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# THE MYTH OF UNIFORMITY IN IP LAWS

*Sharon K. Sandeen*[*]

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## I. INTRODUCTION

Legislative histories and case decisions related to federal intellectual property (IP) law are teeming with pronouncement of the need for and value of "uniformity," particularly with respect to patent and copyright laws because they are within the exclusive jurisdiction of the federal courts and because the asserted value of uniformity lies at the very heart of the Intellectual Property Clause of the U.S. Constitution.[1] As explained by James Madison in The Federalist No. 43, "the States cannot separately make effectual provision for either [patents or copyrights]."[2] Justice Story elaborated on this point in his commentaries on the Constitution when he explained:

> It is beneficial to all parties, that the national government should possess this power; to authors and inventors, because, otherwise, they would be subjected to the varying laws and systems of the different states on this subject, which would impair, and might even destroy the value of their rights; to the public, as it will promote the progress of science and the useful arts, and admit the people at large, after a short interval, to the full possession and enjoyment of all writings and inventions without restraint.[3]

As so used, "uniformity" is short-hand for a single federal rule or standard on a given issue of law ("federal uniformity"), as opposed to the way the term was used in *Erie Railroad v. Tompkins* to refer to the same rules and standards being applied regardless of whether a lawsuit is filed in state or federal court within a state ("*Erie* uniformity").[4] The term "federal uniformity" is used herein, instead of "national uniformity," to refer to the uniformity that arises from the enactment of federal laws as opposed to the uniformity that arises from the adoption of uniform state laws.

In recent decades, the federal uniformity argument has been used to justify: the creation of the Federal Circuit Court of Appeals as the exclusive circuit

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[1] U.S. CONST. art. I, § 8, cl. 8.

[2] THE FEDERALIST NO. 43, at 259 (James Madison) (Clinton Rossiter ed., 2003).

[3] JOSEPH STORY, COMMENTARIES ON THE CONSTITUTION OF THE UNITED STATES § 502, at 402 (R. Rotunda & J. Nowak eds., 1987).

[4] Erie Railroad v. Tompkins, 304 U.S. 64, 74–75 (1938). *See also* Guaranty Trust Co. v. York, 326 U.S. 99, 109 (1945) (stating: "The nub of the policy that underlies [*Erie*] is that for the same transaction the accident of a suit by a non-resident litigant in a federal court instead of in a State court a block away, should not lead to a substantially different result.").

court to hear appeals of district court judgments in patent cases;[5] vesting federal judges with the job of interpreting patent claims;[6] and Copyright term extension.[7] It was also a primary justification for the May 11, 2016 enactment of the Defend Trade Secrets Act of 2016.[8] Indeed, it seems that the argument surfaces anytime Congress wants to assert more of a role in dictating the details of law and policy, despite the fact that it conflicts with the U.S. system of federalism by favoring federal laws over state laws and federal uniformity over *Erie* uniformity.

Contemporary scholars have identified a number of rationales for federal uniformity, including: the need to maintain the legitimacy of the federal courts; the unfairness of treating similarly situated litigants differently; the need for predictability; and the inefficiency of making multi-state actors comply with divergent legal standards.[9] An underlying assumption of the federal uniformity argument is that if Congress passes a federal law to govern a particular area of law then the legal principles governing that law will be interpreted and applied in a uniform manner, leading to greater predictability and efficiency. In areas where state law can also govern (like trademark and trade secret law), it also assumes that state law lacks sufficiently uniform rules and standards. In this regard, "uniformity" is often used to mean "unified" or "same," rather than "harmonized" or "similar,"[10] with an additional assumption being that uniformity is preferred over harmonization.

As detailed in Part II of this Article, there are numerous reasons why the ability of federal laws to unify legal principles is more myth than reality.[11] Chief among them is the United States system of federalism which, even with respect

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[5] H.R. REP. NO. 97–312, at 20 (1981). *See also* Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 7 (1989).

[6] Markman v. Westview Instruments, 517 U.S. 370, 390 (1996) (stating "we see the importance of the uniformity in the treatment of a given patent as an independent reason to allocate all issues of construction to the court").

[7] Eldred v. Ashcroft, 537 U.S. 186, 243 (2003) (Beyer, J., dissenting) (criticizing the uniformity argument).

[8] S. REP. NO. 114-220, at 4 (2016).

[9] Amanda Frost, *Overvaluing Uniformity*, 94 VA. L. REV. 1567, 1596 Part I (2008).

[10] *See generally* Camilla Baasch Andersen, *Defining Uniformity in Law*, 12 UNIF. L. REV. nn.5, 5–15 (2007) (exploring how the term "uniform" is used internationally, comparing it to the term "harmonisation," and noting that true uniformity is an absurdity).

[11] The same observation has been made with respect to other areas of law seemingly reserved to the federal government. *See* Robert Force, *Deconstructing Jensen: Admiralty and Federalism in the Twenty-First Century*, 32 J. MAR. L. & COM. 517 (2001) (arguing for continued use of state laws in some admiralty situations); Robert D. Peltz, *The Myth of Uniformity in Maritime Law*, 21 TUL. MAR. L.J. 103 (1996) (lamenting the failure of the federal courts to insist on more uniformity).

to federal laws, often requires federal courts to apply state law.[12] There is also the very practical problem that circuit splits cannot be resolved until a case is presented before the U.S. Supreme Court and it decides to hear the issue.[13] Even then, the decisions of the Supreme Court do not always provide enough guidance to prevent further divergences in how the applicable federal law is applied. One need only look at the jurisprudence under our existing federal patent, copyright, and trademark laws to know that federal uniformity is a myth. Each of these federal statutes have existed for decades, but circuit splits remain on numerous important issues.[14] This is not to suggest that federal laws are not needed with respect to these matters, but rather, it suggests that when adopting federal laws, we should not assume that federal uniformity will follow. Instead, we should identify the specific issues upon which true uniformity is most important and legislate more carefully with respect to them, leaving other issues to, potentially, be non-uniform. More importantly, when adopting federal laws, we should look for adequate justifications for the federal legislation beyond the claimed need for uniformity. Otherwise, all we are doing is shifting law-making power from the states to Congress and the federal courts.

This Article begins in Part I with examples of uniformity problems that have arisen with respect to federal intellectual property (IP) laws. In Part II, it categorizes the uniformity problems and in the process, demonstrates that a lack of uniformity in law is not always the result of divergent views of states, but can result from divergent views among federal judges or due to the facts of

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[12] *See infra* Part II.

[13] Frost, *supra* note 9, at 1569 (noting that "seventy percent of [the Supreme] Court's plenary docket is devoted to addressing legal issues on which lower courts have differed, . . .").

[14] *See, e.g.*, Michael Landau & Donald E. Biederman, *The Case for a Specialized Copyright Court: Eliminating the Jurisdictional Advantage*, 21 HASTINGS COMM. & ENT. L.J. 717, 737–39 (1999) (decrying the prevalence of circuit splits on copyright issues); Jennifer E. Rothman, *Commercial Speech, Commercial Use and the Intellectual Property Quagmire*, 101 VA. L. REV. 1929, 1935–37 (2015) (discussing the inconsistent application of First Amendment principles to trademark law). A recent crowd-sourcing request of intellectual property (IP) scholars resulted in a long list of other IP issues upon which there are circuit splits, or in the case of the Federal Circuit, internal circuit splits, including: the meaning of the de minimis copyright defense related to music sampling (from David S. Levine); the test for nominative fair use under trademark law and the free speech defense to rights of publicity (from Mark Lemley); the test of unlawful appropriation under copyright law and whether "making available" is a distribution under copyright law (from Yvette Liebesman); the useful article doctrine of copyright law (from Margot Kaminski), although the Supreme Court recently opined on such issue in *Star Athletica v. Varsity Brands*, 137 S. Ct. 1002 (2017); the test for substantial similarity under copyright law and whether contracts are *per se* immune from copyright preemption (from Guy Rub); the scope of the *Rogers v. Grimaldi* defense under rights of publicity law (from Bill McGeveran); the scope of the famous mark exception in trademark law and the extraterritorial extent of the Lanham Act (from Tim Holbrook); and the definition and application of transformativeness under copyright law (from Shubha Ghosh and Ann Bartow).

a particular case. Parts III and IV reflect upon the asserted benefits of uniformity and how uniformity problems might be reduced through better legislative processes and drafting. The Article concludes with the observation that there may be times when a lack of uniformity is to be preferred over more detailed or preemptive federal legislation.

## II. IP UNIFORMITY PROBLEMS

One need look no further than the circumstances surrounding the creation of the Federal Circuit Court of Appeal in 1982 to realize that federal uniformity is often a myth. When the Federal Circuit was created, uniformity in the interpretation and application of U.S. patent laws was its principal goal.[15] But that goal demonstrates the myth of uniformity of federal laws because, in theory, having an "exclusive" federal patent law should have already resulted in the desired federal uniformity because the potential for conflicts between state laws and federal laws was eliminated. However, as David Taylor noted, another justification for the creation of the Federal Circuit was concern that the U.S. Supreme Court was not doing its job to resolve conflicts among federal circuit courts.[16] The proponents of the Federal Circuit also argued that the judges of the existing circuit courts did not have enough scientific and patent law expertise (or interest) to decide patent cases, and thus a specialized court of patent law experts was needed.[17] While the establishment of the Federal Circuit has been credited with creating more uniformity in patent law,[18] it is also criticized for simply shifting the debates about the meaning and application of patent law from a battle of circuit courts to battles between different panels of the Federal Circuit and between the Federal Circuit and the U.S. Supreme

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[15] S. REP. NO. 97–275, at 4–6 (1981), *reprinted in* 1982 U.S.C.C.A.N 11, 14–16 ("The creation of the Court of Appeals for the Federal Circuit will produce desirable uniformity in this area of law. Such uniformity will reduce the forum-shopping that is common to patent litigation"). *See also* S. Jay Plager, *The United States Courts of Appeals, the Federal Circuit, and the Non-Regional Subject Matter Concept: Reflections on the Search for a Model*, 39 AM. U. L. REV. 853, 854–55 (1990*)* ("The impetus behind the establishment of the Federal Circuit was the desire to bring about greater uniformity and coherency . . . .").

[16] David O. Taylor, *Formalism and Antiformalism in Patent Law Adjudication: Rules and Standards*, 46 CONN. L. REV. 415, 415 (2013).

[17] Paul R. Gugliuzza, *The Federal Circuit as a Federal Court*, 54 WM. & MARY L. REV. 1791, 1801 (2013).

[18] *See* Rochelle Cooper Dreyfuss, *In Search of Institutional Identity: The Federal Circuit Comes of Age*, 23 BERKELEY TECH L.J. 787, 788–89 (2008).

Court.[19] Moreover, creation of the Federal Circuit did not resolve the lack of uniformity that results from the highly fact-dependent application of patent law.

The experience of patent law before the creation of the Federal Circuit demonstrates that just because a federal law is adopted does not mean it will be interpreted and applied in accordance with uniform rules or standards. However, before suggesting more specialized courts to increase uniformity in IP law, the reasons for the lack of uniformity should be considered to determine whether uniformity should or can ever be achieved.[20] As is explored more fully in Part II of this Article, there are reasons for a lack of federal uniformity that have nothing to do with the structure of the federal courts and have a lot to do with other principles of law, including federalism. The discussion that follows gives an overview of some of the reasons based upon the U.S. Supreme Court's intellectual property jurisprudence.

### A. LACK OF UNIFORMITY IN SUPREME COURT'S IP JURISPRUDENCE

Because the IP Clause of the U.S. Constitution grants Congress power to adopt federal laws for the promotion of the arts and sciences, state power to regulate in these areas would seem to be preempted or precluded, but this is not the case. Even in cases of a strong Constitutional grant of federal power and a comprehensive federal statute, like the Patent and Copyright Acts, the federal judiciary is reluctant to supplant state law. Thus, absent an express preemption provision, and despite differences of opinion concerning the ease with which implied preemption may be found, federal courts often fail to find implied preemption, or even the displacement, of state laws.[21] Moreover, as Professor Roderick Hills explained: "The concern for overextending the legitimacy of federal courts has tempered the Court's willingness to displace swathes of state law with judicially crafted federal common law absent some sort of specific congressional guidance."[22] Numerous cases in the area of IP law bear this observation out.[23]

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[19] Taylor, *supra* note 16, at 456–58 (detailing the four cases where the U.S. Supreme Court overturned decisions by the Federal Circuit). *See also* Plager, *supra* note 15, at 857 (analyzing the emergence of intracircuit battles as opposed to intercircuit battles).

[20] *But see* Landau & Biederman, *supra* note 14, at 718.

[21] *See generally* Roderick M. Hills, Jr., *Against Preemption: How Federalism Can Improve the National Legislative Process*, 82 N.Y.U. L. REV. 1 (2007) (explaining federal preemption jurisprudence and the scholarly debate concerning the appropriate approach thereto).

[22] *Id.* at 9.

[23] *See* JEANNE C. FROMER, *The Intellectual Property Clause's Preemptive Effect*, *in* INTELLECTUAL PROPERTY AND THE COMMON LAW 265, 265 (Shyamkrishna Balganesh ed., Cambridge University Press, 2013), for a more in-depth discussion of the Supreme Court's preemption analysis in IP cases.

For instance, in *Goldstein v. California*, the Supreme Court considered whether a state law of California which made it a crime to transfer sounds from a sound recording was unconstitutional on a variety of grounds, including the alleged intention of Congress to establish a uniform law across the land.[24] (At the time the case was filed, federal copyright law did not provide protection for sound recordings.) The Court could have made U.S. law with respect to creative works more uniform by invalidating the California statute, but refused to do so, holding that the IP Clause "neither explicitly precludes the States from granting copyrights nor grants such authority exclusively to the Federal Government."[25] On the issue of preemption, the Court quoted *Hines v. Davidowitz* to explain: "Our primary function is to determine whether, under the circumstances of this particular case, [the state] law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress."[26] Finding no such obstacle, the Court held that the California statute was a proper exercise of powers reserved to the states and that the law was not preempted by either the 1909 Copyright Act or the 1971 Sound Recording Act.[27]

The importance of the *Goldstein* Court's ruling with respect to federal uniformity (or lack thereof) is put into perspective by the dissents. Justice Douglas argued that two earlier Supreme Court cases, *Sears, Roebuck & Co. v. Stiffel Co.*[28] and *Compco Corp. v. Day-Brite Lighting, Inc.*,[29]

> make clear that the federal policy expressed in [the IP Clause], is to have "national uniformity in patent and copyright laws, . . ., a policy bolstered by Acts of Congress which vest "exclusive jurisdiction to hear patent and copyright cases in federal courts . . . and that section of the Copyright Act which expressly saves state protection of unpublished writings but does not include published writings."[30]

Consistent with Justice Story's observations, *supra*, Justice Douglas's plea for federal uniformity was due, in large part, to a concern about monopoly power and not wanting to give states the power to limit free competition and the dissemination of information. In other words, he viewed the federal interest in

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[24] Goldstein v. California, 412 U.S. 546 (1973).
[25] *Id.* at 560.
[26] *See id.* at 561 (quoting Hines v. Davidowitz, 312 U.S. 52, 67 (1941)).
[27] *Id.* at 571.
[28] 376 U.S. 225 (1964).
[29] *Id.* at 234.
[30] *Goldstein*, 412 U.S. at 573 (quoting Sears, Roebuck Co. v. Stiffel Co., 376 U.S. 225, n.7 (1964)).

preventing monopolies and ensuring the free-flow of public information as overriding the traditional deference to the states. Justice Marshall's dissent expanded upon this theme when he noted that: "Congress has decided that free competition should be the general rule, until it is convinced that the failure to provide copyright or patent protection is hindering 'the Progress of Science and useful Arts.' "[31] However, the need for federal uniformity related to creative works was rejected in *Goldstein* in favor of the local values that were expressed in the California law.

Decisions by the Supreme Court since *Goldstein* reveal that, in the absence of an express preemption provision, sometimes federal IP statutes preempt or displace state law, and sometimes they do not. Whether such preemption is found usually depends upon whether the challenged state law conflicts with the underlying federal policy, not including an interest in federal uniformity. For instance, in *Kewanee Oil Co.* v. *Bicron Corp.*,[32] the trade secret law of Ohio was not preempted, but in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*,[33] Florida's plug-molding statute was preempted. Underlying both decisions were principles of federalism balanced against the strong U.S. policy that favors the use and dissemination of publicly available information and the related disclosure purpose of U.S. patent law. In finding no conflict that would justify preemption of state trade secret law, the Court in *Kewanee* explained:

> States may hold diverse viewpoints in protecting intellectual property to invention as they do in protecting the intellectual property relating to the subject matter of copyright. The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress. . . .[34]

Similarly, although finding Florida's statute preempted, Justice O'Connor explained in *Bonito Boats*:

> Our decisions since *Sears* and *Compco* have made it clear that the Patent and Copyright Clauses do not, by their own force or by negative implication, deprive the States of the power to adopt rules for the promotion of intellectual creation within their own

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[31] *Id.* at 579 (quoting U.S. CONST. art. I, § 8, cl. 8).
[32] 416 U.S. 470 (1974).
[33] 489 U.S. 141 (1989).
[34] *Kewanee Oil Co.*, 416 U.S. at 479.

> jurisdictions. . . . Thus, 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 difference in *Bonito Boats* was that Florida's statute was found to conflict with U.S. patent law in ways that Ohio's trade secret law did not, principally because the Florida statute operated to protect ideas disclosed to the public.[36] A desire for uniformity in the application of federal law had little bearing on the Court's decision.

More recently, the Supreme Court confronted the federal uniformity argument in *POM Wonderful, LLC v. Coca-Cola Co.*, a case involving an asserted conflict between two federal laws: the false advertising provisions of the federal Lanham Act and the Federal Food, Drug, and Cosmetic Act (FDCA).[37] Coca-Cola argued that the FDCA precludes application of the Lanham Act with respect to food and beverage labeling because of Congress's desire to achieve federal uniformity. Citing *Bonito Boats*, among other cases, the Court rejected Coca-Cola's uniformity argument, observing that: "Congress not infrequently permits a certain amount of variability by authorizing a federal cause of action even in areas of law where national uniformity is important."[38] In other words, despite frequent congressional protestations in favor of federal uniformity, the Court recognized that Congress often adopts laws, or provisions of law, that are inconsistent with that goal. Thus, the Court refused to ignore one federal law in favor of another, even though the FDCA was adopted with federal uniformity in mind, finding that the plaintiff's claim for false advertising under the Lanham Act was not impliedly precluded by the FDCA.

The significance of the *Pom* decision on the issue of uniformity is not limited to the Court's refusal to find that the FDCA precluded a claim under the

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[35] *Bonito Boats, Inc.*, 489 U.S. at 165 (citing Aronson v. Quick Pencil Co., 440 U.S. 257, 262 (1979); Goldstein v. California, 412 U.S. 546, 552–61 (1973); *Kewanee Oil Co.*, 416 U.S. at 478–479 (quoting *Goldstein*, 412 U.S. at 559)). *See also Aronson*, 440 U.S. at 262 (stating "Commercial agreements traditionally are the domain of state law. State law is not displaced merely because the contract relates to intellectual property which may or may not be patentable; . . .").

[36] *Bonito Boats, Inc.*, 489 U.S. at 156 (1989) ("At the heart of *Sears* and *Compco* is the conclusion that the efficient operation of the federal patent system depends upon substantially free trade in publicly known, unpatented design and utilitarian conceptions."). *See also* Brulotte v. Thys Co., 379 U.S. 29, 31 (1964) ("But these rights become public property once the 17-year period expires." (first citing Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 185; and then citing Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118)).

[37] POM Wonderful LLC v. Coca-Cola Co., 134 S. Ct. 2228, 2233 (2014).

[38] *Id.* at 2240.

Lanham Act, but extends to the Court's recognition that a lack of uniformity often results from the fact-specific nature of a federal claim. Distinguishing between a lack of uniformity on the face of a federal statute, and that which is caused by the fact specific nature of the required inquiry, the Court noted that: "The variability about which Coca–Cola complains is no different than the variability that any industry covered by the Lanham Act faces."[39] In other words, even where the legislative history of a federal law may indicate a congressional desire for uniformity, the actual language of the statute, particularly variable and amorphous standards, will naturally lead to a lack of uniformity in results.

B. FEDERAL COURTS OFTEN APPLY STATE LAW

As the foregoing demonstrates, there are two interrelated consequences of principles of federalism and the fact that U.S. IP laws do not always preempt, preclude, or displace overlapping state or federal laws. First, complementary and overlapping state and federal laws often co-exist.[40] More significantly with respect to the issue of federal uniformity (discussed more fully below), the existence of complementary or overlapping state law means that there is a body of law that federal courts can use when interpreting and applying federal law. In this regard, although it is often assumed that federal courts only apply federal law in federal question cases, in fact, they also apply state law in a number of situations, including because: (1) the federal statute expressly incorporates state law; (2) the language of the federal statute is ambiguous; or (3) there is a gap in the federal statute caused by a lack of sufficient details or definitions.[41] Because the state law that is applied in such situations is often the law of the forum state, it is possible for the application of federal law to differ depending upon the state in which a lawsuit is brought.[42]

There are several IP cases that illustrate the federal courts' use of state law to determine the meaning of a federal statute and fills its gaps, some of which have resulted in less federal uniformity rather than more. For instance, in *De Sylva v.*

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[39] *Id.*

[40] *See, e.g.*, Alexander J. Callen, Note, *Avoiding Double Recovery: Assessing Liquidated Damages in Private Wage and Hour Actions Under the Fair Labor Standards Act and the New York Labor Law*, 81 FORDHAM L. REV. 1881, 1919 (2013) (discussing overlapping state and federal laws governing employee wages).

[41] *See* CHARLES A. WRIGHT ET AL., FEDERAL PRACTICE & PROCEDURE §§ 4514–4520 (3d ed. 2016).

[42] *See* text accompanying *infra* notes 70–82.

*Ballentine*, the Court applied the state law of California to determine the meaning of "children" under the 1909 Copyright Act.[43] Justice Harlan explained:

> The scope of a federal right is, of course, a federal question, but that does not mean that its content is not to be determined by state, rather than federal law. This is especially true where a statute deals with a familial relationship; there is no federal law of domestic relations, which is primarily a matter of state concern.[44]

Importantly on the issue of uniformity, the Court did not adopt California's definition of "children" for all purposes, but only for the subject case. The use of state law is because of the *Erie* Court's direction that state law should apply in such circumstances and the preference of the Supreme Court for the use of the law of the forum state when filling gaps in a federal statute.[45]

Application of the preference for the law of the forum state to fill gaps, while not leading to federal uniformity, should at least result to *Erie* uniformity. However, for a variety of reasons, this preference is not always followed when interpreting a federal statute or filling its gaps. For instance, in the famous copyright case of *Community for Creative Non-Violence v. Reid*,[46] the Court applied the common law as expressed in the *Restatement of Agency*, rather than the law of the forum state, to determine the meanings of "employee" and "scope of employment" as used in the 1976 Copyright Act's definition of a work made for hire.[47] In so doing, the Court applied a well-established canon of statutory construction that favors the common law, explaining:

> It is . . . well established that "[w]here Congress uses terms that have accumulated settled meaning under . . . the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms." . . . In the past, when Congress has used the term "employee" without defining it, we have concluded that Congress

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[43] 351 U.S. 570, 580–82 (1956).

[44] *Id.* (citing Reconst. Fin. Corp. v. Beaver Cty., 328 U.S. 204; Bd. of Cty. Comm'rs v. United States, 308 U.S. 343, 351–52).

[45] *See* text accompanying *infra* notes 70–75, 89.

[46] 490 U.S. 730, 730 (1989).

[47] Cmty. for Creative Non-Violence v. Reid, 490 U.S. 730, 739 (1989) ("The Act nowhere defines the terms 'employee' or 'scope of employment.' ").

> intended to describe the conventional master-servant relationship as understood by common-law agency doctrine.[48]

Similarly, in *Kirtsaeng v. John Wiley & Sons, Inc.*, the Court looked to common law to determine the meaning of the 1976 Copyright Act's "first sale doctrine," explaining: " '[W]hen a statute covers an issue previously governed by the common law,' we must presume that 'Congress intended to retain the substance of the common law.' "[49]

As decisions of the Supreme Court, the definitions used in *Reid* and *Kirtsaeng* are now the "supreme law of the land," binding on all federal courts unless Congress decides to change those definitions.[50] Thus, once a case is decided by the Supreme Court and the meaning of a statutory term is fixed, a federal uniformity problem only arises when Supreme Court precedent is misapplied. However, it may take years or decades before the Supreme Court rules on the meaning of a federal statute and, in the meantime, the lower federal courts may adopt differing definitions of terms used in federal statutes by applying the law of the forum state, using some other source of law to fill the gaps, or making its own law.

Congress can reduce the instances of varying definitions and improve federal uniformity by exercising more care to define statutory terms. Or, if it does not want the law of the forum state to apply, it can adopt a specific provision of law which, in effect, precludes application of the law of the forum state. One such provision was at issue in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, involving a circuit split on the question of whether the equitable defense of laches could apply within the statute of limitation period specified by the 1976 Copyright Act.[51] As Justice Ginsburg explained, "[u]ntil 1957, federal copyright law did not include a statute of limitations for civil suits. Federal courts therefore used analogous state statutes of limitations to determine the timeliness of infringement claims."[52] With the adoption of the 1976 Copyright Act, however, Congress decided that federal uniformity on the issue was important and that a three-year statute of limitations would apply.[53] Thus, the Court ruled that "in face of a statute of limitations enacted by Congress, laches cannot be invoked to bar legal relief."[54] In so doing,

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[48] *Id.* at 739–40 (citing NLRB v. Amax Coal Co., 453 U.S. 322, 329 (1981); and then citing Perrin v. United States, 444 U.S. 37, 42 (1979)).

[49] 568 U.S. 519, 538.

[50] U.S. CONST. art. VI, cl. 2.

[51] 134 S. Ct. 1962, 1982 (2014).

[52] *Petrella*, 134 S. Ct. at 1968 (citing S. REP. NO. 1014, at 2 (1957)).

[53] Copyright Act of 1976, 17 U.S.C. 507(b) (1976).

[54] *Petrella*, 134 S. Ct. at 1974.

it explicitly distinguished between the use of state law to fill gaps (which is allowed) and the use of state law to override Congressional intent as expressed in the language of a statute (which is not allowed).[55]

## III. CATEGORIZING THE UNIFORMITY PROBLEMS

As the foregoing illustrations of uniformity issues in IP cases suggests, there are number of possible reasons for a lack of uniformity in the interpretation and application of federal law. As further discussed in Part IV, some of these problems might be avoided by better legislative and drafting processes, but some of them are inherent in our system of federalism and are largely unavoidable. As noted by Justice Scalia in *O'Melveny & Meyers*, if the federal courts accepted the uniformity argument in every case they would "be awash in federal common law rules."[56] More importantly, a lack of uniformity may be desirable in some cases, particularly if the asserted ideal of federal uniformity conflicts with community norms and other important interests. In the following subsections, the principal reasons why the interpretation and application of federal law is not always uniform are explained in greater detail.

### A. THE INTERPRETATION PROBLEM

In the same way that the complexity of language often prevents patent attorneys from writing perfect patent claims,[57] often it prevents Congress from writing a perfect federal law. But the process of statutory drafting is made even worse by the horse-trading nature and practical realities of the political process. The fact is that legislation is largely written by lobbyists or congressional staff and neither appear to care much about how rules of statutory interpretation will affect the application of the laws they draft.[58] Sometimes the incompleteness of a statute is intentional due to an inability to get the law passed otherwise, thereby impliedly authorizing federal courts to fill gaps. Also, as a result of these dynamics, federal statutes are often incomplete or riddled with ambiguity. Where gaps and ambiguity exist, federal courts do not have the "plain meaning"

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[55] *Id.* (stating "[t]he expansive role for laches MGM envisions careens away from understandings, past and present, of the essentially gap-filling, not legislation-overriding, office of laches").

[56] O'Melveny & Myers v. FDIC, 114 S. Ct. 2048, 2048 (1994).

[57] KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398 (2007).

[58] *See* Abbe R. Gluck & Lisa Schultz Bressman, *Statutory Interpretation from the Inside—An Empirical Study of Congressional Drafting, Delegation, and the Canons: Part I*, 65 STAN. L. REV. 901 (2013) (presenting the results of the largest empirical study to date of congressional staff statutory drafting practices and knowledge of the rules of statutory interpretation); Victoria F. Nourse & Jane S. Schacter, *The Politics of Legislative Drafting: A Congressional Case Study*, 77 N.Y.U. L. REV. 575 (2002).

of a statute to rely upon and can look to other sources for meaning, resulting in potentially different interpretations of the same federal laws by different federal courts.

There are a number of rules of statutory interpretation which, in theory, should lead to more uniform results among federal courts that interpret the same provision of federal law, but the rules and the specific context in which they are applied give courts discretion concerning which rules to apply.[59] Moreover, there is debate about the sources of information that federal courts can use when interpreting statutes, particularly with respect to legal maxims[60] and legislative history.[61] Thus, to understand the interpretation problem, and why it cannot be easily fixed to enhance the uniformity of federal law, requires an understanding of both the sources of information and the hierarchy of information that are typically used to interpret a statute.

The process of statutory interpretation usually begins with application of the most important canon of construction: a statute shall be interpreted in accordance with its plain meaning.[62] This often includes statutory definitions, but even statutes with a lot of definitions, like the 1976 Copyright Act, frequently fail to define key terms.[63] Because statutes are not always the picture of clarity, courts often look to extrinsic sources of information for guidance. In general order of preference, this includes: (1) a dictionary; (2) the entirety of the statute and the context within the statute of the language at issue; (3) canons of construction; and (4) legislative history.[64] Where an administrative agency is involved in applying the law, as is the case with U.S. patent, trademark, and

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[59] *See* Paul J. Mishkin, *The Variousness of "Federal Law": Competence and Discretion in the Choice of National and State Rules for Decision*, 105 U. PA. L. REV. 797, 812–14 (1957).

[60] *See, e.g.*, Geoffrey P. Miller, *Pragmatics and the Maxims of Interpretation*, 1990 WIS. L. REV. 1179.

[61] *See generally* Stephen Breyer, *On the Uses of Legislative History in Interpreting Statutes*, 65 S. CAL. L. REV. 845, 874 (1992).

[62] Mills Music, Inc. v. Snyder, 469 U.S. 153, 164 (1985).

[63] *See, e.g.*, Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989) (involving the failure of Congress to define the terms "employee" and "course and scope of employment").

[64] *See* ANTONIN SCALIA & BRYAN A. GARNER, READING LAW: THE INTERPRETATION OF LEGAL TEXTS 61 (2012) (textual approach; "[t]he canons influence not just how courts approach texts but also the techniques that legal drafters follow in preparing those texts"); *see also* Chisom v. Edwards, 111 S. Ct. 2354, 2369 (1991) (Scalia, J., dissent affirming textualism and correct order in statutory interpretation). *Compare with* McDonald v. City of Chicago, 561 U.S. 742, 909 (2010) (Stevens, J. dissent that "[i]t is not the role of federal judges to be amateur historians. And it is not fidelity to the Constitution to ignore its use of deliberately capacious language, in an effort to transform foundational legal commitments into narrow rules of decision.").

copyright law, federal courts will also examine the interpretations of words and terms used by the relevant agency.[65]

Because rules of statutory interpretation are largely guideposts, and not immutable rules, federal courts have discretion to utilize them or not.[66] For instance, discretion is exercised by individual judges in deciding: which dictionary to consult; which definition within a dictionary to use;[67] how to define the statutory context; whether to look at other federal laws; which canons of construction to use; whether to consult legislative history, and, if so, what legislative history to use. It is no wonder, then, that lower federal courts often have divergent views about the meaning of the same statute.

The interpretation of a statute is also necessarily determined by the facts of a case and the quality of the information and arguments that are presented to the court, with the budgets of litigants and the workload of the lower federal courts not always allowing for an in-depth examination of all issues. Some trial court judges will not consider an issue unless it is presented by the lawyers, and thus will not consider an interpretation issue *sua sponte*. There is also the practical problem that the ambiguity of a statute, or the need for a specialized meaning, may not reveal itself until it becomes clear that the trier of fact applied it in a particular way. This then leads to the issues on appeal being presented to different courts, in different ways, by different litigants, and based upon different records.

Further undermining the ability of federal laws to reflect unified "federal" principles of law are several canons of construction that encourage federal courts to look to principles of state law to interpret federal statutes and fill gaps. The first and foremost is the *Erie* doctrine, which, as discussed, directs federal courts to look to the law of the forum state, not only in diversity cases, but when filling gaps in a federal statute. There is also the "borrowed statute rule" which provides that when Congress borrows a statute from another source (state or federal), it also implicitly adopts prior interpretations placed on that statute, absent an express statement to the contrary.[68] As discussed, another

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[65] *See, e.g.*, Mazer v. Stein, 347 U.S. 201, 213 (1954) ("So we have a contemporaneous and long continued construction of the statutes by the agency charged to administer them that would allow the registration of such a statuette as is in question here.").

[66] *See* Sebelius v. Auburn Reg'l Med. Ctr., 133 S. Ct. 817, 819–20 (2013) (noting that an "interpretive guide, like other canons of construction, is 'no more than [a] rul[e] of thumb, that can tip the scales when a statute could be read in multiple ways"), *quoting* Connecticut Nat. Bank v. Germain, 503 U.S. 249, 253 (1992).

[67] *See* Kirtsaeng v. John Wiley & Sons, Inc., 568 U.S. 519, 530–31 (2013) (noting the difficulty of deciding which definition of "under" to use).

[68] *See* Molzof v. United States, 502 U.S. 301, 308 (1992) (adopting several states' definition of "punitive damages"); Metro. Life Ins. Co. v. Taylor, 481 U.S. 58, 65–66 (1987) (holding that,

canon of statutory construction provides that " 'when a statute covers an issue previously governed by the common law,' it is presumed that 'Congress intended to retain the substance of the common law.' "[69] As a result of these and other canons of construction, it is not only possible that the interpretation of federal statutes will differ depending upon the state in which a court sits, but it is highly likely.

### B. THE *ERIE* DOCTRINE AND INTERSTITIAL LAWMAKING

While reasonable courts can always differ on the interpretation of federal law, another reason why federal uniformity is more myth than reality is because of the principles of federalism upon which the United States was founded, particularly as those principles are expressed in the *Erie* doctrine.[70] Because *Erie* was a federal case brought pursuant to the federal courts' diversity jurisdiction, many assume that the *Erie* doctrine (which generally requires the application of state substantive law in federal cases) is only applicable in diversity cases. This is not true; the doctrine also applies in federal question cases when federal courts are required to fill gaps in federal statutes and engage in interstitial lawmaking.[71] Moreover, for purposes of the present discussion, people seem to forget that the *Erie* decision, itself, was based upon concerns about uniformity, including fears of forum shopping.[72] However, the concern was not one of federal uniformity. The Supreme Court directed that state law should apply where federal law was silent because it did not want a potentially non-uniform body of federal common law to be developed and used in competition with state law.[73] This explains why there is a preference that the law of the forum state be used to fill gaps in a federal statute and why there is no "general federal common law." But it also sets up the probability that anytime a federal statute co-exists with state law, forum shopping between state and federal courts or

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because ERISA contained nearly identical language to the LMRA, ERISA must be interpreted in accord with the LMRA).

[69] Patterson v. McLean Credit Union, 491 U.S. 164, 183 (1989) ("Although we must do so when Congress plainly directs, as a rule we should be and are reluctant to 'federalize matters traditionally covered by state common law.' "). *See also* Kirtsaeng v. John Wiley & Sons, Inc., 568 U.S. 519, 538 (relying upon the common law "first sale doctrine" to interpret language in the 1976 Copyright Act), *quoting* Samantar v. Yousuf, 560 U.S. 305 (2010).

[70] *See generally* Erie R.R. v. Tompkins, 304 U.S. 64, 64 (1938).

[71] *See* WRIGHT ET AL., *supra* note 41.

[72] *Erie*, 304 U.S. at 71. *See also* Butner v. United States, 440 U.S. 48, 55 (1979) (quoting Lewis v. Mfrs. Nat'l Bank, 364 U.S. 603, 609 (1961) ("Uniform treatment of property interests by both state and federal courts within a State serves to reduce uncertainty, to discourage forum shopping, and to prevent a party from receiving 'a windfall merely by reason of the happenstance of bankruptcy.' ")

[73] *See generally Erie*, 304 U.S. 64.

between federal circuits will occur as litigants look for the most favorable interpretation of the federal law.

Where a federal statute directly and clearly addresses an issue, the federal law applies, but sometimes a federal statute is missing words and definitions or includes poor and ambiguous word choices. In such situations, courts interpreting and applying the federal statute face two choices. First, they can decide that Congress did not intend the gaps to be filled at all, let alone with state law. This was the result in a series of cases involving federal patent, copyright, and trademark law where the litigants unsuccessfully tried to convince the courts to recognize a right of contribution where none was specified in the federal statutes.[74] Second, federal courts can decide that they have the power to fill the gaps.

Under the second choice, federal courts must decide what law to use to fill the gaps, with the principles of *Erie* strongly suggesting that they should use the law of the forum state. A natural result of applying the law of the forum state is a lack of uniformity whenever the applicable law varies from state to state. Moreover, this is not the type of circuit split that the U.S. Supreme Court can "resolve" unless it determines that one of the limited exceptions to the preference for application of the law of the forum state applies.[75] While the jurisprudence in this area is complicated, three principal reasons for ignoring the law of the forum state have been identified: (1) where there is "significant conflict between some federal policy or interest and the use of state law";[76] (2) where "the policy of the law is so dominated by the sweep of federal statutes that legal restrictions they affect must be deemed governed by federal law";[77] and (3) where there is a "strong national or federal concern originating from the Constitution, from tradition . . . or from practical necessity," including the need for federal uniformity.[78]

When federal courts determine that they can ignore the law of the forum state, they have broad discretion to decide which other sources of law to utilize, which might include: the law of a different state; state law as expressed in the *Restatement of Laws*; or uniform laws.[79] Thus, even when federal courts decide to

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[74] *See, e.g.*, Chemtron, Inc. v. Aqua Prods., Inc., 830 F. Supp. 314, 316 (E.D. Va. 1993) (patent); Lehman Bros. v. Wu, 294 F. Supp. 2d 504 (S.D.N.Y. 2003) (copyright); Getty Petroleum Corp. v. Island Transp. Corp., 862 F.2d 10, 16 (2d Cir. 1988) (trademark).

[75] Stentor Elec. Mfg. Co. v. Klaxon Co., 125 F.2d 820, 823–24 (1942).

[76] *See* 19 WRIGHT ET AL., *supra* note 41, § 4514 (quoting Empire Healthchoice Assur. Inc. v. McVeigh, 547 U.S. 677, 679 (2006)).

[77] *Id.* (quoting Sola Elec. Co. v. Jefferson Elec. Co., 317 U.S. 173, 176 (1942)).

[78] *Id.*

[79] *Id.* at 824.

"make federal common law," the process they use can still lead to a lack of federal uniformity that will not be resolved until the U.S. Supreme Court hears the issue and decides for itself the source of law to use or Congress amends the statute to clarify the issue.

When federal courts decide to apply state law, the potential lack of uniformity is heightened by the fact that federal judges often must guess what the state law would be in a certain circumstance, sometimes getting it wrong. This can happen, for instance, where no state court (and particularly the highest court of a state) has ruled on the subject issue of state law, resulting in a lack of clarity about what is "the law of the forum state." As the Supreme Court explained in *Klaxon Co. v. Stentor Elec. Mfg. Co.*, "the proper function of the . . . federal court is to ascertain what the state law is, not what it ought to be."[80] Sometimes this can be difficult, as the Ninth Circuit Court of Appeals found out in *Edwards* v. *Arthur Andersen, LLP*.[81] In that case, the California Supreme Court refused to apply the "narrow-restraint" exception to California's noncompete law, thereby rejecting the Ninth Circuit Court of Appeals' guess about the substance and meaning of California law.[82]

### C. THE LIMITS OF FEDERAL PREEMPTION AND DSPLACEMENT

Congress can avoid any *Erie* problems that lead to a lack of federal uniformity by enacting federal laws with preemption or displacement clauses or by more fully specifying the details of federal law, but Congress often fails to do so, even in cases where it is adopting legislation pursuant to a Constitutional provision which gives it broad powers, such as the Intellectual Property Clause.[83] Section 301 of the 1976 Copyright Act provides an example of legislatively imposed limits on federal preemption. Congress might have exercised its power to preempt all state laws for the protection of creative works and information, but instead chose to limit the preemption of state laws so as not to include "activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106."[84] Similarly, the DTSA, specifically states that it does

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[80] 313 U.S. 487, 497 (1941).

[81] 189 P.3d 285, 288–89 (Cal. 2008).

[82] *Id.* at 293.

[83] Margaret H. Lemos, *Interpretative Methodology and Definitions to Courts: Are "Common Law Statutes" Different?*, *in* INTELLECTUAL PROPERTY AND THE COMMON LAW, *supra* note 23 (noting that "explicit delegations of substantive lawmaking power to courts are rare" and giving the Federal Rules of Evidence as one example).

[84] 17 U.S.C. § 301(b)(3) (1990).

not preempt or displace the application of state law.[85] This not only means that state trade secret law will continue to exist but that, when filling gaps in the DTSA, a showing of an intent to preclude application of state law cannot be made, except possibly with respect to the "new" provisions of the DTSA.[86]

The principal reason that Congress does not routinely preempt or displace state law is because of our system of federalism and Congress's preference that state law should apply to fill gaps in federal law.[87] In the absence of an express preemption clause, the preemption jurisprudence of the Supreme Court makes it very difficult to infer preemption. In fact, some courts apply a "presumption against preemption" that can only be overcome by a clear showing of either conflict or field preemption.[88] As illustrated by the cases summarized in Part I, it is possible for state law to be deemed preempted by federal patent laws, but it is just as likely that it will not be. As the Court in *Bonito Boats* explained: "The case for federal pre-emption is particularly weak where Congress has indicated its awareness of the operation of state law in a field of federal interest, and has nonetheless decided to 'stand by both concepts and to tolerate whatever tension there [is] between them.' "[89] The case for federal preemption is also weak where the public policy of the state is particularly strong. As explained in *Kiwanis International v. Ridgewood Kiwanis Club*, a case involving a conflict between federal trademark law and state anti-discrimination laws: "In sum, it would do violence to the delicate balance of power struck by the supremacy clause to hold that the tangential federal interest in trademark uniformity preempts the principled state interest in eliminating discrimination which is at issue here."[90]

Even where conflict preemption is possible, because application of the doctrine depends upon the specifics of the subject state law, it is possible that

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[85] *See* 18 U.S.C. § 1836(b)(3)(A)(i)(I), (II). This is an example of what Abbe R. Gluck has labeled "national federalism," "statutory federalism" and "intrastatutory federalism." In this case, a federal statute, instead of preempting or precluding state law, expressly directs the federal courts to consider state law. *See generally* Abbe R. Gluck, *Our [National] Federalism*, 123 YALE L.J. 1996, 1997 (2014).

[86] *See* Sharon K. Sandeen & Christopher B. Seaman, *Toward A Federal Jurisprudence of Trade Secret Law*, 32 BERKELEY TECH. L.J. (2018).

[87] LARRY M. EIG, CONG. RESEARCH SERV., 97-589, STATUTORY INTERPRETATION: GENERAL PRINCIPLES AND RECENT TRENDS 20–21 (2011).

[88] Toll v. Moreno, 458 U.S. 1, 27 (1982) (upholding "normal presumption"); Crosby v. Nat'l Foreign Trade Council, 530 U.S. 363, 372 (2000) (categorizing the types of preemption.); Pac. Gas & Elec. Co. v. State Energy Res. Conservation & Dev. Comm'n, 461 U.S. 190, 203–04 (1983). *See also* Ernest A. Young, *"The Ordinary Diet of the Law": The Presumption Against Preemption in the Roberts Court*, 2011 SUP. CT. REV. 253.

[89] Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 166–67 (1989) (quoting Silkwood v. Kerr–McGee Corp., 464 U.S. 238, 256 (1984)). *See also* FROMER, *supra* note 23.

[90] 627 F. Supp. 1381, 1392 (D.N.J. 1986).

one state's version of a law will be preempted, but another state's version of a similar law will not be.[91] This may look like a lack of uniformity in the application of the Supreme Court's preemption jurisprudence, but in reality it is a result of the fact-specific nature of the implied preemption analysis. For purposes of the federal uniformity argument, the import of the failure of many federal laws to preempt state law is that the state law continues to coexist with the subject federal law and can be used as a source of law for purposes of both statutory interpretation and interstitial lawmaking. Also, due to the possible application of the forum state's law governing choice of law, it is possible that state law that is different from the state where the federal court hearing the case sits may apply, heightening possible errors related to that court's understanding of the applicable state law.

Even when a federal law does not preempt state law, either expressly or implicitly, Congress can nonetheless decide to preclude application of the forum state law to fill gaps in a federal statute by indicating its intent to "displace" state law. However, while it has such power, due to principles of federalism, adherence to "State's rights," political obstacles, or simple inadvertence, it doesn't always exercise this power.[92] One practical reason is that Congress does not always have time to carefully consider how a decision to preclude application of state law would affect individuals and businesses in each state. This also illustrates the problems that can result when Congress decides to legislate in an area traditionally left to the states, as it did in the case of the DTSA. A federal statute, whether preempting state law or not, is bound to upset established relationships and business practices because the existence of the federal law creates the environment for forum shopping and can lead to the development of different legal principles.

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[91] Jones v. Rath Packing Co., 430 U.S. 519, 526 (1977) (quoting Hines v. Davidowitz, 312 U.S. 52, 67 (1941) (stating "[o]ur task is 'to determine whether, under the circumstances of this particular case, [the State's] law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress' ")).

[92] *See, e.g.*, Adams v. United States of America, 2006 WL 3309873 (U.S.), at *7 (stating Congress "expressly negated any possible inference that federal courts were to exercise any 'common lawmaking' power to fashion torts under the Act in the interest of national uniformity." In fact, Congress designed the FTCA to tolerate "a great deal of variation from state to state in whether behavior will be considered tortious."), internal citations omitted. *See also* N. Star Steel Co. v. Thomas, 515 U.S. 29, 34 (1995) (analyzing congressional practice of allowing states to fill in limitation gaps).

D. APPLICATION PROBLEMS

Another reason for the lack of uniformity in federal laws is due to the fact-dependent nature of many of the issues. This is particularly true when a federal statute requires application of a flexible standard or community norms, as is often the case with federal IP laws. For instance, the "reasonable efforts" requirement of trade secret law, the "likelihood of confusion" analysis of trademark law, and the "fair use" standard of copyright law.[93] This is why, when people assail the lack of uniformity in a particular area of law (as they did in the lead-up to the DTSA with respect to trade secret law under the Uniform Trade Secret Act), care must be taken to determine if that lack of uniformity is due to a difference in statutory language or a difference in application of the law to the particular facts of the case. Only the first problem has any chance of being solved through legislation, and even then, not perfectly due to the other uniformity problems noted herein.

Certain issues in law are more suitable for a rule than a standard,[94] like stating a rule that the patent term is for twenty years after the filing of a patent application. But even then, the result is not perfectly predictable because the rule often includes qualifiers or exceptions, like the definition of "effective filing date" and the possibility of patent term extensions. On the other side of the spectrum, some issues in law have a low degree of predictability because the outcome is highly fact-dependent or because they require application of community norms. It is with respect to such issues that standards, rather than rules, are more common and when uniformity is most difficult to achieve. Thus, rather than just arguing for uniformity for uniformity sake, we should identify the issues upon which uniformity is key and, as importantly, determine whether it is realistic to believe uniformity can be achieved.

E. CONFLICTS WITH OTHER FEDERAL LAWS OR THE CONSTITUTION

The potential for conflicts between multiple federal laws or between a federal law and a provision of the Constitution presents another circumstance where seemingly non-uniform application of federal law may result.[95] Although

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[93] Lemos, *supra* note 83 (stating a "reasonableness standard plainly invites judicial policymaking. The standard requires further elaboration to clarify its contents, and even the courts most committed textualists recognize that the text of the statute plays a minimal role in that process" (citing Daniel A. Farber & Brett H. McDonnell, *"Is There a Text in this Class?" The Conflict Between Textualism and Antitrust*, 14 J. CONTEMP. LEGAL ISSUES 619, 621 (2005))).

[94] *See* Pierre Schlag, *Rules and Standards*, 33 UCLA L. REV. 379 (1985) (defining rules and standards and explaining the pros and cons of each).

[95] *See supra* notes 37–39 and accompanying text.

the general rule with respect to conflicting federal statutes is that the courts are not to prefer one over the other,[96] sometimes a determination of Congressional preference will be found.[97] Where provisions of the U.S. Constitution create the conflict, there are two possible scenarios. First, a federal statute may be ruled unconstitutional on its face, in which case a measure of uniformity exists because the statute is either constitutional or not. Such was the case in the *Trademark Cases*, where the applicable federal statute was held unconstitutional because Congress did not have the power pursuant to the Intellectual Property Clause of the Constitution to enact a federal trademark law.[98] Conflicts and a resulting lack of uniformity are more likely in the second scenario where a federal statute may be constitutional on its face, but is unconstitutional as applied. For instance, in intellectual property cases, the plaintiff might be entitled to an injunction in most cases, but in some cases an injunction would restrict free speech or violate some other Constitutional right.[99] Then, the interest in federal uniformity is overridden in favor of a higher valued Constitutional right.

F. PROCEDURAL ISSUES

One area of federal law that is more uniform than others is the law governing federal civil procedure because the *Erie* doctrine does not generally apply, at least to the extent that there is a properly adopted Federal Rule of Civil Procedure on the issue in question.[100] Where a federal rule of civil procedure does not exist on a given point, the analysis can get more complicated as federal courts will often apply state laws that while seemingly "procedural" would "significantly affect" the results of a case, thereby being deemed

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[96] *See* Patterson v. McLean Credit Union, 491 U.S. 164, 181 (1989) (quoting Johnson v. Railway Express Agency, 421 U.S. 454, 461 (1975) (stating "where the statutes do in fact overlap we are not at liberty 'to infer any positive preference for one over the other' ")). *But see* GARRETT EPPS, AMERICAN EPIC. READING THE U.S. CONSTITUTION 85 (2013) (explaining that a statute preferring one state over another, while not Constitutional, "is not necessarily rendered invalid").

[97] Richard Steven Rosenberg, Boys Markets *Injunctive Relief in the Sympathy Strike Context:* Buffalo Forge *from a Management Perspective*, 17 SANTA CLARA L. REV. 665, 677, n.55 (1977) (stating "[t]he driving force behind Boys Markets was to implement the strong Congressional preference" (citing Boys Markets Inc. v. Retail Clerk's Union, 398 U.S. 235, 245 (1970))).

[98] Trade-Mark Cases, 100 U.S. 82, 96–97 (1879).

[99] *See, e.g.*, Shea v. Reno, 930 F. Supp. 916, 935 (1996) (explaining Communications Decency Act section, 47 U.S.C.S. § 223(d), "has a chilling effect on free expression"). *See generally* Reno v. ACLU, 521 U.S. 844 (1997).

[100] *See* Hanna v. Plumer, 380 U.S. 460 (1965).

"substantive."[101] Thus, a lack of federal uniformity can result from divergent interpretations of applicable rules of federal procedure or because the procedural issue is deemed to be an issue upon which state law must apply.

## IV. REFLECTIONS ON THE VALUE OF UNIFORMITY IN IP LAW

In her article, *Overvaluing Uniformity*, Professor Amanda Frost raised the salient question whether uniformity is a worthy goal and, if so, for what reasons.[102] The same question can be asked with respect to federal IP laws, particularly when Congress decides to intrude upon an area of law that has traditionally been left to the states, as it did with the Lanham Act and the recent enactment of the DTSA.

According to Professor Frost, a number of arguments in favor of federal uniformity have been asserted over the years, including: (1) the need for federal court legitimacy; (2) a desire to improve the plight of multi-state actors; (3) the benefits of predictability; and (4) the avoidance of forum shopping.[103] The legislative history of the DTSA reveals that the second and third rationales were principal justifications for its enactment, but it was also argued that a federal civil cause of action for trade secret misappropriation was needed to place trade secrets on par with the existing federal intellectual property laws in the areas of patent, copyright, and trademark. The thought was that, particularly in international circles, U.S. trade secret law would not be respected unless it was part of federal law.[104]

All the foregoing rationales for federal uniformity seem good on paper, but as noted previously, for a variety of legal and practical reasons, federal uniformity is difficult to achieve even when a detailed federal law is written. Moreover, the perceived legitimacy of federal law over state law could easily be applied to a wide variety of state laws, such as commercial law, but no one is clamoring to supplant the Uniform Commercial Code with a federal law. In fact, if anything, our system of federalism establishes both a Constitutional and

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[101] Guaranty Trust Co. v. York, 326 U.S. 99, 110 (1945) ("As to consequences that so intimately affect recovery or non-recovery a federal court in a diversity case should follow State law.").

[102] Frost, *supra* note 9, at 1581 (stating "[t]o be clear, the claim here is not that uniformity is worthless or that inconsistent interpretation of federal law is never problematic, but rather that eradicating nonuniformity has too often been given priority at the expense of other values").

[103] *Id.* at 1569.

[104] *See* R. Mark Halligan, *Revisited 2015: Protection of U.S. Trade Secret Assets: Critical Amendments to the Economic Espionage Act of 1996*, 14 J. MARSHALL REV. INTELL. PROP. L. 476, 483–85 (2015); David S. Ameling, *Four Reasons to Enact a Federal Trade Secrets Act*, 19 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 769, 782–86 (2009).

institutional preference for the application of state substantive law over federal substantive law.

While policymakers and lobbyists are apt to trot out the rhetoric of uniformity whenever they wish to enact a new federal law, because the desired uniformity does not always result, it is important to focus on other possible rationales for new federal laws. One such rationale is that a federal law is needed to fill a gap that exists in state law, for instance the legal vacuum that was created in unfair competition law following the Supreme Court's decision in *Erie*.[105] However, in such cases, the gap might also be filled by a uniform state law, as was the case with the Uniform Trade Secrets Act,[106] again raising the important question why a federal law would be better.

Sometimes a new federal law is justified by changes in technology that require a response that is quicker than either the common law or the drafting and adoption of a uniform law can provide. Both the Digital Millennium Copyright Act[107] and the Computer Fraud and Abuse Act[108] are examples of this approach, but they also reveal that a rush to enact federal legislation can result in legislation being enacted before all the problems are known. Related to this rationale is the fact that a federal statute (or a uniform state law) can often be used to speed-up or fix the development of common law in a certain area, as was the case with the Uniform Trade Secrets Act.[109]

Most arguments in favor of federal uniformity focus on the asserted benefits of uniformity but fail to explore the reasons why Congress does not act to further uniformity in all areas of law. This underscores the weakness of the uniformity argument because it shows that there is no general interest in the uniformity of legal principles, only an interest in federal uniformity with respect to those areas of law over which Congress wishes to assert control. Whether explained as respect for states' rights or an inability to get legislation passed, the simple fact is that the benefits of federal uniformity are often not enough to motivate the enactment of a federal law, even when there are numerous conflicting state laws on the subject. Privacy laws governing the protection of personally identifiable information and rights of publicity laws provide two IP-

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105 *See* Mark P. McKenna, *Trademark Law's Faux Federalism*, *in* INTELLECTUAL PROPERTY AND THE COMMON LAW, *supra* note 23.

106 *See* Sharon K. Sandeen, *The Evolution of Trade Secret Law and Why Courts Commit Error When They Do Not Follow the Uniform Trade Secrets Act*, 33 HAMLINE L. REV. 493, 507 (2010) (describing the *Erie*/*Sears*/*Compco* squeeze).

107 Pub. L. No. 105-304, 112 Stat. 2860 (1998).

108 18 U.S.C. § 1030 (1986).

109 *See* Sandeen, *supra* note 106, at 493.

related examples of laws that have been left to the states despite the benefits of federal uniformity.

Although the European Union has embraced the value of uniformity to adopt comprehensive privacy and data protection laws,[110] comparable laws in the United States are a hodge-podge of federal statutes, state statutes, and common law,[111] leading both to an absence of robust protection (except in some specialized areas like healthcare) and inefficiencies that come from businesses having to comply with inconsistent state laws. Apparently, with respect to privacy, the usual desire for federal uniformity is overridden by industry fears that a federal privacy law might require them to do too much. With respect to rights of publicity, numerous states have adopted inconsistent laws that have spawned much confusion and litigation and have created rights that often conflict with copyrights.[112] Although these state laws can be a drag on the creation and distribution of creative works, Congress apparently does not care enough about federal uniformity to resolve the morass of legal issues that have resulted from inconsistent rights of publicity laws.

## V. POTENTIAL SOLUTIONS

On the surface, the goal of uniformity in law seems commendable, but we must be clear about whether we want "*Erie* uniformity," "federal uniformity," or the "national uniformity" that results from widely-adopted uniform state laws. Because federal uniformity is more myth than reality, the federal uniformity argument should be seen for what it is: more of a rhetorical device than an achievable goal. When Congress is truly concerned about federal uniformity (as opposed to *Erie* uniformity), there are steps it can take to increase the likelihood of actual uniformity. But these steps present their own problems, not the least of which is the ability to effectuate them.

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[110] *See, e.g.*, Directive 95/46/EC, of the European Parliament and of the Council of Oct. 24 1995 on the Protection of Individuals with Regard to the Processing of Personal Data and on the Free Movement of Such Data, 1995 O.J. (L 281) 31-50 (centerpiece of current proposal for Commission Regulation 2012/0011, 2012 O.J. (L 8) 1-22); Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 Concerning the Processing of Personal Data and the Protection of Privacy in the Electronic Communications Sector (Directive on Privacy and Electronic Communications), 2002 O.J. (L 201) 37-47.

[111] *See, e.g.*, Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. § 1320d (2016) (protection for individual's health data); Fair and Accurate Credit Transactions Act of 2003, 15 U.S.C. §§ 1601, 1681 (2016); Children's Online Privacy Protection Act of 1998, 15 U.S.C. §§ 6501–6506 (2016).

[112] Jennifer E. Rothman, *Liberating Copyright: Thinking Beyond Free Speech*, 95 CORNELL L. REV. 463, 479 (2010).

First, Congress can always increase uniformity by drafting federal laws with more details, including more rules than standards and appropriate and clear definitions. When it does so, the federal courts are required by canons of statutory construction to apply the federal law without resort to other resources, like the law of the forum state. But as the Copyright Act of 1976 reveals, even the most comprehensive of federal laws are likely to have ambiguities and gaps that must be resolved and filled, and bright-line rules are not always possible. Thus, the more fundamental issue is whether Congress should provide the details or defer to the federal courts to do so, in essence, allowing them to become laboratories for better lawmaking overtime and in context.[113] In making such a choice, as it arguably did with many aspects of federal IP law, at some point Congress should either clean-up the mess that its poor legislative drafting caused or accept the lack of federal uniformity it created. Otherwise, without legislative fixes, it is litigants and the courts that are burdened with the ill-effects of a lack of federal uniformity. Another alternative is not to legislate in the area at all, leaving it up to the states to adopt laws, including uniform state laws, as they see fit.

Second, when adopting a new federal law, Congress can avoid express or implied incorporation of state law and explicitly preempt or displace state law, thereby sanctioning federal courts to make "federal common law" to fill gaps rather than defaulting to the law of the forum state or other principles of state law. The problem with this approach is that non-uniformity may still result until the Supreme Court is heard on an issue. Moreover, it is an approach that is contrary to principles of federalism and concerns about judicial activism. It also increases the possibility that federal law will change longstanding principles of state law, such as those that governed trade secret law before the DTSA was adopted. Without careful study and great care, such an approach can fundamentally alter the settled expectations of the parties, particularly with respect to property and familial rights and other obligations that have typically been left to the states to define. This was a concern about the DTSA with respect to the laws of the individual states on restraints of trade until a provision was added to require federal courts to take such laws into account.[114]

Third, and consistent with the *Erie* doctrine, Congress can be more resistant to legislating in areas traditionally governed by common law. There are areas of law, like U.S. commercial law and trade secret law, where other uniformity-enhancing mechanisms have already operated to create a largely uniform body

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[113] *See* Hills, *supra* note 21, at 1.

[114] S. REP. NO. 114-220, at 8 (2016) (stating "some members, including Senator Feinstein, voiced concern that the injunctive relief authorized under the bill could override state-law limitations that safeguard employee mobility and thus could be a substantial departure from existing law in those states").

of law.[115] When federal law is adopted with respect to such areas of law, it threatens to do more harm than good by creating the possibility that non-uniform principles of state and federal law will develop and litigants will forum shop between state and federal courts. On the other hand, there are some other areas of law, like trademark law[116] and rights of publicity law, where federal intervention can create uniformity where little exists at the time the federal law is enacted. In other words, congressional legislative efforts should focus on determining if and how a federal law can improve the existing legal landscape by either filling gaps in existing law or speeding up a common law-making process that has led to a lack of clarity and predictability.

## VI. CONCLUSION

While uniformity in IP laws is a laudable goal, one must be realistic about the degree of uniformity that can be achieved through the adoption of federal laws, or even uniform state laws. Setting forth uniform rules and standards is one thing, being able to ensure particular results on fact-specific issues is quite another. This is particularly true when federal courts are called upon to apply such amorphous concepts as "novelty," "nonobviousness," "originality," "fair use," "likelihood of confusion," and "reasonable efforts to maintain secrecy."[117] In theory, efforts to make the law "clearer" are always a good idea, but those efforts can also backfire because too much specificity and clarity often narrow the scope of rights. It is the classic Goldilocks problem; it is difficult to get lawmaking "just right." Someone will always lose that hoped to win. If they lose, they might lobby Congress to change the law, but then someone else who hoped to win will lose, and if they have a powerful enough lobby, the cycle will continue. Seen in this light, there is something comforting about a lack of uniformity because it allows issues to exist and evolve outside of the political sphere where they can be argued based upon the facts and equities of the situation. And, in keeping with principles of federalism, often the states are in a much better position than Congress to make laws uniform.

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[115] Carlyle Conwell Ring, Jr., *A New Era: Cooperative Federalism—Through the Uniform State Laws Process*, 33 HAMLINE L. REV. 375, 377–78 (2010).

[116] McKenna, *supra* note 105 (explaining the development of federal principles of trademark law in the aftermath of *Erie* and the adoption soon thereafter of the federal Lanham Act).

[117] *See* text accompanying *supra* note 93.