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DASTAR CORP. V. TWENTIETH CENTURY FOX FILM CORP.

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“This case is significant to all responsible for producing and distributing entertainment products and to artists and others who contribute creatively in that process.”

Lawsuits seeking damages or injunctions to redress improper or omitted credits for creative contributions to movies and other artistic products have become common in entertainment litigation. These cases often were based on Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)), a law prohibiting trademark infringement and similar actions that deceive consumers and impair commercial goodwill.¹ Under that statute, for example, an actor has been permitted to sue a distributor who removed his credit from a movie, and a co-writer of a song has been allowed to sue a record company that did not credit him for his contribution.²

On June 2, 2003, the Supreme Court substantially limited these claims in the case of Dastar Corp. v. Twentieth Century Fox Film Corp., 123 S. Ct. 2041, 2003 WL 21251442 (U.S.).

Summary Of Case

Twentieth Century Fox (Fox) owned the copyright to a television series based on General Eisenhower’s war memoirs that was broadcast in the late 1940s (the “Fox Series”). Fox did not renew the copyright in the Fox Series, which expired in 1977, leaving the series in the public domain. In 1995, Dastar Corporation (Dastar) released a video set comprised largely of footage from the Fox

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Series (the “Dastar Video”) and sold it to various retailers. Neither the advertising nor the physical video or its packaging contained any credit to Fox. In 1998, Fox sued Dastar and included a claim that Dastar’s “sale of [the Dastar Video] ‘without proper credit’ to the [Fox Series] constitutes ‘reverse passing off’ . . . in violation of § 43(a) of the Lanham Act” 123 S. Ct. at 2044-45.³ The District Court granted summary judgment for Fox on the Lanham Act claim, and the Ninth Circuit affirmed on the ground that “Dastar copied substantially the entire [Fox Series], labeled the resulting product with a different name and marketed it without attribution to Fox [, which] is sufficient to establish the reverse passing off.” *Id.* at 2045.

The Supreme Court, in an opinion by Justice Scalia, reversed. The Court focused on the definition of “origin” as used in the phrase “false designation of origin” contained in Section 43(a) of the Lanham Act, and held that “origin” of goods for purposes of the Lanham Act is “the producer of the tangible product sold in the marketplace, in this case the physical . . . videotape sold by Dastar.” *Id.* at 2047. “[A]s used in the Lanham Act, the phrase ‘origin of goods’ is in our view incapable of connoting the person or entity that originated the ideas or communications that ‘goods’ embody or contain.” *Id.* (emphasis added). The Court reasoned that “[t]he consumer who buys a branded product does not automatically assume that the brand-name company is the same entity that came up with the idea for the product, or designed the product – and typically does not care whether it is. The words of the Lanham Act should not be stretched to cover matters that are typically of no consequence to purchasers.” *Id.*

Fox argued that “the reality of purchaser concern is different for what might be called a communicative product – one that is valued not primarily for its physical qualities, such as a hammer, but for the intellectual content that it

conveys, such as a book or, as here, a video.” *Id.* However, the Court rejected that argument because it would cause the Lanham Act to potentially impinge upon the scope of copyright and patent laws: “[I]n construing the Lanham Act, we have been ‘careful to caution against misuse or over-extension’ of trademark and related protections into areas traditionally occupied by patent or copyright.” *Id.* at 2048.

Moreover, the Court reasoned, “[r]eading ‘origin’ in § 43(a) to require attribution of uncopyrighted materials would pose serious practical problems. Without a copyrighted work as the basepoint, the word ‘origin’ has no discernable limits. . . . We do not think the Lanham Act requires this search for the source of the Nile and all its tributaries.”⁴ *Id.* at 2049.

The Court concluded its opinion by emphasizing that the purpose of the Lanham Act, unlike copyright and patent laws, is not to protect creativity: “In sum, reading the phrase ‘origin of goods’ in the Lanham Act in accordance with the Act’s common-law foundations (which were not designed to protect originality or creativity), and in light of the copyright and patent laws (which were), we conclude that the phrase refers 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.” *Id.* at 2050. Rather, the Lanham Act was designed to prevent the deception of consumers and the impairment of producers’ good will. *Id.* at 2047. Accordingly, Dastar was not liable under the Lanham Act for saying it was the producer of the video.

Impact On The Entertainment Business

This case is significant to all responsible for producing and distributing entertainment products and to artists and others who contribute creatively in that process. The good news for the “producers” of such products is that they should

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be far less exposed to litigation shakedowns by alleged contributors to these products who claim that their credits were incorrect or improperly omitted. The bottom line for creative contributors to such works is that it is more important than ever to memorialize, by contract, any understandings or expectations of “credit.” Claims under the Lanham Act based on a failure to properly credit those who actually contributed intellectual property to an entertainment product appear to have very limited continuing viability.

¹ Section 1125(a)(1) provides:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

² See Smith v. Montoro, 648 F. 2d 602 (9th Cir. 1981) and Lamothe v. Atlantic Recording Corp., 847 F. 2d 1403 (9th Cir. 1988).

³ “Reverse passing off” occurs where someone misrepresents the goods or services of another as his own. For example, someone who removes the trademark from a soft drink bottle and sells it under his own label has engaged in reverse passing off.

⁴ The Court notes at several points in the opinion that the Fox Series was not copyrighted when Dastar took it and used it to make the video. Arguably, the Court is suggesting that a copyright owner of work included in a product produced and sold by someone else who fails to attribute the product to that copyright owner may still have a Lanham Act claim, even though the copyright owner is not “the producer of the tangible product sold in the marketplace.” Id. at 2047. On the other hand, the Court’s broad holding that “the phrase ‘origin of goods’ is in our view incapable of connoting the person or entity that originated the ideas or communications that ‘goods’ embody or contain” seems to suggest the opposite – that whether or not the work included in the finished product is copyrighted, the “origin” of the “goods” is always the “producer of the tangible product sold in the marketplace.”

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