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Graeme Dinwoodie

IIT Chicago-Kent College of Law

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PANEL DISCUSSION: REMEMBERING JUSTICE SCALIA IN IP CASES

GRAEME DINWOODIE*

JUSTICE SCALIA'S TRADEMARK OPINIONS

When asked to discuss Justice Scalia's trademark opinions, I thought I might be in some difficulty: I didn't instantly recall that many trademark opinions that Justice Scalia had authored. The number does get bigger if you're willing to include opinions that involved *any* interpretation of the Lanham Act, but these are probably driven by considerations that don't tell you much about Justice Scalia's views of trademark law. In that category, for example, I would put the *College Savings Bank* case on abrogation of 11th amendment immunity, which is not surprisingly driven by views of the 11th Amendment. And likewise, although Justice Scalia was not the author of it, the potentially important dissent with Justice Thomas in the *B&B* case was driven by views on the applicability of issue estoppel in the context of administrative bodies. So you can find a larger universe of cases if one expands the scope of cases that are treated as "Justice Scalia's trademark opinions."

But I am going to focus on two opinions that Justice Scalia did author for the Court in cases that deal with two important substantive issues of trademark law. Those issues are: determining when a trademark exists, and what is the scope of protection under section 43(a) of the Lanham Act—that is, I will focus on *Wal-Mart v. Samara* from 2000 and *Dastar* from 2003.

After recalling the basic reasoning of both cases, I will address three questions as regards each case. First, with hindsight, how significant were these two opinions for trademark and unfair competition law? Second, can one discern from those opinions a consistent philosophy towards trademark and unfair competition law. And, third, given that Justice Scalia's approach to statutory interpretation has been written about heavily—indeed, he wrote about it at length himself—do those cases either mirror or depart from his normal methods of interpretation.

* University Professor at IIT Chicago-Kent College of Law, as well as the Intellectual Property Chair at the University of Oxford. This article is adapted from remarks delivered on September 22, 2016, at the Chicago-Kent Supreme Court IP Review. The panel was moderated by Joseph Oldaker, Nelson Bumgardner PC.

I start with a caution: any social scientist will tell you that taking two data points, and trying to extrapolate, suggests that I might be way off the mark in drawing any general lessons. But, I will throw some ideas out there and perhaps they'll be validated by the patent and other opinions being discussed here.

Since these cases were decided some time ago, let me briefly summarize the cases. In *Wal-Mart v. Samara*, the plaintiff argued that it had trade dress rights in the product design of a particular children's clothing in a seersucker fashion, and that when Wal-Mart copied the designs, it engaged in trademark infringement. The plaintiff also sued under copyright law, but that was not *directly* before the Court. The issues on which certiorari was granted was "what is the test by which to determine an inherently distinctive product design." A few years before, in *Two Pesos*, the Supreme Court had acknowledged that trade dress could be inherently distinctive but had not addressed how to determine whether any particular trade dress had that status. In the meantime, the Circuits had gone in different directions trying to answer that question.

As a preliminary matter, the oral argument in this case was interesting given Justice Scalia's historically active participation in oral argument. Something happened at oral argument in *Wal-Mart* that I think heavily determined the outcome of the case. You see, it mentioned in Justice Scalia's opinion. One of the tests being considered was from a CCPA case called *Seabrook*; one of the parties and the government, in their amicus briefs, both argued that the Court should endorse that test for determining inherent distinctiveness. At the oral argument, the Deputy Solicitor General was asked: "Well, how would you apply *Seabrook* in this case?" He answered, basically, "I have no idea how this clothing design would fare under *Seabrook*." Justice Scalia considered this a sure sign that *Seabrook* was not a very good test if one was concerned with offering producers and their competitors with some degree of certainty. And given the problems with finding a satisfactory test, the Court's response may not be unsurprising: you don't need to know what the test is because we hold that there is no such thing as inherently distinctive product design trade dress.

I'm not an unbiased observer on this question because twenty years ago I wrote a very long article called "Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress." So, my first response to *Wal-Mart* was to think it was wrong, having just spent a lot of time explaining how to embrace a different approach. Looking back 16 years later, I'm more ambivalent about the significance of this case and whether it was right or wrong. *Wal-Mart* was part of the more general effort to roll back

from the high-water mark, if that's the right term, of *Two Pesos* in 1992. And, especially when you pair it with the *Traffix* case, successfully argued by John Roberts a year later on functionality, there is a consistent message. *Qualitex* was probably a pivot point where the Court said, "Yes you can protect color but only in certain circumstances;" *Wal-Mart* was the first confirmation of the change in direction. This retrenchment against product design trade dress has been very effective work over sixteen years in stopping a very large number of nuisance claims. As a result—arguably, at least, as a result—protection of design has shifted from the trademark system, which was operating as a quasi-design system in the United States, to the design patent system, which has been rejuvenated over the last decade, and indeed perhaps also to copyright. This is interesting because in the next session, we will have a discussion of two cases pending before the Court this year: one on design patent and one on copyright protection of designs.

And if you look at Justice Scalia's opinion in *Wal-Mart*, that is exactly what he thought should have happened. He said that plaintiffs should not worry about lesser protection by trade dress because they will still have copyright and design patent. This was a very explicit part of what was his driving force. So, the case arguably has achieved what Justice Scalia sought out to achieve. And, on the whole, this has probably been a good development in trademark law. I still think, unlike many American scholars, that product design trade dress claims should be more viable than they are, because consumers actually associate product shapes with source more than conventional wisdom suggests. But on the whole, *Wal-Mart* was a significant decision that pushed the law to where Justice Scalia wanted it to be.

What do I get from the *Wal-Mart* opinion in terms of trademark philosophy? One way to approach this question is to compare *Two Pesos*, eight years before, in which Justice Scalia wrote a very short concurrence. His concurrence was, in essence, "I agree with Justice White who has reached this conclusion that you can have inherently distinctive trade dress, though he has reached that result through purposive reading of the statute, and reference to legislative history. And I agree with Justice Thomas' separate opinion, in which he reaches the same conclusion based upon analysis of the evolving common law, which he correctly says has been reflected in, but not replaced by, the Lanham Act."

Justice Thomas' opinion in *Two Pesos* was to some extent an embrace of the idea of the Lanham Act as a delegating statute, rather like some antitrust legislation. It was not as full an embrace of that proposition as one finds from, say, Judge Leval in the Second Circuit. But Justice Thomas

certainly acknowledged that there was a role for judges in developing trademark law in partnership with Congress. In short, the opinion suggested a judicial role in lawmaking that was perhaps not what one would readily associate with Justice Scalia (though antitrust is an interesting comparison).

Interestingly, when Justice Scalia in *Wal-Mart* gave reasons why there was no possibility of inherently distinctive trade dress, he started with the point that the text of the statute told him absolutely nothing—which is an interesting proposition in any Scalia opinion. Although in the end, Justice Scalia did use other parts of the statute to support the importance of the distinction between inherent distinctiveness and acquired distinctiveness. He also relied on the proposition, drawn from Justice Stevens' separate opinion in *Two Pesos*, that the standard for registerability under Section 2 of the Lanham Act and protectability under Section 43(a) are largely the same. This is going to be a live issue for the Washington Redskins, depending upon what the Court decides in the pending *Tam* case. So, *Wal-Mart* is not a particularly textualist opinion.

The second concern driving Justice Scalia in *Wal-Mart*—and this gets back to the point of the question to the Deputy Solicitor-General at oral argument—is the need of certainty in a competitive climate. Justice Scalia thought that endorsing a test that could not easily be applied to the design in the case before the Court suggested that cases involving assertions of inherently distinctive design could rarely be resolved at the stage of summary judgement, inviting too many nuisance lawsuits. Justice Scalia thought that was anti-competitive—not because the meritless claim would succeed, but that it could not easily be dismissed without substantial costs, giving rise to hold-up potential.

Justice Scalia expressed the consumer interest tied up in that competitiveness analysis as the interest in having lower-priced goods rather than the interest in being protected from confusion—which is the consumer interest that you tend see highlighted in trademark cases. So, what I see in that opinion is a vision of trademark law as more than a mere consumer protection law, which is of course one vision of trademark law. Justice Scalia saw trademark law as part of broader industrial and economic policy, where trademark law is concerned with the regulation of competition. I think that you see this in *Dastar* as well, where certainty again loomed large.

A third driver of *Wal-Mart* is that Justice Scalia tried to see trademark law as part of the larger intellectual property picture, including design patent and copyright. And, again, he comes back to this in *Dastar*, so I will discuss this in a moment.

One final observation about *Wal-Mart*. Justice Scalia may not have considered himself an expert in some of the scientific matters coming before the Court in patent cases, but he saw himself as a prototypical consumer. He displays this in both *Wal-Mart* and *Dastar*. In *Wal-Mart*, he commented that, “It seems to us that consumers would not be predisposed to look at shape and think of source.” And likewise, in *Dastar*, he says, “I don’t think the consumer cares about the source of the content of a communicative product such as a sound recording or movie.” Justice Scalia presented these views as empiricism—in *Wal-Mart*, to justify not accepting the possibility of inherently distinctive design trade dress. It’s an intriguing starting point, though one that he backed up with a series of normative policy objections that supported the conclusion he came to empirically. That reveals something about distinctiveness that has too often been missed by American courts. Distinctiveness is a mix of empirical and normative analysis. Justice Scalia took into account empiricism, even if it came from his own “expertise,” but colored that empirical analysis with awareness of normative concerns.

In *Dastar*, the copyright had expired on television programs that were based upon a book about Eisenhower’s Crusades in Europe. *Dastar* acquired the physical tapes that embodied the television series, edited them, and repackaged them as their own. On the packaging, *Dastar* did not mention that most of the content was produced by third parties in creating the television series, the copyright in which, if it was in any way still extant, belonged to Fox. The case was not brought as a copyright claim, however, because the copyright in the television series had expired. Instead, the action is brought as a so-called “false designation of origin” claim under Section 43(a) of the Lanham Act.

Putting aside the wisdom of allowing an unfair competition claim to afford what is effectively copyright protection, *Dastar* is a disastrously-reasoned decision on any number of grounds. But one ground is that the real basis for the decision is obscured. For Justice Scalia, perhaps driven by his textualism, the outcome turns on the dictionary definition of the term “origin.” And that turns out to be the unhelpful focus of a series of Seventh Circuit cases applying *Dastar* over the last couple of years.

Some of the same policy themes as we saw in *Wal-Mart* are also evident, however. And it would have been more useful had these been front and center. For example, we see again the concern of uncertainty. At oral argument, counsel for Fox was asked, “If instead of not crediting you, *Dastar had* credited you, wouldn’t you just sue them for false affiliation or association of endorsement?” Counsel for Fox reassured that they would not have done that. But under the plaintiff’s argument, they could have done that.

It was a plausible claim. Thus, *Dastar* would be sued if they did one thing, and sued if they did exactly the opposite. No competitors—operating legally to work with public domain material—can exist in that climate. And, again as in *Wal-Mart*, cumulation of rights was part of the picture; the Court was not willing to allow the circumvention of copyright law, by endorsing what it called a “mutant” copyright claim. This would have been the clearest basis on which to ground the decision, but it was thrown in with a mix of textual and other policy reasons. For example, again the driven is ostensibly informed by Justice Scalia’s belief that consumers would not care who actually came up with the ideas behind *Crusades* in Europe. All they were concerned about was the physical tape. As an empirical observation about movies, I find that hard to accept.

TEXTUALISM

The strictness of Justice Scalia’s adherence to textualism varies in the two trademark cases I mentioned. Between *Two Pesos* and *Wal-Mart*, on the one hand, and *Dastar*, on the other, Justice Scalia becomes far less comfortable with the idea of the Lanham Act as a delegating statute. To be fair, in *Two Pesos* and *Wal-Mart*, it would have been really hard to rely on textualism. And in *Wal-Mart*, although he relied on general policy arguments and purposive interpretation, he did try to find some textual reference points, even though none directly answered the question. In *Dastar*, Justice Scalia was able to find a textual hook, which was the word “origin.” However, if you pled the Section 43(a) claims slightly differently, you could have brought a claim invoking that provision without involving the word “origin;” it’s actually not that hard to do that. But one of the problems that emanated from *Dastar* is that once you have defined “origin” merely as it is found in the dictionary—as the source of the tangible product on which a mark was impressed—you create problems for cases arising in the 21st century. You develop very wooden approaches to unfair competition cases. Instead, if Justice Scalia had emphasized what was actually going on in *Dastar*—this was clearly an attempt to circumvent the fact that you had a copyrighted work that was in the public domain—and relied on the policy prohibition against mutant copyrights as the ground for the decision, then the courts would likely have developed a more coherent body of law going forward. And so, I think his textualism actually makes *Dastar* a less useful opinion than it would have been had it been ground in a non-textual basis.

CASES WITH THE GREATEST IMPACT ON INTELLECTUAL PROPERTY LAW

Both the cases that I discussed have had important effects already. But the case that I will identify as an outside bet for significance—and this is very speculative—is a Lanham Act case that is not properly a trademark case. It is a false advertising case; false advertising is litigated under the Lanham Act but under the second part of Section 43(a). The case is the *Lexmark* case about standing in a false advertising action. In *Lexmark*, the Supreme Court endorsed a pretty general, and generally used, standing test, looking both at the zone of interest and remoteness of harms. It probably didn't dramatically change false advertising claims, but Justice Scalia's reasoning suggests that the standard for standing was fully applicable to all Lanham Act cases. And you are now seeing those standing arguments from 43(a)(1)(B) cases—false advertising cases—pop up in regular trademark cases. For example, it was argued in the *Slep-Tone* case on Section 43(a) actions involving digital goods in the Seventh Circuit, even though that wasn't the basis for the ultimate opinion. And there's a recent Fourth Circuit opinion, *Bayer v. Belmora*, on well-known marks, which addresses the ability to protect marks that have never been used or registered in the United States but which are well known elsewhere (in that case, in Mexico). The Fourth Circuit decided the question by applying a *Lexmark* framework (and the case is being pursued further, before the Supreme Court).

This litigation strategy of invoking *Lexmark* connects well to developments in recent scholarly writing, most notably that of Rebecca Tushnet of Georgetown. She argues that some of the limits that one finds in Section 43(a) false advertising cases should be transposed to trademark cases. This might bring in concepts like materiality. But it also makes *Lexmark* a live argument. The *Lexmark* test gives judges plenty of scope to work out what is a real and actionable "harm" to a trademark—for example, what is a direct harm versus an indirect harm—and thus has the capacity to shrink the scope of actions under Section 43(a), including the trademark part as well as the false advertising part. So if I had to make a prediction of one case, which at the moment, would have little effect but that actually might be significant, I would predict *Lexmark*.