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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 02-M-1662 (MJW)

ROBERT HUNTSMAN and
CLEAN FLICKS OF COLORADO, L.L.C.

Plaintiffs,

and

FAMILY SHIELD TECHNOLOGIES, LLC,
CLEAR PLAY INC., and
TRILOGY STUDIOS, INC., et al.

Counterclaim Defendants,

v.

STEVEN SODERBERGH,
ROBERT ALTMAN, et al.

Defendants and Counterclaimants,

and

THE DIRECTORS GUILD OF AMERICA,

Defendant in Intervention and Counterclaimant in Intervention.

**THE PLAYER CONTROL PARTIES' SUPPLEMENTAL BRIEF IN SUPPORT
OF THEIR MOTION FOR SUMMARY JUDGMENT**

TABLE OF CONTENTS

	<u>Page</u>
PRELIMINARY STATEMENT	1
<i>DASTAR</i> 'S FACTUAL BACKGROUND	2
<i>DASTAR</i> 'S PROCEDURAL BACKGROUND.....	3
<i>DASTAR</i> 'S HOLDING	4
EFFECT OF THE <i>DASTAR</i> HOLDING ON THIS CASE.....	5
<i>DASTAR</i> 'S EXPLANATION OF ITS HOLDING	7
<i>DASTAR</i> 'S APPLICATION TO COPYRIGHTED WORKS	9
CONCLUSION.....	10

TABLE OF AUTHORITIES

Page(s)

CASES

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989).....8

Dastar Corp. v. Twentieth Century Fox Film Corp., ___ U.S. ___, no. 02-428, slip op.
(June 2, 2003)1, 2,
.....3, 4, 5,
.....6, 7, 8,
.....9, 10

Eldred v. Ashcroft, 537 U.S. 186 (2003)9

Gilliam v. American Broadcasting Cos., 538 F.2d 14 (2d Cir. 1976)6, 7

TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001)7, 8

Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205 (2000).....8

STATUTES

§ 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).....1, 3, 4

Visual Artists Rights Act of 1990, 17 U.S.C. § 106A(a)(1)(A)8

Family Shield Technologies, LLC, ClearPlay Inc., and Trilogy Studios, Inc. (collectively the “Player Control Parties”) hereby submit this supplemental opening brief in support of their motion for summary judgment on all claims asserted against them in this case.

PRELIMINARY STATEMENT

The basis for this supplemental brief is the recent landmark and unanimous¹ U.S. Supreme Court decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, ___ U.S. ___, no. 02-428, slip op. (June 2, 2003). The Court’s opinion is available at <http://www.supremecourtus.gov/opinions/02pdf/02-428.pdf>.²

The effect of *Dastar* is significant to this case. In addition to the reasons for summary judgment that the Player Control Parties discussed in their opening brief, *Dastar* sounds an additional death knell for the Lanham Act section 43(a) claims of the Directors (including the Directors Guild of America).

Dastar establishes without dispute that a claim for “false designation of origin” under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), cannot be asserted by parties who claim to be the origin of *content* but who are not the origin of the *products* in the marketplace. *Dastar* forbids a claim by the Directors based upon their being the origin of the “works” (their movies), or the “authentic experiences” of works, as opposed to the physical products in the marketplace (the DVDs and videotapes).

¹ Justice Breyer did not participate in the decision.

² All slip opinion page numbers in this brief refer to the pages of the PDF version of the opinion at this Internet location.

Because the Directors base their section 43(a) claims on their being the origin of the works, and on alleged consumer confusion relating to the experience of those works, those claims must fail under *Dastar*'s unambiguous holding.³

DASTAR'S FACTUAL BACKGROUND

In 1948, Doubleday published General Eisenhower's memoirs of the allied campaign in Europe during World War II and granted exclusive television rights to an affiliate of Twentieth Century Fox Film Corp. ("Fox"). Fox in turn arranged for Time, Inc. to produce a television series based on the book, and Time, Inc. assigned its copyright in the series to Fox. Fox later failed to renew the copyright in the television series. *Dastar*, slip op. at 1-2.

In 1988, Fox reacquired television rights in the Eisenhower memoirs and granted exclusive distribution and sublicensing rights to other companies to turn the original series into videotapes for home distribution. *Id.*, slip op. at 2.

In 1995, Dastar obtained copies of the original television series and re-edited it by omitting almost half of the original material, rearranging the remaining material, substituting its own credits for the original credits, and creating new opening and closing sequences. Dastar created new packaging and a new title for the edited material, and distributed it under its own name. *Id.*, slip op. at 2-3.

³ Because *Dastar*'s analysis of the meaning of "goods" would apply to the Directors' dilution claims under section 43(c) of the Lanham Act, the Player Control Parties believe that the new decision would also bar those claims as well. Nevertheless, because that point will require more elaborate analysis and because the Player Control Parties wished to file this brief promptly to promote swift resolution of this motion, they do not press the issue here. In the event that the present motion is denied they reserve the right to file a later motion addressing the issue.

DASTAR'S PROCEDURAL BACKGROUND

The publisher of the Eisenhower memoirs, Doubleday, together with Fox and its exclusive licensees, sued Dastar for copyright infringement of the memoirs. Fox and its exclusive licensees also sued Dastar for violation of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and California unfair competition law. *See Dastar*, slip op. at 3.

The district court granted summary judgment to plaintiffs on both causes of action and awarded double profits under the Lanham Act. In an unpublished opinion the Ninth Circuit reversed and remanded the case as to the copyright claim but affirmed the decision on the Lanham Act and state unfair competition claims. The Court of Appeals held that Dastar, by copying the entire television series, labeling the resulting product with a different name, and marketing it without attribution to Fox, engaged in a “bodily appropriation” of the Fox series that was sufficient to establish a Lanham Act violation. *See id.*, slip op. at 3-4.⁴

The questions before the Supreme Court in *Dastar* were (1) whether section 43(a) prevents the unaccredited copying of a work and (2) whether a court may award double profits under the Lanham Act to deter future infringing conduct. *See id.*, slip op. at 1. The Supreme Court answered the first question in the negative and did not reach the second question.

⁴ The specific type of violation was that of “reverse passing off,” which the Court explained as what occurs when a producer misrepresents someone else’s goods or services as its own, as opposed to traditional “passing off,” in which a producer misrepresents his own goods or services as someone else’s. *See Dastar*, slip op. at 3 n.1. The distinction between traditional passing off and reverse passing off does not figure in, or matter to, the Court’s analysis.

DASTAR'S HOLDING

The Court engaged in close scrutiny of the text of section 43(a) of the Lanham Act. In doing so, it noted that the section is not a federal “codification” of the overall law of unfair competition but can apply only to certain unfair trade practices prohibited by the text. *See Dastar*, slip op. at 5.

The Court highlighted the core “false designation of origin” language of the section and discussed the evolution of the interpretation of that language, which includes both “reverse” passing off and traditional passing off. *See Dastar*, slip op. at 5-7.

The Court then reviewed the case before it in the context of the language, stating:

[A]s it comes to us, the gravamen of respondents’ claim is that, in marketing and selling Campaigns as its own product without acknowledging its nearly wholesale reliance on the Crusade television series, Dastar has made a “false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion . . . as to the origin . . . of his or her goods.” That claim would undoubtedly be sustained if Dastar had bought some of New Line’s Crusade videotapes and merely repackaged them as its own. Dastar’s alleged wrongdoing, however, is vastly different: it took a creative work in the public domain – the Crusade television series – copied it, made modifications (arguably minor), and produced its very own series of videotapes. If “origin” refers only to the manufacturer or producer of the physical “goods” that are made available to the public (in this case the videotapes), Dastar was the origin. If, however, “origin” includes the creator of the underlying work that Dastar copied, then someone else (perhaps Fox) was the origin of Dastar’s product. At bottom, we must decide what §43(a)(1)(A) of the Lanham Act means by the “origin” of “goods.”

Dastar, slip op. at 7 (citation omitted).

The Supreme Court then construed the scope of “origin of the goods” within the meaning of section 43(a)(1)(A) as follows:

We think the most natural understanding of the “origin” of “goods” – the source of the wares – is the producer of the tangible product sold in the marketplace, in this case the physical Campaigns videotape sold by Dastar. The concept might be stretched (as it was under the original version of §43(a)) to include not only the actual producer, but also the trademark owner who commissioned or assumed

responsibility for (“stood behind”) production of the physical product. But as used in the Lanham Act, the phrase “origin of goods” is in our view incapable of connoting the person or entity that originated the ideas or communications that “goods” embody or contain. Such an extension would not only stretch the text, but it would be out of accord with the history and purpose of the Lanham Act and inconsistent with precedent.

Dastar, slip op. at 8 (footnote omitted).

After extensive analysis, the Court concluded with its holding:

In sum, reading the phrase “origin of goods” in the Lanham Act in accordance with the Act’s common-law foundations (which were *not* designed to protect originality or creativity), and in light of the copyright and patent laws (which *were*), we conclude that the phrase refers to the producer of the tangible goods that are offered for sale and not to the author of any idea, concept, or communication embodied in those goods.

Dastar, slip op. at 14 (emphasis in original). The Court went on to conclude that, because *Dastar* was the “origin” of the products it sold as its own, the respondents’ Lanham Act claim failed.

EFFECT OF THE *DASTAR* HOLDING ON THIS CASE

The significance of the *Dastar* holding for this case is that the Directors cannot succeed on claims that relate to potential confusion regarding the underlying works, because “underlying works” are not “goods” within the meaning of section 43(a)(1)(A). Here, the Directors’ section 43(a) claims are based upon their being the origin of the underlying work, the “content” of motion pictures, rather than any goods at issue in the case. As stated in the Directors’ most recently amended counterclaims, “[b]ecause directors and their names are closely associated with the *content* of the movies they direct, Counterdefendants’ conduct is particularly injurious to directors.” Directors’ Second Amended Counterclaims, ¶ 58 (emphasis added). After *Dastar*, such association cannot be the basis for a section 43(a) false designation of origin claim where the

Directors are not the origin of the goods at issue. Nor can the Directors succeed on claims that relate to potential confusion regarding consumers' experiences of the underlying works.

Instead, after *Dastar*, the Directors need to show likelihood of confusion regarding the origin of some physical product for their claims under section 43(a)(1)(A). Only two such "products" are in the field of view of this case: the Player Control Parties' software and the genuine, original DVDs bought or rented by consumers and used by them in conjunction with the Player Control Parties' software. There is no remote issue of material fact as to any "false designations of origin" of either the Player Control Parties' software or of the DVDs that the consumers have bought or rented. As shown in the opening brief, the Player Control Parties do not attach any Directors' names to their products. Nor do they deal in the consumers' DVDs. Accordingly, there is no possibility of false designation of the "origin" of "goods" in this case.

Nor does the Directors' labeling of a second type of cause of action under section 43(a) – for "mutilation/distortion" (in the 6th, 14th, and 18th counterclaims for relief) as distinguished from false designation of origin (in the 5th, 13th, and 17th counterclaims for relief) – avoid the effect of the *Dastar* holding. In *Dastar*, the underlying work was itself "mutilated" by the Directors' standards: *Dastar* omitted almost half of the underlying television series, rearranged remaining elements, and substituted new opening and final sequences. See *Dastar*, slip op. at 2. The Supreme Court, on the facts it described, failed to discern such a "mutilation" claim in section 43(a)(1)(A).

The Directors rely on *Gilliam v. American Broadcasting Cos.*, 538 F.2d 14 (2d Cir. 1976) for the existence of a "mutilation" cause of action. In *Gilliam*, however, the

Second Circuit examined the alleged “mutilation” claim as a type of “false designation of origin” claim, not as a distinct species of claim. See *Gilliam*, 538 F.2d at 27. Moreover, *Dastar* has now overruled *Gilliam* to the extent *Gilliam* recognized claims by writers and performers with respect to their creative works as opposed to the products embodying them.

DASTAR’S EXPLANATION OF ITS HOLDING

The Supreme Court recognized that the meaning of the “origin” of “goods” could have a broad scope in the context of “communicative products” such as movies. The Court defined a communicative product as “one that is valued not primarily for its physical qualities such as a hammer, but for the intellectual content that it conveys, such as a book or, as here, a video.” *Dastar*, slip op. at 9. The Court acknowledged that purchasers would usually be more interested in the identity of creators of the stories than in the publishers, and that authors would have at least an equal interest as publishers in avoiding passing off. *Id.*

The Supreme Court analyzed, and rejected, an argument that content creators should be deemed the “origin of goods” in section 43(a). The Court stated: “[t]he problem with this argument according special treatment to communicative products is that it causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically.” *Dastar*, slip op. at 10.

The Court identified several specific aspects of that problem. First, the Court stated that “in construing the Lanham Act, we have been ‘careful to caution against misuse or overextension’ of trademark and related protections into areas traditionally occupied by patent or copyright.” *Dastar*, slip op. at 10 (citing *TrafFix Devices, Inc. v.*

Marketing Displays, Inc., 532 U.S. 23, 29 (2001)). The Court observed in this context that a claim under section 43(a) for false designation of origin of a creative work “would create a species of mutant copyright law.” *Dastar*, slip op. at 10.

Second, the Court examined the legislative history of recent amendments to the Copyright Act, particularly the Visual Artists Rights Act of 1990, 17 U.S.C. § 106A(a)(1)(A), which gives an express “limited and focused” right of attribution to a narrow class of “work[s] of visual art” (which does not include motion pictures). The Court observed that expansion section 43(a) of the Lanham Act to cover creative works as “goods” would violate a principle of statutory construction by rendering the copyright legislation “superfluous” and should therefore be avoided. *Dastar*, slip op. at 10-11.

Third, the Court pointed out the practical difficulty of discerning who may be appropriately determined as the “origin” of a communicative work. The Court identified numerous candidates for the status of “origin” of works. Citing the film of a musical, the Court identified as its potential “origins” the motion picture studio that produced the film, the writer of the underlying musical, the composer of the opera underlying the musical, and the author of the novel underlying the opera. The Court observed: “We do not think the Lanham Act requires this search for the source of the Nile and all its tributaries.” *Id.* at 11-12.

Fourth, the Court noted that the construction favored by Fox would conflict with *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000) (product design trade dress not protectable without secondary meaning), *TraFFix Devices* (design reflected in expired patent not protectable under trademark law), and *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989) (vessel hull design not protectable under state

law), because in all of these cases the plaintiffs could use the Lanham Act as a substitute to achieve the same purposes as the claims that the Court had disallowed. *See Dastar*, slip op. at 13.

Fifth, application of section 43(a)(1)(A) to communicative works, as opposed to the tangible products, would cause “a species of perpetual . . . copyright, which Congress may not do.” *Dastar*, slip op. at 14 (citing *Eldred v. Ashcroft*, 537 U.S. 186, 208 (2003)). This flows from the fact that trademark law may afford perpetual protection whereas copyrights and patents exist for limited times.

DASTAR’S APPLICATION TO COPYRIGHTED WORKS

The Player Control Parties expect the Directors to cite several references to “unprotected” or “public domain” works by the Supreme Court in *Dastar* in an effort to limit *Dastar* to cases where the underlying work is in the public domain.

Any such effort to limit *Dastar* must fail for several reasons. First, the Supreme Court’s clear and broad holding – which construed the statutory language “origin” of “goods” within the meaning of section 43(a)(1)(A) of the Lanham Act, and which distinguished clearly between “works” and “goods” – contains no such limitation. The concept of “goods” in the statutory language does not depend upon copyright status of underlying works.

Second, the Court expressed concern about the “superfluous” nature of the Visual Artists Rights Act under Fox’s proposed reading of the Lanham Act. Such a concern rested on an assumption that a work was still protected under VARA: only double protection would be superfluous, and the Court’s comments would have been inapposite

in contexts where the VARA protection had passed or was otherwise unavailable. The Court's analysis is thus inconsistent with any limitation of *Dastar* to unprotected works.

Third, the practical difficulties of discerning "the source of the Nile and all its tributaries" exists with respect to works that are still under copyright as well as those that have passed into the public domain. In the motion pictures at issue in this case, for example, not only directors but producers, cinematographers, editors, actors, composers, screenwriters, and countless others could come forward to argue that for Lanham Act purposes they were the true "origin" of the works.

Fourth, extension of trademark law to the authorship arena would indeed create a "species of mutant copyright law" regardless of whether copyrights related to that authorship were still under copyright or under the public domain.

Fifth, under the Directors' anticipated limiting construction of *Dastar*, trademark law would become a bizarre *doppelganger* of copyright law: Lanham Act protection would be in effect while the copyright is in effect, and Lanham Act protection would lapse when the copyright has lapsed. Such a construction accords with neither the Court's decision nor practical sense and sound policy.

CONCLUSION

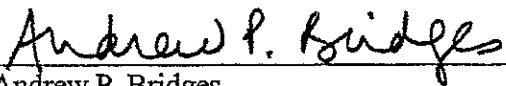
As shown above, under the Supreme Court's decision in *Dastar*, the Directors cannot claim that the Player Control Parties have made false designations of the origin of any goods. The Directors' theories regarding likelihood of confusion as to the underlying works, or as to the consumers' "experience" of those works, have no role in proper claims under section 43(a)(1)(A). Moreover, when the "goods" at issue are examined, namely the Player Control Parties' software and the genuine motion picture DVDs that

are bought or rented by consumers and used in conjunction with that software, there is no possible factual basis for a claim that any "designation" of "origin" is false. For these reasons, in addition to those stated in the Player Control Parties' opening brief, the Court should grant summary judgment to the Player Control Parties on all claims against them in this case.

Dated: June 6, 2003

Respectfully submitted,

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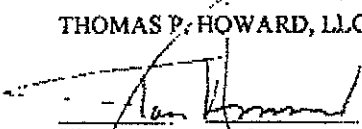
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I certify that, on this 9th day of June, 2003, a true and correct copy of **THE PLAYER CONTROL PARTIES' SUPPLEMENTAL BRIEF IN SUPPORT OF THEIR MOTION FOR SUMMARY JUDGMENT** was served via U.S. mail, postage prepaid, upon the following:

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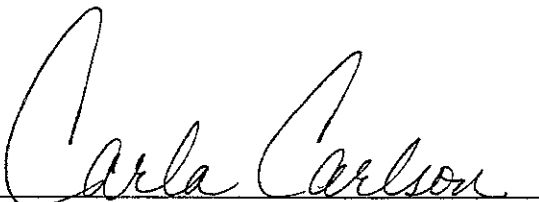
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