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CASES IN WAKE OF DASTAR V. TWENTIETH CENTURY FOX CONTINUE TO NARROW THE SCOPE OF A "REVERSE PASSING OFF" CLAIM

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Abstract

In 2003, the United States Supreme Court decided *Dastar Corp. v. Twentieth Century Fox Film Corp.*, narrowing the scope of protection under the federal Lanham Act for "reverse passing off." "Reverse passing off" is derived from the statutory language in § 43(a) of the Lanham Act prohibiting a "false designation of origin" that is likely to cause consumer confusion and generally occurs where one company puts forth another company's product as its own. A "reverse passing off" claim was also thought to be feasible against one who misrepresented the source of the creative or communicative work embodied in a product. In *Dastar*, however, the Court limited the ability to bring a claim of "reverse passing off" by narrowly defining the term "origin," holding that "origin" refers only to the source of the tangible goods and not to the source of any idea, concept or communication embodied in the tangible goods. Following *Dastar*, several cases have further defined the scope of a "reverse passing off" claim. This Article introduces the concept of "reverse passing off" and then discusses the impact of *Dastar* and its application in subsequent cases.

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INTRODUCTION

<1> Prior to the decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*², an originator of communicative or creative works could bring a claim of “reverse passing off” against those that had included the originator’s work in a commercial product without accreditation. In *Smith v. Montero*, for example, the U.S. Court of Appeals for the Ninth Circuit found that a film actor had a valid claim for “reverse passing off” when a film distributor substituted the original actor’s name for another name in the credits and advertising material of a film.³ This ability for the originator of a communicative or creative work to bring a claim of “reverse passing off,” however, was foreclosed by the decision in *Dastar*.

<2> In *Dastar*, the U.S. Supreme Court held that a plaintiff must show that a misrepresentation or false designation led to confusion as to the origin of the “tangible goods” and not simply confusion as to the origin of any underlying creative work when bringing a valid claim of “reverse passing off.”⁴ For example, an author would be unsuccessful when bringing a “reverse passing off claim” if a company took the author’s underlying story, made minor changes and then bound and sold the book under its own label. In this case, there would be no confusion as to the origin of the physical book, because the company is the “origin” of the physical book. As a result, originators of creative works can no longer bring a claim of “reverse passing off” for misattribution, plagiarism or false authorship.⁵ The particular work at issue in *Dastar* had fallen into the public domain and therefore it was unclear whether the decision would also apply to works that are still protected under valid copyrights.⁶ In addition, because the work at issue in *Dastar* was of a communicative nature, it was unclear whether the decision would also apply to non-communicative works. Subsequent to *Dastar*, several cases have interpreted the decision to apply both to goods not protected by copyright, as well as to those under valid copyright protection. In addition, courts have applied the bar against a “reverse passing off” claim to non-communicative works. This Article introduces the concept of “reverse passing off” and then discusses how cases in the wake of *Dastar* have clarified and solidified the narrowing of a “reverse passing off” claim.

REVERSE PASSING OFF

<3> A claim of “reverse passing off” finds its statutory support in § 43(a), 15 U.S.C. § 1125(a), of the federal Lanham Act.⁷ The Lanham Act generally provides protection for “persons engaged in ... commerce against unfair competition” and from the “deceptive and misleading use of marks.”⁸ Although the majority of the Lanham Act addresses the use, registration and infringement of trademarks, § 43(a) reaches beyond trademark protection.⁹ Section 43(a) provides a cause of action against anyone using a “false designation of origin” which is likely to cause consumer confusion “as to the origin” of his or her goods.¹⁰

<4> The most obvious form of “reverse passing off” occurs when a person removes or obliterates the original trademark of another, without authorization, before reselling goods produced by someone else.¹¹ For example, Pepsi would be vulnerable to a claim for “reverse passing off” if it stripped the Coca-Cola label off a Coke product and then sold the product under a Pepsi label.¹² This is distinguishable from “passing off” in which a person sells his or her own goods under someone else’s label. “Reverse passing off” can be accomplished either expressly¹³ or impliedly.¹⁴ Express passing-off occurs when the wrongdoer actually replaces the original mark with a name of his or her own choosing, whereas implied passing off occurs when the good or service is simply stripped of its identifying mark and sold in an unbranded state.¹⁵

REVERSE PASSING OFF PRIOR TO DASTAR

<5> Prior to the decision in *Dastar*, the Ninth Circuit in *Smith v. Montoro* faced the issue of whether an actor had a valid claim against a film distributor for substituting the actor’s name for another name of its own choosing in the credits and advertising material of a film.¹⁶ The court reasoned that the distributor had falsely designated or represented another actor as the originator of the plaintiff’s performance. On a policy level, the court recognized such conduct as wrongful because “it involves an attempt to misappropriate or profit from another’s talents and workmanships.”¹⁷ As a result, the Ninth Circuit held that the actor had a valid claim for “reverse passing off.”

<6> The rationale in *Montoro* relies on the assumption that “origin” within the meaning § 43(a) extends to the originator of a creative or communicative work. The Supreme Court did not accept this assumption with its decision in *Dastar*.

<7> Twentieth Century Fox Film ("Fox"), a television series producer, claimed that Dastar Corp. ("Dastar") had violated § 43(a) of the Lanham Act by "reverse passing off" Fox's original television series, *Crusade in Europe*. In 1948, Fox had acquired rights to produce a television series, *Crusade in Europe*, based on General Dwight D. Eisenhower's book released earlier that year.¹⁸ The series was protected under copyright until 1977, when it fell into the public domain due to Fox's failure to renew the copyright.¹⁹ Subsequently, Dastar acquired copies of the original series, made slight modifications and then began selling the new version as *Campaigns in Europe* under its own name. The Ninth Circuit affirmed the lower court's holding of "reverse passing off" and awarded Fox \$1.5 million in damages. The U.S. Supreme Court granted certiorari and reversed in a unanimous decision.²⁰

<8> The Supreme Court held that "origin," in the context of § 43(a), refers only to the manufacturer or producer of the physical goods and not to the creator of the underlying intellectual property. As a result, Dastar was not liable for "any false designation of origin" because Dastar was the "origin" of the modified video series. In reaching this conclusion, the Supreme Court relied on the plain meaning of "origin." The Court stated that "the most natural understanding of the 'origin' of 'goods' — the source of wares — is the producer of the tangible product sold in the marketplace, in this case the physical *Campaigns* videotape sold by Dastar."²¹ In defining "origin," the Court focused on who produced the tangible product, not on who created the underlying work embodied in the good.

<9> Furthermore, the Court recognized that if "origin" were stretched to cover the origin of the underlying creative work, as opposed to the source of wares, then that recognition would lead to the creation of "a species of mutant copyright law that limit's the public's federal right to copy and use expired copyrights."²² For example, under such a statutory construction, Fox would have perpetual protection through § 43(a) for the content in its *Crusade in Europe* series, long after any copyrights expired. Such a statutory construction would be contrary to the clear mandate from Congress that copyright protections have a fixed duration.

<10> In addition, the Court recognized practical problems associated with broadening the scope of the term "origin." First, the Court recognized that "figuring out who is in the line of

'origin' would be no simple task." In the context of the *Crusade in Europe*, much of the film was shot by the United States Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and unidentified Newsreel Pool Cameramen.²⁴ The Court recognized the impracticality of determining such originators and found that the Lanham Act does not require such a "search for the source of the Nile and all its tributaries."²⁵

Moreover, the Court recognized that manufactures, such as *Dastar*, would be placed in a catch 22 if the definition of "origin" were stretched to cover the underlying creative work. The manufacturer would be liable for "reverse passing off" if it failed to accredit the creator of the underlying work and in the alternative would be liable for crediting the underlying creator if the accreditation were regarded as implying the creator's sponsorship or approval of the work.²⁶ In sum, the Supreme Court found ample support for strictly limiting the scope of "origin" to "the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods."²⁷ Essentially, this has narrowed a "reverse passing off" claim to the act of complete appropriation of another's products, stripping off the identifying marks and then selling the product as one's own.

APPLICATION OF DASTAR

The ruling in *Dastar* significantly limits the ability to bring a "reverse passing off" claim. The following cases illustrate recent applications of *Dastar* and help define the scope of what remains of a "reverse passing off" claim. For example, cases following *Dastar* make it clear that the *Dastar* holding applies both to works still under copyright protection as well as to those that have fallen out of copyright. In addition, *Dastar* applies outside the realm of communicative works, limiting the ability to bring a "reverse passing off" claim against copying the underlying concept or idea embodied in a non-communicative good.

A. Software – General Universal Systems, Inc. v. Lee

In *General Universal Systems Inc. v. Lee*, the plaintiff, General Universal Systems ("GUS"), argued that defendant HAL had engaged in "reverse passing off" by copying and marketing GUS's copyrighted freight tracking software as HAL's own.²⁸ GUS developed a software program designed for use in the freight forwarding and shipping industry and then licensed that

software to Lopez, a GUS client, retaining all rights to any improvements.²⁹ Lopez later formed a venture, HAL, to develop a competing software program based on a derivative version of GUS's original software.³⁰ GUS claimed that HAL engaged in "reverse passing off" by copying the ideas, concepts, structures, and sequences embodied in its copyrighted work. In addition, GUS claimed copyright infringement but was unable to bring forth sufficient evidence to support its burden of proof.³¹

<14> In rejecting GUS's "reverse passing off" claim, the U.S. Court of Appeals for the Fifth Circuit found *Dastar's* reasoning controlling, despite some differences between *Dastar* and the situation at hand.³² In *Dastar*, the material alleged to be passed off had fallen into the public domain and the Supreme Court found compelling reasons not to recognize a claim that would have limited the public's ability to utilize public material. In contrast, none of the parties disputed the fact that GUS held a valid copyright on its software.

<15> The Fifth Circuit did not limit *Dastar's* holding to cases in which the product has entered the public domain, but rather relied on copyright as the sole mechanism to protect GUS's interest in its software. In essence, the court found that GUS's Lanham Act claim of "reverse passing off" was simply a claim that HAL has infringed its copyright.³³ GUS was not claiming that HAL had taken tangible copies of its software, removed its trademark and resold the software as HAL's own.³⁴ As a result, the Fifth Circuit affirmed summary dismissal of GUS's Lanham Act claim.³⁵

B. Textbooks – *Zyla v. Wadsworth, Div. of Thomson Corp.*

<16> In *Zyla v. Wadsworth, Div. of Thomson Corp.*, a person claiming to be the co-author of a college textbook brought an action against the lead author and publisher ("Thomson") alleging multiple claims, including copyright infringement and "reverse passing off" under the Lanham Act.³⁶ The claimed co-author, Gail Zyla, had worked on the second and third editions of the textbook and received attribution.³⁷ Later, after growing unhappy with the progress of the project Zyla withdrew from the fourth edition project and stated that her work in the new edition was not to be used without her permission.³⁸ Despite her request, Zyla's work was included in the new edition and used without permission.³⁹

<17> The U.S. Court of Appeals for the First Circuit found that Zyla had assigned her copyrights in the fourth edition to

Thomson and by doing so she was precluded from any claim of copyright infringement.⁴⁰ Zyla argued, with respect to the Lanham Act claim, that the acknowledgments section of the new edition was “likely to cause confusion ... as to the origin ... of the goods” because it implicitly represented that her work was not included in the new edition.⁴¹ The court found *Dastar* controlling on this issue and affirmed summary judgment. The court acknowledged the catch 22 identified in *Dastar* and reasoned that if Zyla had been credited with her role in the new edition, then Zyla would likely have a false attribution claim against Thomson because of her express withdrawal from the project.⁴² The court further embraced *Dastar’s* reasoning that “origin” only applies to the producer of tangible goods (i.e. Thomson) and that “claims of false authorship should be pursued under copyright law.”⁴³ Having exhausted her copyright remedies, Zyla could not turn to the Lanham Act for broader protection.⁴⁴

C. Tables – Bretford Mfg., Inc. v. Smith System Mfg. Corp.

<18> In *Bretford Mfg., Inc. v. Smith System Mfg. Corp.*, the plaintiff, Bretford Manufacturing (“Bretford”) sued Smith System Manufacturing (“Smith System”) under the Lanham Act for trade dress infringement and “reverse passing off.”⁴⁵ Bretford had been the exclusive producer of a particular type of computer table in the years between 1990 and 1997.⁴⁶ In 1997, however, Smith System began making sales of a knock-off table.⁴⁷ Bretford claimed that Smith System had committed “reverse passing off” by using part of Bretford’s table in a sample table, which was subsequently used to solicit sales.⁴⁸

<19> The U.S. Court of Appeals for the Seventh Circuit, relying on *Dastar*, held that Bretford could not maintain a “reverse passing off” claim because Smith validly identified itself as the originator of the final marketable product.⁴⁹ The court noted that a claim of “false origin” does not apply when a manufacturer incorporates subassemblies or components from others into a final tangible product sold in the marketplace. Further, the court recognized that “[n]o one makes a product from scratch” and that the Lanham Act “does not condemn the way in which all products are made.”⁵⁰ This decision applies *Dastar* beyond the confines of communicative works and illustrates the breadth of that decision. This appears to lead to the conclusion that “reverse passing off” has been narrowed to include only the act of stripping a final product of its identifying mark and palming it off as one’s own. The Supreme Court

recognized this limited remedy when it stated that a "claim would be undoubtedly sustained if Dastar had bought some of New Line's *Crusade* videotapes and merely repackaged them as its own."⁵¹

CONCLUSION

<20> *Dastar* holds that "origin" in the context of § 43(a) of the Lanham Act applies to the manufacturer or producer of tangible goods. In *Dastar*, however, the goods in question were communicative works that had fallen out of copyright. It was unclear whether the holding in *Dastar* would also apply in the context of copyrighted works or goods that are not of a communicative nature. In the wake of *Dastar*, several cases clarified the broad reach of the *Dastar* decision. These cases illustrate that *Dastar* applies to a wide range of communicative works, including screenplays, textbooks and computer software, as well as non-communicative goods such as furniture. In addition, *Dastar* applies to works that have fallen into the public domain as well as those protected under valid copyrights.⁵² In sum, *Dastar* has significantly narrowed the scope of "reverse passing off."⁵³ An actor, such as the one in *Smith v. Montoro*, may no longer rely on a claim of "reverse passing off" to provide greater protection than that provided by copyright. What remains actionable then under a "reverse passing off" theory appears to be the act of complete appropriation of another's products, stripping off the identifying marks, and then selling the product as one's own.

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Footnotes

1. Jared Barrett, University of Washington School of Law, Class of 2007. I thank Professor Barton Beebe of the Cardozo School of Law and Professor Anita Ramasastry of the University of Washington School of Law for providing exceptional guidance and helpful feedback on this Article.
2. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003).
3. *Smith v. Montero*, 648 F.2d 602 (9th Cir. 1981).
4. *Dastar*, 539 U.S. at 37-38.
5. 1 HOWARD B. ABRAMS, THE LAW OF COPYRIGHT § 5:408.1 (2006) ("After *Dastar*, the notion that the rights of

attribution and integrity might be found in section 43(a) of the Lanham Act is dead.”); see generally Jonathan Band & Matt Schruers, *Dastar, Attribution, and Plagiarism*, 33 AIPLA Q.J. 1 (2005); but cf. Rick Mortensen, *D.I.Y. After Dastar: Protecting Creators’ Moral Rights Through Creative Lawyering, Individual Contracts and Collectively Bargained Agreements*, 8 VAND. J. ENT. & TECH. L. 335, 342 (“Even under the Court’s definition of “origin,” creative artists seeking proper credit may still use section 43(a) of the Lanham Act, a fact which has eluded some commentators.”).

6. 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27:77.1 (4th ed. 2006) (“The rationale and reasoning of the Court’s holding relies heavily on the uncopyrighted status of the Crusades television series and the need to interpret the Lanham Act so as to avoid a conflict with copyright law.”).
7. See Richard Ronald, *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 19 BERKELEY TECH. L.J. 243, 246 (providing a brief history of “reverse passing off”).
8. 15 U.S.C. § 1127 (2000).
9. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29 (2003).
10. Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides in part: Any person who ... uses in commerce ... any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which is likely to cause confusion ... as to the origin ... of his or her goods ... shall be liable in a civil action.
11. *Smith v. Montero*, 648 F.2d 602, 605 (9th Cir. 1981) (citing William M. Borchard, *Reverse Passing Off-- Commercial Robbery or Permissible Competition?*, 67 TRADEMARK REP. 1 (1977)).
12. *Dastar*, 539 U.S. at 32.
13. See 4 MCCARTHY, *supra* note 6, § 25:6.
14. *Id.* § 25:8.
15. *Montoro*, 648 F.2d at 605 (citing 1 R. CALLMAN, UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES, § 18.2(b)(1), at

16. *Id.* at 603.
17. *Id.* at 607.
18. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 25 (2003).
19. *Id.* at 23.
20. *Id.* at 28, 38.
21. *Id.* at 33.
22. *Id.* at 34.
23. *Id.* at 35.
24. *Id.*
25. *Id.* at 35-36.
26. 15 U.S.C. § 1125(a)(1)(A) (2000).
27. *Dastar*, 539 U.S. at 37.
28. *General Universal Systems, Inc. v. Lee*, 379 F.3d 131, 148 (5th Cir. 2004).
29. *Id.* at 137.
30. *Id.* at 137-38.
31. *Id.* at 146.
32. *Id.* at 149.
33. *Id.*
34. *Id.*
35. *Id.*
36. *Zyla v. Wadsworth, Div. of Thomson Corp.*, 360 F.3d 243, 246 (1st Cir. 2004).
37. *Id.*
38. *Id.*
39. *Id.*
40. *Id.* at 250.
41. *Id.* at 252.
42. *Id.* at 251.
43. *Id.* at 252.

44. Also, the fact that a copyright claim is unavailable for a perceived harm with respect to communicative products does not change the unavailability of a reverse passing off claim. See *Antidote Intern. Films, Inc. v. Bloomsbury Pub., PLC*, 467 F. Supp. 2d 394, 398 (S.D.N.Y. 2006) (“[N]othing in *Dastar* suggests that communicative products such as novels may be accorded "special treatment" under the Lanham Act where no copyright claim is available. Rather, *Dastar* holds that the fact that copyright law covers "communicative products" prevents these products from being accorded "special treatment" under the Lanham Act regardless of whether a viable copyright claim exists in a given case.”).
45. *Bretford Mfg., Inc. v. Smith System Mfg. Corp.*, 419 F.3d 576 (7th Cir. 2005).
46. *Id.* at 578.
47. *Id.*
48. *Id.*
49. *Id.* at 581.
50. *Id.* at 580-81.
51. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 31 (2003).
52. See 4 MCCARTHY, *supra* note 6, § 27:77.1 (“I do not think that it makes any difference whether the plaintiff's creative material is in or out of copyright or if the defendant's version is an infringement of copyright or not. If defendant falsely claims to be the "origin" of a communicative or expressive product, the copyright status of that product is not relevant to the Lanham Act analysis.”); 1 ALEXANDER LINDEY & MICHAEL LANDAU, *LINDEY ON ENTERTAINMENT, PUBLISHING AND THE ARTS* § 2:48 (3d ed. 2006) (“By holding that Section 43(a) does not apply to claims for unaccredited copying without expressly limiting the decision to public domain works, the Court has eliminated all attribution rights under U.S. trademark law for all works, regardless of copyright status.”).
53. See D. Reeves Carter, *Looking at Dastar: National and International Implications*, 830 P.L.I./Pat. 551, 588 (2005).