

Baden Sports, Inc. v. Molten USA, Inc.

Nos. 08-1216, -1246, Fed. Cir. (Lourie,* Rader, Linn)

[C]laims based on false designation of authorship are [not] actionable under Section 43(a)(1)(B).

On February 13, 2009, the Federal Circuit, inter alia, reversed the district court's denial of Molten's motion for judgment as a matter of law from a jury award of \$8,054,579 for false advertising. The district court had also granted summary judgment that Molten infringed U.S. Patent No. 5,636,835, which related to high-end, game-quality basketballs having cushion control technology. The Federal Circuit stated:

Molten [contends] that the district court erred by failing to dismiss Baden's Lanham Act claim in light of the Supreme Court's holding in *Dastar*. According to Molten, *Dastar* prohibits Lanham Act claims based on advertisements that falsely claim authorship of an idea. . . .

Section 43(a)(1)(A) of the Lanham Act makes actionable any commercial misrepresentation that is likely to cause confusion "as to the origin" of goods. The Supreme Court held that "origin of goods," as that term is used in Section 43(a), does not refer to "the person or entity that originated the ideas or communications that 'goods' embody or contain." Instead, the Court read "origin of goods" as referring "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." . . .

Applying the Supreme Court's interpretation of section 43(a)(1)(A) to this case entails an evaluation of whether Molten's advertising refers to the "producer of the tangible goods," in which case a claim under section 43(a)(1)(A) would be proper, or whether it refers to "the author of" the idea or concept behind Molten's basketballs, in which case the claim would be foreclosed Baden has not argued that someone other than Molten produces the infringing basketballs, and nothing in the record indicates that Molten is not in fact the producer of the balls. Thus, Baden's claims are not actionable under section 43(a)(1)(A) because they do not "cause confusion . . . as to the origin" of the basketballs.

[Baden] argues that its Lanham Act claims are permitted under Section 43(a)(1)(B). That subsection creates liability for any commercial advertising that "misrepresents the nature, characteristics, qualities, or geographic origin" of goods. 15 U.S.C. § 1125(a)(1)(B). [A]ccording to Baden, [it may] bring its false advertising claim because Molten's "innovation" claims misrepresent the "nature, characteristics, or qualities" of its basketballs. Indeed, in permitting Baden's "innovation" claims to proceed to trial, the district court [found] that "innovative," in contrast to "proprietary" and "exclusive," related to the nature, characteristics, and quality of the basketballs themselves. The court found that "any advertising indicating that Molten's 'Dual Cushion Technology' is 'innovative' or new relates,

not to the inventor of Molten's basketball technology, but to the 'nature, characteristics, [or] qualities' of the basketballs themselves. . . .

[While] the Supreme Court [may have] left open the possibility of a claim arising from a misrepresentation concerning the qualities of certain goods, it does not necessarily suggest that claims based on false designation of authorship are actionable under Section 43(a)(1)(B). Such a holding could create overlap between the Lanham and Patent Acts. Moreover, the Ninth Circuit, whose law we follow in this Lanham Act case, held that the "nature, characteristics, and qualities" language of Section 43(a)(1)(B) did not refer to the licensing status of a copyrighted good. The court held that, to avoid "overlap between the Lanham and Copyright Acts," Section 43(a)(1)(B) must refer to "the characteristics of the good itself." [W]e conclude that authorship, like licensing status, is not a nature, characteristic, or quality, as those terms are used in Section 43(a)(1)(B) of the Lanham Act.

Having reached this determination, we now must examine whether Baden's false advertising claims otherwise implicate the nature, characteristics, or qualities of the basketballs. Thus, we must determine whether Baden has alleged anything more than false designation of authorship. We conclude that Baden has not. No physical or functional attributes of the basketballs are implied by Molten's advertisements. "Innovative" only indicates, at most, that its manufacturer created something new, or that the product is new, irrespective of who created it. In essence, Baden's arguments in this case amount to an attempt to avoid the holding in *Dastar* by framing a claim based on false attribution of authorship as a misrepresentation of the nature, characteristics, and qualities of a good.

Baden has repeatedly alleged that Molten falsely claimed that Molten, not Baden, created the innovation known as dual-cushion technology. Throughout the trial, Baden steadfastly argued that Molten's advertisements were false precisely because Molten was not the source of the innovation. . . . Baden has not argued on appeal that Molten's innovation claims were false for any reason other than a false attribution of the authorship of that innovation. Baden's claims therefore do not go to the "nature, characteristics, [or] qualities" of the goods, and are therefore not actionable under section 43 (a)(1)(B). To find otherwise, i.e., to allow Baden to proceed with a false advertising claim that is fundamentally about the origin of an idea, is contrary to the Ninth Circuit's [precedent]. Thus, we reverse the district court's denial of judgment as a matter of law on Baden's Lanham Act claims.

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