

Scope of false advertising claims narrowly construed by Federal Circuit

Unfair use

United States - McDermott Will & Emery UK LLP

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In *Baden Sports Inc v Molten USA Inc* (Case 2008-1216, -1246, February 13 2009), a suit involving the marketing of high-end basketballs, the US Court of Appeals for the Federal Circuit has narrowly construed the scope of false advertising claims allowed under Section 43 (a) of the [Lanham Act](#).

Basketball manufacturer [Baden Sports Inc](#) sued competitor [Molten USA Inc](#) for patent infringement and false advertising in the US District Court for the Western District of Washington. Baden's basketballs embody its patented technology, which is marketed as containing 'cushion control technology'. Molten advertised its new products as containing 'dual cushion technology'. Several months after the complaint was filed, Molten stopped importing the basketballs.

On summary judgment, the court granted Baden's infringement motion and denied Molten's invalidity motion. In addition, relying on the 2003 Supreme Court decision in *Dastar Corp v Twentieth Century Fox Film Corp*, the court granted Molten's motion for summary judgment on Baden's false advertising claims based on advertisements using the terms 'proprietary' and 'exclusive'. However, the court allowed the false advertising claim based on use of the term 'innovative' in advertisements to proceed to trial. The jury awarded Baden more than \$8 million. The district court then denied Molten's motions for a new trial and judgment as a matter of law. Molten appealed.

The Federal Circuit's appellate jurisdiction was based on Baden's cross-appeal of the district court's denial of a modified injunction regarding the patent infringement judgment against Molten. Therefore, the Federal Circuit applied regional circuit law for the non-patent claims.

The Federal Circuit began its analysis with Section 43(a)(1)(A) of the act, which provides an actionable claim for commercial misrepresentation that is likely to cause confusion as to the origin of goods. In *Dastar*, the Supreme Court explained that the term "origin of goods" means the "producer of tangible goods that are offered for sale", rather than the author of any idea. Thus, the Federal Circuit evaluated whether Molten's advertising referred to the manufacturer of the basketballs in issue. Because Molten's advertising did not misrepresent the manufacturer of the balls, the court rejected Baden's Section 43(a)(1)(A) claims.

Further, the Federal Circuit considered Baden's argument based on Section 43(a)(1)(B), which creates liability for any commercial advertising that "misrepresents the nature, characteristics, qualities or geographic origin" of goods. While acknowledging that Molten's use of the term 'innovative' may cause confusion regarding the authorship status of the basketball technology, relying on the 2008 Ninth Circuit decision in *Sybersound Record v UAV*, the court held that Section 43(a)(1)(B) of the act does not refer to the licensing status of a product. Consequently, the court also rejected this claim.

Citing cases from the First and Second Circuits, the court also noted that the outcome of its Section 43(a)(1)(B) holding may have been different under the laws of other circuits. This

case thus illustrates why, before filing suit, plaintiffs must carefully analyze regional circuit case law.

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