

No. 16-548

In the Supreme Court of the United States

BELMORA LLC, ET AL., PETITIONERS

v.

BAYER CONSUMER CARE AG, ET AL.

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT*

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

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QUESTION PRESENTED

Under Section 14(3) of the Lanham Act, a person may petition the Trademark Trial and Appeal Board to cancel a trademark registration “[a]t any time * * * if the registered mark is being used by * * * the registrant so as to misrepresent the source of the goods * * * [on] which the mark is used.” 15 U.S.C. 1064(3). Section 43(a)(1)(A) of the Lanham Act imposes civil liability on any person who uses a trademark in a manner that “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. 1125(a)(1)(A). Section 43(a)(1)(B) of the Lanham Act imposes civil liability on any person who uses a trademark in advertising in a manner that “misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services or commercial activities.” 15 U.S.C. 1125(a)(1)(B). The question presented is as follows:

Whether, under Sections 14(3), 43(a)(1)(A), and 43(a)(1)(B) of the Lanham Act, the owner of a foreign mark that is not registered or used in U.S. commerce may challenge a domestic company’s use and registration of the same mark in the United States to deceive American consumers about the source of its goods.

TABLE OF CONTENTS

	Page
Opinions below	1
Jurisdiction	1
Statement	2
Argument.....	11
Conclusion	25

TABLE OF AUTHORITIES

Cases:

<i>A. Bourjois & Co. v. Katzel</i> , 260 U.S. 689 (1923).....	12
<i>American Steel Foundries v. Robertson</i> , 269 U.S. 372 (1926)	13
<i>Arrow United Indus. Inc. v. Hugh Richards, Inc.</i> , 678 F.2d 410 (2d Cir. 1982)	16
<i>B & B Hardware, Inc. v. Hargis Indus., Inc.</i> , 135 S. Ct. 1293 (2015)	2, 3, 16, 17, 18
<i>Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona</i> , 330 F.3d 617 (4th Cir. 2003)	12
<i>Brotherhood of Locomotive Firemen v. Bangor & Aroostock R.R.</i> , 389 U.S. 327 (1967)	24
<i>Dastar Corp. v. Twentieth Century Fox Film Corp.</i> , 539 U.S. 23 (2003)	4, 5, 8, 13, 17, 20
<i>EEOC v. Arabian Am. Oil Co.</i> , 499 U.S. 244 (1991)	15
<i>Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha</i> , 754 F.2d 591 (5th Cir. 1985)	12
<i>Grupo Gigante SA de CV v. Dallo & Co.</i> , 391 F.3d 1088 (9th Cir. 2004).....	18, 19, 20
<i>Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.</i> , 240 U.S. 251 (1916)	24
<i>ITC Ltd. v. Punchgini, Inc.</i> , 482 F.3d 135 (2d Cir.), cert. denied, 552 U.S. 827 (2007)	12, 18, 22, 23

IV

Cases—Continued:	Page
<i>Ingenohl v. Walter E. Olsen & Co.</i> , 273 U.S. 541 (1927).....	12
<i>Inwood Labs., Inc. v. Ives Labs., Inc.</i> , 456 U.S. 844 (1982).....	2
<i>Kellogg Co. v. National Biscuit Co.</i> , 305 U.S. 111 (1938).....	15
<i>Lexmark Int’l, Inc. v. Static Control Components, Inc.</i> , 134 S. Ct. 1377 (2014).....	4, 5, 9, 10, 15, 17
<i>Major League Baseball Players Ass’n v. Garvey</i> , 532 U.S. 504 (2001).....	24
<i>Morrison v. National Austl. Bank Ltd.</i> , 561 U.S. 247 (2010).....	16
<i>O. & W. Thum Co. v. Dickinson</i> , 245 F. 609 (6th Cir. 1917), cert. denied, 246 U.S. 664 (1918).....	14
<i>Otto Int’l, Inc. v. Otto Kern GMBH</i> , 83 U.S.P.Q.2d 1861, 2007 WL 1577524 (T.T.A.B. 2007).....	14
<i>Park ’N Fly, Inc. v. Dollar Park & Fly, Inc.</i> , 469 U.S. 189 (1985).....	2, 17, 18
<i>Person’s Co. v. Christman</i> , 900 F.2d 1565 (Fed. Cir. 1990).....	18, 19, 20, 21
<i>Singer Mfg. Co. v. June Mfg. Co.</i> , 163 U.S. 169 (1896).....	14
<i>Trade-Mark Cases, In re</i> , 100 U.S. 82 (1879).....	2
<i>Truck Equip. Serv. Co. v. Fruehauf Corp.</i> , 536 F.2d 1210 (8th Cir.), cert. denied, 429 U.S. 861 (1976).....	17
<i>Two Pesos, Inc. v. Taco Cabana, Inc.</i> , 505 U.S. 763 (1992).....	4, 13
<i>Virginia Military Inst. v. United States</i> , 508 U.S. 946 (1993).....	24
<i>Wal-Mart Stores, Inc. v. Samara Bros., Inc.</i> , 529 U.S. 205 (2000).....	3
<i>William R. Warner & Co. v. Eli Lilly & Co.</i> , 265 U.S. 526 (1924).....	15

Statutes:	Page
Lanham Act, 15 U.S.C. 1051 <i>et seq.</i>	2
15 U.S.C. 1051	2
15 U.S.C. 1052.....	2
15 U.S.C. 1052(d) (§ 2(d)).....	21, 22
15 U.S.C. 1057(b)	3
15 U.S.C. 1064.....	3
15 U.S.C. 1064(1)	3
15 U.S.C. 1064(3) (§ 14(3))	3, 7, 11, 13, 14, 22
15 U.S.C. 1065.....	3
15 U.S.C. 1067(a)	3
15 U.S.C. 1071(a)(1).....	8
15 U.S.C. 1071(b)	8
15 U.S.C. 1072.....	3
15 U.S.C. 1114(a)(1).....	3
15 U.S.C. 1115(a)	3
15 U.S.C. 1115(b)	3
15 U.S.C. 1125(a) (§ 43(a))	4, 9, 11, 13, 19
15 U.S.C. 1125(a)(1) (§ 43(a)(1))	4, 5, 8, 9, 13
15 U.S.C. 1125(a)(1)(A) (§ 43(a)(1)(A))	3, 4, 8, 22
15 U.S.C. 1125(a)(1)(B) (§ 43(a)(1)(B))	4, 8, 23
15 U.S.C. 1127.....	2, 10, 11, 13, 17
 Miscellaneous:	
J. Thomas McCarthy, <i>McCarthy on Trademarks</i>	
<i>and Unfair Competition</i> (4th ed. 2014):	
Vol. 2	2
Vol. 3	3, 14

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-32a) is reported at 819 F.3d 697. The opinion of the district court (Pet. App. 33a-89a) is reported at 84 F. Supp. 3d 490. The opinion of the Trademark Trial and Appeal Board (Pet. App. 90a-127a) is reported at 90 U.S.P.Q. 2d 1587.

JURISDICTION

The judgment of the court of appeals was entered on March 23, 2016. A petition for rehearing was denied on May 23, 2016 (Pet. App. 128a). On August 2, 2016, the Chief Justice extended the time within which to file a petition for a writ of certiorari to and including September 22, 2016. On September 12, 2016, the Chief Justice further extended the time within which to file a petition to and including October 20, 2016, and the petition was filed on that date. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. a. A trademark is a “word, name, symbol, or device” used by a person “to identify and distinguish his or her goods” in commerce and “to indicate the source of the goods.” 15 U.S.C. 1127; see *In re Trade-Mark Cases*, 100 U.S. 82, 92 (1879). “[F]ederal law does not create trademarks.” *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1299 (2015). Rather, “[t]he right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons, has been long recognized by the common law.” *Trade-Mark Cases*, 100 U.S. at 92; see *B & B Hardware*, 135 S. Ct. at 1299.

In 1946, Congress enacted the Lanham Act, 15 U.S.C. 1051 *et seq.*, to safeguard trademarks and proscribe certain forms of unfair competition. See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985). Among the central purposes of the Lanham Act are protection of trademark owners’ interest in the reputation and goodwill represented by their marks and protection of consumers’ ability to distinguish among competing goods. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 n.14 (1982); 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2:33 (4th ed. 2014) (*McCarthy on Trademarks*).

Congress furthered those purposes by providing that certain trademarks may be registered with the United States Patent and Trademark Office (PTO). See 15 U.S.C. 1051, 1052. “Registration is significant” because, under the Lanham Act, it “confers ‘important legal rights and benefits’ on trademark owners who register their marks.” *B & B Hardware*, 135 S. Ct. at

1300 (quoting 3 *McCarthy on Trademarks* § 19:3). Registration provides prima facie evidence of the owner's exclusive right to use the mark in commerce in connection with the goods or services listed in the registration. 15 U.S.C. 1057(b), 1115(a); see *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 209 (2000). Registration also provides "constructive notice of the registrant's claim of ownership" of the mark. 15 U.S.C. 1072. And after five years of registration, an owner's right to use a trademark can become "incontestable," so that it may be challenged only on limited grounds. 15 U.S.C. 1065, 1115(b).

b. The Lanham Act provides for administrative proceedings to cancel a trademark registration. Section 14 states that "any person who believes that he is or will be damaged * * * by the registration of a mark" may petition the Trademark Trial and Appeal Board (Board), an administrative tribunal within the PTO, "to cancel a registration of a mark." 15 U.S.C. 1064; see 15 U.S.C. 1067(a). For most grounds of cancellation, a petition must be filed "[w]ithin five years from the date of the registration of the mark." 15 U.S.C. 1064(1). Under Section 14(3), however, a person may seek cancellation of a trademark registration "[a]t any time" if, *inter alia*, "the registered mark is being used by * * * the registrant so as to misrepresent the source of the goods * * * [on] which the mark is used." 15 U.S.C. 1064(3).

c. The Lanham Act also creates a number of other remedies to protect trademark owners and the public. For example, the statute creates causes of action for the infringement of registered and unregistered marks. 15 U.S.C. 1114(a)(1), 1125(a)(1)(A); see *B & B Hardware*, 135 S. Ct. at 1301.

“While much of the Lanham Act addresses the registration, use, and infringement of trademarks and related marks,” *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28-29 (2003), the causes of action provided by the Lanham Act are not limited to traditional trademark infringement. In particular, Section 43(a) of the Act (codified at 15 U.S.C. 1125(a)) “goes beyond trademark protection,” *ibid.*, to bar certain unfair practices regardless of whether the plaintiff possesses trademark rights.

Section 43(a)(1) “creates two distinct bases of liability,” *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1384 (2014), linked to specified “uses in commerce” of “any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin” or false or misleading description or representation, 15 U.S.C. 1125(a)(1). Under 15 U.S.C. 1125(a)(1)(A), liability for false association arises from any such use that “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. 1125(a)(1)(A). And under 15 U.S.C. 1125(a)(1)(B), liability for false advertising arises from a use that, “in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities.” 15 U.S.C. 1125(a)(1)(B).¹

¹ Those provisions “encompass[]” the common-law tort of “passing off,” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 778 (1992) (Stevens, J., concurring in the judgment); see *id.* at 785

The Act provides that either basis of liability may be asserted by “any person who believes that he or she is or is likely to be damaged.” 15 U.S.C. 1125(a)(1). In *Lexmark*, this Court held that, “to come within the zone of interests in a suit for false advertising under § 1125(a), a plaintiff must allege an injury to a commercial interest in reputation or sales.” 134 S. Ct. at 1390; see *id.* at 1394 (plaintiff need not be defendant’s “direct competitor[.]”); *id.* at 1393 (“lost sales and damage to * * * business reputation” are “injuries to precisely the sorts of commercial interests the Act protects”). The Court also held that a “plaintiff suing under § 1125(a) ordinarily must show economic or reputational injury flowing directly from the deception wrought by the defendant’s advertising; and that that occurs when deception of consumers causes them to withhold trade from the plaintiff.” *Id.* at 1391; see *ibid.* (“a direct application of the zone-of-interests test and the proximate-cause requirement supplies the relevant limits on who may sue”).

2. Respondent Bayer Consumer Care AG (BCC), a Swiss corporation, owns a Mexican registration of the trademark FLANAX and has advertised and sold a naproxen sodium analgesic under the FLANAX brand in Mexico since the 1970s. See C.A. App. 155, 156. Respondent Bayer Healthcare LLC (BHC), a Delaware corporation, advertises and sells a naproxen sodium analgesic in the United States under the registered trademark ALEVE. See *ibid.* Both BCC and BHC (collectively Bayer) are “part of the Bayer fami-

(Thomas, J., concurring in the judgment) (same), which occurs when “a producer misrepresents his own goods or services as someone else’s,” *Dastar*, 539 U.S. at 27 n.1.

ly of companies, under the aegis of Bayer AG.” *Id.* at 155.

Bayer has never sold its FLANAX product in the United States. Bayer alleges, however, that it has substantial sales of its FLANAX analgesic in Mexican cities near the U.S.-Mexico border; that the FLANAX brand is well known in Mexico and to Mexican-American consumers in the United States; and that Bayer employs a coordinated marketing strategy for FLANAX and ALEVE products. See C.A. App. 156.

In 2004, petitioner Belmora LLC (Belmora), a Virginia corporation, began advertising and selling a naproxen sodium pain reliever called FLANAX in the United States. See C.A. App. 155, 157; see also Pet. App. 108a (petitioner Belcastro, a Virginia pharmacist, is Belmora’s founder and “sole employee”). In 2005, Belmora registered the trademark FLANAX in the United States for a naproxen sodium analgesic. See C.A. App. 155, 157.

Belmora’s advertising for its FLANAX products targets Latino consumers. See C.A. App. 159. In addition, for several years, the packaging for Belmora’s FLANAX analgesic closely mimicked BCC’s packaging for its FLANAX product in Mexico, see, *e.g.*, Pet. App. 4a (reproducing images of packaging), and Belmora’s marketing materials suggested that its FLANAX product and BCC’s FLANAX product were one and the same, see, *e.g.*, *id.* at 5a (“For generations, Flanax has been a brand that Latinos have turned to for various common ailments. Now you too can profit from this highly recognized top-selling brand among Latinos. Flanax is now made in the U.S.”) (quoting Belmora marketing material); *ibid.* (“Belmora’s ‘sell-sheet,’ used to solicit orders from retailers, likewise

claimed that ‘Flanax products have been used [for] many, many years in Mexico’ and are ‘now being produced in the United States by Belmora LLC.’”) (brackets in original).

3. a. In 2007, BCC petitioned the Board to cancel Belmora’s registration of the FLANAX mark. See Pet. App. 91a. One basis for that request was Section 14(3) of the Lanham Act, which authorizes cancellation of a mark used “to misrepresent the source of the goods * * * [on] which the mark is used.” 15 U.S.C. 1064(3); see Pet. App. 91a.

After discovery and a hearing, the Board ruled that cancellation was warranted under Section 14(3) because Belmora had used the FLANAX mark to misrepresent the source of the goods on which the mark appeared. Pet. App. 6a, 127a. The Board found that Belmora had chosen to use the FLANAX mark knowing that it had long been used for a similar product in Mexico; had selected packaging that mimicked the packaging of Bayer’s product; and had “repeatedly invoked the reputation of [BCC’s] FLANAX mark when marketing [Belmora’s] FLANAX product in the United States.” *Id.* at 119a; see *id.* at 115a (stating that those facts “do not present a close case”); see also *id.* at 116a-118a (finding that petitioner Belcastro had “testified untruthfully” and had “fabricated evidence” about the mark). The Board rejected Belmora’s argument that the territoriality principle underlying trademark law precluded the cancellation petition, explaining that the argument “overlooks the fact that [Belmora’s] *own use* is in the United States.” *Id.* at 113a.

b. After Belmora appealed, Bayer exercised its right to require Belmora to seek review of the Board’s

cancellation decision in federal district court. See C.A. App. 204; see also 15 U.S.C. 1071(a)(1) and (b). In addition, BCC asserted a false-association claim under Section 43(a)(1)(A), and both BCC and BHC asserted false-advertising claims under Section 43(a)(1)(B). See C.A. App. 162-163.

The district court granted judgment on the pleadings for petitioners and reversed the Board's cancellation order. See Pet. App. 3a. The court also dismissed the Section 43(a)(1) claims. See *ibid.* The court concluded that only a party that has used its own trademark in commerce in the United States may seek trademark cancellation or invoke Section 43(a)(1). See *id.* at 42a-60a, 73a-85a; see also *id.* at 8a (noting that the district court's decision was "based on its reading of" *Lexmark*).

c. The court of appeals vacated and remanded. See Pet. App. 1a-32a.²

i. The court of appeals rejected the district court's conclusion that a plaintiff must "possess or have used a trademark in U.S. commerce as an element of" an unfair-competition "cause of action" under Section 43(a). Pet. App. 10a-11a; see *id.* at 15a-20a. Noting this Court's observation that Section 43(a) "goes beyond trademark protection," the court of appeals stated that "the plain language of § 43(a) does not" include the requirement that the district court had imposed. *Id.* at 10a, 11a, 18a (quoting *Dastar*, 539 U.S. at 28-29); see *id.* at 10a-11a (explaining that Section 43(a) focuses on "the putative defendant's conduct");

² In the court of appeals, the Director of the PTO intervened to defend the Board's decision and to set forth the government's views concerning the proper application of the Lanham Act to the circumstances of this case.

id. at 16a (“we lack authority to introduce a requirement into § 43(a) that Congress plainly omitted”). The court also contrasted Section 43(a) with “Lanham Act § 32,” which “authorizes suit” for trademark infringement “only ‘by the registrant,’ and thereby requires the plaintiff to have used its own mark in commerce.” *Id.* at 16a; see *id.* at 11a; see also *id.* at 16a (“It is important to emphasize that this is an unfair competition case, not a trademark infringement case.”). The court identified several types of Section 43(a) claims as to which a plaintiff need not have a trademark, including an unfair-competition claim by “a plaintiff whose mark has become generic” and “therefore not protectable.” *Id.* at 18a-19a.

The court of appeals explained that Section 43(a) “does require * * * that Bayer was ‘likely to be damaged’ by Belmora’s ‘use[] in commerce’ of its FLANAX mark and related advertisements.” Pet. App. 12a (quoting 15 U.S.C. 1125(a)(1)). The court determined that both the false-association claim and the false-advertising claims satisfy *Lexmark’s* interpretation of that requirement, which imposes “[a] zone-of-interests test and [a] proximate-cause requirement.” 134 S. Ct. at 1391; see Pet. App. 27a. The court emphasized that it held “only that [Bayer] is entitled to a chance to prove its case,” not that Bayer would ultimately prevail on those claims after the presentation of evidence. Pet. App. 27a; see *id.* at 24a; see also *id.* at 27a (“[W]e are not concluding that BCC has any specific trademark rights to the FLANAX mark in the United States. Belmora owns that mark.”).

As to BCC’s false-association claim, the court of appeals held that the claim comes within the Lanham Act’s zone of interests because it “advances” one of

the purposes of that statute: “‘making actionable the deceptive and misleading use of marks’ in ‘commerce within the control of Congress.’” Pet. App. 21a (quoting 15 U.S.C. 1127); see *Lexmark*, 134 S. Ct. at 1389. The court also held that, by alleging facts that could support a finding that BCC had lost sales of its FLANAX product in Mexican border towns and elsewhere in Mexico, Bayer had adequately pleaded injuries proximately caused by Belmora’s actions. Pet. App. 22a-24a.

With respect to the false-advertising claims, the court of appeals similarly concluded that Bayer’s allegations satisfy both prongs of the *Lexmark* test. The court explained that the same statutory purpose that supported BCC’s false-association claim—“making actionable the deceptive and misleading use of marks,” Pet. App. 25a (quoting 15 U.S.C. 1127)—also supported its false-advertising claim. See *id.* at 25a-26a. The court further observed that, because BHC is “a direct competitor of Belmora in the United States,” BHC’s false-advertising claim falls squarely within the Lanham Act’s purpose to “protect[] persons engaged in commerce within the control of Congress against unfair competition.” *Id.* at 24a-25a (quoting *Lexmark*, 134 S. Ct. at 1389 (quoting 15 U.S.C. 1127)). The court also determined that both BCC and BHC had adequately alleged facts that could support a finding that Belmora’s advertising directly caused them lost sales in their respective markets by passing off the Belmora products as Bayer products. See *id.* at 26a-27a.

ii. The court of appeals also held that Bayer was a proper party to seek cancellation of Belmora’s trademark registration before the Board. Pet. App. 29a-31a

(citing 15 U.S.C. 1064(3)). The court concluded that “neither § 14(3) nor *Lexmark* mandate[s] that the plaintiff have used the challenged mark in United States commerce as a condition precedent to its claim” for cancellation. *Id.* at 31a. Rather, the court explained, because Section 14(3) (like Section 43(a)) authorizes any person “who believes that he is or will be damaged” to seek cancellation of a trademark, *id.* at 30a (quoting 15 U.S.C. 1064(3)), “[t]he same two-prong inquiry from *Lexmark* provides the mode of analysis,” *ibid.* The court found that the cancellation claim “falls within the Lanham Act’s zone of interests because it confronts the ‘deceptive and misleading use of marks.’” *Id.* at 31a (quoting 15 U.S.C. 1127).³ The court also found that BCC had adequately pleaded that Belmora’s deception proximately caused BCC injury, for the same reasons that BCC had adequately alleged injury for purposes of the Section 43(a) claims. See *ibid.*

ARGUMENT

Petitioners argue that the decision below incorrectly disregards the territoriality principle of trademark law. That argument lacks merit. The court of appeals correctly held that the owner of a foreign trademark may seek certain relief under the Lanham Act, based on a U.S. company’s use of a U.S.-registered mark in U.S. commerce to deceive U.S. consumers, even if the plaintiff has not used the foreign mark in the United States. That interlocutory ruling is correct and does

³ The court of appeals found it unnecessary to decide whether, as the PTO contended, Section 14(3) “might require a lesser showing of causation because it sets forth an *administrative* remedy, whereas the Supreme Court based its *Lexmark* analysis on common law requirements for *judicial* remedies.” Pet. App. 30a n.12.

not conflict with any decision of this Court or another court of appeals. Further review is not warranted.

1. Petitioners contend that, by permitting the owner of a foreign trademark to obtain relief under the Lanham Act, the court of appeals' decision is inconsistent with the territorial nature of trademark rights and with this Court's precedents. See Pet. 11-12, 19-24. That argument is mistaken. The court below held that the Lanham Act provides a remedy against a U.S. company for using a trademark registered in the United States in U.S. commerce to deceive American consumers. Nothing in the court's decision calls into question the territorial nature of trademarks or conflicts with any of this Court's decisions.

a. "The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country's statutory scheme." *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599 (5th Cir. 1985); see *Ingenohl v. Walter E. Olsen & Co.*, 273 U.S. 541, 544 (1927) ("A trade-mark started elsewhere would depend for its protection in Hongkong upon the law prevailing in Hongkong and would confer no rights except by the consent of that law."); see generally *A. Bourjois & Co. v. Katzel*, 260 U.S. 689 (1923). Consequently, "ownership of a mark in one country does not automatically confer upon the owner the exclusive right to use that mark in another country." *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 155 (2d Cir.), cert. denied, 552 U.S. 827 (2007). For that reason, "United States courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law." *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 628 (4th Cir. 2003).

The Lanham Act’s provisions, however, extend beyond the protection of rights stemming from the registration of trademarks or their use in the United States. The Lanham Act serves, *inter alia*, to “mak[e] actionable the deceptive and misleading use of marks in [commerce within the control of Congress].” 15 U.S.C. 1127. Section 43(a) furthers that purpose by creating a cause of action against a person who uses a mark in commerce to engage in false association or false advertising. 15 U.S.C. 1125(a)(1). Thus, “[w]hile much of the Lanham Act addresses the registration, use, and infringement of trademarks and related marks, § 43(a) * * * is one of the few provisions that goes beyond trademark protection.” *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28-29 (2003).

Section 43(a), which encompasses many potential causes of action, includes a codification of the common-law tort of “passing off.” That tort “occurs when a producer misrepresents his own goods or services as someone else’s.” *Dastar*, 539 U.S. at 27 n. 1; see *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 778 (1992) (Stevens, J., concurring in the judgment); see also *id.* at 785 (Thomas, J., concurring in the judgment); *American Steel Foundries v. Robertson*, 269 U.S. 372, 380 (1926) (“The law of trade-marks is but a part of the broader law of unfair competition, the general purpose of which is to prevent one person from passing off his goods or his business as the goods or business of another.”) (citation and internal quotation marks omitted).

Section 14(3)’s misrepresentation-of-source ground for cancellation also has roots in the common-law tort of passing off. That provision authorizes a party to

seek cancellation of a trademark registration “if the registered mark is being used by * * * the registrant so as to misrepresent the source of the goods * * * [on] which the mark is used.” 15 U.S.C. 1064(3). “A cancellation claim for misrepresentation [of source] under § 14(3) requires a pleading that [the] registrant deliberately sought to pass off its goods as those of [another].” 3 *McCarthy on Trademarks* § 20:60; see *Otto Int’l, Inc. v. Otto Kern GMBH*, 83 U.S.P.Q.2d 1861, 2007 WL 1577524, at *3 (T.T.A.B. 2007) (“A pleading of misrepresentation of source must be supported by allegations of blatant misuse of the mark by respondent in a manner calculated to trade on the goodwill and reputation of [another].”) (internal quotation marks omitted).

At common law, a plaintiff could maintain a passing-off claim regardless of whether the defendant’s conduct infringed any trademark. See *O. & W. Thum Co. v. Dickinson*, 245 F. 609, 626 (6th Cir. 1917) (stating that “[i]t cannot be” that use of a deceptive designation by a defendant “is prohibited only when it is effected through simulation of a technical trade-mark”), cert. denied, 246 U.S. 664 (1918). Thus, for example, Singer Manufacturing Company, a manufacturer of sewing machines, was allowed to maintain a passing-off claim against a competitor that used “Singer” (together with other indicia) to suggest falsely that its own machines were made by Singer, even though the Singer name had become generic. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 202-204 (1896) (permitting defendant to continue using “Singer” only if it also clearly identified itself as the manufacturer). Similarly, the manufacturer of a chocolate-quinine preparation could maintain a passing-off claim against

a competitor that tricked consumers into believing that its preparation was made by the plaintiff, despite the fact that neither party had a trademark in the purely descriptive words used to identify the products. *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 529-530 (1924); cf. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938) (no unfair competition from the use of the descriptive term “shredded wheat” where “[t]here is no evidence of passing off or deception on the part of the Kellogg Company”).

b. Nothing in the court of appeals’ decision allowing BCC and BHC to assert passing-off claims calls into question the territorial nature of trademark rights. The court of appeals recognized that Belmora currently owns the FLANAX trademark in the United States. Pet. App. 27a; see *id.* at 28a (observing that any remedy on remand “should take into account traditional trademark principles relating to Belmora’s ownership of the mark”). Employing “traditional principles of statutory interpretation,” as this Court instructed in *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014), the court of appeals concluded that BCC and BHC had properly invoked the Lanham Act in response to Belmora’s use of its trademark in the United States to deceive U.S. consumers about the origin of Belmora’s product. Pet. App. 16a (quoting 134 S. Ct. at 1388); see, e.g., *id.* at 22a-23a, 27a-28a; see also Pet. 22 (“the Lanham Act should be interpreted consistently with the common law trademark principles that predated it”). That conclusion applies the Act to conduct squarely “within the territorial jurisdiction of the United States.” *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991) (discussing presumption against

extraterritoriality); cf., e.g., *Morrison v. National Austl. Bank Ltd.*, 561 U.S. 247, 266-269 (2010) (recognizing that a domestic application of a statute may also involve some foreign conduct).

Petitioners argue (Pet. 20) that the court of appeals erred by permitting a foreign trademark owner “with no goodwill in the United States to sue the holder[] of a registered trademark.” But petitioners’ contention that BCC’s FLANAX mark has no goodwill in the United States is inconsistent with petitioners’ own conduct. Petitioners “repeatedly invoked the reputation of [BCC’s Mexican] FLANAX mark when marketing [Belmora’s] product in the United States.” Pet. App. 119a; see *id.* at 115a (“[T]he evidence before [the Board] readily establishes blatant misuses of the FLANAX mark in a manner calculated to trade in the United States on the reputation and goodwill of [BCC’s] mark created by its use in Mexico.”). Indeed, the entire point of petitioners’ passing off was to deceive consumers in the United States who trusted BCC’s FLANAX analgesic and wished to purchase it in this country.

Petitioners also contend that, in light of the “important legal rights and benefits” stemming from trademark registration, “it was wrong for the Fourth Circuit to hold that by exercising its rights under the Lanham Act the owner of a registered trademark might have simultaneously violated the Lanham Act’s unfair competition provisions.” Pet. 20, 21 (quoting *B & B Hardware, Inc. v. Hargis Indus.*, 135 S. Ct. 1293, 1300 (2015)). As the court of appeals observed, however, “trademark rights do not include [the right to] use[] the mark to deceive customers.” Pet. App. 27a; see, e.g., *Arrow United Indus. Inc. v. Hugh Richards*,

Inc., 678 F.2d 410, 412, 415 (2d Cir. 1982) (explaining that one party may not place its name or mark on goods manufactured by a competitor to pass them off as his own) (cited with approval in *Dastar*, 539 U.S. at 30); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1216 (8th Cir.) (same), cert. denied, 429 U.S. 861 (1976). Petitioners' contrary suggestion would give a mark owner *carte blanche* to deceive American consumers about the source of its products. That is directly contrary to Congress's purpose in enacting the Lanham Act. 15 U.S.C. 1127 ("The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce.").

c. Contrary to petitioners' suggestion (Pet. 19-24), the ruling below is consistent with this Court's decisions in *Lexmark*; *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985); and *B & B Hardware, supra*.

The court of appeals faithfully applied this Court's decision in *Lexmark*. As *Lexmark* instructs, the court asked whether the plaintiffs had adequately alleged "an injury to a commercial interest in reputation or sales" and "economic or reputational injury flowing directly from the deception wrought by the defendant's advertising" (as "when deception of consumers causes them to withhold trade from the plaintiff"). 134 S. Ct. at 1390, 1391; see Pet. App. 21a-27a. Although petitioners claim that the court of appeals erred "in light of the axiom of territoriality," they acknowledge that neither *Lexmark* nor the decision below says anything about "principles o[f] territoriality or priority." Pet. 20-21.

Park 'N Fly and *B & B Hardware* are similarly inapposite. In *Park 'N Fly*, the Court held that “the holder of a registered mark may rely on incontestability to enjoin infringement and that an infringement action may not be defended on the grounds that the mark is merely descriptive.” 469 U.S. at 205; see *id.* at 196-205. The Court’s passing statement that “Congress enacted the Lanham Act in 1946 in order to provide national protection for trademarks used in interstate and foreign commerce,” *id.* at 193 (cited in Pet. 19), is dicta that did not purport to define the full scope of the Lanham Act’s coverage. In *B & B Hardware*, the Court held that “a court should give preclusive effect to [Board] decisions if the ordinary elements of issue preclusion are met.” 135 S. Ct. at 1299; see *id.* at 1304-1310. As petitioners point out (Pet. 20-21), the Court also stated that trademark registration confers important benefits on the registering party, see 135 S. Ct. at 1300, 1310; but nothing in the decision below contradicts that basic proposition.

2. Petitioners argue that the court of appeals’ decision “deepens an existing circuit conflict” about whether the owners of foreign trademarks may assert Lanham Act claims against the owners of U.S. trademarks. Pet. 12. Petitioners argue that the Ninth Circuit has permitted the owner of a foreign mark to assert a Lanham Act claim even without using the mark in the United States, provided that the mark has achieved a sufficient level of fame in this country. Petitioners further contend that the court below has effectively expanded upon that holding, and that the Second and Federal Circuits have rejected such a rule. See Pet. 12-19 (discussing *Grupo Gigante SA de CV v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004), *ITC Ltd. v.*

Punchgini, Inc., 482 F.3d 135 (2d Cir. 2007), and *Person's Co. v. Christman*, 900 F.2d 1565 (Fed. Cir. 1990)). Petitioners are mistaken. Petitioners have identified a disagreement concerning the *trademark* protections that the Lanham Act confers on owners of foreign marks not used or registered in the United States, but the decision below does not implicate that disagreement.⁴

a. i. In *Grupo Gigante*, the Ninth Circuit held that the owner of a foreign mark that was not used or registered in the United States could nevertheless maintain a “trademark infringement” action against another who used the mark in the United States if the owner of the foreign mark established that its mark was sufficiently well known in the United States. 391 F.3d at 1092, 1098-1099. The court analyzed the question as one of “priority”—that is, of whether the foreign owner or the U.S. owner had the superior claim to use of a particular mark in a particular market. See *id.* at 1093 (“Under the principle of first in time equals first in right, priority ordinarily comes with earlier use of a mark in commerce.”) (emphasis omitted); see also *id.* at 1094; *id.* at 1092 n.3 (additionally noting that the foreign owner had brought a Section 43(a) claim for “false designation of origin,” but not separately discussing that claim). The parties in *Grupo Gigante* agreed that, “when foreign use of a mark

⁴ The government’s arguments to the court below were limited to claims involving a defendant’s use of a mark to pass off its product as that of another, which requires use by the defendant in a manner calculated to trade on the goodwill and reputation of the plaintiff. The government did not address, and the court of appeals did not rule on, the rights available to the owners of foreign marks outside that context.

achieves a certain level of fame for that mark within the United States, the territoriality principle no longer serves to deny priority to the earlier foreign user,” but they disagreed over the scope of that exception. *Id.* at 1093. The court held that a foreign mark achieves a sufficient level of fame to qualify for priority if (1) “the mark ha[s] attained secondary meaning in the” relevant U.S. market (*i.e.*, if “the primary significance of [the] mark is to identify the source of the product rather than the product itself”) and (2) “a substantial percentage of consumers” in that market “is familiar with the foreign mark.” *Id.* at 1095, 1098 (emphasis omitted).

The decision below did not address priority of trademarks or how so-called “famous marks” doctrine might affect a priority analysis. Indeed, the court expressly recognized that Belmora, not BCC and not BHC, currently owns the FLANAX trademark in the United States. See Pet. App. 27a-28a. In holding that BCC and BHC may be able to obtain relief under the Lanham Act for Belmora’s passing off, the court of appeals did not rely on those aspects “of the Lanham Act [that] address[] the registration, use, and infringement of trademarks.” *Dastar*, 539 U.S. at 28-29. Instead, the court concluded that other provisions of the statute—those “that go[] beyond trademark protection”—afford Bayer a remedy for Belmora’s intentional deception of American consumers. *Id.* at 29.

ii. In *Person’s*, the Federal Circuit addressed a dispute between a Japanese company and a U.S. company over priority with respect to a particular mark for “wearing apparel.” 900 F.2d at 1566. The Japanese company, which had a well-established brand in Japan before the U.S. company began using the mark in U.S.

commerce, sought cancellation of the U.S. company's trademark registration. The Japanese company relied on Section 2(d) of the Lanham Act, which permits a refusal of registration to "a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another * * * , as to be likely * * * to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. 1052(d); see *Person's*, 900 F.2d at 1566-1567.⁵ Because Section 2(d) applies only when there is a confusing resemblance between the mark sought to be registered and another mark that has been registered in the PTO or "previously used in the United States," the court held that the Japanese company's "use of the mark in Japan" did not render Section 2(d) applicable. See 900 F.2d at 1568 (explaining that the Japanese company's "foreign use [of the mark] has no effect on U.S. commerce and cannot form the basis for a holding that [the company] has priority here"). The court also noted that, "[w]hile there is some case law" attaching significance to the fact that a "foreign mark is famous here," that circumstance was not "present" in the case before it. *Id.* at 1570 (footnotes omitted).

The decision below does not conflict with *Person's* because the two cases involve different grounds for cancellation of trademark registrations. The decision

⁵ By its terms, Section 2(d) identifies a ground on which initial registration of a trademark may be refused, not a ground on which an existing trademark registration may be cancelled. See 15 U.S.C. 1052(d). As the court in *Person's* explained, however, during the first five years after registration, "cancellation of [a mark's] registration[] may be based upon any ground which could have prevented registration initially." 900 F.2d at 1568; see 15 U.S.C. 1064.

to cancel petitioners' U.S. trademark registration was based on the Board's conclusion that Belmora's "continued use of the FLANAX mark, coupled with its earlier deceptive marketing over several years as it built its business, constitutes misrepresentation of the source of [Belmora's] goods within the meaning of Section 14(3)." Pet. App. 127a. The Board thus relied on statutory language authorizing cancellation "if the registered mark is being used by * * * the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used." 15 U.S.C. 1064(3); see Pet. App. 6a. Unlike Section 2(d), that ground for cancellation does not depend on whether some *other* mark has been registered in the PTO or used in U.S. commerce.

iii. In *ITC*, the Second Circuit ruled that an Indian company that had abandoned its trademark in the United States could not thereafter rely on the fame of its foreign mark in the United States to maintain a claim under Section 43(a)(1)(A). See 482 F.3d at 153-165; *id.* at 153 (describing claim as asserting that defendant had "violated section 43(a)(1)(A) of the Lanham Act by engaging in unfair competition in the use of [plaintiff's] * * * mark and its related trade dress"). The mark in question was the name Bukhara; the Indian company owned restaurants by that name in various cities outside the United States. See *id.* at 143. The court of appeals assumed without explanation (perhaps because no party had argued otherwise) that a precondition of the claim was a "priority right to the use of the Bukhara mark and related trade dress for restaurants in the United States." *Id.* at 154; see, *e.g.*, Appellants' C.A. Br. at 14, *ITC*, *supra* (No. 05-0933-cv) (arguing that the district court had

erred “[i]n determining whether ITC’s well-known Bukhara mark is entitled to protection under the Lanham Act’s well-known marks doctrine”). And in determining the existence of priority, the court refused to “recognize an exception to the territoriality principle for those foreign marks that, even if not used in the United States by their owners, have achieved a certain measure of fame within this country.” *ITC*, 482 F.3d at 156; see *id.* at 164-165. The court also ruled—without imposing any requirement of use of the mark in U.S. commerce—that the owner of the foreign mark could not maintain a false-advertising claim under Section 43(a)(1)(B) of the Lanham Act because it had failed adequately to plead that the defendants’ use of the mark in advertising had caused it any injury. See *id.* at 169-172; see also *id.* at 171.

Like the other decisions that petitioners invoke, *ITC* is concerned with issues of priority, a doctrine that is used to determine who has a superior right to use a trademark in a particular market and as to which the location of a party’s use of a mark is therefore a relevant consideration. But the court of appeals below did not address priority or whether, under a “famous marks” exception to territoriality, the owner of a foreign mark that is well known in the United States may claim trademark protection under the Lanham Act in the absence of use or registration. Its decision therefore does not conflict with *ITC*.

b. In addition, all three of the decisions discussed above predate this Court’s 2014 decision in *Lexmark*, which the court of appeals in this case discussed at length. See pp. 9-11, *supra*. Thus, even if the decision below could fairly be construed to be in tension with

any of those decisions, this Court’s review would be premature.

3. Several additional factors reinforce the conclusion that further review is not warranted.

a. The case is currently in an interlocutory posture. The court of appeals vacated the district court’s judgment in petitioners’ favor and “remanded for further proceedings consistent with [its] opinion,” Pet. App. 32a, while making clear that petitioners may yet prevail on the claims against them after the development and presentation of evidence, see *id.* at 27a-31a. That interlocutory posture “alone furnishe[s] sufficient ground for the denial” of the petition. *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 258 (1916); see *Brotherhood of Locomotive Firemen v. Bangor & Aroostock R.R.*, 389 U.S. 327, 328 (1967) (per curiam) (a case remanded to district court “is not yet ripe for review by this Court”); see also *Virginia Military Inst. v. United States*, 508 U.S. 946, 946 (1993) (Scalia, J., respecting the denial of the petition for certiorari). If the district court enters a judgment against petitioners on remand, they will have the opportunity to raise the issues they currently press, together with any other issues that may arise from the further proceedings, in a single petition for a writ of certiorari. See *Major League Baseball Players Ass’n v. Garvey*, 532 U.S. 504, 508 n.1 (2001) (per curiam).

b. Contrary to petitioners’ contention, this case does not threaten to impose “grave risk and massive costs” on U.S. businesses or to give rise to a flood of suits by “[f]oreign mark owners.” Pet. 24. The court of appeals held only that the owner of a foreign mark may have Lanham Act remedies against one who deliberately uses its U.S. mark to pass off its goods as

those of the foreign owner. Pet. App. 22a & n.9 (false association); *id.* at 26a (false advertising); *id.* at 29a (cancellation); see also *id.* at 20a n.8 (distinguishing between “[a] few isolated consumers who confuse a mark with one seen abroad” and a U.S. trademark owner’s “intentionally pass[ing] off * * * goods in the United States as the same product commercially available in foreign markets” and making that “a cornerstone of its business”). Unless “thousands upon thousands” (Pet. 24) of U.S. trademark owners engage in similar deceptive conduct, the court of appeals’ decision will likely have a limited impact on businesses in the United States.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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