The History and Future of Reverse Passing Off, the Lanham Act, and the Public Domain

Madeline Pelagalli

Marist College
The History and Future of Reverse Passing Off, the Lanham Act, and the Public Domain

The decision made by the Supreme Court in *Dastar v. Twentieth Century Fox* made two important statements about intellectual property law. The Court held that, according to the Lanham Act, trademark law cannot restrict the use of materials in the public domain and that reverse passing off, selling another’s work as one’s own, is allowed as long as there is no consumer confusion as to who created the work. Though the Court’s ruling was somewhat restricted by the rulings of past cases, the *Dastar* decision will prove to be a very significant case in the future as the copyrights of many famous works begin to expire. Since copyrights cannot be renewed once it falls into the public domain, it becomes free for all to use. Under the Lanham Act, the public will be allowed to add these materials to their own creative works which they can sell and profit from.

The public domain, according to Steven Fishman, consists of creative works that are not protected by copyright law, making them free for all to use (Fishman, 2000). Billions of books, artwork, photos, songs, and movies exist in the public domain, including *Hamlet*, *Moby Dick*, and Beethoven’s “5th Symphony.” Copyrighted works, unlike those in the public domain, have reproduction rights, distribution rights, rights to create adaptations, and performance and display rights. If someone uses a copyrighted work without permission, they can be sued to compensate losses suffered by the owner. Copyrights do not last forever, and once a work falls into the public domain, it usually stays there. Materials with expired copyrights, works published before copyright law was established, works dedicated by the copyright owner to the public domain, or works never entitled to copyright protection are part of the public domain. According to Fishman, all works published in the United States before 1923 and 85% of copyrighted works
first published in the United States between 1922 and 1963 are in the public domain (Fishman, 2000).

Once a work is in the public domain, it can be used in many different ways. Writers can base new stories and screenplays on works in the public domain, musicians can perform and record public domain music without having to pay fees for permission, publishers can re-publish public domain works, artists can copy public domain artwork, and filmmakers can use footage in the public domain (Fishman, 2000). In 1995, Dastar Corp. took footage from the television series Crusade in Europe, based on the 1948 book by General Eisenhower, and edited it, creating their own video series, World War II Campaigns in Europe. The copyright of Crusade in Europe was not renewed by its owner, Twentieth Century Fox in 1977, so it fell into the public domain. This gave Dastar the right to use the film’s footage for Campaigns in Europe. However, Dastar did not credit the original Crusade in Europe television series in their video series, resulting in a lawsuit between Fox and Dastar (Dastar Corp v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003)).

Fox alleged that by not giving credit to the original Crusade in Europe television series, Dastar violated the Lanham Act by “reverse passing off.” Any person who, according to 15 U.S.C. § 1125, also known as the Lanham Act, “[uses] any false designation of origin, false or misleading description of fact, or false or misleading representation or fact” that causes confusion the consumer as to the origin of a good is liable in a civil action. When a manufacturer sells another manufacturer’s as its own, they are reverse passing off (15 U.S.C.A. § 1125 (West 2014)). Usually, reverse passing off involves a manufacturer buying a competitor’s product, removing the competitor’s trademark, putting their own trademark on it, and selling the good as their own. According to Richard Ronald, reverse passing off is harmful to manufacturers. It
undermines their efforts to clearly identify themselves with a good or product and their advantage in being the first to market a new product. When a manufacturer reverse passes off, they can sell products while having sufficient time to create a better version of the product. Ronald points out that reverse passing off also affects consumers by deceiving them into believing the source of the good came from elsewhere and that the quality of the good can only be found in the passer-off’s product (Ronald, 2004). One of the earliest reverse passing off cases was *International News Service v. Associated Press*. In 1918, the International News Service reproduced news of World War I printed by the Associated Press as their own. The Court ruled in favor of the Associated Press, but not because the information in the Associated Press was copyrightable, but because the International News Service’s actions caused unfair competition. In his dissent, Justice Holmes stated that although copying news was technically allowed, the rival paper must inform readers of the original source of the news (*International News Service v. Associated Press, 248 U.S. 215 (1918)*). After this case, few cases were passed under common law reverse passing off doctrine. According to Ronald, it was not until the Lanham Act was passed in 1946 that federal protection against unfair competition was established, recognizing reverse passing off as a type of unfair competition (Ronald 2004).

When it was originally written, Ronald states, the Lanham Act did not include the requirement that consumers had to be deceived as to the origin of the goods. Early courts decided only on whether the defendant claimed they were the origin of the material, not the effect the reverse passing off had on the consumers (Ronald, 2004). In 1976, in the case *John Wright, Inc. v. Casper Corp*, it was recognized that reverse passing off violated the Lanham Act. John Wright, Inc. and Casper Corporation were rivals in the manufacturing and selling of mechanical penny banks. Each company claimed that their products were true reproductions of the original
cast-iron banks that were introduced to the United States after the Civil War. The Court ruled in favor of Wright, finding that Casper committed acts of unfair competition and false advertising by reproducing Wright’s banks (John Wright, Inc. v. Casper Corp., 419 F.Supp. 292 (E.D.Pa. 1976)). As a result of cases such as John Wright Inc. v. Casper Corp, the Lanham Act was amended in 1988, adding a section that would protect consumers from confusion and deception.

Based on these changes to the Lanham Act, the district court ruled in favor of Fox in Dastar v. Twentieth Century Fox, stating that Dastar was liable of reverse passing off by not crediting the original Crusade in Europe series. The Court of Appeals for the Ninth Circuit affirmed the lower court’s holding, arguing that the minimal changes made in Campaigns in Europe did not exempt Dastar from liability. The Supreme Court, however, disagreed with the lower courts and reversed their holdings. The Court ruled that though there is a federal cause of action for reverse passing off, the word “origin” in the Lanham Act only applies to the source of manufacture of a good, not the creative or authorial source behind it. If Dastar had repackaged the original Crusade in Europe tapes and sold them under the Dastar name, they would have been liable of reverse passing off. However, Crusade in Europe was a work in the public domain which Dastar used to make a new product (Dastar Corp v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003)).

The Lanham Act does not extend a right to attribution to copyrighted works, since the author of the work is not the producer of the work sold in the marketplace. The Court recognized that the term “origin” in the Lanham Act was broad enough to consider reverse passing off as a cause of action, even though it is not explicitly prohibited. The definition is not broad enough, however, to include the creative authors of the works. It was determined that “origin” was limited to the manufacturers, not the originator of the idea behind the good. The Court concluded
that most consumers do not believe a company selling a good also designed or invented the good, so consumers are not confused as to the origin of the good. Since consumers are not directly affected by the creative force behind products, the Lanham Act should not be altered to cover it (Dastar Corp v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003)). The Court considered creating an exception for products such as books or videos, believing that consumers may be interested in both the consumer and author of the products, but it was dismissed. If the Lanham Act was used to prevent Dastar from using videos in the public domain, it would conflict with copyright law which allows individuals to use public domain materials. The Court ruled that the Lanham Act was created to reduce consumer searching and shopping costs and prevent unjust competition. By punishing Dastar, the Court would be limiting the use of public domain works under the Lanham Act (Ronald, 2004).

The Court’s interpretation of the Lanham Act was based on the rulings of past cases. According to Justice Scalia, who wrote the majority opinion, reading the Lanham Act in a way that prevents the use of unprotected works without attribution would contradict the decision of cases such as Wal-Mart Stores v. Samara Bros and Bonito Boats, Inc. v. Thunder Craft Boats, Inc. In Samara Bros., the Court held that Samara Brothers could not prevent Wal-Mart from producing knock-off versions of their clothing under the Lanham Act because Samara’s designs did not identify them as the origin of the designs and because competition would be eliminated (Wal-Mart Stores Inc. v. Samara Bros. Inc., 529 U.S. 205 (2000)). The ruling in Bonito Boats allowed Thunder Craft Boats to reverse engineer Botino Boat’s boat-hill designs because they were neither patented nor copyrighted. The Court decided that the public was free to use these designs since without accrediting the designer since they were in the public domain. These previous rulings allowed companies to use the designs of uncopyrighted works or those without
clear origins while maintaining competition in the marketplace (Bonito Boats, Inc. v. Thunder Craft Boats, Inc. 489 U.S. 141 (1989)). The ruling in *Dastar* not only agreed with these prior decisions, but clarified the term “origin” in the Lanham Act, limiting the definition to the source of manufacturing and not the creative originator. Companies could still be liable of reverse passing off if there was clear deception, but they could promote competition by using public domain goods to sell at lower costs or use in new products (Ronald, 2004).

The ruling of *Dastar* will make itself known in 2023, according to Rogers, when the copyright of Disney’s *Steamboat Willie* expires. If Congress does not extend the copyright, it will fall into the public domain along with other Disney classics such as *Three Little Pigs* and *Snow White*. According to the *Dastar* ruling, the public will be allowed to these films in new works, repackage the films to sell at a discount, and use unauthorized images of characters on merchandise. Once they fall into the public domain, they will no longer be protected by the Lanham Act for reverse passing off claims. However, according to the *Samara Bros.* decision, if a formerly copyrighted material becomes identified with a source, such as Mickey Mouse being associated with Disney, it can still be protected despite its public domain status (Ronald, 2004).

*Dastar* made very important distinctions about what is required for a company or individual to be liable of reverse passing off by limiting the term “origin” in the Lanham Act. To be liable of reverse passing off, according to Jared Barrett, a product must cause consumer confusion to the source of the good, not the idea or concept contaminated by the good (Barrett, 2007). *Dastar* was applied in the 2004 case *Zyla v. Wadsworth, Divion of Thomson Corp.* Gail Zyla had worked on the second and third editions of a college textbook published by Thompson Corporation and received attribution for her contribution. She withdrew from the fourth edition project once she became unhappy with its progress and stated that her work in the new edition
could not be used without her permission. Zyla’s work was used in the fourth edition anyway without accreditation, which she argued led to confusion as to the origin of the goods. The Court, following the *Dastar* ruling, ruled that she was not protected by the Lanham Act because the term “origin” only applies to the source of the good, not the idea (Zyla v. Wadsworth, Div. of Thomson Corp., 360 F.3d 243 (1st Cir. 2004)).

Though it is not a well-known case, the *Dastar* decision has been applied to a wide range of works, such as screenplays, textbooks, computer software, and even furniture. Not only does it apply to copyrighted works, but it gives creative freedom to artists by allowing them to use works that have fallen into the public domain. Acts that can be considered reverse passing off has become much more limited, giving artists more freedom while encouraging competition in the market place. It will be interesting to see how *Dastar* and the cases it that influenced its decision will be applied in the future when many famous works fall into the public domain.
References


**Dastar Corp v. Twentieth Century Fox Film Corp.,** 539 U.S. 23 (2003)


**Donsco, Inc. v. Casper Corp.,** 587 F.2d 602, (3rd Cir.1978)


**Zyla v. Wadsworth, Div. of Thomson Corp.,** 360 F.3d 243 (1st Cir. 2004)