

US: TRADE MARKS



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False origin claims applied to services

The US Court of Appeals for the Seventh Circuit issued a decision in *M Arthur Gensler Jr & Associates Inc v Strabala* holding that claims under Section 43(a) of the Lanham Act for false designation of origin extend to both goods and services.

Gensler, an architectural firm, sued Strabala, a former employee of Gensler who had left to start his own architectural firm. Strabala had listed on the website for his new firm that he had designed several projects for which Gensler is the architect of record. Gensler argued that Strabala's statements were a form of reverse passing off and constituted a false claim of origin in violation of Section 43(a).

The District Court dismissed Gensler's claims, ruling that there could be no violation of Section 43(a) since Strabala did not state that he built or sold the structures at issue. The District Court interpreted existing case law to limit claims under Section 43(a) to false designations of origin for goods, and therefore held that such cause of action could not be invoked for claims concerning the origin of services. Thus, the District Court ruled in favour of Strabala and Gensler subsequently appealed to the Seventh Circuit.

While the District Court believed that Gensler should have relied on copyright law rather than the Lanham Act in support of its claims, the Court of Appeals held that a false claim of authorship when there were no copies made is outside the scope of copyright law. Instead, the Court of Appeals held that a false claim of origin claim could apply to services and that the District Court erred in limiting false designation of origin claims only to goods.

The Court of Appeals outlined three different ways in which an architect's assertion that he designed a building could be false. Gensler's argument focused on one particular potential

falsehood, namely an allegation that the design of a big building is done by an entire team and not by an individual. The Court did not believe that customers were likely to be deceived, noting that parties who pay millions for large-scale architectural projects are well aware that it takes an entire team to design and execute the plans and that Gensler did not allege that Strabala made a false statement by implying that he was on the team that designed the projects at issue.

While the Court of Appeals cast doubt on whether Gensler would be able to sustain a claim for false designation of origin in view of the facts of the case, it took the position that Gensler's legal theory was tenable and vacated the District Court's judgment and remanded the proceedings accordingly.

Therefore, this decision provides a new avenue for potential plaintiffs to pursue when making claims for infringement. Similarly, it serves as a caution to companies who want to claim that they participated in the development of a project.