STRENGTHENING THE DISTINCTION BETWEEN COPYRIGHT AND TRADEMARK: THE SUPREME COURT TAKES A STAND

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Until recently, the question of whether § 43 of the Lanham Act prevented the unaccredited copying of an un-copyrighted work was an open one. However, in Dastar v. Twentieth Century Fox, *the United States Supreme Court speaks directly on this issue, emphasizing the distinction between copyright and trademark protections and cautioning against "misuse or overextension" of trademark protections into areas traditionally covered by copyright or patent law. This iBrief assesses the importance of such line drawing and explores the implications of this decision.*

BACKGROUND

¶1 In *Dastar v. Twentieth Century Fox*, the Supreme Court was asked to decide whether § 43(a) of the Lanham Act,[2] which makes unlawful any false designation of the origin of goods, prevents the unaccredited copying of an un-copyrighted work.[3] In this case, the "work" in question was a video series about the allied campaign of World War II. In 1948, General Dwight D. Eisenhower completed his book, *Crusade in Europe*, an account of the allied crusade of World War II, which was published by Doubleday.[4] Doubleday registered it with the Copyright Office in 1948 and thereafter granted exclusive television rights to an affiliate of Twentieth Century Fox Film Corporation ("Fox").[5] Fox arranged for Time, Inc. ("Time") to produce a television series based on the book, using the same title, "Crusade in Europe," and Time assigned its copyrights in the series to Fox.[6] The Time series combined a soundtrack incorporating a narration of the book with film footage from the U.S. Army, Navy, Coast Guard, the National Film Board of Canada, and unidentified "Newsreel Pool Cameramen."[7] In 1975, Doubleday renewed the copyright on its book; however, Fox neglected to renew the copyright on its television series, which expired in 1977.[8] In 1988, Fox reacquired the television rights in the book, including the exclusive right to distribute the Crusade television series on video and to sub-license this capability to others.[9] SFM Entertainment ("SFM") and New Line Home Video,

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[2] 15 U.S.C. § 1125(a) (2002).
[3] Dastar v. Twentieth Century Fox, 123 S.Ct. 2041, 2043 (2003).
[4] *Id.* at 2044.
[5] *Id.*
[6] *Id.*
[7] *Id.*
[8] *Id.*; *see also* 17 U.S.C. § 110 (2002).
[9] *Id.*

Inc. ("New Line") acquired from Fox the exclusive rights to manufacture and distribute "Crusade in Europe" on video.[10]

¶2 In 1995, Dastar purchased eight beta cam tapes of the original version of the Crusade television series, which was in the public domain because Fox's copyrights had expired in 1977. Dastar then copied them and edited the series into a new video set titled "World War II Campaigns."[11] Dastar's Campaigns series is approximately half as long as the Crusade series, and Dastar made changes to the original series, such as substituting a new opening sequence, credit page and final closing, in addition to removing all references to and images of Doubleday's book.[12] The Campaigns series makes no reference to the Crusade series, New Line's Crusade videotapes, or the book.[13] After making these changes, Dastar sold the Campaigns series as its own product.[14]

¶3 In 1998, respondents Fox, SFM, and New Line brought an action against Dastar, alleging in their amended complaint that the sale of the Campaigns video set: (1) infringed upon Doubleday's copyright in the Eisenhower book and therefore also upon the exclusive television rights in the book, (2) constituted reverse passing off in violation of § 43(a) of the Lanham Act because the video set was sold without proper credit to the Crusade television series,[15] and (3) violated state unfair competition law.[16] The District Court found in favor of respondents on all three counts, and the Court of Appeals for the Ninth Circuit affirmed the judgment for respondents on the Lanham Act claim, but reversed as to the copyright claim and remanded.[17] The Court of Appeals said nothing with regard to the state unfair competition claim.[18]

SUPREME COURT TAKES A FIRM STANCE

¶4 Copyright and trademark laws stem from different sources within the Constitution, and their goals are distinct. Copyright law stems from the Intellectual Property Clause of the Constitution, in which Congress is granted the authority "to promote the Progress of Science and Useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."[19] In contrast, trademark law originates in the Commerce Clause, and has "no necessary relation to invention or discovery."[20] The Intellectual Property Clause "reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any advance in the 'Progress of Science

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[10] *Id.*
[11] *Id.*
[12] *Id.*
[13] *Id.*
[14] *Id.*
[15] RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 5 (1995).
[16] Dastar v. Twentieth Century Fox, 123 S.Ct. 2041, 2045 (2003)..
[17] Twentieth Century Fox Film Corp. v. Entm't Distrib., 34 Fed. Appx. 312, 315 (2002).
[18] *Id.* at 314.
[19] U.S. CONST. art. I., § 8, cl. 8.
[20] Trade-Mark Cases, 100 U.S. 82, 94 (1879).

and Useful Arts."[21] As the Court pointed out in *Bonito Boats*, Congress has considered extending copyright protection, but has refused; it is up to Congress to decide if the present system is ineffectual at promoting the useful arts.[22] The Court has consistently held that, as is the case with patents, "the overriding purpose of providing a reward for authors' creative activity is to motivate that activity and to allow the public access to the products of their genius after the limited period of exclusive control has expired."[23]

¶5 In *Dastar v. Twentieth Century Fox*, the Supreme Court strengthened the distinction between copyright and trademark; in fact, it rendered this distinction unmistakably clear. The Court categorically rejected Fox's claim that Dastar had violated their rights by reverse passing off, and declared that the Lanham Act does not protect against unaccredited copying of an un-copyrighted work in the public domain.[24] In the past, plaintiffs have occasionally attempted to invoke § 43(a) as an alternative method to safeguarding their attribution rights.[25] Seeing this as an opportunity for clarification in the area of intellectual property, the Supreme Court cautioned against the misuse or overextension of trademark protections into areas traditionally occupied by copyright and patent law. The Court's reasoning was based on two elements: 1) its determination that the most appropriate definition of "origin of goods" is be limited to the origin of tangible goods offered for sale and not to the author of ideas and concepts, and 2) underlying legal principles in copyright, patent, and trademark law. The trademark statute in question here, the Lanham Act, makes "actionable the deceptive and misleading use of marks" and is meant "to protect persons engaged in… commerce against unfair competition."[26] The Court began its discussion by noting that while the Lanham Act is "one of the few provisions that goes beyond trademark protection," § 43 "does not have boundless application as a remedy for unfair trade practices," setting the cautionary tone of the decision early on.[27]

1. Defining "Origin of Goods"

¶6 Respondents based their claims on § 43(a), which prevents the "false designation of origin, or false or misleading descriptions of fact, or false or misleading representation of fact, which . . . is likely to cause confusion . . . as to the origin . . . of [its goods]."[28] As a natural consequence, much of the reasoning of the Court turned on its chosen interpretation of the phrase "origin of goods."[29] The Court held that because copyright and patent laws, not common law foundations, were designed to protect originality and creativity,

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[21] Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 146 (1989).
[22] *Id.* at 168.
[23] Eldred v. Ashcroft, 123 S.Ct. 769, 793 (2003).
[24] *Dastar*, 123 S.Ct. at 2050.
[25] Roberta Rosenthal Kwall, *The Attribution Right in the United States: Caught in the Crossfire Between Copyright and Section 43(a)*, 77 WASH. L. REV. 985, 1003 (2002); *see also* Fogerty v. Fantasy, Inc., 114 S.Ct. 1023 (1994); Wal-Mart Stores v. Samara Bros. Inc., 120 S.Ct. 1339 (2000).
[26] 15 U.S.C. § 1125(a).
[27] *Dastar*, 123 S.Ct. at 2045.
[28] 15 U.S.C. § 1125(a).
[29] *Id*.

the logical conclusion is that "the phrase refers to the producer of tangible goods for sale, and not to the author of any idea, concept, or communication embodied in those goods."[30] To hold otherwise, the Court continued, "would be akin to finding that § 43(a) created a species of perpetual patent and copyright, which Congress may not do."[31] In its brief, Fox claims their action against Dastar does not implicate any broader questions about the duration of copyright.[32] The Court disagreed, concluding that under its definition of "origin of goods," Dastar was the "origin" of the series it sold as its own, and therefore Fox and respondents could not prevail on their Lanham Act claim.[33] The Court felt that any other interpretation would not be in accordance with the foundations of copyright and trademark law; in addition, alternative readings would pose serious practical attribution problems, such as ensuring proper credit to all originators, and avoiding the false impression that credited originators actually approve of or sponsor the repackaged product.[34] The Court concluded that "without a copyrighted work as a base point, the word 'origin' has no discernable limits."[35]

¶7 The Court therefore decided upon a more narrow interpretation of the phrase than Fox and the other respondents had hoped.[36] This statement has already been criticized by some, who complain that "merely requiring a few words of attribution for works subject to expired copyrights does not render them unexpired or create a species of perpetual copyright."[37] As will be discussed, this decision has important and serious implications.

2. The "Carefully Crafted Bargain:" Underlying Legal Principles in Copyright, Patent, and Trademark Law

¶8 The Court used its decision as an opportunity to reiterate that the rights of copyright holders (like those of patentees) are part of a "carefully crafted bargain," under which the public may use the work (or invention) at will once the copyright or patent has expired.[38] While copyrights (and patent rights) expire before falling into the public domain - regardless of use or nonuse by owner - trademarks do not terminate so long as the user continues to use them and maintain proper registration.[39] Emphasizing the importance of this underlying legal principle, the Court restated its position (articulated in earlier decisions), that as part of this "bargain," the right to copy, and to copy without attribution, passes to the public once a copyright has

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[30] *Dastar*, 123 S.Ct. at 2050.
[31] *Id.*
[32] Brief in Opposition, Dastar v. Twentieth Century Fox, No. 02-428, 2002 WL 32101095 (Nov. 18, 2002).
[33] *Dastar*, 123 S.Ct. at 2050.
[34] *Id.* at 2049.
[35] *Id.*
[36] Howard J. Susser, *Supreme Court: Federal Lanham Act No Help to Owners of Expired Copyrights*, 10 NO. 6 ANDREWS INTELL. PROP. LITIG. REP. 13 (July 22, 2003).
[37] *Id.*
[38] Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 150-51 (1989).
[39] 17 U.S.C. § 101.

expired.[40] This carefully crafted bargain, envisioned by the framers of the Constitution, would be jeopardized, if not nullified, in the event that trademark law was able to infringe upon it.

¶9 The Court pointed out that by preventing competitors from copying a "source identifying mark," trademark law is meant to reduce the customer's cost of shopping and making purchasing decisions, while helping to reassure the producer that it will reap the financial, reputation-related rewards associated with a desirable product.[41] The Court stressed that the Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; because that is the purpose of patent law and its period of exclusivity.[42] Again, the Court turned to the foundations of intellectual property laws, pointing to the fact that while the copyright and patent laws were created to protect originality and creativity, the Lanham Act was not.[43]

IMPLICATIONS

¶10 Though Fox and the other respondents may be disappointed with the loss of a $1.6 million award by the trial court (and affirmed by the Court of Appeals), they may not be entirely without remedy. Left undecided by the Supreme Court is the question of whether Dastar's work infringes on the copyrights held on the Crusade book. The book copyright issue is still in litigation (as the Court of Appeals reversed and remanded the copyright claim), and the Supreme Court made no decision on whether Dastar's product would infringe a valid copyright in the Crusade book. Additionally, Fox had the opportunity to prevent this situation from happening in the first place. Had it renewed the copyright in the Crusade television series, it would have had "an easy claim of copyright infringement."[44] In the word of one commentator: "In the end, the Supreme Court prevented Fox from getting relief through the Lanham Act back door when it could not get through the copyright front door that was shut through Fox's own mistake or inadvertence in 1977, when the copyrighted work was prematurely dedicated to the public domain."[45]

¶11 For Fox, as well as the other respondents in this case, a lesson may have been learned the hard way. For others in similar positions, this case can serve instead as a warning, putting authors, producers, and creators on notice of what protections will and will not be available to them; more specifically, this case warns of the consequences should one neglect to renew their copyright. Undeniably, the Dastar opinion is not a revolutionary one, but it is important nonetheless. It does not attempt to redefine the existing landscape of intellectual property law, but rather it clarifies the distinctions that already exist within that landscape. The

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[40] *Dastar*, 123 S.Ct. at 2048; *see also* Sears Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 230 (1964); Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 121-22 (1938).
[41] *Dastar*, 123 S.Ct. at 2049.
[42] *Id.*
[43] *Id.* at 2050.
[44] *Dastar*, 123 S.Ct. at 2041.
[45] Susser, *supra* note 36.

Court used this opinion to highlight the important distinction between copyright and trademark laws; it was rightfully concerned that allowing the line to blur in a case such as this would create a state of "perpetual copyright protection" that could nullify the intent and effect of copyright and trademark law.[46] The Court took similar opportunities to address the distinction between patent and trademark law in *Wal-Mart*, *TrafFix*, and *Bonito Boats*.[47] In each of the cases, the Court looked to the legislative intent in creating patent and trademark laws, emphasizing the idea that free and legal copying is an essential element of competition, and explaining that "legally protected zones of exclusive rights, such as patents, trademarks, and copyrights, are exceptions to a general rule of free copying and imitation."[48]

CONCLUSION

¶12 *Dastar v. Fox* clarifies the distinctions existing within the broad realm of intellectual property law and provides creators with adequate notice as to what protections they will be afforded. The Supreme Court spoke clearly to clarify the relationship between copyright and trademark law, cautioning against an extension of trademark law into an area covered by copyright law. Understanding this relationship is of great value to writers, artists, and creators; for Fox and the other respondents in this case, that understanding came at a price of $1.6 million.

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[46] *Dastar*, 123 S.Ct. at 2050.
[47] *See e.g.* Wal-Mart Stores v. Samara Bros. Inc., 120 S.Ct. 1339 (2000); TrafFix Devices Inc. v. Mktg. Displays, Inc., 523 U.S. 23 (2001); Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989).
[48] J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 1:2 (4th ed. 2003).