Introduction
In a case far removed from the intellectual property area, Justice Sandra Day O’Connor once wrote that “[c]ontext matters.”¹ Many commentators have written paens to Justice O’Connor’s “give-it-to-me-straight, cowgirl”² approach to judging over the course of her twenty-four years on the Court. O’Connor is known and lauded for her

preference for broad standards and balancing tests as opposed to bright line rules,
her penchant for pragmatic approaches, and her contributions in the areas of federalism
and gender equity. With few exceptions, however, these tributes have not singled out
Justice O’Connor’s substantial contributions to several areas of intellectual property law,
and the significant implications of her views in those areas. More to the point, while
there has been a good deal of scholarship on particular intellectual property cases in
which Justice O’Connor authored the majority opinion, very little of it has focused on
assessing her intellectual property cases in relation to one another. This essay is a modest attempt to do so.

My purpose here is to compare and contrast Justice O’Connor’s intellectual property cases, in order to draw some lessons and trace how those cases resonate in the Court’s more recent intellectual property jurisprudence. I argue that O’Connor’s opinions in the areas of trademark, copyright and patent engage in a capacious “balancing act” that is consistent with her approach to other areas of the law. Professor Marci Hamilton, who clerked for the Justice during the 1989 October term, notes that O’Connor . . . decides each case as it comes to her. She does not have doctrinal axes to grind, but rather seems to sustain a true connection to the practical problems of the parties before her. Each case is not an opportunity to vent her latest theory but rather an opportunity to solve a problem to the best of the Court’s abilities.

In the areas of patent and copyright, Justice O’Connor has been mindful of the constitutional and statutory imperatives in striking balance between incentives for creativity and innovation and the need for free competition in items that fail to meet the threshold for protection. In the trademark area, Justice O’Connor’s “balancing act” is less a function of looking to express constitutional language and more a matter of careful

---


12 See Steward v. Abend, infra note 80 at 230. (“Absent an explicit statement of congressional intent that the rights in the renewal term of an owner of a pre-existing work are extinguished upon incorporation of his work into another work, it is not our role to alter the delicate balance Congress has labored to achieve.”); Bonito Boats, Inc. v. Thunder Craft Boats, Inc., infra note 16 at 146 (“The Patent Clause itself reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the ‘Progress of Science and useful Arts.’ . . . From their inception, the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy.”).
parsing of statutory language against the backdrop of the policies, purposes and principles that underlie the federal Lanham Act.

First this article asks whether Justice O’Connor’s western upbringing and legislative experience as an Arizona state senator predispose her toward certain attitudes about intellectual property. I then examine O’Connor’s intellectual property opinions and speculate on her intellectual property opinions in subsequent intellectual property cases from 1991 to her retirement from the Court in January 2006. Significantly, Justice O’Connor last authored the majority opinion in an intellectual property case in 1991. As such, part of my purpose here is to look at the effects that her opinions have had in the intellectual property jurisprudence of her colleagues such as Anthony Kennedy and Antonin Scalia. Finally, I conclude this article by looking at what side or position Justice O’Connor occupied in some of the major intellectual property cases over the past decade – when she did not write any majority opinions – and close with some modest conclusions.

I. Some General Observations on Justice O’Connor’s Background

For those who have not had the honor of meeting her, Sandra Day O’Connor possesses an uncommon gravitas. This I learned first-hand in August 1999, when Justice O’Connor spoke at a ceremony dedicating the William H. Knight School of Law at the University of Oregon.13 In addition to numerous meetings with various segments of the Eugene and Portland communities, Justice O’Connor was kind enough to meet with the University of Oregon Law faculty. I had a chance to speak with her briefly in the

13 The new law school building was the result of a $25 million gift from Philip H. Knight, founder and then-CEO of Nike, Inc. Knight asked that the building be named after his father, who was himself a University of Oregon Law alumnus. Justice O’Connor’s remarks were later published in the Oregon Law Review. See Sandra Day O’Connor, Professionalism, 78 Or. L. Rev. 385 (1999).
receiving line. I had hoped to compliment Justice O’Connor on the remarkable coherence of her intellectual property jurisprudence. Instead, I became a tongue-tied schoolboy and barely managed to get out a stuttering “I-it’s g-great to m-meet you….”

What follows in this article is, more or less, what I wanted to say to Justice O’Connor on that sunny August afternoon.

A. Western Roots

As has been well-chronicled elsewhere, Justice O’Connor’s western roots might have imparted libertarian-tinged values to her judicial decision-making, such as the idea that government should establish a minimalist baseline of rules and entitlements and then back off to allow individuals to arrange their own affairs. Underlying these judicial attitudes is a healthy respect for individual initiative and innovation. These “western” values could help to explain Justice O’Connor’s attitude towards competition in an opinion such as *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.* Bonito Boats figures prominently in Justice O’Connor’s intellectual property jurisprudence, as I will discuss in Section II below.

In many ways, a respect for hard work and individual initiative might have also predisposed Justice O’Connor to be sympathetic to the claims of authors and inventors. However, the wild west/rancher spirit may not so much be about getting others to protect themselves, but rather about taking care of one’s own interests in the marketplace without the prop of a government monopoly. One might speculate even further (and perhaps fruitlessly) about “western” values and Justice O’Connor’s later intellectual property

---


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

opinions, but while O’Connor traveled professionally far from her rancher roots, it is clear that she never forgot where she came from. Of these influences, and their larger social context, Justice Anthony Kennedy writes:

[The] western experience on the Day ranch in the 1930s and 1940s had a direct and powerful link to the American frontier experience. With no cities or towns, no preexisting social structures or governments, those who came to the frontier confronted the meaning of freedom in a new and direct way. Acquaintance, co-venturers, neighbors, and adversaries all had to take measure of one another and establish their respective rights and privileges. The common premise was simple: equality. The western and frontier experience taught that each person was entitled to be treated as equal and given the opportunity to prove his merit, her character, his resourcefulness, her strength. . . .

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

Consider the curious relationship between western ranchers and the government. On one hand, ranchers are highly independent and competitive. Justice O’Connor’s father, Harry Day, was himself highly competitive – working his ranch, buying up rights to adjoining properties, “creating” the Lazy B Ranch and turning it into the most

---

17 Kennedy, Appreciation, supra note 2 at 1668.
18 It is worthy of mention that Justice O’Connor’s undergraduate major was Economics and that she was influenced by Stanford business professor Harry Rathbun. It is also noteworthy that her husband John was a business lawyer. These aspects of her life and education suggest that she was much more than a “western cowgirl,” indeed that she possessed a keen interest in economics and business. See Charles Lane, “The Professor Who Lit the Spark,” in Stanford Magazine, January/February 2006, available at http://www.stanfordalumni.org/news/magazine/2006/janfeb/features/spark.html (“Throughout her time on the Supreme Court, O’Connor has often told audiences that Rathbun inspired her to study the law, and she has maintained a cordial relationship with his family.”).
successful ranch in the region. On the other hand, the government owned the land and set parameters and baseline rules and regulations, which sometimes went too far – as with the federal government’s increase in grazing fees that eventually drove the Days off the Lazy B after 113 years.\textsuperscript{19}

Of course, key “western” metaphors – big sky, open range, and even the “public domain” (in a geographic sense) – also bear an intuitive connection to individualism and libertarianism. It is significant that Wallace Stegner, her former professor at Stanford, is one of Justice O’Connor’s favorite authors\textsuperscript{20} – as is fellow Stanford alum author Ken Kesey. Stegner has been called the “dean” of western writers,\textsuperscript{21} and his passion for wilderness preservation was one of the sources of the mid-20\textsuperscript{th} century environmental movement. While there might not be a direct connection between Stegner’s writings and environmentalist values and Justice O’Connor’s jurisprudence, one might draw the conclusion that preservation of the western environment has a relationship, for example, to governmental establishment of baseline rules. The nature of such rules may also be tied to the relative sparseness of population – that is, where there are less people and more space between them, there is in general a lessened need for regulation.\textsuperscript{22}

\textbf{B. Experience in the Three Branches of State Government}

\textsuperscript{19} O’Connor & Day, \textit{Lazy B, supra} note 4; Joyce, \textit{Afterword, supra} note 2 at 1263.
\textsuperscript{20} Wallace Stegner (1909 - 1993) was an influential historian, novelist, short story writer, and environmentalist who founded the creative writing program at Stanford. Stegner won the Pulitzer Prize for fiction in 1972 for his novel, \textit{Angle of Repose} and the National Book Ward in 1977 for \textit{The Spectator Bird}. \textit{See William H. Honan, “Wallace Stegner is Dead at 84; Pulitzer Prize Winning Author,” New York Times, April 15, 1993, Section B8.}
Perhaps even more significant to Justice O’Connor’s decision-making style and values, however, are her experiences in the executive, legislative, and judicial branches of the Arizona state government. These experiences, in general, and her public service as an elected member of the state legislature, in particular, set O’Connor apart from her colleagues on the Court and offer some insights into the development of her intellectual property jurisprudence.

Many of the intellectual property issues which Justice O’Connor dealt with were matters of statutory interpretation. Her decisions in this area were arguably affected by her attitudes about the proper relationship between the judiciary and the legislature – namely, on issues of judicial intervention and judicial deference – as she experienced the three branches of government during her time in Arizona. O’Connor also may have internalized the legislative norms of compromise and cooperation during her time in the Arizona state senate. The workings of a legislative body typically involve substantial negotiation and deal-making. Scorched-earth, take-no-prisoners tactics may play well on the campaign trail, but in a legislature they only serve to alienate one from one’s fellow legislators (whose votes one may need to court in the future).

---

23 See Kathleen M. Sullivan, Chief Justice Rehnquist ’52 and Justice O’Connor ’52: A Tribute, 37 Stanford Lawyer 4 (Fall 2005); “Justice in the Balance,” Washington Post Book World (January 6, 2006) [Review of Joan Biskupic, Sandra Day O’Connor, How the First Woman on the Supreme Court Became Its Most Influential Justice (2005)]. Sullivan argues that Justice O’Connor’s legislative experience shaped these attitudes. On the one hand, O’Connor believes that the courts should defer to legislatures on issues that are essentially political in nature and thus not suitable subjects for judicial intervention. On the other hand, O’Connor considers judicial intervention to be warranted where it is necessary to prevent the legislative branch from exceeding its ambit of authority, which may occur when legislatures seek power to achieve short-term (and short-sighted) political goals at the cost of long-term constitutional structure.

24 Joyce, Afterword, supra note 2 at 1262 (Justice O’Connor was “[a]ppointed to an opening in the State Senate in 1969 and then chosen by the people at the ballot box to continue there, at the beginning of only her second full two-year term in the legislature in 1972, she was selected by her colleagues to become a majority leader – the first woman so to serve in United States history.”). Note that there was a woman leader in the Nebraska legislature that may have antedated Justice O’Connor; however the Nebraska legislature is unicameral, whereas Arizona’s is bicameral. My gratitude goes to Professor Joyce for this contribution.
Justice O'Connor’s opinions in the three federal areas of intellectual property protection demonstrate a penchant for drawing a skillfully sensitive balance between competing branches of government and between conflicting interests. In the patent area, she wrote about the importance of respecting “the balance struck by Congress in the federal patent statute between the encouragement of invention and free competition in unpatented ideas.”

In copyright, Justice O’Connor held that “[o]riginality is a constitutionally mandated prerequisite for copyright protection.” In so doing, O’Connor struck two key balances. The first is between authorship and unauthored, unoriginal, and unprotected facts. The second is between the rights of authors in their original creations and the public’s interest in wide dissemination and access to those works. Meanwhile, in the constitutionally distinct area of federal trademark protection, Justice O’Connor used the idea of “functionality” to strike a balance between the interests of holders of expired patents and the public’s interests in avoiding source confusion.

Justice O’Connor wrote that when a patent expired, a drug manufacturer should not be able to automatically use trademark as a vehicle to extend their monopoly to functional aspects of their product such as the color and shape of pharmaceuticals.

Justice O’Connor also showed deference to Congress by embracing a broad reading of what “incontestability” means under the Lanham Act, carefully weighing the reliance interests

---

25 Bonito Boats, supra note 16 at 144.
26 Feist, supra note 7.
27 Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U.S. 844 (1982); see also Singer Mfg, Co. v. June Mfg. Co., 163 U.S. 169, at 185 (1896) (“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. . . . [and therefore the public must also acquire the] designated name which was essentially necessary to vest the public with the full enjoyment of that which had become theirs by the disappearance of the monopoly.”); Crescent Tool Co. v. Kilborn & Bishop, 247 Fed. 299 (2d Cir. 1917) (holding that the form of a “Crescent Wrench” was functional and unprotectable if the source of the wrench was accurately disclosed); Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938) (holding that the term “Shredded Wheat” was unprotectable if used in a non-deceptive, descriptive fashion).
of a trademark owner who invested in creating secondary meaning in a mark against the
interests of competitors in using descriptive (if idiosyncratic) marks. In each of these
intellectual property areas, Justice O’Connor’s opinions demonstrate a thoughtful and
pragmatic “balancing act.”

II. Bonito Boats and Open Competition: Intellectual Property Federalism?

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

29 Frank Easterbrook, Intellectual Property is Still Property, 13 Harv. J. L. & Pub’lty 108 (1990); but
note Richard A. Epstein, Liberty versus Property? Cracks in the Foundation of Copyright Law, 42 San
30 One need look no further than the expanding scope of copyright law in the digital realm by Congress to
illustrate the crude idea that there is a linear, one-to-one relation between the strength of copyright
protection and the production of copyrighted works. This expansion may be said to have begun in the
1980s when the recording industry persuaded Congress to change the first sale doctrine to prohibit the
rental of sound recordings. See Record Rental Amendments of 1985 (codified at 17 U.S.C. § 109(b)). This
was followed by the prohibition of software rentals in 1990. See Computer Software Rental Amendments
of 1990 (codified at 17 U.S.C. § 109(b)). Various media industries attempted to resolve their differences
and pushed Congress to enact the Audio Home Recording Rights Act of 1992 (codified at 17 U.S.C. §§
101-10) that imposed technological constraints on the manufacture of devices used to copy music and
assorted other provisions dealing with royalties, importation, manufacture and distribution of digital audio
equipment that did not incorporate such controls. In 1995, Congress enacted the Digital Performance Right
in Sound Recording Act, establishing a new exclusive right under § 106 and § 114 of the Copyright Act to
perform sound recordings “publicly by means of a digital audio transmission.” Congress also enacted the
No Electronic Theft (NET) Act in 1997, strengthening criminal prosecution and penalties for acts of
infringement in which the defendant received no financial gain. Congress passed the Digital Millennium
Copyright Act (DMCA) in 1998, amending the Copyright Act in two major ways by (1) focusing on the
efficacy of anti-copying technology put in place by copyright owners, prohibiting both specific acts to
circumvent measures controlling access to a copyrighted work as well as trafficking, manufacturing,
importing and distributing devices that circumvent such controls; and (2) by providing Online Service
applaud the strengthening of intellectual property rights in the spirit of “what’s good for
business is good for America,” as intellectual property industries become a larger part of
the U.S. GDP and underwrite U.S. dominance in the intellectual property sector of the
global economy. Interestingly, Justice O’Connor took neither of these tacks. Instead, her
intellectual property jurisprudence focused on the equally conservative, but distinct,
interest in “finding the balance struck by Congress in the federal patent statute between
the encouragement of invention and free competition in unpatented ideas.”

A. Bonito Boats

Bonito Boats, Inc. v. Thunder Craft Boats, Inc. illustrates the centrality in
Justice O’Connor’s intellectual property jurisprudence of striking a balance between
promoting competition and fostering innovation. Like earlier landmarks Kewanee
Oil33 and the Sears-Compco34 cases, Bonito Boats presented the question of federal preemption of state unfair competition law.35 In agreement with the Florida Supreme Court’s decision in this case, Justice O’Connor’s majority opinion struck down the Florida anti plug-molding statute that was meant to protect boat hull designs. O’Connor noted that the Florida statute “so substantially impedes the public use of the otherwise unprotected design and utilitarian ideas embodied in unpatented boat hulls so as to run afoul of the teaching of our decisions in Sears and Compco.”36 However, O’Connor’s opinion in Bonito Boats advanced a nuanced interpretation of Sears-Compco37 and distinguished the Kewanee Oil38 holding from the earlier Sears-Compco cases. Indeed,

33 In Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 (1974), the Court held that even though State trade secrets law was available to protect ideas that fell within the subject matter of patent law, trade secrets law did not operate to thwart the congressional objectives of federal patent policy; see also Goldstein v. California, 412 U.S. 546. 552-561 (1973) (Where “Congress determines that neither federal protection nor freedom from restraint is required by the national interest,’ the States remain free to promote originality and creativity in their own domains.”).
35 The Supreme Court had visited the question of federal preemption of state unfair competition law before in the Sears-Compco cases, supra note 34, Kewanee Oil, supra note 33, and Goldstein, supra note 33. In the Sears-Compco cases, the Court considered whether Illinois state laws that prohibited the copying of unpatented fluorescent light fixtures and floor to ceiling pole lamps were preempted by federal patent law, holding with respect to subpatentable aspects of the lamps at issue, that state laws were preempted. On the other hand, to the extent that the Illinois laws at issue were aimed at preventing misrepresentation, deception, or consumer confusion regarding the origin of such products, they were valid. Sears, at 232; Compco, at 238; Bonito Boats, supra note 16 at 154 (“Read at their highest level of generality [the Sears-Compco decisions] could be taken to stand for the proposition that the States are completely disabled from offering any form of protection to articles or processes which fall within the broad scope of patentable subject matter . . .[but] the extrapolation of such a broad preemption principle from [the Sears-Compco cases] is inappropriate . . .”).
36 Bonito Boats, supra note 16 at 156-157. Note that O’Connor also quotes Learned Hand in Crescent Tool Co. v. Kilborn & Bishop Co., 247 F. 299, 301 (2d Cir. 1917): “[T]he plaintiff has the right not to lose his customers through false representation that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy plaintiff’s goods slavishly down to the minutest detail: but he may not represent himself as the plaintiff in the sale.”).
37 Id. at 154. (“[O]ur decision in [the Sears-Compco cases] clearly indicates that the States may place limited regulations on the circumstances in which . . . designs are used in order to prevent consumer confusion as to source . . .[and] all state regulation of potentially patentable but unpatented subject matter is not ipso facto pre-empted by the federal patent laws.”).
38 Id. at 165. ([in Kewanee Oil ] “we held that state protection of trade secrets did not operate to frustrate the achievement of the congressional objectives served by the patent laws. Despite the fact that state law protection was available for ideas which clearly fell within the subject matter of patent, the Court
one might say that *Bonito Boats* went beyond merely cleaning up prior the case law. It also presented a crystallized moment of “intellectual property federalism,” thereby drawing *Kewanee Oil* and the *Sears-Compco* cases into new focus. O’Connor delineated a fairly detailed mapping of the relation of Congress and its powers to those of state governments. While the case did not involve the Commerce Clause at all, Justice O’Connor evoked its spirit when she warned that “through the creation of patent-like rights, the States could essentially redirect inventive efforts away from the careful criteria of patentability developed by Congress over the last 200 years.”

Although federal patent law was silent on the matter of subpatentable innovations, Justice O’Connor’s construal of that statutory silence might be thought of as a difference between a “silently silent” statute (which would allow states to pass anti plug-molding statutes) and a “vocally silent” one (which would mean that sub-patentable innovations were in the public domain and could not be withdrawn from that status by state legislatures). Favoring the latter position with regard to federal preemption, Justice

---

39 *Id.* at 157.

40 The “silently silent”/ “vocally silent” distinction in the text derives in part from the contrast between the *Sears-Compco* cases, *supra* note 34 and the approach taken in *Goldstein, supra* note 33, and *Kewanee Oil, supra* note 33. The latter cases look at federal copyright and patent law and finds them to be “silently” silent, therefore state law is not preempted. By contrast, in the former cases (and *Bonito Boats*), the Court looks at federal patent law and finds that it is “vocally” silent, and therefore states are preempted from extending intellectual property protection to innovations that are subpatentable. In *Goldstein* (which involved the Copyright Clause) the Court narrowed the wide preemptive effect of the *Sears-Compco* cases by holding that states have concurrent power with the federal government to protect works of authorship when Congress has chosen to leave an area “unattended.” *Goldstein* involved a California statute that criminalized the making of “bootleg” unauthorized copies of music recordings. The *Goldstein* Court held that the statute was not preempted by federal copyright law and that the Constitution did not explicitly state that Congress had the exclusive power to protect authors’ writings, hence the California statute was not preempted. The *Goldstein* Court distinguished the *Sears-Compco* cases as being driven by patent policy where there was greater need for national uniformity. In *Kewanee Oil*, the Supreme Court took a similar position towards the power of states to protect trade secrets, further narrowing the idea of *Sears-Compco* preemption. The *Kewanee Oil* Court held that the state law of trade secrets was not preempted because it did not clash with the objectives of federal patent law and did not “conflict with the operation of the laws in
O’Connor noted that “[f]rom their inception, the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy.” O’Connor stressed that patent law involves a carefully created bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology and design in return for exclusive rights to practice the invention for a period of years. . . . Where the public has paid the congressionally mandated price for disclosure, the state may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent.

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

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

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

_Bonito Boats_ attempts to split the difference by indicating that that state unfair competition laws which aim at preventing consumer confusion as to source are not preempted.

41 _Bonito Boats_, supra note 16 at 146.

42 _Id._ at 150-51, 152.

43 _Id._ at 151.
Stressing the relationship between federal and state bodies of law, Justice O’Connor wrote:

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

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

What has Bonito Boats wrought? With respect to intellectual property rights, it appears that over the past decade Justices Kennedy and Scalia have adopted a conservative, pro-competition attitude that is reminiscent of Justice O’Connor’s views. In the trilogy of cases discussed below, Justice O’Connor’s invocation of a baseline of free competition, against which federal intellectual property protection is exceptional, has picked up momentum. While these cases do not involve federal preemption of state law as did Bonito Boats, they nonetheless embrace the underlying commitment to promoting competition and circumscribing boundaries to intellectual property rights.

**B. Knock-offs and Competition**

---

44 *Id.*
45 *Id.* at 159-160. (citing Lear, Inc. v. Adkins, 395 U.S. 653, at 668 (1969)).
46 *Id.* at 159.
Wal-Mart Stores, Inc. v. Samara Bros., Inc.\textsuperscript{47} marked a rethinking of the expansion of trade dress protection. The 1992 case Two Pesos, Inc. v. Taco Cabana, \textit{Inc.}\textsuperscript{48} had created the possibility that trade dress protection could become a backdoor for very strong intellectual property protection. \textit{Samara Bros.} involved literal knock-offs of a competitor’s children’s clothing designs. The plaintiff sought a remedy for infringement of trade dress in the clothing at issue under § 43(a) of the Lanham Act. Justice Scalia, who has an announced preference for ‘bright line rules’,\textsuperscript{49} drew a bright line between product packaging and product design. Under \textit{Two Pesos}, the former could be inherently distinctive whereas the latter may not be distinctive. Therefore, a showing of secondary meaning was necessary to bring a Lanham Act § 43(a) trade dress action. Scalia wrote:

\begin{quote}
[i]t is true, of course, that the person seeking to exclude new entrants would have to establish the non-functionality of the design feature . . . a showing that may involve some consideration of its aesthetic appeal. . . . Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle.\textsuperscript{50}
\end{quote}

Justice Scalia’s opinion is interesting for at least three reasons. First, the trade dress at issue in \textit{Two Pesos} was a gestalt configuration of a particular building layout, décor, and colors. Using the product packaging/product design distinction, the \textit{Two Pesos} gestalt could be characterized as a “package” (presumably ‘enclosing,’ ‘wrapping up’ or ‘containing’ food services) that, to Justice White and the \textit{Two Pesos} Court,\textsuperscript{51} was capable of being inherently distinctive (and therefore) protectable trade dress without a

\textsuperscript{50} Samara Bros. \textit{supra} note 47 at 214.
\textsuperscript{51} Scalia concurred in the result in \textit{Two Pesos}. See \textit{Two Pesos}, \textit{supra} note 48 at 776.
showing of secondary meaning. The Two Pesos decision could be viewed as having anti-competitive effects\textsuperscript{52} because it allowed someone who was first in time in adopting particular inherently distinctive “packaging” to prevent geographically distant competitors from adopting similar packaging, even in the absence of notice or registration.\textsuperscript{53}

Second, in making a distinction between product packaging and product design, Justice Scalia drew a parallel to Qualitex v. Jacobsen Products Co. Inc.,\textsuperscript{54} in which the Court announced that color marks were never inherently distinctive but always needed a showing of secondary meaning to be registrable. Conceding that there would be close cases (\textit{tertium quid}) when deciding whether trade dress involved packaging or design, Justice Scalia alluded to the Raymond Lowry-designed Coke bottle, and wrote that “[t]o the extent there are close cases, we believe that courts should err on the side of caution

\textsuperscript{52} Of course, the opposite argument could be made that failing to recognize inherently distinctive trade dress is anti-competitive because it allows later-in-time competitors to appropriate a start up company’s trade dress with impunity. But the question is whether the Lanham Act provides a kind of property right/incentive to encourage start up businesses. If so, there are tensions with the traditional rationale of protecting consumers from confusion between marketplace signals.

\textsuperscript{53} The Two Pesos Court raised the question of anti-competitive effects of requiring secondary meaning requirement for nondescriptive trade dress cases, only to dismiss it. Two Pesos, supra note 48 at 774-775 (“Suggestions that . . . the initial user of any shape or design would cut off competition from products of like design and shape are not persuasive. Only nonfunctional, distinctive trade dress is protected under Section 43 (a). . . . [A] design is legally functional, and thus unprotected, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection.

. . . On the other hand, adding a secondary meaning requirement could have anticompetitive effects, creating particular burdens on the startup of small companies. . . . present[ing] special difficulties for a business . . . that seeks to start a new product in a limited area and then expand into new markets . . . [and] would allow a competitor . . . to appropriate the originator’s trade dress in other markets . . .”).

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

\textsuperscript{54} Qualitex, supra note 53, at III.
and classify ambiguous trade dress as product design, thereby requiring secondary
meaning.”

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

C. Functionality and the Limits of Trade Dress

Justice Kennedy in TrafFix Devices, Inc. v. Marketing Displays, Inc. explicitly
cites Bonito Boats, notwithstanding the fact that TrafFix involved trade dress. Justice
Kennedy wrote that “unless an intellectual property right such as a patent or copyright
protects an item, it will be subject to copying. . . [and] copying is not always discouraged

55 Samara Bros., supra note 41 at 215.

56 There are cases at the margins of course, where courts have upheld intellectual property rights in certain
types of theatrical costumes or jewelry-type of articles. See Whimsicality, Inc. v. Rubie’s Costume Co., Inc.,
891 F.2d 452 (2d Cir. 1989) (copyright protection denied for clothing (opposed to fabric designs); Fashion
Originators Guild v. FTC, 114 F.2d 80 (2d Cir. 1940) (clothes as useful objects are uncopyrightable); but
compare Masquerade Novelty, Inc. v. Unique Industries, Inc., 912 F.2d 663 (3d Cir. 1990) (holding that
animal “nose masks” were not useful objects for purposes of copyright and were copyrightable as
“sculptural works”) and Kieselstein-Cord v. Accessories by Pearl, 632 F. 2d 989 (2d Cir. 1980) (buckles
were copyrightable because they had “conceptually separable elements”); but see generally Mazer v. Stein,

or disfavored by the laws which preserve our competitive economy.” Justice Kennedy also pointed to *Samara Bros.* as “caution[ing] against misuse or overextension of trade dress [to] purposes other than source identification.” Kennedy focused down on the idea of functionality as another limit on the expansion of trade dress, referring to the mid-1990s amendments to the Lanham Act as well as citing *Qualitex* (which quoted O’Connor’s opinion in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.* for the proposition that “‘a product feature is functional,’ and cannot serve as a trademark, ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article’”).

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

---

58 Id. at 29.
59 Id.
60 15 U.S.C. § 1125 (a) (3) (“In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”).
61 *TrafFix*, supra note 57 at 32 discussing *Qualitex*, supra note 53 at 165 (defining a feature as “functional” “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article” and if “the exclusive use of [the functional feature] would put competitors at a significant non-reputation-related disadvantage.”).
62 *Inwood Labs*, supra note 27.
63 The Vessel Hull Design Protection Act (“VHDPA”) was Title V of the Digital Millennium Copyright Act of 1998. 17 U.S.C. § 1301 et seq. The VHDPA gives 10 years of protection against manufacturing, importing or otherwise trafficking commercially in articles duplicating protected designs. Designs must be registered with the Copyright Office and protection runs from the date of registration or when authorized
boat hull designs, Congress could and did. Still, there is something strange about seeing *Bonito Boats* deployed in cases that do not involve a clash between federal and state intellectual property regimes.

In *Dastar Corp. v. Twentieth Century Fox Film Corp.*, Justice Scalia took the pro-competition attitude apparent in *TrafFix* and *Samara Bros.* and pushed it into overdrive. Scalia embraced the idea of the free use of unprotected works in open competitive markets. He also raised the specter of anti-competitive effects on those markets if the boundaries of intellectual property laws become overextended. Yet *Dastar* transmutes the rationale underlying Justice O’Connor’s opinion in *Bonito Boats*—that state law should not allow someone to be able to withdraw something out of the so-called federal ‘public domain’ and turn it into a form of state-based intellectual property. While the federal preemption element is missing in *Dastar*, Justice Scalia proclaims that one may not take a work that has fallen out of copyright protection and use § 43(a) to recapture it under a different federal intellectual property rubric. Scalia identified the purpose of the Lanham Act as protecting consumers from confusion regarding the “source” of marketplace goods, though he defined that “source” narrowly to exclude claims of authorship and wrote that “[t]he words of the Lanham Act should not be

---

merchandise incorporating the protected design is first sold. The threshold for protection is for original designs that make the article attractive or distinctive in appearance to a purchaser, “original” is defined as resulting from (1) the designer’s creative endeavor; (2) is a distinguishable variation over prior similar works that is more than trivial; and (3) was not copied. The VHDPA also prohibits dual protection under its terms and under design patent law. Despite the fact that Congress passed the VHDPA, there are problems with the protection of subpatentable innovations. Nonetheless, Congress did not claim to overrule *Bonito Boats*, and states are still forbidden from enacting anti-plugmolding legislation.

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

65 *Dastar*, supra note 64 at 32 (“Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer’s goodwill. It forbids, for example, the Coca-
stretched to cover matters that are typically not of consequence to purchasers.”

Furthermore, he noted, “[t]he right to copy, and to copy without attribution, once a copyright has expired, like ‘the right to make it in precisely the shape it carried when patented – passes to the public.”

Citing TrafFix, Justice Scalia utilized the Bonito Boats metaphor of a backdrop of free competition against which intellectual property rights are an exception: “In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying.”

Scalia expressly invoked Bonito Boats to denounce a “species of mutant copyright law that limits the public’s ‘federal right to ‘copy and use’ expired copyrights” such as the repackaged film footage at issue in this case.

D. Bonito Boats and the Return of the PHOSITA?

KSR International Co. v. Teleflex Inc., the closely watched case handed down in April 2007, carries broad implications and effects that will emerge over the course of years. KSR Int’l. involved the question of how relatively easy or difficult it is to obtain a patent. KSR Int’l. expands the universe of prior art that might block a patent application.
or be used as a defense in patent litigation on grounds of obviousness. Writing for a unanimous Court, Justice Kennedy judicially redefined the idea of “obviousness” in patent law. Kennedy rejected the Federal Circuit’s “teaching, suggestion, or motivation” (TSM) test for “obviousness” and replaced it with an “expansive and modern approach” as mandated by *Graham v. John Deere Corp* and as informed by a

---

71 In defining “obviousness,” Justice Kennedy wrote that § 103 of the U.S. Patent Act, “[f]orbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.”


73 *KSR Int’l.*, *supra* note 70, marks the fifth time in the past two years that the Supreme Court has overturned the Federal Circuit. The Court of Appeals for the Federal Circuit was created in 1982 when Congress passed the Federal Courts Improvement Act, in large part to bring patent practitioner expertise to the federal patent bench and to end the distrustful and skeptical attitude towards patents exemplified by Justice William O. Douglas, who was said to never have met a patent he didn’t dislike. However, the Federal Circuit was criticized during the 1990s for favoring patent holders to the detriment of competitors in cases such as *State Street*. Other Congressional legislation from the same period as the Federal Courts Improvement Act includes the Bayh-Dole Act, P.L. 96-517 (Patent and Trademark Act Amendments of 1980), codified at 35 U.S.C. § 200-212. The Bayh-Dole Act was significant because it allowed research universities to retain title to “subject inventions” that had been reduced to practice, with the expectation that they filed patent applications and engaged in commercialization of such inventions.

74 For an example of a Federal Circuit case using the TSM test, see *In re Dembiczak*, 175 F. 3d 994 (Fed. Cir. 1999) [“Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness standard is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references. . . . as an ‘essential evidentiary component of an obviousness holding.’” (citing *C.R. Bard, Inc. v. M3 Sys., Inc*, 157 F.3d 1340 (Fed. Cir. 1998)); see also Arti K. Rai, *Addressing the Patent Gold Rush: The Role of Deference to PTO Patent Denials*, 2 Wash. U. L. & Pol’y 199 (2000).

75 *Graham v. John Deere Corp.*, 383 U.S. 1, at 6 (1966) (recognized that nonobviousness has a Constitutional dimension: “[i]nvention, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must ‘promote the Progress. . .useful Arts.’ This is the *standard* expressed in the Constitution and it may not be ignored.”); see also John F. Duffy and Robert P. Merges, *The Story of Graham v. John Deere Company: Patent Laws Evolving Standard of Creativity (Patents)*, in *Intellectual Property Stories* (Jane C. Ginsburg and Rochelle Cooper Dreyfuss eds. 2006).
robust construction of the PHOSITA standard (or “Person Having Ordinary Skill in the Art”).

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

Justice Kennedy found that the Federal Circuit’s TSM test denied a “combination” patent only when the patent examiner or an opponent litigator could produce evidence showing that there was a teaching, suggestion, or motivation to combine in the prior art, which the Federal Circuit had framed as a factual inquiry. Kennedy noted that the TSM test effectively swallowed the legal issue of “obviousness,

\[\text{Equation}\]

75 KSR Int’l., supra note 70 at 2.
76 The Supreme Court’s most recent case on “obviousness” is Sakraida v. Ag Pro, Inc., 425 U.S. 273, 282 (1976) (cited and discussed by Justice Kennedy at KSR Int’l., supra note 70 at 13-14) which set forth a “synergy test” to deal with “combination” patents (“We cannot agree that the combination of these old elements to produce an abrupt release of water directly on the barn floor from storage tanks can be properly characterized as synergistic.”); see also Robert P. Merges, Commercial Success and Patent Standards: Economic Perspectives on Innovation, 76 Cal. L. Rev. 803, n. 39 (1988) (criticizing the “synergy” test). Note, however, that the presence of unanticipated effects among components of an invention can be evidence of a “combination” invention’s nonobviousness. Conversely, if the sole novelty of an invention is that it merely combines prior art elements, with each element performing the same function as it did in the prior art context, that this may be evidence of the invention’s obviousness.
leading to a “constricted analysis” and an inappropriately low standard for granting patents that focused on the inventor’s motivation and gave insufficient attention to the question of whether “there existed at the time of the invention a known problem for which there was an obvious solution encompassed by the patent’s claims.”

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

---

77 KSR Int’l, supra note 70 at 16.
78 Professor Rebecca Eisenberg has pointed out that the Federal Circuit “has all but ignored the statutory directive that judgments of nonobviousness be made from the perspective of the PHOSITA [person having ordinary skill in the art]. Today, PHOSITA sits on the sidelines of obviousness analysis. Courts consult PHOSITA on the scope, content and meaning of prior art references but not on the ultimate question of whether the invention would have been obvious at the time it was made in light of the prior art.” Rebecca Eisenberg, Obvious to Whom? Evaluating Inventions from the Perspective of PHOSITA, 19 Berkeley Tech. L.J. 885, 888 (2004); see also Arti K. Rai, Allocating Power over fact-Finding in the Patent System, 19 Berkeley Tech. L. J. 907 (2004).
be,” serve as “the tools of creation available to all” and provide “the baseline of free competition upon which the patent system’s incentive to creative effort depends.”

Second, in choosing a flexible standard over a bright line rule, the Court favored pragmatics over predictability, which will undoubtedly spawn more patent litigation as the KSR Int’l. approach is sorted out. The value of previously issued patents may also be impaired as “combination” patents will now be open to challenge in litigation on grounds of obviousness. Furthermore, KSR Int’l. will make patents both harder to obtain (since examiners will be freer to reject patent applications on the grounds of obviousness) and easier to attack (on grounds of obviousness as a question of law). After KSR Int’l., parties in patent litigation will have an enhanced ability to challenge patents on obviousness grounds, as well as a heightened chance of prevailing on a motion for summary judgment rather than through pursuit of an expensive jury trial.

Third, KSR Int’l. intersects the Bonito Boats analysis on the issue of U.S. competition/innovation policy. Justice O’Connor and Justice Kennedy alike depict intellectual property rights as exceptional against a backdrop of free competition. In both Bonito Boats and the Sears-Compco cases the matter involved the granting of state intellectual property protection to subpatentable items; in KSR Int’l., the matter involved

---

79 Bonito Boats, supra note 16 at 156.
80 See also MedImmune, Inc. v. Genentech, Inc., 549 U.S. ___ (2007) (slip opinion) (Scalia, J.) (While this case was decided on narrow justiciability grounds, the Supreme Court reversed the Federal Circuit. One reading of MedImmune is that it allows companies that license technology to challenge the validity of the underlying patent, which may mean that generic drug manufacturers/licensees may increasingly sue patent-holding pharmaceutical companies, challenging the validity of the underlying patent).
81 Further similarities between Justice O’Connor and Justice Kennedy can be found in their roles and reputations as the “swing votes” on 5-4 Court decisions. See Robert Barnes, “Justice Kennedy: The Highly Influential Man in the Middle: Court’s 5-4 Decisions Underscore His Power,” Washington Post, May 13, 2007, at A1 (“The label of “swing vote” is one that justices often shun. For some, it connotes a wobbly judicial philosophy rather than a propensity for moderation. For years, Sandra Day O’Connor was seen as the court’s pivotal vote, a role sometimes shared with Kennedy. But while O’Connor has a reputation for deciding only as much as needed for the case at hand, Kennedy has used the platform for bold and often controversial pronouncements.”).
granting federal patent protection to obvious combinations of technology. By recalibrating the obviousness threshold, Justice Kennedy seems to be addressing the social costs of improvidently granted patents.\(^8\) With a baseline of free competition, along with first-mover advantages and other ways of making innovative activity profitable (such as strong trademark protection), granting patents on insubstantial innovations imposes social costs and results in lost social benefits. These include licensing, administrative and enforcement costs, and deterrence of innovation and follow-up innovation (e.g. through avoidance of particular research programs or the necessity of restructuring of research programs around existing patents). Patent issuance on obvious “combination” inventions may also result in too many socially wasteful races to the patent office.\(^3\)

Fourth, although *KSR Int’l.* resembles *Samara Bros.*, *TrafFix* and *Dastar* in that all of these decisions lack the “intellectual property federalism” apparent in *Bonito Boats*, in some respects Justice Kennedy’s *KSR Int’l.* opinion stands apart from these cases and has its own (if unarticulated) linkage to Justice O’Connor’s opinion in *Bonito Boats*. *KSR Int’l.* has less to do with the area of trade dress under the Lanham Act, *Samara Bros.*, *TrafFix* and *Dastar*, and more to do with issues of institutional competence similar to *Bonito Boats*. Whereas *Bonito Boats* provided a constitutionally-mandated course

---

\(^8\) The Federal Circuit’s TSM test itself may have been responsible for the issuance of lower-quality patents, thus raising the search costs for parties that attempt to combine pre-existing technologies and imposing a drag on innovation through higher consumer prices and increased transaction costs. These kinds of concerns seem to have been on Justice Kennedy’s mind, as well.

Finally, even as Congress has been expanding the scope of federal intellectual property law in the Copyright and Trademark areas, Justices Kennedy and Scalia have picked up the pro-competition conservatism Justice O’Connor exemplified in *Bonito Boats*. Yet while Kennedy and Scalia have bought into the idea that over-expansive judicial interpretations of intellectual property rights may harm competitive markets, the *Samara Bros.* and *Dastar* decisions lack O’Connor’s capaciousness and nuance in balancing competition with intellectual property rights and, at least on Scalia’s part, her overall propensity and skill at engaging in a pragmatic judicial “balancing act.”

III. Authors, Facts and the Shoes of the “Original” Author

Justice O’Connor wrote three significant copyright opinions during her years on the Court – *Harper & Row, Inc. v. The Nation Enterprises, Inc.*, *Feist Publications, Inc. v. Rural Telephone Service Company,* and *Stewart v. Abend.* All three of these opinions bear the touchstones of her jurisprudence: balance, practicality, and pragmatism. At first glance, these opinions appear to have less to do with the pro-competition ideals which undergird *Bonito Boats* and more to do with reconciling and balancing tensions between the different branches of government and within the area of copyright law itself. Indeed, O’Connor sought to strike a balance between maintaining a robust public domain and providing proper incentives for authors. Yet the public domain can be seen as a rough equivalent to the backdrop of free competition that Justice O’Connor invoked in

---

84 Justice O’Connor did go with the 9-0 majority in *Samara Bros.*, supra note 47 and *TrafFix*, supra note 57, and the 8-0 majority in *Dastar*, supra note 64.
86 *Feist*, supra note 7.
Bonito Boats, against which intellectual property rights are a (justified) exception. Because copyright and patent are constitutionally-mandated, O’Connor’s opinions in these areas map and respect the constitutional and statutory limits of such protection. The image of Justice O’Connor that emerges from these opinions is a generally pro-author jurist who embraces the idea of copyright as an engine of free expression, constitutionalizes the author’s originality, and favors upstream authors. In each of the following cases, O’Connor also stressed the importance of deference to the legislature, particularly in writing about the rates of author remuneration under the Copyright Act: “[t]hese arguments are better address by Congress than the courts.”#88

A. Long Live the Author

In Harper & Row, a publisher owned the rights to President Ford’s then-forthcoming memoirs, A Time to Heal. Before the memoirs were complete, Harper & Row contracted with TIME for exclusive rights to publish an excerpt about Ford’s pardon of former President Nixon. The Nation came into possession of an unauthorized copy of the unpublished Ford manuscript before TIME’s publication of its article. The Nation subsequently published a 2,250-word article, “at least 300 to 400 words of which consisted of verbatim quotes of copyrighted expression taken directly from the [unpublished] manuscript,” that addressed Ford’s pardon of Nixon and that was timed to “scoop” TIME.#89 TIME cancelled its contract with Harper & Row, which in turn sued The Nation for copyright infringement. At issue was whether The Nation’s use of 300-400 words was a fair use under Section 107 of the Copyright Act of 1976.#90

---

#88 Abend, supra note 87 at 229.  
#89 Harper & Row, supra note 10 at 539.  
#90 Id.
Harper & Row was only the second time that the Supreme Court had examined Section 107 of the then-new Copyright Act. The first had come the year before, when the Court issued the landmark Sony Corp. v. Universal City Studios, Inc.\textsuperscript{91} opinion. Harper & Row presented a dramatically different fact pattern – the verbatim use of a very small amount of unpublished, copyrighted work – and presented Justice O’Connor with the challenge of determining how these facts fit within the statutory and constitutional scheme.

Reading Harper & Row, one can sense that the case is already over just as it begins, when Justice O’Connor used the word “purloined” to describe the status of the manuscript at issue.\textsuperscript{92} O’Connor invoked the purpose of the Copyright Act, “to increase and not impede the harvest of knowledge\textsuperscript{93}” and criticized the Second Circuit’s “insufficient deference to the scheme established in the Copyright Act,\textsuperscript{94}” thereby setting the stage for weighing two competing imperatives: the First Amendment and the Fair Use section of the Copyright Act. O’Connor’s careful attention to the factual underpinnings of this case allowed her to articulate and balance competing interests – those of consumers with those of authors, and of First Amendment interests in dissemination of news with the objectives of the Copyright Act – as she adumbrated the pertinent fair use

\textsuperscript{91} \textit{Sony Corp. v. Universal City Studios, Inc.}, 464 U.S. 417 (1984). In \textit{Sony}, Justice Stevens (who wrote for a five-person majority that included Justice O’Connor), applied Section 107 and found that home videotape “time-shifting” of copyrighted broadcast television was a “fair use.” \textit{Sony} is an odd opinion in that Stevens stressed the non-commercial nature of such home “time-shifting,” even though home videotapers were copying 100 percent of copyrighted works. Section V of this article discusses Justice O’Connor’s silent though important role in the \textit{Sony} decision.

\textsuperscript{92} Harper & Row, supra note 10 at 542, 563, 529, 593 (Brennan, J., White, J., and Marshall, J. dissent). It is interesting that Justice O’Connor’s chose the word “purloined,” as originally used by the trial court and drawn into question in Justice Brennan’s dissent. One might observe that it is typical of a straight-laced Jurisprude looking askance at the mysterious and improper appearance of Ford’s manuscript at The Nation’s doorstep. On the other hand, Justice O’Connor’s invocation of the trial court’s word choice may give us some insight into her views on competition law (i.e., where she drew the line between “fair” and “unfair” and her views on the role of courts in policing that particular distinction).

\textsuperscript{93} Harper & Row, supra note 10 at 545.

\textsuperscript{94} Id.
factors. By closely parsing the facts and the legislative history of Section 107, O’Connor was convinced that the unpublished nature of the work (which was not referred to explicitly in Section 107 at the time, although it was one of the author’s exclusive rights under Section 106 (3)) outweighed its factual nature, and therefore “the balance of equities in evaluating such a claim of fair use inevitably shifts.” While the use of the idea/expression dichotomy generally promotes a widespread dissemination of ideas, she reasoned that authors must not be in fear of their works being “pirated away by a competing publisher.” Justice O’Connor wrote that “[i]f every volume that was in the public interest could be pirated away by a competing publisher, . . . the public [soon] would have nothing worth reading.”

Justice O’Connor focused specifically on the fourth factor of the fair use test in Section 107: the effect of the challenged use on potential markets for the copyrighted work. O’Connor noted that “permitting ‘fair use’ to displace normal copyright channels disrupts the copyright market without a commensurate public benefit,” and observed that “a fair use doctrine that permits extensive prepublication quotations from an

95 Id. at 549-550. O’Connor seems to locate the right of first publication in the fourth fair use factor (“the effect of the use upon the potential market for or value of the copyrighted work”) which she describes as “an important marketable subsidiary right.” See id. at 551, 553 (“Publication of an author’s expression before he has authorized its dissemination seriously infringes the author’s right to decide when and whether it will be made public, a factor not present in fair use of published works. . . . Because the potential damage to the author from judicially enforced ‘sharing’ of the first publication right with unauthorized users of his manuscript is substantial, the balance of equities in evaluating such a claim of fair use inevitably shifts.”). Note that the unpublished nature of the work arguably could have been considered under the second fair use factor – “the nature of the copyrighted work.”
96 Id. at 553.
97 The idea/expression dichotomy in U.S. copyright may be traced back to Baker v. Selden 101 U.S. 99 (1879) and is currently codified in Section 102 of the Copyright Act of 1976 and provides that ideas are uncopyrightable, but expressions of ideas are.
98 Harper & Row, supra note 10 at 559.
99 Id.
100 Id. at 558, footnote 9. This footnote may be read as further support for the claim that Justice O’Connor’s lifelong interest in economics (and, in this particular setting, the practical impact of the defendant’s untoward behavior on the plaintiff’s market incentive) helped to shape her intellectual property jurisprudence.
unreleased manuscript without the copyright owner’s consent poses substantial potential for damage.” O’Connor concluded that this substantial potential for damage “when multiplied many times, come[s] in the aggregate a major inroad on copyright that must be prevented.”

While *Harper & Row* is certainly a pro-author opinion, it also has a subtle pro-competition aspect, as well. While a crude pro-competition analysis might take as a baseline the absence of intellectual property laws, Justice O’Connor’s respect for both the constitutional imperative for copyright and the policies behind the copyright statute focused her concern on the ways that copyright is capable of creating well-functioning and competitive markets for different types of copyrighted works, as well as the ways that courts may help maintain the balance between incentives to create expressive works and the public interest in access to and dissemination of those works.

**B. The Limits of Authorship**

*Feist* is probably Justice O’Connor’s most influential intellectual property opinion, with effects that resonate throughout the far-clung corners of copyright law and implications that, now more than fifteen years later, are still working themselves out. In *Harper & Row*, O’Connor had opined that “in the realm of factual narrative, the law is

---

101 Id. at 569.
102 Ibid.
104 The assertion that Justice O’Connor is pro-author should not be read as conflating “authorship” and “ownership.” The distinction between “authorship” and “ownership” under U.S. copyright law is a careful one. For example, in *Harper & Row*, supra note 10, while Gerald Ford was the author of his own memoirs, Harper & Row owned the copyright to those memoirs. Although the author/copyright owner distinction, operatively, doesn’t matter in the cases considered within the present article, the creative interest, whoever technically possesses it subsequent to origination and possible transfer, is advanced in these cases no matter how you look at them.
currently unsettled regarding the ways in which uncopyrightable elements combine with
the author’s original contributions to form protected expression.” 105 Yet, only six years
later, the Court reached just that issue. Feist Publications, Inc. v. Rural Telephone
Service Company, Inc. 106 involved the question of whether a telephone company’s white
pages were entitled to copyright protection under a “sweat of the brow” theory, 107 by
which copyright protection vests in fact-based compilations (e.g. an alphabetical ordering
of names and phone numbers) produced by industrious (if unoriginal) intellectual labor.
Unlike Harper & Row, where Justice O’Connor held that The Nation’s “purloined”
publishation of an unpublished work thwarted constitutional and statutory objectives of
copyright, the copying of unoriginal “facts” in Feist did not.

At first blush, Feist might appear to be in tension with Harper & Row, insofar as
the latter upheld a relatively thin copyright in a work based on facts and historical events
while the former may be seen as striking down a copyright in a compilation of facts.
However, Justice O’Connor grounded her analyses in each case on the unoriginality of
“facts.” 108 In Harper & Row, Justice O’Connor was solicitous of authors filtering

105 Harper & Row, supra note 11 at 549 [comparing Wainright Securities, Inc. v. Wall Street Transcript
Corp., 558 F. 2d 91 (2d Cir. 1977) (protecting an author’s structuring and marshalling of facts) and
Hoehling v. Universal City Studios, Inc., 618 F. 2d 972 (2d Cir. 1980) (limiting copyright protection only to
particular choice of words and ordering); see also L. Ray Patterson & Craig Joyce, Monopolizing the Law:
The Scope of Copyright Protection for Law Reports and Statutory Compilations, 36 UCLA L. Rev. 719
(1989); Jane C. Ginsburg, Creation and Commercial Value: Copyright Protection of Works of Information,
90 Colum. L. Rev. 1865 (1990); Robert Denicola, Copyright in Collections of Facts: A Theory for the
106 Feist, supra note 7. At the time, as Justice O’Connor notes in Feist, the “sweat of the brow” theory was
being used to justify extension of copyright protection to databases and factual compilations such as the
white pages, arguably a colonization of copyright law by state misappropriation doctrine. See International
News Service v. Associated Press, 248 U.S. 215 (1918); Jeweler’s Circular Publishing Company Co. v
Keystone Publishing Co., 281 F. 83 (CA2 1922); West Publishing v. Mead Data Central, Inc., 799 F.2d
11219 (8th Cir. 1986); but cf. Matthew Bender & Co., Inc. & HyperLaw, Inc. v. West Publishing, 158 F.3d
693 (2d Cir. 1998).
107 Feist, supra note 7 at 340.
108 Interestingly, the only recent Appellate case that O’Connor cited in Feist was Miller v. Universal City
Studios, 650 F. 2d 1365 (5th Cir. 1981), a case that prefigured Feist’s analysis and holding. Miller involved
a lawsuit over a book about a sensationalistic real-life kidnapping written by a journalist who sued ABC for
historical facts through their individual voice, imbuing them with expressive originality. In *Feist*, O’Connor began with the observation that Congress changed the language from the 1909 Copyright Act to the 1976 Act, from protecting the “writings of an author” to protecting of “original works of authorship.” “Originality,” she pronounced, “is the very premise of copyright law . . . and is the bedrock principle of copyright that mandates the law’s seemingly disparate treatment of facts and factual compilations.”

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

**C. Standing in the Shoes of the “Original” Author**

*Abend* is an example of a tough copyright case with conflicting interests and two competing notions of authorship playing themselves out several decades down the road against the backdrop of a rigid statutory scheme. One notion would privilege the interests of an “original” author; the other would view the interests of an “original”

---

109 *Feist*, *supra* note 7 at 355 (emphasis added).
110 *Id.* at 347.
111 *Id.* at 351.
author and the creator(s) of derivative work as co-equal.\textsuperscript{112} In 1942, \textit{Dime Detective Magazine} published pulp fiction writer Cornell Woolrich’s short story, \textit{It Had to be Murder}. Woolrich kept all other rights in his short story and in 1945, he assigned the motion picture rights to DeSylva Productions for both the initial and contingent renewal terms under the 1909 Copyright Act.\textsuperscript{113} In 1953, DeSylva assigned the motion picture rights to Alfred Hitchcock and Jimmy Stewart, who used the story to produce the film \textit{Rear Window}. Woolrich died in 1954, right before the renewal term vested, and his short story was left in trust. The trustee renewed the copyright, assigning the renewal term to Sheldon Abend for $650 plus ten percent of income from exploitation of the story. Abend then sued Hitchcock and Stewart for copyright infringement, contending that showings of \textit{Rear Window} without his consent infringed his copyright in Woolrich’s story.\textsuperscript{114}

Justice O’Connor confronted the question of whether or not Hitchcock and Stewart could continue to exploit their derivative work/film without Abend’s consent during the renewal term because Woolrich had died before the renewal term had vested.\textsuperscript{115} On one hand, the Second Circuit in \textit{Rohauer v. Killiam Shows}\textsuperscript{116} held that the owner of a copyright in a derivative work could continue to use or exploit the existing derivative work according to the terms of the original initial term grant. Justice O’Connor recognized the significance that the renewal term under the 1909 Copyright Act played in allowing the author and the author’s statutory successors to renegotiate a

\begin{footnotesize}
\begin{enumerate}
\item Abend, supra note 87 at 207.
\item Id.
\item Id. at 214-15.
\item Rohauer v. Killiam Shows, 551 F.2d 484 (2d Cir. 1977).
\end{enumerate}
\end{footnotesize}
more favorable renewal term license, particularly if the work proved of enduring commercial value.\footnote{Abend, supra note 87 at 218-19.} On the other hand, Justice O’Connor recognized the “delicate balance Congress has labored to achieve” through the 1909 Copyright Act’s original and renewal terms as creating “a balance between the artist’s right to control the work during the term of protection and the public’s need for access to creative works…”\footnote{Id. at 228, 230.} As such, O’Connor wrote:

[W]hen an author produces a work which later commands a higher price in the market than the original bargain provided, the copyright statute is designed to provide the author the power to negotiate for the realized value of the work. . . . At heart, petitioner’s true complaint is that they will have to pay more for the use of works they have employed in creating their own works.

. . .But such a result was consistent with the goals of the Copyright…Act. Absent an explicit statement of congressional intent that the rights in the renewal term of an owner of a pre-existing work are extinguished upon incorporation of his work into another work, it is not our job to alter the delicate balance Congress has labored to achieve.\footnote{Id. at 229-30. Note that in 1992, Congress made renewals automatic, so that Abend was limited to those cases where the person entitled to renew had to do timely renewal with the Copyright Office in order to exercise their “Abend” rights.}

Justice O’Connor made two key interpretations of the 1909 Copyright Act. The first was recognizing that when an author dies before the renewal term vests, the renewal right passes to the author’s statutory successors, with the result that any advance assignment of renewal rights would be an “unfulfilled expectancy.”\footnote{Id. at 219; see also Fred Fisher Music Co. Inc. v. M. Witmark & Sons, 318 U.S. 643 (1943); Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960).} The second was her recognition that during the renewal term, derivative works that had been made with permission during the initial term required continuing permission of the party owning the renewal term. These interpretations guided her opinion in Abend, which upheld the
interests of the “original” author against those of Hitchcock and Stewart as creators of derivative works.

IV. Statutory Interpretation, Deference and Functionality

The final section of this article looks at Justice O’Connor’s opinions to *Park N’Fly, Inc. v. Dollar Park and Fly, Inc.* and *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*. Although these cases may not be as central to Justice O’Connor’s jurisprudence of competition as the *Bonito Boats* or *Feist* opinions, they nonetheless exemplify her respect for, and deference to, Congress in establishing a regime like the Lanham Act. They also demonstrate (dare I say it?) O’Connor’s “trademark” pragmatic, contextual, common-sense approaches.

A. Whither Incontestability?

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

---

121 *Park N’Fly, supra* note 28.
requirements: “The function of the incontestability provisions would be utterly frustrated if the holder of an incontestable mark could not enjoin infringement by others so long as they established that the mark would not be registrable but for its incontestable status.”122

B. A Not-So-Bitter Pill

Justice O’Connor’s very first intellectual property opinion, Inwood Laboratories, focused on the issues of vicarious infringement liability under the Lanham Act and the correct standard of review for an Appeals Court in reviewing a trial court’s fact-finding (“clearly erroneous”).123 Justice O’Connor considered the questions of whether “the petitioners falsely designated the origin of their products by copying the capsule colors used by Ives and by promoting the generic products as equivalent to CYCLOSPASMOL,” the formerly-patented drug at issue.124 O’Connor upheld the District Court’s finding that the blue and blue-red colors were functional to patients as well as to doctors and hospitals; many elderly patients associate color with therapeutic effect; some patients commingle medications in a container and rely on color to differentiate one from another; colors are of some, if limited, help in identifying drugs in emergency situations; and use of the same color for brand name drugs and their generic equivalents helps avoid confusion on the part of those responsible for dispensing drugs.125 Justice O’Connor also held that the Court of Appeals was insufficiently deferential to the trial court’s findings of fact, noting that blatant trademark infringement inhibits competition and subverts both goals of the Lanham Act. By applying a trademark to goods produced by one other than the trademark’s owner, the infringer deprives the owner of the goodwill which he spent energy, time and money to obtain. . .[and]

122 Id. at 189.
124 Inwood Labs, supra note 27 at 850.
125 Id. at 853.
deprives consumers of their ability to distinguish among the good of competing manufacturers.\textsuperscript{126}

Cases like \textit{Inwood Labs} and \textit{Park 'N Fly} show that Justice O’Connor’s intellectual property jurisprudence did not appear full-blown upon her appointment to the Court. Rather, her thinking developed and evolved over her tenure on the bench. The final section looks at two cases in which Justice O’Connor did not author an opinion yet which act as the bookends of her intellectual property jurisprudence.

\textbf{V. Justice O’Connor’s Trajectory: A Learning Curve from Sony to Grokster}

Separated by a little more than two decades, \textit{Sony Corp. v. Universal City Studios, Inc.}\textsuperscript{127} and \textit{Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.}\textsuperscript{128} exemplify the trajectory and learning curve that Justice O’Connor underwent over that same period. Although she did not proffer a written decision in either decision, these cases are noteworthy for which parts of the opinions she did join.

In \textit{Sony}, Justice Stevens, writing for a five-judge majority, held that the making of individual copies of complete broadcast television shows for “time-shifting” did not constitute copyright infringement and was a “fair use” under the Copyright Act of 1976. If individual “time-shifting” was a fair use, then Sony, the manufacturer of Betamax home video recorders, could not be liable for contributory infringement. Yet Justice Marshall’s papers reveal that a majority of the Justices on the \textit{Sony} Court were initially inclined to deny certiorari, and then to affirm the Ninth Circuit’s holding that “time-shifting” was not a fair use. Justice Marshall, as the senior Justice voting with the

\begin{flushleft}
\textsuperscript{126} \textit{Id.} at 855, footnote 14. \\
\end{flushleft}
majority to uphold the Ninth Circuit’s decision, had assigned to Justice Blackmun the role of crafting the majority opinion. Such an opinion would have been pro-copyright owner, holding that “time-shifting” is an act of direct infringement and that Sony was liable for contributory copyright infringement.

Although Justice O’Connor initially sided with Justice Blackmun, she became part of the eventual *Sony* majority that Justice Stevens authored (which he had begun to draft as a dissent). O’Connor was concerned about the effect of shifting the burden of proving harm in a copyright infringement case away from the plaintiff. The District Court had held that the plaintiffs had failed to show they were harmed, and Justice Blackmun was reluctant to hold that actual harm must be shown. Unlike Blackmun, however, Stevens was willing to make changes in his draft opinion to accommodate O’Connor’s concerns.

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

---


130 There may have been aspects of *Sony* case that Justice O’Connor did not like, such as the presumption adopted by lower courts following *Sony* that a commercial use was an unfair use. In *Harper & Row*, supra note 10, O’Connor weakens the Stevens’ presumption from *Sony* regarding commercial uses, which is
property portfolio and Justice Stevens’ majority opinion offers a window into O’Connor’s thinking about competition and new technologies.

Speaking for the majority in *Sony*, Justice Stevens identified the need to strike [a] balance between a copyright holder’s legitimate demand for effective – not merely symbolic – protection of the statutory monopoly, and the rights of others freely to engage in substantially unrelated areas of commerce. Accordingly, the sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses. . . .If there are millions of owners of VTRs who make copies of televised sports events, religious broadcasts, and educational programs . . . and if the proprietors of those programs welcome the practice, the business of supplying the equipment that makes such copying feasible should not be stifled simply because the equipment is used by some individuals to make unauthorized reproductions of respondents’ works. . . .131

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

Flashing forward some fifteen years, Congress passed the Digital Millenium Copyright Act in 1998, which changed the legal backdrop against which the *Sony* case had occurred. The courts have since handed down new and controversial interpretations of the DMCA,132 which itself has been criticized for having unintended anticompetitive

---

131 *Sony*, supra note 91 at 441.
effects – for example, when its anti-circumvention provisions are used by printer
manufacturers to sue their competitors for allegedly “hacking” their DRM (Digital Rights
Management) protocols. Additionally, the DMCA’s “safe harbor” and “notice and
takedown” provisions have given rise to the criticism that these provisions grant
copyright holders the benefit of a temporary restraining order without the expense of
going to court to make a showing of irreparable harm.134

1501, app. I (November 29, 1999) (amends 17 U.S.C. 1, 5 to replace the Satellite Home Viewer Act of
1994 and amends 17 U.S.C. 12, 13); Digital Theft Deterrence and Copyright Damages Improvement Act of
2003) (“Lexmark’s efforts to enforce the rights conferred to it under the DMCA cannot be considered an
unlawful an unlawful act undertaken to stifle competition.”), preliminary injunction overturned on other
grounds, 387 F.3d 522 (6th Cir. 2004); But cf., Chamberlain Group, Inc. v. Skylink Technologies, Inc.,
381 F. 3d 1178, 1201 (Fed. Cir. 2004) (in a DMCA anti-circumvention case involving electric garage door
openers, the Federal Circuit interpreted the anti-circumvention provisions narrowly, in part because the
plaintiff’s “construction of the DMCA would allow virtually any company to attempt to leverage its sales
into aftermarket monopolies -- a practice that both the antitrust laws and the doctrine of copyright misuse
normally prohibit.”); Timothy B. Lee, Cato Institute Policy Analysis Series, Circumventing Competition:
The Perverse Consequences of the Digital Millennium Copyright Act (March 21, 2006), available at
http://cato.org/pub_display.php?pub_id=6025 (“[W]hen Congress passed the [DMCA] in 1998, it cut the
courts out of [the role of fashioning balanced remedies] and instead banned any devices that ‘circumvent’
digital rights management (DRM) technologies which control access to copyrighted content. The result has
been a legal regime that reduces options and competition in how consumers enjoy media and entertainment.
Today the copyright industry is exerting increasing control over playback devices, cable media options, and
even internet streaming. Some firms have used the DMCA to thwart competition by preventing research
and reverse engineering. Others have brought the weight of criminal sanctions to bear against critics,
competitors, and researchers. The DMCA is anti-competitive. It gives copyright holders – and the
technology companies that distribute their content – the legal power to create closed technology platforms
and exclude competitors from interoperating with them.”). On the doctrine of copyright misuse, generally,
see Thomas F. Cotter, Misuse, _ Houston L. Rev __ (2007) (included in this symposium; on enforcement of
the DMCA’s anticircumvention provisions under certain circumstances see Electronic Frontier
Foundation, Unintended Consequences: Five Years Under the DMCA, at www.eff.org/IP/DMCA/unintended_consequences.php.; Dan L. Burk, Anticircumvention Misuse, 50
134 For critical discussions of the Copyright Act of 1976 and consideration of alternative information policy
frameworks, see Pamela Samuelson, A Manifesto Concerning the Legal Protection of Computer Programs,
Since then, many issues raised in *Sony* have been litigated in other cases, as well. In *A & M Records, Inc. v. Napster, Inc.*, which dealt with peer-to-peer MP3 file sharing, the Ninth Circuit rejected the defendant’s attempt to draw a parallel between *Sony*’s “time-shifting” and peer-to-peer “space-shifting.” In applying principles of vicarious liability, the Ninth Circuit held Napster liable for its ability to monitor and potentially control the putatively infringing activities of Napster users.

Then, in 2005, the Supreme Court revisited *Sony* in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.* *Grokster* came before the Supreme Court following successes in both the District Court and the Ninth Circuit. Citing *Sony*, the District Court had dismissed MGM’s case, denying its claim of contributory copyright infringement against peer-to-peer companies Grokster, Streamcast, and KaAaA BV. The Ninth Circuit upheld that decision, holding that the defendants’ peer-to-peer file sharing programs possessed “significant noninfringing uses,” and under *Sony*, the companies had not committed contributory copyright infringement.

Writing for a unanimous Court, Justice Souter took the position that there would be no contributory copyright infringement liability in this case without evidence of inducement. Souter’s opinion holds that

---


one who distributes a device with the object of promoting its use to
infringe copyright, as shown by clear expression or other affirmative steps
taken to foster infringement, is liable for the resulting acts of infringement
by third parties.139

By focusing on the issue of “inducement,” the Court resolved *Grokster* narrowly on its
specific facts of the case. By doing so, the Court temporarily avoided the need to re-
interpret *Sony*. Yet marked disagreements remained among the Justices as to the current
status of *Sony*, and no consensus emerged regarding the expansion or contraction of the
relevance of *Sony*’s “substantial nonfringing uses” doctrine. While Justice Souter’s
opinion did not resolve this question,140 it did leave open a space for the Justices to
engage in a spirited debate.

On one side was Justice Ginsburg, who wrote a concurrence joined by Justices
Rehnquist and Kennedy. Ginsburg contended that *Grokster* differed significantly from
*Sony* because there was insufficient evidence introduced of “substantial or commercially
significant noninfringing uses.”141 In other words, the Ginsburg concurrence would hold
Grokster and Streamcast liable under *Sony* without evidence of inducement. On the other
side, Justice Breyer’s concurrence – joined by Justices O’Connor and Stevens – asserted
that there was no need to change *Sony*’s doctrine regarding “substantial or commercially
significant noninfringing uses” and that, in the absence of evidence of inducement, the
“the nature of [. . .] lawfully swapped files is such that it is reasonable to infer quantities
of current lawful use roughly approximate to those at issue in *Sony*.”142

139 *Grokster*, supra note 136 at 931.
140 Id. at 934, footnote 12, (“in the absence of other evidence of intent, a court would be unable to find
contributory infringement liability merely based on a failure to take affirmative steps to prevent
infringement, if the device otherwise was capable of substantial nonfringing uses. Such a holding would
tread too close to the *Sony* safe harbor.”).
141 Id. at 943(Ginsburg, J., concurring).
142 Id. at 949 (Breyer, J., concurring).
Considered in this light, the holding in *Grokster* is a narrow one, focusing the basis for liability upon inducing users to utilize a peer-to-peer program in order to infringe copyrights. Justice O’Connor went along with the majority in applying an expanded scope of inducement liability in this particular case, yet she sided with Justice Breyer’s skepticism toward recalibrating *Sony*’s safe harbor for “significant noninfringing use.” Arguably, this is consistent with *Bonito Boats*’ presumption of free competition against which intellectual property rights are a limited exception – at the very least, *Grokster* leaves software developers some wiggle room when developing new products, a result upon which Justice O’Connor would look favorably.

While Justice O’Connor did not pen an opinion in *Grokster*, by examining the various concurrences in that case one may nonetheless glean insights into both her fully-formed intellectual property views and her influence on the Court. In particular, Justice Breyer’s concurrence – joined by Justices O’Connor and Stevens – represents a bookend of O’Connor’s intellectual property jurisprudence. Breyer’s concurrence took the position that although the strong version of *Sony* is the right policy choice, it was unnecessary to reach that question now and this was not the proper case in which to reach it. From this perspective, *Grokster* is a unanimous yet 3-3-3 decision – 3 for a strong *Sony* standard, 3 for a weak *Sony* standard, and 3 remaining agnostic. *Grokster* thus gives us an indication from Justice O’Connor that given the right case and circumstances, she would have been willing to engage again in the “delicate balancing” that so becomes her intellectual property jurisprudence. However, with Chief Justice Rehnquist gravely ill and Justice O’Connor having announced her retirement, *Grokster* can be viewed in the context of a Court in transition. It is possible that the “outgoing” *Grokster* Court, as in
Ayotte v. Planned Parenthood,143 sought not to upset too many apple carts, so to speak, and to leave some issues for resolution by a later, more stable Court.

Conclusion

This article has argued that Justice Sandra Day O’Connor did not begin her judicial career with a fixed set of ideas about the field of intellectual property. Justice O’Connor’s western roots and her roles in three branches of Arizona government provided her with distinctive experiences that played a role in shaping her jurisprudence in general – and her intellectual property in particular. At the very least, her 1960s Arizona republican background gave her a healthy appreciation for the central role of competition and free enterprise in the U.S. economy, while her western roots and values may have a more subtle but ambiguous role in shaping her attitudes towards intellectual property law. From these roots and roles, and facilitated by a swift learning curve in cases like Bonito Boats, Feist, Harper & Row, she developed a nuanced and capacious jurisprudence of intellectual property that reflected her keen abilities to carefully balance conflicting interests. These hallmarks are evident even in her silence in Sony and Grokster.

In Bonito Boats, Justice O’Connor laid out the view that free competition is the baseline against which intellectual property rights are the exception. Bonito Boats took a strong view of patent preemption wherein Congress crafts a federal patent schema and threshold for patent protection; the states are foreclosed from granting protection for

---

143 Ayotte v. Planned Parenthood of Northern New England, 546 U.S. 320 (2006) was Justice O’Connor’s final opinion before her retirement on January 31, 2006. In writing for a unanimous Court, Justice O’Connor reversed the First Circuit and avoided a substantive ruling or reconsideration of prior Supreme Court abortion precedent. The parallel with Grokster is this: Arguably, the Ayotte Court did not want to rock the jurisprudential boat with a landmark opinion. Given that Justice Rehnquist had died in early September 2005 and Justice O’Connor was retiring in January 2006, one may read Ayotte and get a sense that the Court wanted the substantive issues that were raised to be decided by a future, more stable Court.
subpatentable innovations. Subsequent opinions by Justices Scalia and Kennedy seem to have picked up on the conservative pro-competition arguments Justice O’Connor voiced in *Bonito Boats*, albeit with less finesse. In *Samara Bros.*, *TrafFix*, and *Dastar*, Justices Scalia and Kennedy drew limits on the expansion of intellectual property rights in the area of trade dress protection under Lanham Act § 43(a). In particular, in *KSR Int’l.*, Justice Kennedy’s recalibration of the “obviousness” threshold in patent law should result in the issuance of fewer questionable patents, thereby opening the range for subpatentable innovations and promoting competition.

In the area of copyright law, this article has argued for a pro-author (or pro-copyright) interpretation of Justice O’Connor’s opinions, where again she pursues the theme of balance. In *Harper & Row* and *Feist*, O’Connor’s opinions demonstrate sensitivity to the need to balance the “private” rights of the author against the interests of the public; in *Abend*, she struck the balance in favor of the author/copyright holder.

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

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