

1 IN THE SUPREME COURT OF THE UNITED STATES
2 - - - - -X
3 DASTAR CORPORATION, :
4 Petitioner :
5 v. : No. 02-428
6 TWENTIETH CENTURY FOX FILM :
7 CORPORATION, ET AL. :
8 - - - - -X
9 Washington, D. C.
10 Wednesday, April 2, 2003
11 The above-entitled matter came on for oral
12 argument before the Supreme Court of the United States at
13 10:55 a.m.
14 APPEARANCES:
15 DAVID A. GERBER, ESQ., Oxnard, California; on behalf of
16 the Petitioner.
17 GREGORY G. GARRE, ESQ., Assistant to the Solicitor
18 General, Department of Justice, Washington, D. C.; on
19 behalf of the United States, as amicus curiae,
20 supporting the Petitioner.
21 DALE M. CENDALI, ESQ., New York, New York; on behalf of
22 the Respondents.
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7	as amicus curiae, supporting the Petitioner	15
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P R O C E E D I N G S

(10:55 a.m.)

CHIEF JUSTICE REHNQUIST: We'll hear argument
now in Number 02-428, Dastar Corporation versus Twentieth
Century Fox Film Corporation.

Mr. Gerber.

ORAL ARGUMENT OF DAVID A. GERBER

ON BEHALF OF THE PETITIONER

MR. GERBER: Thank you, Mr. Chief Justice, and
may it please the Court:

Dastar discovered that an old TV show made by
Time Inc. was in the public domain because Fox neglected
to renew the copyright. Dastar adapted the public domain
show at considerable expense to make it into a war
narrative as opposed to Eisenhower's story. Dastar's
product did not refer to Time Inc. Dastar's product also
did not refer to respondents who had their own competitive
video of the same TV show.

QUESTION: Of the same what?

MR. GERBER: TV show.

Because of the latter, that is, the omission of
credits to respondents, and the finding that Dastar acted
willfully in omitting those credits, the lower court
awarded \$1.6 million, substantially in excess of the
\$850,000 total gross of Dastar, in order to deter it.

1 The lower courts departed from the Lanham Act in
2 a very expansionary way in our view in six separate
3 dimensions.

4 QUESTION: Can we go back to your statement? As
5 I -- as I understood it, it wasn't the omission of Fox,
6 but the addition of your people. In other words, it
7 wasn't the failure to give credit to respondents, but it
8 was petitioner's taking credit for it that was what the
9 lower courts thought was wrong.

10 MR. GERBER: Taking the lower courts in
11 ascending order, on page 53a of the cert petition, the
12 language is that the court finds that defendant's failure
13 to identify the television series and the book is
14 misleading to the public. And then at the Ninth Circuit
15 level, on page 3a of the petition, the language is that
16 Dastar copied, et cetera, and marketed it without
17 attribution to Fox.

18 Neither court, Justice Ginsburg, examined
19 Dastar's credits, affirmative credits, for accuracy, for
20 whether they registered with the consumers, for
21 misleadingness or falsity in any way. I would suggest
22 that the record indeed is that it was the omission of
23 credits for their competitors that was, in fact, the basis
24 for the double award.

25 QUESTION: This is a failure -- this is a

1 failure to attribute case then?

2 MR. GERBER: Yes, it is, Your Honor.

3 Our first and most sweeping point --

4 QUESTION: But may I just point out on 3a, it --

5 the quote -- you left out the first clause I think.

6 They -- they labeled the -- the resulting product with a
7 different name and marketed it without attribution.

8 MR. GERBER: Oh, yes. That's a reference to
9 changing the title of the work. The entire phrase -- and
10 pardon my truncation of it -- on page 3a is that Dastar
11 copied substantially the entire Crusade in Europe series
12 created by Twentieth Century Fox, labeled the resulting
13 product with a different name, and marketed it without
14 attribution. The name Dastar put on it, instead of
15 Crusade in Europe, was World War II Campaigns in Europe.

16 And you will, I believe, see that in neither
17 opinion does either court take a look at the credits on
18 Dastar's product and conclude that they were in any way
19 misleading, nor does the court examine them at all.

20 Our first --

21 QUESTION: Counsel, would -- would the new
22 Dastar video qualify as a derivative work that would
23 deserve copyright protection on its own?

24 MR. GERBER: Yes, yes. The --

25 QUESTION: And is that issue being litigated?

1 MR. GERBER: No, it isn't.

2 QUESTION: No. Thank you.

3 MR. GERBER: Our -- our most sweeping statutory
4 point is, while not necessary for this opinion
5 certainly -- this case, certainly would dispose of it,
6 that the current version of the governing statute, Lanham
7 Act 43(a)(1)(A), does not recognize reverse passing off at
8 all. The judicial interpretations of the Lanham Act,
9 under which this claim was born, were under a prior
10 version that was substantially amended in 1988, and while
11 no court has construed the '88 language, we think that the
12 natural and plain meaning of it is that it encompasses
13 only forward passing off.

14 QUESTION: Only what kind of passing?

15 MR. GERBER: Forward passing off. .

16 QUESTION: What is forward passing off? It
17 sounds like a football game.

18 MR. GERBER: It's not football, Your Honor.

19 (Laughter.)

20 MR. GERBER: It is the standard type of
21 trademark or trade dress infringement in which the
22 wrongdoer -- let's call it Brand X -- utilizes the mark
23 Rolex -- of usually a well-recognized company and puts
24 that mark on its product.

25 QUESTION: Is it some kind of affirmative

1 misrepresentation?

2 MR. GERBER: In forward passing off?

3 QUESTION: Mm-hmm.

4 MR. GERBER: I -- I --

5 QUESTION: To -- to get some kind of liability

6 under the Lanham Act under a reverse passing off theory.

7 MR. GERBER: If I may first distinguish reverse

8 passing off and then come back to Your Honor's question.

9 QUESTION: Yes.

10 MR. GERBER: Reverse passing off, in contrast,

11 is where Brand X for some reason -- the commercial

12 motivation is often hard to discern -- gets a legitimate

13 Rolex, removes the Rolex name and puts the Brand X name on

14 it. Instead of passing its goods off as Rolex, it's

15 passing Rolex's goods off as its own.

16 I'm sorry, Justice O'Connor, I --

17 QUESTION: Well, it's -- it's related to this.

18 This is a so-called reverse passing off theory that the

19 Ninth Circuit is relying on. Right?

20 MR. GERBER: Yes.

21 QUESTION: And do you say there is no such thing

22 at all or do you acknowledge that there could be some

23 Lanham Act violation if there were some kind of

24 affirmative misrepresentation?

25 MR. GERBER: Both. Our -- our most ambitious

1 argument is none at all, and we do have as a less
2 ambitious argument the second.

3 QUESTION: Indeed, the Solicitor General would
4 urge that we -- we not take the broader view. Right?

5 MR. GERBER: I don't believe so, from the
6 Solicitor General's brief. And let me --

7 QUESTION: Okay. Well, we'll find out in a
8 minute.

9 (Laughter.)

10 MR. GERBER: Yes. I -- our view, which I
11 believe is shared by the Solicitor General, is that under
12 the particular statute in issue in this case, subsection
13 (a)(1)(A), reverse passing off is a no.

14 QUESTION: Where -- where is that? Let's --
15 let's look at the statute and talk about it.

16 MR. GERBER: It's on -- it's on page 2 of the
17 cert petition.

18 QUESTION: Okay.

19 MR. GERBER: And if I may present our most
20 sweeping argument, the language in particular in (a)(1)(A)
21 requires a designation as to the origin, sponsorship, or
22 approval of Dastar's goods by another person. So that
23 would naturally cover the situation in which Dastar's
24 goods had the name of another person such as Fox on them,
25 but it would not cover the situation in which Dastar's

1 goods had its own name on them because of the by another
2 person language. When Fox's name is on Dastar's goods --
3 and that is the normal passing off, forward passing off --
4 there is a designation that Fox sponsored Dastar's goods
5 or approved it or was the origin of it. But you can --

6 QUESTION: Now, I mean, that's -- that's one
7 reading of that. I mean, you could say -- and maybe --
8 maybe it's the more natural reading -- that as to the
9 origin by another person means that some other person
10 originated it. But it could mean as to the origin by
11 another person, if I represent that I originated it, okay,
12 when in fact another person originated it, I would be
13 making a misrepresentation as to the origin by another
14 person because I'm denying that that other person
15 originated it. I'm saying that I did. Wouldn't that be a
16 misrepresentation as to the origin by another person?

17 MR. GERBER: I don't think -- the -- the latter
18 principle that Your Honor stated I think would be correct,
19 but I would suggest that it's not illustrated by the
20 example.

21 I think Your Honor is perhaps looking at the as
22 to language here. And in our view what that means is that
23 a representation by Dastar that Fox did sponsor Dastar's
24 work or that Fox did not sponsor Dastar's work would be
25 covered.

1 QUESTION: Yes, either it did or did not.

2 Either it did or did not.

3 MR. GERBER: But neither of -- both of those are
4 in contrast to reverse passing off in which the offending
5 party is putting its own name on the work. So that
6 doesn't help.

7 And the -- the other argument -- the other
8 construction, which is the only competitor on the table
9 here by respondents to --

10 QUESTION: Well, excuse me. Before you get
11 on --

12 MR. GERBER: Excuse me, Your Honor.

13 QUESTION: When -- when you put your own name on
14 it, aren't you denying that it was originated by somebody
15 else?

16 MR. GERBER: You're not stating that it was
17 originated by another person, and that is the statutory
18 requirement.

19 QUESTION: You're -- you're stating that it was
20 not. You're saying that it was not originated by another
21 person. And that seems to me it could be interpreted as
22 being a misrepresentation as to the origin by another
23 person.

24 MR. GERBER: Well, I --

25 QUESTION: If you put your name on it, you're

1 saying I did it. Nobody else did it. You -- you made
2 a -- well --

3 MR. GERBER: Pardon me. I -- I would rely on
4 the statutory distinction. It's one thing to make a
5 representation that the wrongdoer is the originator, with
6 whatever implications that may have, and another to make a
7 misrepresentation which -- which seems down the middle of
8 the alley of the statutory language, that another person,
9 Fox, originated the work.

10 QUESTION: Well, and is this affected at all by
11 the fact that the copyright had expired? This was in the
12 public domain.

13 MR. GERBER: Well --

14 QUESTION: Is there some -- how does that affect
15 it? Can you put your own name on something that's now in
16 the public domain?

17 MR. GERBER: That, separate and apart from the
18 most sweeping argument we have, really goes to a number of
19 other attacks on what the lower court did. The short
20 answer is you can if it is not likely --

21 QUESTION: Mr. Gerber, I'd like to go back to
22 what the lower court did because I don't think that you
23 were accurate when you said in the view of the lower
24 court, this was a non-attribution case. I'm looking at
25 page 53, and the court indeed does start out by saying

1 that defendants failed to identify the series, but then
2 there's a semicolon, and it goes on to say --

3 QUESTION: Excuse me. Where -- where is this?
4 At what page -- what page are we on?

5 QUESTION: 53 -- 53a of the petition.

6 I'm questioning Mr. Gerber's characterization
7 that this case is simply a non-attribution one because
8 after the semicolon, it says why that was a problem.
9 It's -- it gives the false impression that the series
10 contains only the work of those listed in the credits. So
11 that was the problem that was central for the district
12 court, not simply a non-attribution, but an incorrect
13 attribution. And I don't see how you can ignore that
14 clear statement by the district court.

15 MR. GERBER: Well, in the district court, if
16 one is talking about the -- the wheat and the chaff, on
17 page 31a in which the district court introduces its
18 lengthy discussion, the statement is that the lawsuit is
19 based on defendant's distribution of a video series, which
20 plaintiffs claim is an infringement of the protected
21 material found in the book, and is an appropriation of the
22 television series, Crusade in Europe, without proper
23 credit.

24 Now, the reason I think that is the correct
25 interpretation of what the district court was doing --

1 QUESTION: Without proper credit could mean
2 improper credit, but when the court is developing that
3 point in full, it says there are two things. It was the
4 failure to identify. Why was that a violation of the
5 Lanham Act in the court's view? Because it gave the false
6 impression that only those listed --

7 MR. GERBER: Yes. I would suggest that without
8 proper credit means what it says. It doesn't mean
9 improper credit. It means that the proper credits were
10 not affixed.

11 And then, of course, when you look at the Ninth
12 Circuit -- Circuit --

13 QUESTION: It was an improper attribution case,
14 not simply a non-attribution case. I'm simply questioning
15 your original characterization which I do not think pays
16 attention to what the district court, in fact, said.

17 MR. GERBER: I understand, Justice Ginsburg, but
18 again I would urge that without proper credit, that
19 phrase, is not a statement that there were improper
20 credits. It's a statement that the proper credits were
21 absent. And I would add that whatever ambiguity may lurk
22 in the district court's findings, it's quite clear that at
23 the Ninth Circuit level, which, of course, is what this
24 Court is reviewing, the case is a non-attribution case.

25 QUESTION: The Ninth Circuit had a rather quick,

1 unpublished opinion --

2 MR. GERBER: Correct.

3 QUESTION: -- in this case.

4 MR. GERBER: We agree with that.

5 QUESTION: So it didn't tell us very much.

6 (Laughter.)

7 MR. GERBER: If -- if I may turn just for a
8 moment to some of the -- to the question 2, the remedies
9 issue. Here we would urge that the statutory language and
10 legislative intent, to the extent that it is pertinent,
11 coalesce. Subject to the principles of equity, means
12 subject to the principles of equity.

13 This Court, while the Lanham Act was being
14 debated, applied equitable principles in an intellectual
15 property case to define the circumstances under which
16 profits may be disgorged. That's the Sheldon case. And
17 it said equitable disgorgement of profits is permissible
18 only for restitutionary purposes, only to restore to
19 plaintiff something that he has lost. That by definition
20 precludes a purely deterrent award which is not
21 restitutionary in the slightest.

22 If the Court has no further questions, I would
23 like to reserve my remaining time.

24 QUESTION: Very well, Mr. Gerber.

25 Mr. Garre, we'll hear from you.

1 ORAL ARGUMENT OF GREGORY G. GARRE
2 ON BEHALF OF THE UNITED STATES,
3 AS AMICUS CURIAE, SUPPORTING THE PETITIONER

4 MR. GARRE: Thank you, Mr. Chief Justice, and
5 may it please the Court:

6 The petitioner in this case did not make any
7 false designation as to the origin of its good, a
8 videotaped series on World War II, when it put its own
9 label on that good. Petitioner manufactured the good at
10 issue in this case, the video series. It produced it and
11 it and it distributed it to consumers. Under this Court's
12 decisions interpreting the Lanham Act and under the Lanham
13 Act itself, petitioner is, therefore, the origin of the
14 good at issue at this case and is the source of that good
15 in the way that this Court has used that term.

16 In 1990, Congress addressed the question of
17 artistic attribution and it addressed it in the -- in the
18 context of the copyright laws. And it --

19 QUESTION: Excuse me. Before you go on,
20 suppose -- suppose they hadn't edited the -- the prior
21 Crusade in Europe thing at all. They had not done
22 anything to it, didn't have a -- a new introduction,
23 didn't have the little snippets of addition that they had.
24 However, they did, indeed, make the copies and they --
25 they made the -- the plastic cassette in which it was

1 inserted and so forth.

2 Would you take the position that -- that they
3 were the origin of that -- of that product and therefore
4 could represent that it was their product?

5 MR. GARRE: We -- we would take that position,
6 Justice Scalia, and I think that -- that would be
7 consistent with the way this Court has consistently
8 interpreted the term origin, if you look at the Wal-Mart
9 case, the Qualitex case, and going back to the concurring
10 decisions in the Two Pesos, which is to refer to the
11 source of production or manufacture.

12 QUESTION: Production not in the Hollywood sense
13 of production.

14 MR. GARRE: Absolutely, and --

15 QUESTION: Production in the sense of I made
16 this -- this physical article.

17 MR. GARRE: That's correct, Justice Scalia. And
18 that's -- of course, we encourage the intellectual
19 property laws, and this Court's decisions encourage firms
20 to go out and copy goods that come into the public domain.
21 In the Court's recent Traffix case --

22 QUESTION: That's what this was, in the public
23 domain, was it not?

24 MR. GARRE: That's correct. The television --

25 QUESTION: Do you think that this Dastar product

1 could have been copyrightable as a derivative work on its
2 own?

3 MR. GARRE: We do think that it could be
4 copyrightable as a derivative work to the extent that it's
5 not subject to copyright protection. Of course, the --
6 the original television series was subject to a copyright,
7 but that copyright expired in 1977 because respondent,
8 Twentieth Century Fox, failed to renew it. And of course,
9 if -- if the respondent had renewed it, one suspects that we
10 wouldn't be here today arguing about the -- an expansive
11 interpretation of the Lanham Act.

12 Now, Congress has addressed the -- the question
13 of artistic rights of attribution. It did so in the
14 context of the copyright laws, and it did so very
15 carefully. It limited -- it recognized specific rights of
16 artistic attribution in 1990, but it limited those rights
17 to a small class of visual arts, made them personal to the
18 author of those works, and limited the duration of the
19 life -- limited the duration of the -- the rights to the
20 life of the author.

21 In this case, the Ninth Circuit recognized a
22 general right of artistic attribution that is not limited
23 in time, that applies to a work, an audiovisual work, that
24 Congress specifically exempted from the scope of its 1990
25 legislation and that is not personal to the author of the

1 work, which in this case was Time Inc. who initially
2 produced the television series.

3 QUESTION: Now, is there -- is there no -- I
4 understand you're saying I say I produced this, all it
5 means is I produced this physical object. But suppose in
6 addition the person says I produced this -- this physical
7 object and, moreover, I -- I produced the show that is on
8 this physical object. That is, I'm using produced in the
9 Hollywood sense now. Is there -- is there -- when in fact
10 I didn't. I just did a little bit and most of it was done
11 by Fox.

12 MR. GARRE: Well --

13 QUESTION: Is there no remedy for that? Because
14 that's what they say occurred here. They -- they wouldn't
15 mind your just saying, you know, I -- I am the maker of
16 this cassette or of this disk. They wouldn't mind that.
17 But -- but what happened was that on the disk it said I am
18 the artistic producer of this thing. That's what they're
19 complaining about. Now, is there no remedy for that when
20 they weren't?

21 MR. GARRE: Two responses. First, when they
22 labeled a good that they manufactured and produced as
23 their own good, they didn't make any false designation of
24 origin within the meaning of section (a)(1)(A) of the
25 Lanham Act.

1 Now, as we've discussed in our brief, section
2 (a)(1)(B) of the Lanham Act, which the respondents in this
3 case have never invoked and the courts below didn't
4 address, isn't limited to false designations of origin.
5 It applies to false designations that misrepresent the
6 nature or qualities or characteristics of a good.

7 So the second type of description that Your
8 Honor characterized conceivably could fall within the
9 scope of section (a)(1)(B), but of course section
10 (a)(1)(B) was not raised in this case and it's also
11 limited to the context of commercial advertising and
12 protection.

13 The purpose of the Lanham Act and the trademark
14 laws -- and this is made clear in the definition of
15 trademark that appears at 15 U.S.C. 1127, is to ensure
16 that firms identify and distinguish their goods in order
17 to prevent consumer confusion as to the source of goods.

18 QUESTION: There isn't any general Federal
19 anti-lying law --

20 MR. GARRE: Well --

21 QUESTION: -- that you could get these people --

22 (Laughter.)

23 MR. GARRE: No. There's -- there's another
24 source, Justice Scalia, and we've mentioned in note 7 of
25 our brief, the Federal Trade Commission Act gives the

1 Federal Trade Commission authority to go out and address
2 deceptive or unfair trade practices. But that statute too
3 isn't limited to false designations of origin. Origin
4 doesn't even appear in that -- in that statute. Origin
5 has --

6 QUESTION: If I -- if I just read the -- the
7 label on the videotape and it says Campaigns in Europe and
8 it's identical to Crusades in Europe, and I want to sue
9 under (B) because I've just bought something that
10 duplicated what I bought last week, does the label
11 constitute commercial advertising or promotion?

12 MR. GARRE: We haven't addressed that issue,
13 Justice Kennedy, and -- and there is some varying case law
14 on that. I think most courts would probably answer that
15 question in the negative. Most courts have interpreted
16 section (a)(1)(B) to refer to advertising in the print
17 ad --

18 QUESTION: Well, then (B) doesn't -- doesn't
19 help and if -- if --

20 MR. GARRE: Well, of course --

21 QUESTION: -- in the case I put, the -- the hope
22 you hold out for us under (B) isn't -- isn't very
23 promising unless you're talking about sitting and reading
24 what comes on in -- in --

25 MR. GARRE: Of course, advertising is often --

1 QUESTION: -- in the credits which no one ever
2 reads.

3 (Laughter.)

4 MR. GARRE: Advertising is often associated with
5 the sale of products, but more importantly, (a)(1)(A) is
6 addressed -- it's intended to ensure that consumers can
7 look at a product and identify the source of that product
8 so if they do have complaints about the product, they can
9 go to that person. And notably, in this case, no consumer
10 who has ever purchased petitioner's videos has registered
11 any complaint along the lines that Your Honor is
12 suggesting. And if --

13 QUESTION: Well, I'm -- I'm supposing a case,
14 and I thought you had indicated that (B) might cover it,
15 but there has to be some advertising other than what's
16 on -- on the label.

17 MR. GARRE: Under section (a)(1)(B), that's
18 correct, but I think that the important distinction
19 between (a)(1)(B) and (a)(1)(A) in this case with respect
20 to origin is that -- is that (a)(1)(A) is limited to
21 false designations of origin or as to sponsorship or
22 approval, and -- and the latter two elements, sponsorship
23 or approval, aren't addressed in -- in this case.
24 (a)(1)(B) is much broader and -- and would include the
25 types of other representations that Your Honor is

1 concerned about.

2 And of course, all this we think goes back to
3 the notion that respondents seek artistic attribution for
4 their product.

5 QUESTION: May I -- on that score, may I go back
6 to your answer to Justice O'Connor's question about the --
7 the possibility of copyright as derivative work? Would
8 that copyright cover not only the new material, but all
9 the original material that they incorporated in?

10 MR. GARRE: I believe that the copyright would
11 cover the new material. And of course, the --

12 QUESTION: So -- so that if they -- if they did
13 that, if they got that copyright, they then couldn't turn
14 around and sue for copyright infringement when the
15 original Crusade in Europe was -- was marketed by the
16 others.

17 MR. GARRE: I -- I think that's right. We
18 haven't addressed that --

19 QUESTION: Okay. Okay.

20 MR. GARRE: -- question in detail in our brief.

21 QUESTION: But your -- in that case your -- your
22 understanding is that it's only the new material that
23 would be subject to copyright.

24 MR. GARRE: Under the derivative work.

25 QUESTION: Yes.

1 MR. GARRE: I believe that that's true.

2 But we think it's also important that when a
3 consumer buys the product in this case, a video -- a
4 package of videotapes on World War II, the consumer
5 doesn't purchase the intellectual property on those tapes.
6 And that's the purpose of the FBI warning that appears at
7 the very beginning of -- of the tape. The consumer
8 purchases a videotape series package and a copy of that
9 which it can view at home. Nothing in the Lanham Act,
10 which is not an artistic credit statute, required the
11 petitioner in this case to provide any attribution to the
12 true creator of the television series that petitioner
13 initially copied.

14 QUESTION: Or prevented him from -- prevented
15 them from making a misattribution. You have to add that.

16 MR. GARRE: Well, we -- we think that -- that's
17 true with respect to authorship because we don't think
18 authorship or -- or the concept of invention is covered by
19 (a)(1)(A).

20 And, of course, the notion of attribution that
21 respondents would urge this Court to adopt this case would
22 have to apply to other types of goods like the sign stand
23 in the Traffix case. No one in Traffix suggested that
24 petitioner could go out and reverse engineer and copy the
25 sign stand which had entered the public domain. But that

1 when it did that, it had to go and give credit to
2 Marketing Displays, the firm that initially had the -- the
3 patent on that, or to the original inventor himself,
4 Robert Sarkisian.

5 Now --

6 QUESTION: Mr. Garre, before you finish, there
7 was a reference in your brief that I didn't follow. It
8 cropped up in another brief too, and it had -- it was a
9 reference to the Berne Convention. Could you -- what is
10 the relevance of that international treaty to this -- to
11 this case?

12 MR. GARRE: May I answer that question?

13 QUESTION: Briefly.

14 MR. GARRE: It is relevant in that it's an
15 international convention that -- that covers copyrights,
16 but we explain our brief it -- we don't think that it
17 affects the analysis in this case because it -- as -- as
18 the Berne Convention Implementation Act states, it doesn't
19 expand or reduce existing rights under -- under domestic
20 law.

21 QUESTION: Thank you, Mr. Garre.

22 MR. GARRE: Thank you.

23 QUESTION: Ms. Cendali, we'll hear from you.

24 QUESTION: It's still too high.

25 (Laughter.)

1 ORAL ARGUMENT OF DALE M CENDALI

2 ON BEHALF OF THE RESPONDENTS

3 MS. CENDALI: Italians.

4 Mr. Chief Justice, and may it please the Court:

5 This is not a case about copying. It's a case
6 about deception. No one is disputing that someone has the
7 right to copy works when they're no longer protected by
8 copyright or patent, but as this Court has long recognized
9 in decisions like Bonita Boats, Sears, and Compco, that
10 doesn't give you the right to create consumer confusion in
11 how you label such works.

12 This, I should correct, is not a case about a
13 work that's actually in the public domain. Since the
14 Ninth Circuit decision, as we've explained in our brief,
15 we retried the work for hire issue. The district court
16 once again affirmed her previous summary judgment decision
17 that the work was work for hire. So the underlying book
18 by General Eisenhower is, in fact, still protected by
19 copyright, though they intend to appeal.

20 In any case, here Dastar violated the Lanham Act
21 by advertising, packaging, titling, and crediting Crusade
22 in Europe in a manner intentionally designed to give the
23 false impression that it was an original product
24 originally created by it. And Dastar knew, moreover, that
25 consumer confusion was likely. Norman Andersen, Dastar's

1 President, admitted that a consumer would not be happy to
2 have purchased a copy of Campaigns if he or she already
3 had a copy of Crusade.

4 QUESTION: But the -- the issue is whether the
5 Lanham Act creates a cause of action with respect to that
6 particular unhappiness. What do you respond to the
7 contention that the word origin in this provision simply
8 means who manufactured it, not whose -- whose idea it was?

9 And to put it in -- it applies in a patent
10 context as -- as well. You know these -- these vise grips
11 that you can have a pliers that will hold on automatically
12 until you release it. Suppose the patent has -- has
13 expired on that, and I produce an identical copy of -- of
14 the vise grip and I sell it and I say, you know,
15 manufactured by Scalia. Do I have to say, oh, but it's
16 not my idea? I want you to know that, you know, Mr. Vise
17 Grip is the guy that -- that originally did it.

18 (Laughter.)

19 QUESTION: I don't have to say that, do I?

20 MS. CENDALI: Absolutely not, Your Honor, and
21 we're not urging that, but --

22 QUESTION: And what if I say, and moreover it
23 was my original idea? Would there be a cause of action
24 under the Lanham Act?

25 MS. CENDALI: Yes, that would --

1 QUESTION: It would be.

2 MS. CENDALI: If -- if you hold yourself out

3 falsely --

4 QUESTION: Oh, my.

5 (Laughter.)

6 MS. CENDALI: If you hold yourself out falsely

7 as the inventor of a product when you are not, that

8 creates liability under the Lanham Act.

9 QUESTION: Why? What does -- what does that

10 have to do with -- all right. I don't see it.

11 QUESTION: Why is it -- I mean, why is it Lanham

12 Act rather than Copyright Act?

13 MS. CENDALI: Well, the Copyright Act just deals

14 with copying, people making copies of something and

15 selling it. The Lanham Act deals with deception, and

16 that's what -- that's what this is. It's not just that

17 they made the copies, but by crediting themselves as the

18 creator of Campaigns in Europe, they were able to jump

19 start their video business and to be able to then get all

20 the good will associated with that product and say, look,

21 we can make these videos --

22 QUESTION: No. I -- I realize that, but you

23 say, well, the Copyright Act is concerned with copying.

24 It's -- it's concerned basically with -- with copying a

25 certain intellectual content. That's what's -- that's

1 what they're trying to protect.

2 MS. CENDALI: That's right.

3 QUESTION: The Lanham Act, I thought, was not
4 trying to protect intellectual content. It doesn't have
5 to. There's another statute there. The Lanham Act, I
6 thought, wanted to make it clear -- wanted producers to
7 make it clear who is at fault if somebody buys the product
8 and doesn't like it. There's no deception here about
9 that, is there? They know they're going to go to Dastar
10 and raise the devil if -- if they don't like it. Isn't
11 that the point of the Lanham Act?

12 MS. CENDALI: No, Your Honor. For one thing, if
13 they don't like the content and they go to Dastar, they'll
14 have no one to talk to.

15 With regard to the purposes of the Lanham Act,
16 as this Court has made clear in Inwood and in Qualitex --

17 QUESTION: No, but they will have somebody to
18 talk to. Dastar will say -- I'm assuming they are honest
19 people, and they will say, well, yes, we did that. You --

20 MS. CENDALI: But --

21 QUESTION: -- you don't like the fact that we
22 copied this other stuff and said it was ours? We're the
23 ones to blame.

24 MS. CENDALI: But the purposes of the Lanham
25 Act, as this Court has made clear numerous occasions,

1 most -- very recently in Qualitex, is to let consumers be
2 able to know when they're getting a product, if they want
3 to get -- if they like it, they want to get other things
4 from that product -- from that supplier, they can.

5 QUESTION: Dastar knows who to plagiarize.

6 (Laughter.)

7 QUESTION: When -- when I see the Dastar name,
8 I'm getting good stuff.

9 (Laughter.)

10 MS. CENDALI: Well -- well, Your Honor, you just
11 don't know whether the next person they plagiarize is
12 going to be as good as Twentieth Century Fox --

13 QUESTION: That's why I'm relying -- yes, but
14 I'm relying on them

15 (Laughter.)

16 QUESTION: They -- they knew who to copy the
17 first time. It seems to me that is just as much a -- a
18 guarantee that they'll know who to copy the next time, as
19 if they had made it themselves.

20 MS. CENDALI: Well, the other problem with it,
21 beyond the fact that they are deprived, because you have
22 no idea whether the next time they copy will be as good as
23 the first time, you're also depriving the consumer of the
24 ability to end up buying two of the same product, a very
25 real possibility that they would recognize.

1 QUESTION: That's right, and they -- and they
2 can go to -- and they can go to Dastar and raise the
3 devil. They said, you didn't tell us that you copied that
4 other thing. We'll never buy Dastar again. But they know
5 exactly who to blame.

6 MS. CENDALI: They don't know who to blame
7 because if someone buys Campaigns and Crusade, they will
8 not know who cheated them. They will not be able to tell.
9 The products are lodged with the Court. The Court can
10 look at them. If you bought them both, if I bought my dad
11 one for Christmas and another one for him for his
12 birthday, he's not going to be happy to find he has
13 2 hours of the same -- two copies of the same 7-hour
14 videotape. And in page 205 of the record, it's clear that
15 there are 7 hours of content in that.

16 QUESTION: But the same point. Why can't he sue
17 or you sue Dastar?

18 MS. CENDALI: You wouldn't know who to sue. And
19 maybe he also would think --

20 QUESTION: You sue the person you bought it
21 from

22 MS. CENDALI: But it could have been Fox. He
23 wouldn't have known who was the one telling the truth.
24 Moreover, he also wouldn't know -- maybe he would think,
25 you know what?

1 QUESTION: Well, he can sue -- he can sue them
2 both and find out.

3 (Laughter.)

4 MS. CENDALI: I don't know if that's -- that's
5 the -- the best way the law should deal with it. Going
6 back to Justice Scalia's question, though, about origin,
7 there's nothing in the Lanham Act to suggest that Congress
8 wanted to limit the word origin to just the manufacture of
9 a product.

10 Now, in Justice Stevens' concurring opinion in
11 Two Pesos, he specifically noted that the term origin has
12 expanded over time from its original roots as denoting
13 geographic origin, a concept that's now in (a)(1)(B) of
14 the Lanham Act, to encompass origin of both source and
15 manufacture. So just by this Court's own opinion, source
16 is something different from manufacture.

17 What is source? Going back to Justice O'Connor
18 writing for the Court in Feist, in talking about origin,
19 originator, author, the common reading of what --

20 QUESTION: Yes, but there is -- there is a sort
21 of an ambiguity or at least a debate over what the source
22 is. I think your Traficante -- the -- the sign that stood
23 up well in the wind -- what obligation did the -- did the
24 second manufacturer have to say the idea was somebody
25 else's?

1 MS. CENDALI: Absolutely none. They could --

2 QUESTION: Why not? Why isn't it the same case?

3 MS. CENDALI: It's not at all the same case.

4 But when you're -- because you're simply selling a
5 physical product -- if all Dastar did here was sell
6 Crusade in Europe as Crusade in Europe, it would be a
7 totally different case. But what they did here is they
8 held themselves out as the maker of it, as the creator of
9 it.

10 QUESTION: No, but they didn't hold themselves
11 out as the people who took all the pictures. A lot of
12 them were secondhand pictures, you know, taken by news
13 photographers and all sorts of people.

14 MS. CENDALI: They held themselves out by
15 putting their names and only their names on the credits,
16 by -- by having a special thanks to the National Archives
17 right before their names, when they admitted they had no
18 contact -- contact with the National Archives with regard
19 to creating these products, by putting only a '95
20 copyright notice on it, by -- by listing only themselves
21 as producers. The only conclusion one can reach --

22 QUESTION: I don't -- I don't readily see the
23 difference between that and the sign situation. The sign
24 manufacturer wants everybody to think what a brilliant
25 builder of signs he is. He has a lot of other models in

1 his catalog.

2 MS. CENDALI: But the sign manufacturer -- when
3 we deal with products, we don't normally think, when you
4 have a product, that someone is saying I invented this.
5 We're accustomed to lots of people selling similar
6 products. The commercial context is very different.

7 QUESTION: Is what you're -- is what you're
8 saying that when you buy the books or the videotape,
9 you're buying it because you think it's going to be
10 different and you're disappointed when you find out that
11 it isn't. With -- with Traffix you know if it's a sign
12 that stands in the wind that --

13 MS. CENDALI: Well, you're right, Your Honor.

14 QUESTION: But that goes again to what I --
15 Justice Souter's initial line of questioning. I -- I
16 really think it's the major problem in the case for me.

17 QUESTION: Yes, and --

18 QUESTION: What you do is you sue the seller
19 Dastar -- Dastar -- for misrepresenting.

20 MS. CENDALI: But --

21 QUESTION: And -- and that Fox is not the
22 injured person.

23 MS. CENDALI: I maybe can help you on that, Your
24 Honor --

25 QUESTION: And that's critical in the case for

1 me.

2 MS. CENDALI: -- because -- because the Lanham
3 Act does not provide a cause of action for consumers. So
4 if you -- if you posit the idea that consumers need to --
5 can sue Dastar if they're disgruntled, they cannot do that
6 under the Lanham Act. The Lanham Act provides -- it's
7 been well recognized that there's only -- there's no cause
8 of action for consumers. The only people then who can
9 sue --

10 QUESTION: There's no cause of action if a
11 commercial advertising misrepresents the nature of the --
12 of the goods?

13 MS. CENDALI: No, Your Honor. There's been --
14 if you can look in McCarthy, there's well-established case
15 law.

16 QUESTION: No. But who has the cause of action?
17 The cause of action is the other company.

18 MS. CENDALI: The -- that's right. The people
19 who can sue are people such as -- as respondents --

20 QUESTION: All right.

21 MS. CENDALI: -- who are -- who are -- who have
22 had some other company come along, steal the --

23 QUESTION: No, I -- I --

24 MS. CENDALI: -- good will of this product
25 and --

1 QUESTION: I realize.

2 QUESTION: Well, you know, I -- I -- this just

3 totally ignores the fact that it was in the public domain.

4 I mean, of course, they had a right to copy it. Why

5 didn't Fox renew the copyright if they wanted to do that?

6 MS. CENDALI: Your Honor, they had --

7 QUESTION: You wouldn't have all this trouble if

8 they had renewed the copyright.

9 MS. CENDALI: There's -- there's no issue if

10 they simply copied it as Crusade in Europe and sold it as

11 Crusade in Europe. There -- we would not be here on a

12 Lanham Act cause of action. Our problem is, as we said in

13 our complaint at -- at paragraphs 12 and 22 I believe,

14 what they did was that they held themselves out as the

15 producers.

16 QUESTION: No, but isn't the --

17 QUESTION: Does someone have a right to go in

18 and take part of a previous work that's now in the public

19 domain and add original work to it and reissue it under

20 their name and get a derivative copyright for at least the

21 new part? Now, is that authorized?

22 MS. CENDALI: Yes, they absolutely can do

23 that --

24 QUESTION: Yes.

25 MS. CENDALI: -- but when you have a case like

1 this which is two courts have found it was a bodily
2 appropriation. The only things they changed were to --

3 QUESTION: -- the State court, we're talking
4 about the district court and the court of appeals in a --

5 MS. CENDALI: That's right.

6 QUESTION: -- a jurisdiction that has taken a
7 rather extreme view of what the Lanham Act protects.
8 That's what we're reviewing. I mean, there -- it -- it's
9 a means, it seems to me, of expanding copyright
10 protection.

11 MS. CENDALI: Your Honor, I -- I really don't
12 think so because, again, they could have copied. The
13 problem isn't with the copying. The problem was the
14 taking credit for themselves. Going back to the
15 misattribution point on page 21 of the cert petition and
16 Justice -- Judge Cooper's description of her own summary
17 judgment decision, she says, by bodily appropriating the
18 Crusade series and falsely identifying themselves as
19 producers of Campaigns --

20 QUESTION: How does the phrase, bodily
21 appropriation, fit into the Lanham Act?

22 MS. CENDALI: I think it's designed as a -- as a
23 tool in reverse passing off cases where you're dealing
24 with products to help assess how similar those -- those
25 products are.

1 To go back to --

2 QUESTION: Certainly there's nothing like that
3 in the Lanham Act itself.

4 MS. CENDALI: No, but -- but what it's trying to
5 do is to find a way of getting at the reverse passing off
6 problem. The Lanham Act doesn't provide a particular way
7 of establishing confusion, deception, or --

8 QUESTION: But what it -- what the Ninth Circuit
9 theory seems to me to do is to equate the likelihood of
10 consumer confusion with bodily appropriation. Now, in --
11 in the case of the traffic sign, once there was no more
12 protection under law for that, some other manufacturer can
13 come in and sell it and produce it and that's a bodily
14 appropriation, all right, but it wasn't treated as
15 producing consumer confusion. Why should this?

16 MS. CENDALI: I don't think it -- there would be
17 liability for Traffix under the Ninth Circuit test because
18 it's not just bodily appropriation, but it's
19 misattribution. And as I say, when you're just simply
20 saying I manufactured the product, you're not
21 misattributing it. If Dastar said, Dastar -- I
22 manufactured and distributed this product, that would not
23 be reverse passing off. They are allowed to credit
24 themselves for what they did. They just cannot credit
25 themselves for what they didn't do.

1 QUESTION: What -- Ms. Cendali, how far back do
2 you go? I mean, my problem with your interpretation of
3 the word origin -- it seems to me a very good cut-off
4 point means origin means who's selling it, who -- who
5 produced the physical thing. Now, you -- you don't want
6 to limit it to that. You want to say it also includes
7 what the physical thing contains if it's a -- if it's an
8 intellectual matter.

9 But why do you cut it off at the last copyright
10 owner? I mean, suppose the cassette contained Carmen
11 Jones. Okay? Why -- why -- would I have to identify not
12 only whoever was the author of the derivative work, Carmen
13 Jones, Harry Belafonte -- I don't know who did it. Would
14 I also have to identify Bizet as -- as the, you know,
15 the -- the author of the original idea, plus the unknown
16 Frenchman who wrote the novel from whom Bizet got the --
17 got the idea?

18 MS. CENDALI: Absolutely not, Your Honor.
19 There --

20 QUESTION: Why not?

21 MS. CENDALI: Because --

22 QUESTION: Why -- why do you arbitrarily say,
23 you know, you go back to the last copyright owner?

24 MS. CENDALI: It has nothing to do with who is
25 the copyright owner or not. It's distinct from copyright.

1 The issue is and the only issue a court needs to decide in
2 these cases is does the person claiming a credit for
3 themselves --

4 QUESTION: Right.

5 MS. CENDALI: -- was that accurate. So if the
6 person --

7 QUESTION: Okay. But may I ask what difference
8 would it make if the person claiming the credit, instead
9 of claiming for himself, said, developed by an unknown
10 genius --

11 (Laughter.)

12 QUESTION: -- when he knows it was developed by
13 you? That would be equally misleading. And would it be
14 covered?

15 MS. CENDALI: I'm -- I'm sorry. If --

16 QUESTION: The representation is not I developed
17 it.

18 MS. CENDALI: Right.

19 QUESTION: I know you developed it. What I --
20 what I represent is it was developed by a brilliant third
21 party whose name I'm not going to disclose. Would that be
22 also actionable?

23 MS. CENDALI: I don't think so, Your Honor.

24 QUESTION: Why not? It's the same -- it's the
25 same impact on you. It fails to give you credit for what

1 you di d.

2 MS. CENDALI: But again, the issue isn't giving
3 us credit. The -- the danger here is them taking the
4 credit, them taking it --

5 QUESTION: Well, but what does it matter whether
6 they take the credit for themselves or -- or for Thomas
7 Edison or some third party that everybody assumes really
8 is the genius here? It's false in both cases.

9 MS. CENDALI: You're -- you're right. If -- if
10 I understand what you're saying is if someone mislabels a
11 product in a false way as to what the origin of that
12 product is --

13 QUESTION: Yes.

14 MS. CENDALI: -- that is -- that I believe is
15 actionable under the Lanham Act, and I think it should be.

16 QUESTION: Even you didn't have a copyright.
17 And that would apply even if you had no copyright on the
18 product, just -- just --

19 MS. CENDALI: Copyright really has nothing to do
20 with -- with this case. They're separate causes of action
21 for separate purposes --

22 QUESTION: Does it have to be a deliberate or
23 could be a mistake? Suppose the person thought the third
24 party did it and he was wrong. He said this was really
25 written by William Shakespeare and it was written by Joe

1 Smith. Would that also be actionable?

2 MS. CENDALI: If it was -- if it was a mistake,
3 it may be false or misleading, but there wouldn't be
4 any -- the damage is likely to be very different if there
5 was a mistake.

6 QUESTION: Why wouldn't the damage be exactly
7 the same? You didn't get credit for something you
8 developed.

9 MS. CENDALI: But again, it's not the -- to go
10 back, Your Honor, it's not the giving us credit. It's
11 simply the injury lies from someone taking the credit for
12 themselves, for a company such as Dastar with no
13 experience in the video business to suddenly in 3 months,
14 at the investment of \$4,000, be able to produce a 7-hour
15 video tape that it can represent to the world and use to
16 jump start its video business and sell 150 other boxed
17 sets in competition with our client.

18 QUESTION: Well, that's certainly -- it may be
19 unfair competition, but I'm not sure that it has anything
20 to do with confusion.

21 Let me -- may I ask you a different kind of
22 question? I thought, in answer to a question I put to you
23 earlier, that you might be suggesting -- you did not come
24 out and say it, but I thought you might be suggesting that
25 there would be a different kind of analysis, depending on

1 whether we were talking about an object like the sign on
2 the two springs, on the one hand, and an object with
3 intellectual content on the other.

4 You said to me -- I -- I said, you know, they --
5 if they don't like what they get, they will know that
6 Dastar is to blame. And your answer was, no, they won't
7 because they won't know whether Dastar copied or Fox or
8 Fox copied Dastar. And therefore Fox will suffer because
9 there is confusion and Fox will get hurt. And -- and that
10 seems to be a distinction based on the fact that you're
11 buying intellectual content as opposed simply to buying a
12 sign that either stays up or it doesn't stay up. Is -- is
13 that an argument that -- that you would make?

14 MS. CENDALI: Well, yes, in part, in the sense
15 that certainly when someone buys a creative work knowing
16 the author is important to the person. If you like a Tom
17 Clancy novel, you'll buy another Tom Clancy novel.

18 QUESTION: No, but I mean, that's important to
19 me, but I thought your argument was that the original
20 producer is -- is, in fact, going to be hurt by the
21 confusion because maybe the original producer will be
22 blamed for the fact that there are these two identical
23 intellectual products on the market.

24 MS. CENDALI: Yes. That's exactly right.

25 QUESTION: All right. Now, what happens in the

1 case -- what would happen in the case in -- in which we --
2 we start out with -- with Fox marketing its -- its series
3 and they call it Crusade in Europe, just -- just as
4 they -- they labeled the original TV program, and Dastar
5 comes out with a -- with a series which is identical to
6 it, again, copyright has expired? Dastar comes out with a
7 series that is identical to it and calls it War and simply
8 says at the bottom of -- of the cassette, cassette
9 manufactured by Dastar. Is there a Lanham Act violation
10 then? There is no claim that Dastar produced anything.
11 Is there a Lanham Act violation then?

12 MS. CENDALI: There would not be a false
13 designation of origin claim under (a)(1)(A). It's --
14 because -- because Dastar is not representing itself to be
15 the -- the creator. It's accurately just simply listing
16 itself --

17 QUESTION: But the consumer would be just as mad
18 and -- I suppose, and there would be a danger even in the
19 second case of Fox being blamed for the identity of these
20 two products.

21 MS. CENDALI: But there might -- there would be,
22 however, I believe in that scenario a claim under
23 (a)(1)(B) of the Lanham Act for falsely describing the
24 nature of the product. As -- as the cases cited in our
25 brief --

1 QUESTION: No, but in my second example, they
2 didn't falsely describe it. They just said, cassette
3 produced by Dastar.

4 MS. CENDALI: Only -- that was true from the
5 purposes of origin, and I'm saying there wouldn't be an
6 origin claim

7 QUESTION: Yes.

8 MS. CENDALI: But with regard to the title, for
9 the reasons discussed in the Second Circuit cases, the new
10 American Library cases, when someone comes up with a
11 creative work, and puts a title on it, inherent in that
12 use is the idea that -- that this --

13 QUESTION: Any change in title is therefore a
14 deception.

15 MS. CENDALI: It -- it -- that's what those
16 cases said, so to the --

17 QUESTION: It's a deception in the sense that
18 it's an implicit denial of the identity.

19 MS. CENDALI: That's right --

20 QUESTION: Yes, okay.

21 MS. CENDALI: -- and so therefore, I think that
22 would be a separate issue. And that's why as consumers,
23 we all know when we look at a book and we check to see,
24 you know, if it was the same Agatha Christie book
25 published under a different title. And that's an example

1 where disclaimers are not very difficult for people to
2 deal with in -- in reality, and something that consumers
3 all can expect.

4 QUESTION: Ms. Cendali, could you describe to us
5 precisely what it is that Dastar could represent? It has
6 this cassette that it's selling, and you said that they
7 can't say produced by Dastar and not say Fox. What
8 exactly could they say? You don't question that they
9 could copy word for word what's in the public domain. In
10 packaging it, what could they say?

11 MS. CENDALI: Probably the easiest thing for
12 them to have done would have been to have copied it down
13 to the last iota of the frame and simply called it and
14 said, manufactured and distributed by Dastar. That would
15 not have been a problem under the Lanham Act or the -- or
16 the Copyright Act if -- but for the fact that the work is
17 not truly in public domain.

18 If they had want -- they could have also said,
19 new credits created by Dastar. They could have accurately
20 credited themselves for that.

21 They could have chosen not to credit anybody.
22 There's no requirement of credit.

23 Or they could have given credit to everyone.
24 They could have listed the original creditors and they
25 could have -- creators, and they could have added their

1 name on it.

2 All of these things they could have done which
3 would have protected the consumer. The consumer would
4 have known what he or she was getting and also not usurped
5 for themselves unjustly in an unjust enrichment way the
6 good will to which they do not deserve. This is --

7 QUESTION: You haven't had time to address the
8 damages aspect of it, and if you're right that what went
9 wrong here was not the copying -- they were free to
10 copy --

11 MS. CENDALI: Absolutely, Your Honor.

12 QUESTION: Then -- and the only thing that was
13 wrong was that they -- the attribution of creator.

14 MS. CENDALI: The misattribution, yes, Your
15 Honor.

16 QUESTION: Why should they get the profits of
17 Dastar when -- when all they did wrong -- I mean, did --
18 copying the pages, copying the cassettes was fine. It
19 seems to me to -- to have that large disgorgement of
20 damages is a misfit.

21 MS. CENDALI: For several reasons, Your Honor.
22 First, the -- what they -- the disgorgement is the normal
23 remedy in cases like this because it's very difficult to
24 establish actual damages of -- of any type.

25 The statute is premised and works this way.

1 You -- you establish your entitlement to profits. In
2 other words, the plaintiff just simply, once they show
3 liability, needs to show what their -- that they are --
4 what the sales were, and then the burden is on Dastar to
5 come forward and establish what -- what deductions should
6 be from that. Deductions have included the ability to
7 argue apportionment, that only some of the sales should be
8 attributed to the infringement, for example.

9 QUESTION: Yes, but can I interrupt with --
10 with -- you got double profits in this case, didn't you?

11 MS. CENDALI: Yes, we did. The court had --

12 QUESTION: And wasn't the theory of that to
13 deter new violations, which I find strange when there's an
14 injunction against new violations.

15 MS. CENDALI: No, but -- but the issue here is
16 the -- they -- this was undisputed. This was the first of
17 150 videos. And as Judge Posner in the Louis Vuitton
18 opinion, discussed in our brief, discusses the enhanced
19 damages, and, in fact, damages of any type, are
20 particularly proper in cases such as this where there's a
21 risk of surreptitious infringement. And it's not easy to
22 detect reverse passing off.

23 You could easily have a situation where someone
24 would rather -- a rational, economic actor would rather
25 lose the profits on a particular item if -- if they can

1 get their entire stream of -- of business going forward.
2 This is just such a case because this was their first
3 video. They -- they were able to use this to get instant
4 legitimacy in the video business, and get -- the injury to
5 us isn't just with regard to this product, but the injury
6 for us is the entire future diversion of sales that
7 they've been able to get by suddenly using Twentieth
8 Century Fox's work to march into the video business and
9 get profits time immemorial.

10 That is why Congress has enacted the kind of
11 damages provisions it has under the Lanham Act which I
12 think are singularly suited for just this type of case
13 where it's difficult to show actual damages in any given
14 way.

15 I'll note, though, that the court in our case
16 did specifically find that we did suffer actual damages
17 and they did not appeal from that. The -- the record
18 is -- is clear and they're bound with it, that we lost
19 sales and that we also lost good will. They have not
20 appealed from that. The court did not quantify that in
21 any way, but the court then went on to award us profits
22 and, in her discretion, to award us double profits. She
23 was using her discretion. She could have awarded treble
24 profits, but she chose in the -- in the principles of
25 equity to make a rational decision as befitting the facts

1 of this case.

2 And I -- she also had the opportunity, after a
3 damages trial, to see the demeanor in each of everyone of
4 the witnesses and to assess the credibility of their
5 various statements, and I'm sure she factored that into
6 her analysis as well.

7 And I think that the award should be upheld and
8 we hope that the Court will affirm summary judgment. I
9 note that even though the Ninth Circuit opinion was -- was
10 short, given the fact it was a summary unpublished
11 opinion, my understanding is that this Court has de novo
12 review and has the ability, if it so chooses, to affirm
13 the district court's opinion on any fact in the record.

14 We think that the record amply supports the fact
15 that there was reverse passing off here. It is a cause of
16 action. I'm not aware of any court to ever suggest a
17 reading of the Lanham Act that reads reverse passing off
18 out of the Lanham Act the way that the Solicitor General
19 and Dastar urges here. I'm not aware of a single court to
20 ever make that suggestion. It just doesn't make sense in
21 light of the plain language of the Lanham Act. It doesn't
22 make sense in light of the fact that, as this Court again
23 has recognized in Two Pesos, the '88 amendments were only
24 designed to codify existing law. They weren't entitled --
25 intended to make any change, and there was absolutely no

1 suggestion anywhere that anyone ever thought that reverse
2 passing off should be eliminated. It's --

3 QUESTION: Did the disclaimer or the
4 acknowledgement have to be on the package or just in the
5 forewords -- or on the film, just in the screen credits?

6 MS. CENDALI: The disclaimer -- I'm sorry, Your
7 Honor.

8 QUESTION: If -- if Dastar had done what you say
9 they're required to do, would it have sufficed if they put
10 the information just on the screen credits, or does it
11 have to be on the package that the consumer buys?

12 MS. CENDALI: Well, I think it -- probably on
13 the package the consumer buys it should have said,
14 manufactured and distributed by Dastar.

15 QUESTION: But -- and if it's not on the
16 package, then there's --

17 MS. CENDALI: And --

18 QUESTION: -- then there's a cause of action
19 even if it's on the screen credits?

20 MS. CENDALI: No. I think that if the
21 credits -- if our credits are on the inside and not on the
22 outside, they wouldn't need to put a disclaimer probably
23 on the -- on the outside. In other words --

24 QUESTION: But the buyer doesn't -- the buyer
25 has already bought it by the -- I mean, the screen

1 credits, you know, you're going to the refrigerator or
2 reading cert petitions or something.

3 (Laughter.)

4 QUESTION: No one -- no one looks at --

5 MS. CENDALI: Well, that -- well, that's why the
6 outer packaging has to be correct. All I'm saying is that
7 if they simply put on the outer packaging manufactured and
8 distributed by Dastar, they wouldn't need to have a
9 disclaimer. If on -- if on the inside they were doing
10 something different, or if they --

11 QUESTION: Again, I -- I'm bothered. It doesn't
12 seem to me this is for the protection of the consumer at
13 all. I -- I understand what you're telling me about the
14 act.

15 MS. CENDALI: Well, again, you know, as this
16 Court in Qualitex and other decisions have said, a
17 consumer -- and Colgate-Palmolive -- has the right to know
18 when they buy something, even if it's a capricious reason,
19 you know, who they're getting it from and they should have
20 the right to base their future purchasing decisions based
21 on accurate information. Here Dastar took that right from
22 the consumer. A consumer, if they liked Campaigns in
23 Europe, they may go out --

24 QUESTION: Yes, but if that's right, there's a
25 duty to disclose the true producer then. That's your

1 position.

2 MS. CENDALI: No. You would think it could be,
3 but it doesn't have to be.

4 QUESTION: Well, if you're saying they have a
5 right to know that, there must be a duty to disclose.

6 MS. CENDALI: No. Only that they had the right
7 not to know what's false. In other words, the law could
8 go so far --

9 QUESTION: Well, that's a very lesser right than
10 the one you were just describing --

11 MS. CENDALI: I appreciate that, but -- but
12 at -- at a minimum a consumer should not have false
13 information.

14 And again, as I come back to where I started,
15 that's what this is about. These videos have been lodged
16 with the Court. I invite the Court to -- to look at them.
17 And you will see how deceptive they are on the inside and
18 on the outside and how going back to the -- my -- the
19 father getting the -- the Christmas and birthday presents
20 that are identical, which is a very real possibility, that
21 is not a happy situation for the consumer. Congress put
22 in the competitor the -- the private attorney general role
23 to stop it.

24 And I note, moreover, that this was very
25 targeted act -- misconduct on their part. Before they

1 released Campaigns in Europe, they saw in a video catalog
2 that Crusade in Europe in a boxed set was for sale. They
3 didn't care. They targeted the competition and they
4 continued.

5 Thank you.

6 QUESTION: Thank you, Ms. Cendali.

7 Mr. Gerber, you have 5 minutes remaining.

8 REBUTTAL ARGUMENT OF DAVID A. GERBER

9 ON BEHALF OF THE PETITIONER

10 MR. GERBER: I have two short points.

11 Number one, Ms. Cendali contends that there is
12 no textual support in the section of the Lanham Act at
13 issue, 41(a)(1)(A), supporting our and the SG's
14 interpretation of origin and excluding the authorship
15 concept. I would suggest that she's wrong.

16 The textual support is the word origin. Unlike
17 the Copyright Act, which uses the word author, the Patent
18 Act, which uses the word inventor, the Lanham Act uses a
19 different word and the word is origin. And that is
20 completely in accord with this Court's jurisprudence. I
21 think perhaps as Justice Souter had suggested, the -- the
22 purpose from a policy perspective is to render efficient
23 purchasing decisions, as this Court stated in Qualitex.

24 QUESTION: And you -- you would stand by that
25 for forward --

1 MR. GERBER: Absolutely.

2 QUESTION: -- causes of action --

3 MR. GERBER: Yes.

4 QUESTION: -- as well as -- as well as reverse.

5 MR. GERBER: Yes.

6 QUESTION: So that if I sold a cassette that I

7 physical manufactured and I advertised it as being Carmen

8 Jones, the original MGM production, and in fact it was The

9 Capitol Steps, there wouldn't be any -- there wouldn't be

10 any Lanham Act cause of action.

11 MR. GERBER: I think that is forward passing

12 off. I may be --

13 QUESTION: That's what I'm saying. That's

14 forward passing off, and you would say that since origin

15 means what you say it means, I've manufactured the piece

16 of plastic, there's no -- there's no cause of action under

17 the Lanham Act.

18 MR. GERBER: Oh, excuse me. Yes.

19 QUESTION: I mean, he who says A must say B,

20 right?

21 MR. GERBER: The -- the answer under the

22 specific, myopic section we're looking at that it is

23 correct. That would not be assertable.

24 It would be redressable under, arguably,

25 subsection (B) and we may differ from the SG with respect

1 to commercial advertising and promotion and whether a
2 point of sale labeling qualifies.

3 And under a lot of consumer protection statutes
4 in the States as well as the Federal Trade Act, the -- the
5 second point that I promised responds, I believe, to
6 Justice O'Connor. I wanted to add to the answer to the
7 question yes, this would be a copyrightable derivative
8 work, the observation that the copyright defines proper
9 credits for derivative works. It tells owners of
10 derivative works who may be designated as the copyright
11 proprietor, and the law there is that the owner of a
12 derivative work, such as Dastar, may use its name. It
13 doesn't have to refer to the names of owners of
14 preexisting works. So what we have with the suggestion of
15 respondents is a kind of dual series of credits, proper
16 credits under the Copyright Act, and then authorial
17 credits.

18 I -- I would suggest another example in response
19 to Justice Scalia's question, it can become quite
20 burdensome. You know, for a very highly complex,
21 iterative product like a car, you might have 300 pages of
22 credits in the owner's manual before you even get to how
23 do you turn on the key under the alternative universe of
24 credits that is completely different from the derivative
25 work credits required by the Copyright Act.

1 Unless the Court has further questions, then --

2 QUESTION: Well, if you have a minute, would you
3 address Ms. Cendali's argument that there is significance
4 when a product has intellectual content and there is
5 duplication because then the confusion may very well,
6 indeed, redound to the -- to the original -- to the
7 originator of the product? The consumer doesn't know who
8 to blame, so the originator of the product may well be
9 hurt. What is your response to that argument?

10 MR. GERBER: I'm not sure I -- I'm recalling the
11 example completely. If I get it, the consumer does know
12 who to blame. It has the --

13 QUESTION: No. Her -- her point is you got --
14 you got two sets of videos out. One has got Dastar on it
15 saying, in effect, it's ours. The other one has got
16 Crusade in Europe saying Fox. The consumer is mad because
17 the consumer has both. The consumer doesn't know who to
18 blame, so the consumer blames both. What's the response
19 to that argument?

20 MR. GERBER: I'm not sure I will buy into that
21 consequence. Where both parties state their names as
22 manufacturer, the consumer could be quite happy. He could
23 say Dastar's cost one-fifth of what Fox's did and
24 recommend it to all of his friends. So while there might
25 be confusion in the literal sense, it might actually be

1 salutary. And the efficiency of that type of consumer
2 decision is really what putting the name of the
3 manufacturer on enables the consumer to do. It renders
4 the transactions efficient.

5 CHIEF JUSTICE REHNQUIST: Thank you, Mr. Gerber.

6 The case is submitted.

7 (Whereupon, at 11:56 a.m., the case in the
8 above-entitled matter was submitted.)

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