infringement claim, but found in favor of Victoria's Secret on the dilution claim.¹²⁸ The Sixth Circuit affirmed the district court's ruling on the dilution claim.¹²⁹

On the surface, the issue before the Court was relatively narrow. The FTDA permits a remedy when a second user "causes dilution" of the first user's famous trademark.¹³⁰ The question was whether this language required a plaintiff to prove that there was *actual* harm to the mark from dilution in order to prevail, or whether it was sufficient to demonstrate that there was a "likelihood of dilution." On this question, the circuits had split.¹³¹

Moseley is not an example of judicial craftsmanship. The opinion jumps from place to place and its result is far more muddled than one would like.¹³² Nevertheless, the opinion

STATE, AND INTERNATIONAL LAW (BNA Books 2002 & Supp. 2003).

125. *Moseley*, 537 U.S. at 423.

126. *Id.*

127. Kentucky has no dilution statute.

128. *Moseley*, 537 U.S. at 425.

129. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464 (6th Cir. 2001), *rev'd*, 537 U.S. 418 (2003). The infringement ruling was not appealed. *Id.* at 467.

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

131. *Compare Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 460-61, 464-65 (4th Cir. 1999), *cert. denied*, 528 U.S. 923 (1999) (holding actual dilution necessary) *with Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 223 (2d Cir. 1999) (holding likelihood of dilution sufficient) *and Moseley*, 259 F.3d at 475-76.

132. Moreover, Justice Kennedy's concurring opinion, seemingly repudiating the opinion he purports to join, is another oddity in the Court's handling of the case and emphasizes the lack of clarity in the opinion. *See Moseley*, 537 U.S. at 435

contains many echoes of *Wal-Mart* and *Traffix*.

The Court began its substantive discussions with a relatively bland statement: “Traditional trademark infringement law is a part of the broader law of unfair competition.”¹³³ Then, the Court cited *Qualitex* for the proposition that trademark law protects consumers from deception and producers from unfair competition.¹³⁴ These statements are nevertheless consistent with the line separating trademarks from patents and copyrights that was evident in *Traffix* and *Wal-Mart*. But this introduction is followed by more pointed statements. First, when discussing the development of trademark dilution, the Court noted (almost gratuitously): “Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, *and are not motivated by an interest in protecting consumers.*”¹³⁵ The message is clear that this form of trademark protection is to be viewed with care, even skepticism, because it is not like ordinary trademark law. Ordinary trademark law is grounded in unfair competition and consumer protection, not intellectual property.

The next section of the opinion discusses the legislative history of the FTDA, although the purpose of this discussion is not clear because the Court did not follow Congress’s apparent intent.¹³⁶ However, evidence of the Court’s skepticism about dilution can be inferred. The Court makes a point of stating how quick and perfunctory Congress’s consideration of the bill was in 1995, emphasizing the “[one]-day hearing” held by the House committee, the lack of any opposition at that hearing, and the fact that the Senate passed the House version the day it was introduced “by voice vote without any hearings.”¹³⁷ Since the content of the House committee report and the Senate floor statements quoted in this section went virtually ignored in the rest of the opinion, the emphasis on the process of passage is striking. The best explanation is that the haste with which Congress appeared to be

(Kennedy, J., concurring).

133. *Id.* at 428.

134. *Id.*

135. *Id.* at 429 (emphasis added).

136. Justice Scalia declined to join this section of the opinion, which is entirely devoted to a legislative history discussion. At the end of this section, the Court quotes a portion of the House Report to the effect that dilution includes both blurring and tarnishment. *Id.* at 431. Yet, in the next section, where the Court states that tarnishment may not be encompassed by the FTDA, this legislative history is nowhere to be found. *Id.* at 432.

137. *Id.* at 431.

acting gave credence to the Court's skepticism about the propriety of expanding federal trademark law into this area.

Arguably, one could characterize the Court's ultimate holding as coming to a middle ground between the "presumption of harm-likelihood of dilution" standard of the Sixth Circuit below and the "actual economic harm" standard derived from the Fourth Circuit.¹³⁸ However, the "actual dilution" standard, which the Court not unreasonably derived from the language of the statute,¹³⁹ makes it extremely difficult to prove a dilution case, particularly when combined with two other aspects of the Court's opinion. First, although the Court disclaimed any requirement of actual *economic* harm, it was extremely vague about what evidence would suffice to show actual dilution. All it would say is that a plaintiff could dispense with a survey¹⁴⁰ "if actual dilution can reliably be proved through circumstantial evidence—the obvious case is one where the junior and senior marks are identical."¹⁴¹ The meaning of this statement has mystified courts.¹⁴² Second, the Court's view of dilution itself also makes winning a case difficult. In the Court's view, it is not enough that the junior use "call to mind" the senior use for dilution to be found. The junior use must also change consumer perceptions about the senior mark.¹⁴³ As the Court stated: "'Blurring' is not a necessary consequence of mental association."¹⁴⁴ While a survey might show a mental association between the marks, it will be difficult to show the kind of altered perception of the famous mark required by the Court.

138. See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 460-61, 464-65 (4th Cir. 1999), *cert. denied*, 528 U.S. 923 (1999). The Fourth Circuit waffled on the exact standard. Some language in the opinion certainly supports the actual economic harm requirement, but other language supports a standard similar to the one that was ultimately adopted by the Supreme Court. The "presumption" language in the *Moseley* opinion refers to the fact that in some circuits the court could presume harm from indirect evidence that dilution was *likely* to occur. As the Court noted, the Second Circuit had set forth a number of factors to use in determining likelihood of dilution, and this standard had been followed by the Sixth Circuit in *Moseley*. See *Moseley*, 537 U.S. at 426 n.6, 427 n.8.

139. The Court cited the "causes dilution" language of § 43(c)(1), contrasting it with the explicit "likelihood of dilution" standard found in the earlier state statutes such as the one in Massachusetts. *Moseley*, 537 U.S. at 432-33.

140. In practice, such a survey could be expensive and difficult to accomplish properly.

141. *Id.* at 434.

142. See *Ty Inc. v. Softbelly's, Inc.*, 353 F.3d 528, 535 (7th Cir. 2003).

143. *Moseley*, 537 U.S. at 433-34 (explaining the "blurring" concept).

144. *Id.* at 434.

Moseley relied more on the precise statutory language than did *Wal-Mart* or *Traffix*, largely because the statutory language in those cases did not answer the question posed. But *Moseley*'s direction certainly was consonant with the other cases. The Court again emphasized the consumer protection and unfair competition roots of trademark law and took a narrow view of trademark protection, the scope of which is more akin to a property right than to consumer protection. The effect of the *Moseley* decision on the courts was a dramatic slowdown in dilution opinions, as compared with the pre-*Moseley* period.¹⁴⁵

D. *Dastar*

The last of the Court's new millennium cases is, in truth, not really a trademark case. Nevertheless, it is included here because the claim central to the Court's opinion arises under the Lanham Act,¹⁴⁶ and the tenor and philosophy of the Court's opinion is entirely consistent with the three cases discussed above.

In *Dastar v. Twentieth Century Fox*,¹⁴⁷ Dastar bought copies of a videotaped television series that was (at least arguably) in the public domain. The original series, owned by Fox, was based on a book by Dwight Eisenhower. Dastar edited the tapes, made some minor alterations, and sold its own tapes under a new name, with no reference to Fox or General Eisenhower's book.¹⁴⁸ Fox sued, claiming copyright infringement, and also "reverse passing off," the latter under § 43(a) of the Lanham Act.¹⁴⁹ As in *Moseley*, the precise language of the statute proved important. Relevant to *Dastar*,

145. See *infra* text at notes 182-86. The Court also questioned whether one common category of dilution—trademark tarnishment—was even protected by the federal law. Tarnishment refers to the association of a mark with unsavory characteristics, such as pornography, drug use, or poor quality goods. See *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972) (involving an "Enjoy Cocaine" poster in script and colors resembling Coca-Cola packaging). In a statement in *Moseley*, the Court expressed doubt that the definition of dilution contained in the federal statute (and now contained in a majority of state dilution statutes) encompassed tarnishment. *Moseley*, 537 U.S. at 432.

146. To be precise, Lanham Act § 43(a), codified as 15 U.S.C. § 1125(a) (2000). This is the same section that was at issue in *Wal-Mart* and *Traffix*, albeit a different use of that section.

147. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 123 S. Ct. 2041 (2003).

148. *Id.* at 2044.

149. The reverse passing off claim asserted that Dastar's failure to give attribution to Fox in effect "passed off" Fox's product as that of Dastar (the reverse of the usual passing off claim, in which Dastar would try to pass off Dastar's product as that of Fox's).

§ 43(a) permitted a claim for making a “false designation of origin” of the “goods.”¹⁵⁰ The key legal question was whether “origin” of “goods” means only the source of the product itself, or whether it includes the source of the work embodied in the goods.

Initially, the Court responded to Fox’s claim by stating that the phrase “origin of goods” means just that—the source of the physical product, not the ideas that it may embody.¹⁵¹ In other words, although Fox may have been the source of the underlying ideas and/or content,¹⁵² the actual tape was made by, and therefore originated, with Dastar. The Court then considered Fox’s argument that those products whose selling point is really the creative or “communicative” aspect, not the physical product, should be treated differently.¹⁵³ It is here that the Court’s discussion took an interesting turn.

“The problem with this argument,” wrote the Court, “is that it causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically.”¹⁵⁴ The Court went on to quote the *Sears-Campo* case about the right of the public to make the goods once a patent expires (citing also the *Kellogg* case), the *Traffix* opinion about the right of the public to copy items unprotected by “an intellectual property right,” and the *Bonito Boats* case, concerning the reciprocal rights conferred on and extracted from copyright and patent owners.¹⁵⁵ It then quoted the passage in *Traffix* about being “‘careful to caution against misuse or over-extension’ of trademark and related protections into areas traditionally occupied by patent or copyright.”¹⁵⁶ The Court returned to the *Trade-Mark Cases* to note that “[f]ederal trademark law ‘has no necessary relation to invention or discovery,’ ”¹⁵⁷

150. *Id.* at 2047.

151. *Id.* The Court noted that a Coke drinker would be concerned that the actual *drink* came from Coca-Cola, not that Coca-Cola be the source of the formula from which it is made. *Id.*

152. In fact, Fox was apparently responsible for neither, though it had once owned a copyright in the original tapes. *See id.* at 2044 (stating that the series was produced by Time, Inc., with the copyright assigned to Fox, but the copyright not renewed in 1977).

153. *Id.* at 2048.

154. *Id.*

155. *Id.* (citing *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-51 (1989); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964); *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 121-22 (1938)).

156. *Id.*

157. *Id.* (quoting *In re Trade-Mark Cases*, 100 U.S. 82, 94 (1879)).

cementing the separation of trademark from intellectual property.

Later in the *Dastar* opinion, the Court creates a bond with *Wal-Mart* and *Traffix* by stating that a contrary result would be inconsistent with the results of those cases, which also resisted uses of trademark law that prevent copying of public domain materials.¹⁵⁸ Summing up, the Court again asserted that the Lanham Act's foundations "were *not* designed to protect originality or creativity."¹⁵⁹ In what must be termed a rather ironic use of a recent case, it concluded: "To hold otherwise would be akin to finding that [section] 43(a) created a species of perpetual patent and Copyright, which Congress may not do. See *Eldred v. Ashcroft*, 537 U.S. 186, 208 . . . (2003)."¹⁶⁰ The citation of *Eldred* is interesting because in *Eldred*, just months earlier, the Court resoundingly (though not unanimously) *upheld* Congress's power to extend the term of existing copyrights against arguments that this effectively created a perpetual copyright.¹⁶¹ Citing *Eldred* for the limiting proposition in *Dastar* demonstrates just how far removed the Court wants trademark law to be from traditional intellectual property.

III. THE LESSONS OF THE NEW MILLENNIUM

What can be learned from the Supreme Court's cases thus far in the millennium? First, as discussed below, it appears that *Wal-Mart* was the beginning of a paradigm shift in trademark law. Second, some of the lower courts have not fully implemented this new paradigm, perhaps in part because they do not recognize it, perhaps in part out of habit, or perhaps in part because they are accustomed to developing trademark law on their own, with the Supreme Court operating largely in the background. Third, the new paradigm could lead to a reexamination of recent extensions of trademark law that tend to treat trademark less like unfair competition and more like property.

A. *The Paradigm Shift*

Beginning with *Wal-Mart*, the Court increasingly has viewed trademark law through the lens of unfair competition, rather than

158. *Id.* at 2049.

159. *Id.* at 2050.

160. *Id.*

161. *Eldred v. Ashcroft*, 537 U.S. 186, 208, 222 (2003).

intellectual property. In *Wal-Mart*, the fear of unwarranted monopolization of product designs was evident in the Court's discussion of the need for a clear rule to discourage lawsuits that would hinder competition.¹⁶² The *TrafFix* statements about functionality reinforce the viewpoint of unfair competition versus intellectual property.¹⁶³ The observation in *Moseley* that trademark dilution protection benefits trademark owners, not consumers, follows the same path. Finally, *Dastar's* specific juxtaposition of trademark on the one hand and intellectual property rights (i.e., copyright and patent) on the other, together with its reiteration of the *TrafFix* caution about overprotecting trademarks, solidifies the theme. As a result, whether certain uses of trademark law will be permitted seems to turn on whether there is some pro-consumer, or at least pro-competitive (or anti-unfair competition) aspect to the particular trademark principle in question. In other words, the Court tests trademark not with an eye toward protecting trademark owners for their own sake, but protecting consumers and the competitive economy from harm.

To some degree, the consistency of the message may reflect the stability of the Court's membership. No new justices have been appointed since the time before the *Qualitex* opinion in 1995,¹⁶⁴ and that stability has allowed the Court to speak with a unanimous voice on the subject.

On the other hand, rather than being a completely new vantage point, the new paradigm may be an example of "what goes around, comes around." By regarding trademark as a species of unfair competition, rather than intellectual property, the Court returned to its pre-Lanham Act view of trademark law. In the *Trade-Mark Cases*, the Court specifically rejected an attempt to ground trademark in Congress's power over other forms of intellectual property.¹⁶⁵ In *Singer* and *Kellogg*, the Court emphasized the needs of competition when ruling that marks were generic.¹⁶⁶ The Court also emphasized that once a patent expires, trademark law cannot be counted on to retain the patent monopoly. The

162. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 213 (2003).

163. *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001) (dealing with patent law).

164. Justice White, who wrote the *Two Pesos* opinion, retired in 1993, and was succeeded by Justice Ginsburg. The last Justice to retire was Justice Blackmun, in 1994, succeeded by Justice Breyer.

165. *In re Trade-Mark Cases*, 100 U.S. 82, 93-94 (1879).

166. See *supra* notes 18, 31 and accompanying text.

same pro-competitive theme was echoed in *Champion Spark Plug*, permitting used spark plugs imprinted with the original brand name to compete with new ones of the same brand.¹⁶⁷ In *Hanover Star Milling* and *Rectanus* the requirement that the trademark follows the trade underscores the unfair competition aspect of trademark over property rights—good-faith *junior* users cannot be “unfairly” deprived of their right to retain their trade, even in the face of a senior user from another region.

The primary message seems to be that the post-Lanham Act expansion of trademark law into something akin to traditional intellectual property law deeply concerns the Court. Admittedly, the justices may have different reasons for their concerns. Justice Breyer has demonstrated a broad concern about the expansion of intellectual property rights.¹⁶⁸ To a lesser degree, Justice Stevens has indicated his concerns as well.¹⁶⁹ Several of the Justices may be concerned that Congress is beginning to reach the boundaries of its enumerated powers. Although the Commerce Clause gives Congress broad power to regulate, the existence of a specific power to regulate intellectual property, a power that allows rights only for “limited times” and that impliedly contains other limitations,¹⁷⁰ may be viewed as an implicit limit on Congress’s power to expand the scope of trademark rights, especially where those rights would rival the limited intellectual property rights provided in the Patent and Copyright Clause.¹⁷¹

Emphasizing unfair competition over intellectual property may help explain how the same Court that decided *Moseley* and *Dastar* could so forcefully *uphold* Congress’s authority in *Eldred v.*

167. See *supra* notes 46-47 and accompanying text.

168. See generally *Eldred v. Ashcroft*, 537 U.S. 186, 242-69 (2003) (Breyer, J., dissenting); Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs*, 84 HARV. L. REV. 281 (1970).

169. Three of his opinions in intellectual property cases provide useful examples: *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) (Justice Stevens wrote the opinion for the Court); *Eldred*, 537 U.S. at 222-42 (Stevens, J., dissenting); *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 206-20 (1985) (Stevens, J., dissenting).

170. See, e.g., *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 346 (1991) (stating “[o]riginality is a constitutional requirement” of copyright).

171. Justice Thomas has indicated his discomfort even with the current interpretation of Congress’s commerce power, apparently preferring the more limited interpretation of the late nineteenth century, when the *Trade-Mark Cases* were decided. See *United States v. Lopez*, 514 U.S. 549, 601 n.8 (1995) (Thomas, J., concurring).

Ashcroft.¹⁷² Although *Eldred* clearly expanded the scope of Congress's copyright authority, that authority was exercised pursuant to a specific grant of intellectual property power. Moreover, the Court was able to cite rather old precedent that was at least analogous to the term extension problems at issue in *Eldred*.¹⁷³

B. Some Implications of the New Trademark Paradigm

Certain implications of these cases seem obvious. Where trademark law comes into conflict with patent or copyright, or begins to look like a substitute for patent or copyright, expect the Court to be wary. One area where this may arise is pharmaceuticals, where drug companies have used trade dress law (the color and/or shape of pills, for example) in an attempt to extend their exclusive rights to sell certain products.¹⁷⁴ Another obvious problem is trademark dilution protection for product designs.¹⁷⁵ Such protection, if permitted,¹⁷⁶ would bring trademark law very close to the realm of design patent.¹⁷⁷ Perhaps functionality will prove an obstacle. The Court's continued mention of the aesthetic functionality may be a warning to lower courts to ensure that the issue does become an obstacle, but if not, one would expect the Court to step in and preclude such expansion.

In an indirect way, these cases could have some effect in areas seemingly far afield from trademark law—for example, the Digital Millennium Copyright Act (DMCA)¹⁷⁸ and the proposed database protection law.¹⁷⁹ Portions of the DMCA are not really regulations

172. 537 U.S. 186, 201-04 (2003).

173. *Eldred*, 537 U.S. at 201-04.

174. See generally *Shire US Inc. v. Barr Labs., Inc.*, 329 F.3d 348 (3d Cir. 2003) (finding shape and color of an unpatented drug functional).

175. See *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 48-51 (1st Cir. 1998) (questioning dilution claim concerning design of faucet); see also 35 U.S.C. §§ 171, 173 (2000) (stating that a design that meets the statutory patentability standards can receive patent protection for fourteen years).

176. See *TCPIP Holding Co. v. Haar Communications, Inc.*, 244 F.3d 88, 95-98 (2d Cir. 2001) (marks must be inherently distinctive to be eligible for federal dilution protection).

177. See *I.P. Lund*, 163 F.3d at 51-53 (Boudin, J., concurring); see also *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 35 (2001).

178. Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as amended in scattered sections of Title 17 of the United States Code).

179. See Collections of Information Antipiracy Act, H.R. 354, 106th Cong.

of copyright.¹⁸⁰ Of course, the Court could find these provisions to be “necessary and proper” adjuncts to the powers under the Copyright Clause. *Eldred’s* deferential treatment could be supportive here. But one also should recall *Dastar’s* pointed comment about perpetual copyrights, and its citation to *Eldred*. The database protection law would rely on the commerce power as well. Moreover, the Court may be troubled by the use of the commerce power to circumvent *Feist’s* constitutionally based preclusion of copyrighting facts.¹⁸¹ Indeed, the Court could choose to view the issue as one of unfair competition. Depending on the Court’s view of the value of the law as a protection for consumers, the Court may give less deference to Congress’s power than it did in *Eldred*.

What can we learn from the recent cases about the Court’s attitude toward logical extensions of trademark, some of which are already occurring? Digital media, the Internet, and globalization have been at the forefront of technology and intellectual property since the last few years of the twentieth century. In 1999, Congress added the Anticybersquatting Consumer Protection Act (ACPA)¹⁸² to the Lanham Act, as § 43(d), just after the dilution section, § 43(c). The ACPA seeks to protect trademark owners from others who, in bad faith, register domain names containing trademarks (or terms confusingly similar to trademarks). Much of the ACPA’s focus is on domain names that are identical to or “confusingly similar” to another’s trademark *and* that are registered in bad faith (often to sell the domain name at a premium to the trademark owner). Therefore, the four new millennium cases might not seem to raise problems for this extension of trademark law.¹⁸³ But there are various aspects of the ACPA that raise interesting issues. First,

(1999); Collections of Information Act, H.R. 2652, 105th Cong. (1998); Database Investment and Intellectual Property Antipiracy Act of 1996, H.R. 3531, 104th Cong. (1996).

180. CRAIG JOYCE ET AL., COPYRIGHT LAW 813 (6th ed. 2003) (“Chapter 12 [the DMCA] is *not* copyright legislation—strictly, or even not so strictly, speaking. Rather, it is what has been termed ‘paracopyright’ legislation: a new and independent set of regulations on activities related to the use of copyrighted works, in addition to those of copyright law itself.”).

181. *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 350-51 (1991).

182. Pub. L. No. 106-113, Div. B, § 1000(a)(9), 113 Stat. 1536, 1501A-545 (1999) (codified as 15 U.S.C. § 125(d) (2000)).

183. The domain name registrants usually are not using the mark as their trademark. Often they are using it to capitalize on Internet search engines to direct possibly unknowing Internet users to their sites.

in addition to allowing a remedy against domain names that are confusingly similar to a trademark, the ACPA allows suits where the offending domain name is merely “dilutive” of another’s (famous) trademark.¹⁸⁴ Thus, it incorporates the concerns the Court expressed about dilution favoring trademark owners, not consumers, despite the “consumer protection” label on the statute. *Moseley* and its penumbra may affect any ACPA claims alleging dilution. Second, “noncommercial use or fair use” is a factor in assessing bad faith, but not a defense, which represents a change from the law in other situations.¹⁸⁵ One would expect the Court to keep a wary eye on this statute for possible anticompetitive uses.¹⁸⁶

The ACPA contains another innovation—albeit one that reaches back to the nineteenth century—in that it permits an *in rem* action against the domain name, where the true owner of the offending domain name cannot be found or is not subject to *in personam* jurisdiction.¹⁸⁷ This provision will test the Court’s willingness to review personal jurisdiction in an international context. The last such case resulted in a ruling against jurisdiction over the foreign entity, although that was an *in personam* action.¹⁸⁸ The *in rem* provisions of the ACPA also would require the Court to revisit *Shaffer v. Heitner*¹⁸⁹ in a new context.

The Internet also has spearheaded an extension of traditional likelihood-of-confusion analysis to encompass something called “initial interest confusion.”¹⁹⁰ The basis for this claim is that

184. Lanham Act § 43(d)(1)(A)(ii)(II), 15 U.S.C. § 1125(d)(1)(A)(ii)(II) (2000).

185. See Lanham Act § 33(b)(4), 15 U.S.C. § 1115(b)(4) (2000) (fair use defense); Lanham Act § 43(c)(4)(B), 15 U.S.C. § 1125(c)(4)(B) (2000) (excluding noncommercial uses from causes of action for dilution).

186. Section 43(d)(1)(B)(ii) gives a defense to bad faith if the person reasonably believed the use was fair or lawful. 15 U.S.C. § 1125(d)(1)(B)(ii) (2000). Depending on how this provision is interpreted, it may ameliorate the effect of making noncommercial uses only a factor. The *KP Permanent* case, discussed *infra* Part III.D, which deals with the fair use defense under § 33(b)(4), may shed some indirect light on this issue.

187. Lanham Act § 43(d)(2), 15 U.S.C. § 1125(d)(2) (2000).

188. *Asahi Metal Ind. Co. v. Superior Ct. of Cal.*, 480 U.S. 102, 116 (1987) (holding that the exercise of personal jurisdiction by California court over Japanese manufacturer would be unreasonable and unfair).

189. 433 U.S. 186, 216-17 (1977) (holding that Delaware’s assertion of *in rem* jurisdiction over defendants violated the due process clause of the United States Constitution). The last case to raise an issue pertaining to a “traditional” form of personal jurisdiction, *Burnham v. Superior Court of California*, 495 U.S. 604 (1990), resulted in unanimous agreement on the result, but no majority rationale.

190. See, e.g., *Brookfield Communications, Inc. v. W. Coast Entm’t Corp.*, 174

2004] TRADEMARK LAW IN THE NEW MILLENNIUM 1693

consumers¹⁹¹ are initially drawn to the defendant's web site by the use of, for example, a domain name containing another's trademark, or a search engine that lists a particular site as a result of the use of metatags in the web page code or just the use of the trademark somewhere on the web page.¹⁹² It is often characterized as protection against a "bait and switch," where consumers are misled into purchasing from someone other than the trademark owner by mistake.¹⁹³ However, if the consumer is only momentarily misled, as when he or she goes to the wrong Internet web site, and can recover in one or two mouse clicks when the error becomes apparent, the consumer protective function of this doctrine becomes rather thin. Instead, it looks more like protection for the trademark owner against a competitor that has sold goods or services to a consumer who is fully aware at the time of purchase from whom he or she is purchasing.

A recent appellate case extended this pliable doctrine even further. Netscape Communications uses its search engine as a vehicle to sell banner advertisements on the Internet.¹⁹⁴ One of its ventures involves selling "keyed" advertisements, which are triggered by search terms entered by a user.¹⁹⁵ Netscape keyed advertisements relating to "sex and adult oriented entertainment" to the words "playboy" and "playmate," leading to a lawsuit by Playboy Enterprises, Inc. (PEI).¹⁹⁶ PEI's main theory was that users would think that they were clicking on an ad for a Playboy site, and would realize their mistake only when they arrived at the website. PEI described this as a means to "gain[] a customer by appropriating the goodwill that [PEI] has developed in its [] mark."¹⁹⁷ The district court granted summary judgment to

F.3d 1036, 1062-63 (9th Cir. 1999).

191. Initial interest confusion is not limited to actions involving consumer issues, but claims of initial interest confusion by consumers are the most common.

192. See *Playboy Enters. v. Netscape Communications Corp.*, 354 F.3d 1020, 1025 (9th Cir. 2004). The concept works also in the "brick and mortar" world if someone is initially induced to inquire of defendant based on the similarity between defendant's name and that of plaintiff. *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259 (2d Cir. 1987).

193. See *AM Gen. Corp. v. DaimlerChrysler Corp.*, 311 F.3d 796, 828 (7th Cir. 2002).

194. Banner ads stretch along the top or side of a web page. *Playboy*, 354 F.3d at 1023.

195. *Playboy*, 354 F.3d at 1023.

196. *Id.*

197. *Id.* at 1025. See *Promatek Indus. v. Equitrac Corp.*, 300 F.3d 808, 812-13 (7th Cir. 2002) ("What is important is not the duration of the confusion, it is the

Netscape, but the Ninth Circuit reversed and remanded, finding issues of fact to be tried.¹⁹⁸

Initial interest confusion poses a challenge in light of the Court's new millennium posture. In many ways, this form of trademark infringement gives property-like value to the "goodwill" of the mark, and only incidentally protects consumers from harm. Moreover, it may be another form of a litigation "weapon" that a trademark owner can use to forestall entry by a competitor. The Court could possibly label a defendant's actions a form of "unfair" competition, justifying the doctrine on that basis. However, should such a case reach the Court, the Court will have to reconcile its consumer oriented, pro-competition view of trademark with a doctrine seeking to protect trademark owner goodwill (which is also the province of trademark dilution, the issue in *Moseley*).¹⁹⁹ The concurring opinion in *Playboy v. Netscape* pointed out the broad and problematic potential of the initial interest confusion doctrine.²⁰⁰ The last has certainly not been heard of this. One would expect an eventual trip to the Supreme Court, though it probably will require a serious split in the circuits before the Court takes up this issue.

Finally, the Internet may test the outer limits of Congress's power to regulate trademark related problems occurring, at least in part, outside the borders of the United States. This, too, will pose interesting challenges for the Court. In addition to the personal jurisdiction problems referred to earlier, there are international comity issues to consider. Just what is the limit of the United States regulatory authority in the international marketplace? The Fourth Circuit recently took an expansive view of Congress's power to reach uses that only affect marks used overseas.²⁰¹ The Supreme

misappropriation of Promatek's goodwill"). PEI also alleged trademark dilution. *Playboy*, 354 F.3d at 1031-34.

198. *Playboy*, 354 F.3d at 1034.

199. The statement in *Kellogg* that a competitor may share in the market originator's goodwill may not apply here because the competitor arguably is seeking to share in the goodwill of the trademark, not just the product. However, *Kellogg* was decided at a time when the power of trademarks was only beginning to be realized. It may be that a strong trademark is a barrier to entry necessitating some use of the mark to compete. Cf. *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968) (finding no infringement in the use of competitor's mark in truthful comparative advertisement).

200. *Playboy*, 354 F.3d at 1034-36 (Berzon, J., concurring).

201. *Int'l Bancorp L.L.C. v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359 (4th Cir. 2003), cert. denied, 124 S. Ct. 1052

Court denied certiorari in the case; no split in the circuits exists. But the issue will probably resurface. Previous cases offer few clues to the Court's thinking on this matter. None of the federalism issues that have dominated the commerce power debates of late exists in this context. Thus, the Court may be more inclined to defer to Congress, especially if it believes that United States consumers will be confused.²⁰²

These issues involving the new millennium technology of the Internet, the concerns of globalism, and the expansion of trademark laws to reach those issues represent some of the tests of the Court's recent jaundiced view of trademark-as-property.²⁰³ If the Court remains on the course set thus far in the new millennium, then we may see a United States trademark regime that distances itself from international trends.

C. *The Effect on Lower Court Jurisprudence*

The Supreme Court decides a tiny number of cases each year—fewer than 100 are given full hearings.²⁰⁴ Thus, the Court must depend on district courts and the courts of appeals to implement its vision.

It is somewhat early to assess the effects of such recent cases, but a few preliminary judgments can be made. The *Moseley* and *Dastar* cases appear to have had an impact—*Moseley's* being very significant. Part of the reason for *Moseley's* impact may be its lack of guidance.²⁰⁵ Nevertheless, the decision has slowed the pace of dilution cases significantly and made winning such cases a very difficult proposition.²⁰⁶ No appellate court has upheld a finding of

(2004). The Casino de Monte Carlo challenged the registration of various domain names by a non-United States national that included the casino's trademark. However, the casino's only activity in the United States is promotional—it operates no business here, although United States citizens visit the casino in Monte Carlo to gamble. The Fourth Circuit held that the United States advertising, plus the use of the casino in Monte Carlo by United States citizens, invoked the foreign commerce power of Congress and fell within the "use in commerce" requirement of the Lanham Act. *Id.* at 363-70.

202. *But cf.* *Asahi Metal Ind. Co. v. Superior Ct. of Cal.*, 480 U.S. 102, 115-16 (1987) (expressing concern about U.S. courts adjudicating claims with little connection to this country).

203. In this regard, the Court's view seems contrary to the international trend.

204. The Justices' Caseload, available at <http://www.supremecourtus.gov/about/justicecaseload.pdf> (last visited July 8, 2004).

205. *See Ty Inc. v. Softbelly's, Inc.*, 353 F.3d 528, 535-36 (7th Cir. 2003).

206. In the few successful cases, district courts have found the marks to be

dilution since *Moseley*.²⁰⁷ The Ninth Circuit has remanded three dilution cases with instructions to reconsider in light of *Moseley*, but without any guidance as to the proper framework for the inquiry.²⁰⁸ Courts appear to have been following *Dastar*, resulting in some dismissals. Potentially, *Dastar* could fundamentally change the framework of false designation of origin claims under § 43(a), but it is too early to tell.²⁰⁹

Of the two earlier cases, *Wal-Mart* is easier to implement. Its requirements are straightforward, and its admonishment about close cases (presuming it is a design, not packaging) simplifies the decision-making process.²¹⁰ *TraFFix* was less clear; as a result, not all

identical. Nike, Inc. v. Variety Wholesalers, Inc., 274 F. Supp. 2d 1352, 1372 (S.D. Ga. 2003); Pinehurst, Inc. v. Wick, 256 F. Supp. 2d 424, 431 (M.D.N.C. 2003); Scott Fetzer Co. v. Gehring, 288 F. Supp. 2d 696, 702 (E.D. Pa. 2003); see Four Seasons Hotels & Resorts B.V. v. Consorcio Barr S.A., 267 F. Supp. 2d 1268, 1331-32 (S.D. Fla. 2003) (actual harm found in case where marks were identical). Cf. Savin Corp. v. Savin Group, No. 02 Civ. 9377 SAS, 2003 WL 22451731 at *13-15, 68 U.S.P.Q.2d 1893 (S.D.N.Y. Oct. 24, 2003) (even where marks are identical, further evidence of actual dilution may be required); Lee Middleton Original Dolls, Inc. v. Seymour Mann, Inc., 299 F. Supp. 2d 892, 902 (E.D. Wis. 2004) (in apparent identical mark case, court decides to send issue of dilution to jury “[i]n view of the developing status of the law on the nature of evidence required”); see also *Softbelly’s*, 353 F.3d at 535-36 (noting, but not deciding, the issue of required evidence in a non-identical marks case). One oddity is that lower courts have not taken up and expressly ruled on *Moseley’s* strong hint that tarnishment may not be covered by the FTDA.

207. See *Softbelly’s*, 353 F.3d at 535-36; Kellogg Co. v. Toucan Golf, Inc., 337 F.3d 616, 625-28 (6th Cir. 2003); Enter. Rent-A-Car Co. v. Advantage Rent-A-Car, Inc., 330 F.3d 1333 (Fed. Cir. 2003).

208. Horphag Research, Ltd. v. Pellegrini, 337 F.3d 1036, 1041 (9th Cir. 2003), cert. denied sub nom., Garcia v. Horphag Research Ltd., 124 S. Ct. 1090 (2004); Playboy Enters., Inc. v. Netscape Communications Corp., 354 F.3d 1020, 1033 & n.56 (9th Cir. 2004); Visa Int’l Serv. Assn. v. JSL Corp., No. 02-17353, 03-15420, 2003 WL 23018942 at *1 (9th Cir. Dec. 22, 2003).

209. See Gilliam v. Am. Broad. Cos., 538 F.2d 14, 23-25 (2d Cir. 1976) (enjoining rebroadcast of Monty Python edited episodes that “mutilated” the originals). The use of § 43(a) made in *Gilliam* could be undermined by *Dastar*. As the concurring judge in the case noted, the “false designation” claim could be handled by an appropriate disclaimer. *Id.* at 27 (Gurfein, J., concurring); but see *id.* at 25 n.13 (majority rejects disclaimer as inadequate). The *Gilliam* case, like *Dastar*, included a copyright claim. The demise of false attribution claims under § 43(a) also could call into question whether the United States is adhering to its obligations under the Berne Convention, governing copyrights. Berne Convention for the Protection of Literary and Artistic Works, art. 6bis(1) (July 24, 1971), 828 U.N.T.S. 221 (Paris Revision) [hereinafter Berne Convention], available at <http://www.wipo.int/treaties/en/ip/berne/index.html> (last visited July 8, 2004).

210. See, e.g., Adidas-Salomon AG v. Target Corp., No. CV-01-1582-ST, 2002 WL 31971831 at *10-11 (D. Or. July 31, 2002) (following *Wal-Mart*, choosing to view

courts have been eager to accept it as establishing a new functionality framework, though some movement is apparent.²¹¹

D. Speculation about the KP Permanent Case

As of this writing, the Supreme Court has granted certiorari in another trademark case, *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*²¹² *KP Permanent* differs from the previous “new millennium” Supreme Court cases in that it does not involve an expansive use of trademark law in a new form, such as a product design, dilution, or a right of attribution.²¹³ Instead, it is a rather ordinary dispute not unlike the *Park 'N Fly* case.²¹⁴ Lasting Impression has an incontestable trademark in a logo containing the words “MICRO COLORS,” used on permanent make-up.²¹⁵ *KP Permanent* made a competing product and used the term “microcolor” on advertising circulars and on the labels of its pigment bottles.²¹⁶ When Lasting Impression demanded cessation of *KP Permanent*’s use of “microcolor,” *KP Permanent* sought a declaratory judgment of non-infringement.²¹⁷ Among its claims was that it had a “fair use” defense to any infringement under section 33(b)(4), asserting that its use of “microcolor” was fair, not as a trademark, but instead as a description of its product.²¹⁸ The

the case as one about product design).

211. *Compare* *Valu Eng'g, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1276 (Fed. Cir. 2002) (concluding that *Traffix* did not preclude consideration of alternative designs nor alter the law of functionality) *with* *Eppendorf-Netheler-Hinz GmbH v. Ritter GmbH*, 289 F.3d 351, 355-56 (5th Cir. 2002) (applying *Traffix*). *See also* *Eco Mfg. LLC v. Honeywell Int'l, Inc.*, 295 F. Supp. 2d 854, 866 n.5 (S.D. Ind. 2003) (noting different cases applying *Traffix*), *aff'd*, 357 F.3d 649 (7th Cir. 2003) (affirming on grounds of no abuse of discretion, but declining to specifically uphold the district court’s reasoning). *Cf.* *Antioch Co. v. W. Trimming Co.*, 347 F.3d 150, 156 (6th Cir. 2003) (declining to decide whether *Traffix* permits consideration of evidence of alternative designs).

212. 328 F.3d 1061 (9th Cir. 2003), *cert. granted*, 124 S. Ct. 981 (2004).

213. *See id.*

214. *See supra* Part I.C.

215. *KP Permanent*, 328 F.3d at 1065. Permanent make-up is injected into the skin and can be used both for cosmetic purposes and for medical ones (such as covering scarring). *Id.*

216. The process of permanent make-up is also known as micropigmentation. *Id.*

217. *Id.* at 1065-66.

218. Fair use doctrine is one of the listed defenses to an incontestable trademark. The relevant portion of the statute reads as follows:

Such conclusive evidence [of the right to use the registered mark on the part of the owner of an incontestable mark] shall be subject to

district court upheld this defense and granted summary judgment,²¹⁹ but the Ninth Circuit reversed.²²⁰ The Ninth Circuit held that KP Permanent must show an absence of confusion to invoke the fair use defense.²²¹ The circuits have split on whether demonstrating an absence of confusion is a requirement for invoking the defense,²²² and the Supreme Court granted certiorari in an apparent effort to resolve the split.²²³

Although this case does not involve a new extension of trademark protection, the themes of the four recent cases may provide clues to the Court's disposition of this case. We can begin with the interesting and obvious observation that in the new millennium the Supreme Court has reversed the Court of Appeals each time. Perhaps the Court is trying to be a corrective overseer, intervening only when it sees a problem. One assumes that eventually this string of appellate losses will be broken; certainly the Court takes some cases to affirm them.²²⁴ A more analytical clue can be garnered by considering the two cases from the Court's most recent term, *Moseley* and *Dastar*. In both cases, the Court gave

proof of infringement as defined in section 1114 of this title [Lanham Act § 32], and shall be subject to the following defenses or defects:

...

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; . . .

Lanham Act § 33(b), 15 U.S.C. § 1115(b) (2000).

219. 328 F.3d at 1066.

220. *Id.* at 1073.

221. *Id.* at 1072.

222. *Compare* *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond's USA Co.*, 125 F.3d 28, 30-31 (2d Cir. 1997) (confusion does not eliminate defense); *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 243 (4th Cir. 1997) (seemingly rejecting confusion as means of eliminating fair use defense), *with KP Permanent*, 328 F.2d at 1072 (fair use defense requires absence of confusion).

223. There were other issues brought to the Ninth Circuit, but the fair use issue was the only one for which KP Permanent sought review. *KP Permanent Make-up, Inc. v. Lasting Impression Inc.*, 328 F.3d 1061 (9th Cir. 2003), *petition for cert. filed*, No. 03-409, 2003 WL 22429005 at *i (U.S. Aug. 18, 2003). There is one aspect of *KP Permanent* that is somewhat unusual. KP Permanent's use of "microcolors," while arguably not a trademark use, seems designed to make the term microcolor into a generic description of the product. That is different than a purely descriptive use of terms that, *outside of the trademark context*, can be used descriptively.

224. *Eldred v. Ashcroft*, 537 U.S. 186 (2003), is one such example.

a strict interpretation of the applicable statutory language.²²⁵ If the Court follows this pattern, then a reversal is a distinct possibility. The relevant statutory provision, Lanham Act § 33(b)(4), contains no mention of “likelihood of confusion” as a factor in the defense.²²⁶ In addition, the interpretation that gives the least protection to the trademark owner (a feature of all four previous cases) would favor a defense that does not depend on the absence of confusion.

Viewing *KP Permanent* from the larger perspective of the four cases, we would consider which side is best served by viewing trademark via the unfair competition rationale. This, too, probably favors reversal. The purpose of the fair use defense is to allow competitors to fairly use descriptive terms in an effort to compete in the marketplace. Upholding the defense promotes competitive advertising of products. There is some offset here because confusion would work to the detriment of consumers. However, the Court may take the approach of *Eldred* and *Park 'N Fly* and defer to Congress’s judgment about the proper balance between promoting competition and combating confusion.

Finally, the “old millennium” case of *Park 'N Fly* provides some tantalizing hints about the thinking of two justices. Justice Stevens dissented in *Park 'N Fly*, asserting that descriptive marks should not be considered impervious to later attack.²²⁷ He also warned that descriptive marks should not receive overly broad protection.²²⁸ His belief would favor reversal in *KP Permanent*, since the fair use defense is predicated on a competitor’s descriptive, non-trademark use of the other’s mark. Justice Kennedy was the author of the Ninth Circuit’s opinion in *Park 'N Fly*, which took the position that one could defend against an infringement suit by the owner of an

225. In *Wal-Mart* and *Traffix* the relevant statutory provision—§ 43(a) of the Lanham Act—did not directly address the questions before the Court.

226. Moreover, the logic of the defense belies a requirement that defendant show an absence of confusion. As stated in the body of Lanham Act § 33(b), even the owner of an incontestable mark is required to demonstrate infringement—which means a likelihood of confusion—in order to vindicate its exclusive right to use the mark on the items for which it is registered. In the absence of confusion there is no infringement (assuming no dilution claim). Thus, if there is no confusion, no defense would be necessary, and § 33(b)(4) would appear to be redundant.

227. *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 206-08 (1985) (Stevens, J., dissenting).

228. *Id.* at 215 (“Language, even in a commercial context, properly belongs to the public unless Congress instructs otherwise.”).

incontestable mark by showing that the mark was descriptive and lacked secondary meaning.²²⁹ If that position reflects his current belief that descriptive marks (or marks that can be used descriptively) do not deserve broad protection, then he, too, may favor reversal.

KP Permanent could provide interesting insights into the direction of trademark law in the new millennium. If the Court reads the statute strictly and reverses the Ninth Circuit, it will strengthen the trend indicated in the four previous cases, particularly *Moseley* and *Dastar*. The new opinion may provide important clues about whether the unfair competition view of trademark law evident in the four previous opinions continues to reflect the Court's view of the law.

IV. CONCLUSION

In the first few years of the new millennium the Supreme Court has shown renewed interest in trademark law, deciding as many trademark cases in four years as in the previous twenty years. A remarkably unified Court has taken what may be termed a "traditionalist" approach to trademark, emphasizing its roots in unfair competition and attempting to prevent it from filling in perceived gaps in the protection afforded by patents and copyrights. In doing so, the Court has narrowly construed the role of trademark and strictly construed applicable statutory provisions.

The Court also may be indicating a general unease with what it views as a judicial intrusion into the balance between incentive and public access inherent in our patent and copyright laws. Three of the four new cases were based on § 43(a) of the Lanham Act, whose expansion was largely the result of judicial action (with later congressional acquiescence). In the fourth case, *Moseley*, the Court went out of its way to hint that its expansion of trademark law beyond its usual boundaries was not the product of a careful legislative process that considered its effect on other intellectual property regimes. More expansively, the Court may be signaling that there are limits to Congress's power to regulate these areas under the Commerce Clause, as opposed to the Patent and Copyright Clause.

Left unstated to this point is whether the Court's effort to

229. *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 718 F.2d 327, 331 (9th Cir. 1983), *rev'd*, 469 U.S. 189 (1985).

2004] TRADEMARK LAW IN THE NEW MILLENNIUM 1701

move trademark law back into the rubric of unfair competition and consumer protection is a positive or negative development. That's a fair, but difficult, question to answer. It may be best to answer it in stages. At the first stage, it is submitted that the *results* of the four "new millennium" cases are correct. The first two were an overdue signal to the lower courts that trademark protection for product designs was beginning to become a serious barrier to entry into some product markets. *Dastar* was a signal, albeit perhaps a crude one, that trademark was encroaching on copyright. For half a century the Court (largely through inattention) allowed lower courts to use trademark law, particularly § 43(a), as a back door means of circumventing the larger balances in patent and copyright law, without much thought being given to the resulting distortion of that balance.²³⁰ Only two of the Court's late twentieth century cases addressed this expansion, and *Two Pesos* in particular simply acquiesced in the expansion, without truly considering the overall impact on intellectual property. In short, trademark law needed a bit of reigning in.²³¹

The return to an unfair competition and consumer protection conception of trademark is not necessarily a bad thing, either. Although the expansion of trademark law normally has paid homage, at least in form, to protecting consumers from deceptive practices,²³² the expansion of confusion far beyond point of sale confusion made such claims of deception ring a bit hollow.²³³ That,

230. Three of the four cases—*Wal-Mart*, *Traffix*, and *Dastar*—are § 43(a) cases, representing the expansion of trademark into product design and right of attribution, potential subjects of patent and copyright law.

231. Recall that in *Moseley*, the Court noted pointedly that Congress apparently had given little real thought to the expansion of trademark by the addition of dilution protection. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 431 (2003) (recounting the legislative history of the federal dilution statute). See *supra*, text at notes 136-37.

232. See, e.g., *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995); *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 640 n.10 (7th Cir. 1993) ("Kohler is free to copy Moen's design so long as it insures that the public is not thereby deceived or confused into believing that its copy is a Moen faucet").

233. In the product design area, the standards for confusion virtually guaranteed that a competitor's copy would result in a finding of confusion. See Welkowitz, *Trade Dress and Patent*, *supra* note 99, at 323-29. Despite its protestations to the contrary, the Ninth Circuit's opinion in *Dastar*, which emphasized the defendant's "bodily appropriation" of plaintiff's material, *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 34 Fed. Appx. 312, 314 (9th Cir. 2002) (using "bodily appropriation" standard, but claiming it "subsumed" confusion standard), *rev'd*, 123 S. Ct. 2041 (2003), similarly strays from real notions of deception. And the dilution statute expressly disavows a need for confusion.

however, is only stage one. A more difficult question, stage two, is whether the Court's reconception properly adjusts the balance between trademark and other forms of intellectual property. Here, it is worth noting that the "twin aims"²³⁴ of preventing consumer deception and preventing unfair competition are not necessarily congruent. One might believe that it is "unfair," for example, to compete by free riding on a market for a product created by another (the product design problem) even in the absence of confusion.²³⁵ Indeed, as noted above, the *KP Permanent* case may require the Court to balance the possibility of allowing some confusion in an individual case against the larger goal of permitting fair but free use of a mark as a descriptive device to further competition. One also might argue that *Dastar*, by eliminating, or at least severely restricting, misattribution claims, did not do justice to consumer concerns. However, on the facts of *Dastar*, it appears that the Court had well-founded fears that the plaintiffs were less interested in proper attribution than in being able to exact payment for defendant's use of arguably public domain material.²³⁶

There is also the general concern that unfair competition is itself a highly pliable doctrine, and thus will not be an appropriate vehicle to alleviate the problems addressed by the Court's recent opinions. This concern is not entirely unfounded. Early twentieth century cases noted (sometimes with approval) this very elasticity.²³⁷

234. With apologies for the terminology to followers of civil procedure. *See* *Hanna v. Plumer*, 380 U.S. 460, 468 (1965).

235. Or, to take a more overt dilution example, one might believe it is "unfair" to use another's famous mark as an attention-getting device, regardless of consumer confusion. *See* *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 45 (2d Cir. 1994) (upholding dilution claim under New York law against a competitor's advertisement using a humorous alteration of the Deere logo).

236. *See* *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 123 S. Ct. 2041, 2049 (2003) (noting that if *Dastar* had given attribution it might still have been sued). *Cf.* *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 120-22 (1938) (Kellogg had an obligation, which it satisfied, to use the term "shredded wheat" in a manner that did not suggest a connection with Nabisco); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964) (though barred from making copying actionable as unfair competition, states may require labeling of goods to avoid consumer deception). *See also* Brief *Amici Curiae* of Intellectual Property Law Professors in Support of Petitioner [in *Dastar*], *republished in* 24 WHITTIER L. REV. 931, 944-46 (2003). The brief suggests that a subsequent publisher of a revised version of a work could be required to disclaim association with the original publisher, as long as that would not result in a claim against defendants for false association. *Id.* at 941-43.

237. *See, e.g.,* *Ely-Norris Safe Co. v. Mosler Safe Co.*, 7 F.2d 603, 604 (2d Cir.

The Court's opinion in *Dastar* expresses analogous concerns.²³⁸ The results of recent cases, however, signal a possible answer: emphasizing the promotion of competition, on the assumption that this enhances consumer welfare.²³⁹ Although that assumption may not be universally correct, it, together with labeling requirements that do not constitute "rent" for the use of the trademark, and which therefore do not constitute barriers to entry into the market, may lead to reasonable accommodations between the goals of unfair competition and those of enhancing consumer protection. If the latter goal remains paramount, then over time an appropriate balance may be struck.

One expects that this approach will soon face challenges from a variety of sources. Digital media, the Internet, and the global economy are the most immediate challengers on the horizon. Some of these challenges will raise old issues of personal jurisdiction and regulatory authority that will force the Court to reexamine older precedent. Others will confront the Court with the growing international trend toward treating trademarks as property, in contrast to the visions espoused by the Court in its recent jurisprudence. Whether the Court retains that current vision of trademarks being something other than property, and the territorial limits traditionally placed on trademark law, will define trademark law, and perhaps intellectual property law, for many years to come.

1925) (Hand, J.) ("there is no part of the law which is more plastic than unfair competition, and what was not reckoned an actionable wrong 25 years ago may have become such today"), *rev'd*, 273 U.S. 132 (1927). Most of the major Supreme Court trademark opinions of that era were actually unfair competition claims, decided as a matter of federal common law. *See, e.g.*, *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 113 n.1 (1938); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 411 (1916) (case "decided according to common-law principles of general application"). *But cf.* *A. Bourjois & Co, Inc. v. Katzel*, 260 U.S. 689 (1923) (upholding injunction against gray market imports under the Trademark Act of 1905).

238. *Dastar*, 123 S. Ct. at 2045 (§ 43(a) is not an unlimited unfair competition statute).

239. *See, e.g.*, *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213-14 (2000) (lawsuits as competitive barriers).