No. 16-548

IN THE

Supreme Court of the United States

BELMORA LLC & JAMIE BELCASTRO,

Petitioners,

v.

BAYER CONSUMER CARE AG, BAYER HEALTHCARE LLC, AND MICHELLE K. LEE, DIRECTOR OF THE U.S. PATENT & TRADEMARK OFFICE,

Respondent.

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

BRIEF OF THE INTERNATIONAL TRADEMARK ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF PETITIONERS

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November 21, 2016

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INTEREST OF THE *AMICUS CURIAE*[1]

Founded in 1878, *amicus curiae* The International Trademark Association ("INTA") is a not-for-profit global organization dedicated to the support and advancement of trademarks and related intellectual property. INTA has more than 7,000 member organizations from more than 190 countries. Its members include trademark and other brand owners, as well as law firms and other professionals who regularly assist brand owners in the creation, registration, protection, and enforcement of their trademarks. All INTA members share the goal of promoting an understanding of the essential role that trademarks play in fostering effective commerce, fair competition, and informed decision-making by consumers.

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[1] Pursuant to Supreme Court Rule 37.6, this brief was authored solely by INTA and its counsel, and no part of this brief was authored by counsel for a party. No party or counsel for a party, nor any other person or entity other than *amicus curiae*, its members, and its counsel, made a monetary contribution intended to fund the preparation or submission of this brief. Pursuant to Supreme Court Rule 37.2, counsel for all parties were provided appropriate notice of the filing of this *amicus curiae* brief, and letters from the parties consenting to the filing of this brief are part of this submission.

INTA was founded in part to encourage the enactment of federal trademark legislation following invalidation on constitutional grounds of the United States' first trademark act. Since then, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with major trademark and related legislation, and has participated as *amicus curiae* in numerous cases in this Court and other courts across the country involving significant Lanham Act issues.[2]

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[2] Recent Supreme Court cases in which INTA has filed amicus briefs include, without limitation: *B & B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S. Ct. 1293 (2015) (decided Mar. 24, 2015); *Hana Financial, Inc. v. Hana Bank*, 135 S. Ct. 907 (2015) (decided Jan. 21, 2015); *POM Wonderful LLC v. Coca-Cola Co.*, 134 S. Ct. 2228 (2014) (decided June 12, 2014); *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014) (decided Mar. 25, 2014); *Already, LLC v. Nike, Inc.*, 133 S. Ct. 721 (2013); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004); *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003); *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003); *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000); *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, 527 U.S. 627 (1999); and *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995).

Moreover, INTA's members frequently participate in judicial proceedings and in administrative proceedings before the U.S. Patent and Trademark Office and the Trademark Trial and Appeal Board ("TTAB") in actions brought under the Lanham Act. INTA and its members therefore are acutely interested in the development of clear, consistent, and equitable principles of trademark law.

INTA and its members have particular interests in this case because this case presents critical questions about standing to assert Lanham Act claims. The Fourth Circuit's ruling widens an already-existing split of authority among the Circuit Courts of Appeal on the issue of whether a foreign trademark owner has standing to pursue claims under the Lanham Act. The varied and inconsistent decisions on the territorial limits of the Lanham Act create significant uncertainty for INTA's members, many of whom are or represent trademark owners doing business across international borders. The inconsistent rulings of the Courts of Appeals have also led to, and will continue to cause, forum shopping, inconsistent outcomes, and consumer confusion.

The confusion created by the existing split in authority has practical everyday implications for INTA members who must evaluate whether trademarks are available for registration in the United States and whether one party's use in the United States of a trademark owned by another outside the United States is infringing or noninfringing. And INTA members involved in *inter partes* trademark proceedings regularly face the question of whether they should appeal TTAB decisions to the Federal Circuit or to a district court. Given the split among the circuits, this decision is fraught with uncertainty.

INTRODUCTION AND SUMMARY OF ARGUMENT

The Court should grant *certiorari* because this case presents a timely opportunity to provide clarity and guidance on an issue of great importance to trademark owners, namely: can the owner of a foreign trademark establish standing to pursue claims under Sections 14(3) or 43(a) of the Lanham Act against the owner of the same mark in the United States, and if so, under what circumstances may a foreign trademark owner establish such standing?

Section 14 of the Lanham Act establishes a cause of action for cancelling a federal trademark registration owned by another. 15 U.S.C. § 1064. Section 43(a) of the Lanham Act creates causes of action for the unfair competition claims of false association and false advertising. 15 U.S.C. § 1125(a). Both sections permit suit by any person who believes that he or she is or is likely to be damaged by defendant's acts. *See* 15 U.S.C. §§ 1064, 1125(a). This contrasts with a claim for infringement under Section 32 of the Lanham Act, which explicitly requires the plaintiff to own a federal trademark registration to state a claim. 15 U.S.C. § 1114.

The central question is whether owners of foreign trademarks who do not own corresponding U.S. trademarks have standing to assert Lanham Act claims or seek cancellation in the United States. This question has generated significant disagreement among the Circuit Courts of Appeals because it implicates a fundamental principle of U.S. trademark law—territoriality. Under the principle of territoriality, a trademark has a separate legal existence in each sovereign territory where it is registered or legally recognized as a mark. 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 29:1 (4th ed. 2016). This can result in multiple entities using the same mark in different sovereign jurisdictions for the same goods or services as well as disagreements over which entity has a superior trademark right when one entity expands and begins using the trademark in the territory of another.

The circuit courts that have previously considered the issue have rendered inconsistent and conflicting decisions. The Fourth Circuit's decision in *Belmora* that is the subject of the instant *certiorari* petition adds another variation to the already confusing array of holdings.

In *Grupo Gigante SA De CV v. Dallo & Co*., 391 F.3d 1088, 1094 (9th Cir. 2004), the Ninth Circuit held that a famous mark exception to the territoriality principle exists. The Ninth Circuit held that where the plaintiff's mark has not before been used in the "American market," the plaintiff will nevertheless have standing to sue under Section 43(a) if it can prove, "by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark." *Id.* at 1098.

In contrast, the Federal Circuit and the Second Circuit have invoked the territoriality principle to reject claims by foreign trademark owners. In *Person's Co., Ltd. v. Christman,* 900 F.2d 1565 (Fed. Cir. 1990), the Federal Circuit ruled that the owner of a Japanese trademark registration could not cancel a U.S. trademark registration for the same mark even though the U.S. registrant had seen the Japanese mark while traveling there and modeled his mark on the Japanese mark upon his return to the United States. *Id.* at 1571-72.

In a similar vein, in *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 160 (2d Cir. 2007), the Second Circuit held that there is no "famous marks exception" to the territoriality principle of the Lanham Act. The Second Circuit explained that "absent some use of its mark in the United States, a foreign mark holder generally may not assert priority rights under federal law, even if a United States competitor has knowingly appropriated that mark for his own use." *Id.* at 156. The Second Circuit considered *Grupo Gigante* and expressly rejected its rationale. Its reasoning also directly conflicts with *Belmora.*

The Fourth Circuit's decision in the instant case represents yet a third approach to trademark territoriality. *See Belmora LLC. v. Bayer Consumer Care AG*, 819 F.3d 697 (4th Cir. 2016). Without discussing *Grupo Gigante*, *Punchgini*, or *Person's,* the Fourth Circuit effectively sidestepped all three of those decisions by ruling that Lanham Act Sections 14(3) and 43(a) do not require that the plaintiff own a U.S. trademark as a precondition to asserting a claim. Instead, the Fourth Circuit placed the focus on the defendant's conduct, asking whether the defendant has caused injury to the plaintiff. *Belmora*, 819 F.3d at 714-15. The Fourth Circuit based its decision on this Court's decision in *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014), in which the Court held that the Lanham Act's broad grant of standing—to "any person who believes that he or she is or is likely to be damaged"—cannot be taken literally and that standing extended "only to plaintiffs whose interests 'fall within the zone of interests protected'" by the statute, and only "to plaintiffs whose injuries are proximately caused by violations of the statute." *Lexmark*, 134 S. Ct. at 1388-90 (citation omitted). *Lexmark*, however, involved a dispute between two domestic businesses, and it did not discuss whether these statutory provisions create standing for the owner of a foreign trademark to challenge the use or registration of that mark by another party in the United States.

In applying the standing tests of *Lexmark*, the Fourth Circuit ruled that Bayer's allegation that it lost sales in Mexico because of defendant's unfair competition and false advertising in the United States was sufficient to satisfy the zone of interest and proximate cause tests. The Fourth Circuit did not discuss whether its recognition of foreign injury was consistent with the territoriality doctrine.

The split of authority on the issue of whether a foreign trademark owner has standing to pursue claims under the Lanham Act is clear, and the positions on the issue of the various Circuits that have considered the issue are irreconcilable. Moreover, in holding that the loss of foreign sales is an injury within the zone of interests protected by the Lanham Act, the *Belmora* court did not read any territorial limitation into the Lanham Act's zone of interests. In this regard, *Belmora* conflicts with *Punchgini* and *Person's*. Although the result is somewhat consistent with *Grupo Gigante*, the judicial methodology is different from that decision, which required the plaintiff to show that a substantial percentage of persons in the relevant market were aware of the plaintiff's trademark. Because *Belmora* has no such requirement, it is inconsistent with the Ninth Circuit's approach as well.

Uncertainty in the Lanham Act's statutory standing requirements and the application of the territoriality principle impedes the free and fair exercise of commerce by U.S. and foreign brand owners alike and places consumers at risk of confusion, mistake and deception.

ARGUMENT

I. PRIOR TO THE FOURTH CIRCUIT'S DECISION, A CIRCUIT SPLIT OF AUTHORITY ALREADY EXISTED REGARDING STANDING FOR FOREIGN TRADEMARK OWNERS UNDER THE LANHAM ACT.

Circuit court decisions applying the trademark territoriality principles are inconsistent and confusing.

A. The Federal Circuit and the Second Circuit Refused to Recognize a "Famous Marks Exception" to the Territoriality Principle.

1. The Federal Circuit Has Not Made an Exception to the Territoriality Principle

The Federal Circuit considered and expressly rejected a "famous marks exception" to the Lanham Act territoriality principle. In *Person's Co., Ltd. v. Christman*, 900 F.2d 1565 (Fed. Cir. 1990), a U.S. businessman copied a mark being used by an unrelated company in Japan and began using that mark in the United States, where the Japanese mark owner had not yet used the mark. *Id.* at 1566–67. The Japanese company then expanded to the United States and petitioned to cancel the registration of the U.S. mark alleging, *inter alia*, that the U.S. registration created a likelihood of consumer confusion and was obtained in bad faith. *Id.* at 1567.

The TTAB denied the petition "on the grounds that Person's use of the mark in Japan could not be used to establish priority against a 'good faith' senior user in U.S. commerce." *Id.* at 1567–68. The Federal Circuit acknowledged the territoriality principle as a fundamental aspect of U.S. trademark law and accordingly affirmed the Board's ruling on the issues of likelihood of confusion and bad faith. *Id.* at 1568–70. The court held that "foreign use has no effect on U.S. commerce and cannot form the basis for a holding that appellant has priority here" and that "[k]nowledge of a foreign use does not preclude good faith adoption and use in the United States." *Id.* at 1568, 1570.

2. The Second Circuit Has Not Made an Exception to the Territoriality Principle

In *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir. 2007), the Second Circuit joined the Federal Circuit by holding there is no "famous marks exception" to the territoriality principle of the Lanham Act. "Thus, absent some use of its mark in the United States, a foreign mark holder generally may not assert priority rights under federal law, even if a United States competitor has knowingly appropriated that mark for his own use." *Id.* at 156 (citing *Person's*, 900 F.2d at 1569–70).

The case involved a New York restaurateur who had abandoned his rights to the mark BUKHARA in the United States, but continued to use the mark in Asia. *Id.* at 142–43. Former employees of the former New York restaurant reopened their own

BUKHARA restaurant, copying the concept of the original. *Id.* at 144. The restaurateur argued that he had standing to pursue a Section 43(a) unfair competition claim under the Lanham Act based on his foreign rights to the mark. *Id.* at 145.

The Second Circuit rejected this argument,[3] holding that the plain language of the Lanham Act did not show a clear congressional intent to incorporate a "famous marks exception" into federal unfair competition law. *Id.* at 161–64. As a result, the "famous marks exception" was not part of U.S. federal law and the renown of a mark in the United States based solely on use in another country cannot form the basis for a claim under the Lanham Act against the owner of a U.S. mark. *Id.*

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[3] When the Second Circuit certified to the New York Court of Appeals the question of whether there is a "famous marks exception" under New York State unfair competition law, INTA filed an amicus brief to that court, taking the position that state law recognition of a "famous marks exception" was not necessary, since the merits of the foreign trademark owner's claims could be adequately analyzed and decided using traditional unfair competition law principles. The New York Court of Appeals agreed, declining to adopt the "famous marks exception" and holding that a business' goodwill in New York is protected from misappropriation under New York unfair competition law whether that business is domestic or foreign. *ITC Ltd. v. Punchgini, Inc.*, 9 N.Y.3d 467, 479 (2007).

The Second Circuit considered, but expressly rejected, the Ninth Circuit's *Grupo Gigante* decision, which is discussed in the next section and represents the other side of the circuit conflict. Explaining its disagreement with the Ninth Circuit, the *Punchgini* court explained that, in its view, there was no basis under federal law for an exception to the territoriality principle. *Id.* at 160–63. The Second Circuit noted that the Ninth Circuit "did not reference . . . the language of the Lanham Act . . . to support recognition of the famous marks doctrine." *Id.* at 160. In the view of the Second Circuit, "the Ninth Circuit recognized the famous marks doctrine as a matter of sound policy," rather than as a matter of settled federal law. *Id.* at 160.

B. The Ninth Circuit Recognized and Applied a "Famous Marks Exception" to the Territoriality Principle.

The Ninth Circuit, in *Grupo Gigante SA de CV v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004), recognized a "famous marks exception" to the territoriality principle. The court held that a Mexican grocery store chain that operated for decades solely in Mexico under the GIGANTE mark should be permitted to establish whether its GIGANTE mark was sufficiently "well known" or "famous" in the relevant American market such that the mark was entitled to protection from use by a grocery store across the border in San Diego. *Id.* at 1097–99.

The Ninth Circuit's reasons for adopting a "famous marks exception" were rooted in policy concerns rather than an application of Supreme Court jurisprudence or the text of the Lanham Act. *Id.* at 1094. The court acknowledged that "[e]arlier use in another country usually just does not count." *Id.* at 1093 (citing *Person's*, 900 F.2d at 1569-70). The court expressed concern that adopting the territoriality principle without exceptions could promote consumer confusion and fraud when the goodwill of a foreign trademark traveled into the United States:

> An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and "palming off." There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.

Id. at 1094.

Under the Ninth Circuit's test, a foreign trademark owner can bring a claim under Section 43(a) of the Lanham Act against a domestic trademark owner, even if the foreign trademark owner has not used its mark in the United States. *Id.* at 1097–98. To state a claim, a foreign trademark owner must show more than ordinary secondary meaning, *i.e.* that consumers associate the mark with the trademark owner. *Id.* It must also show "that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark." *Id.* at 1098. Under this test, the "relevant American market is the geographic area where the defendant uses the alleged infringing mark." *Id.* In making a determination about the applicability of the foreign marks exception, the Ninth Circuit instructed that courts should consider other non-exclusive factors such as "the intentional copying of the mark by the defendant, and whether customers of the American firm are likely to think they are patronizing the same firm that uses the mark in another country." *Id.*

II. THE COURT SHOULD GRANT REVIEW BECAUSE THE FOURTH CIRCUIT'S DECISION FURTHER FRAGMENTS THE EXISTING SPLIT OF AUTHORITY.

A. The Fourth Circuit's *Belmora* Ruling

Bayer has sold a pain reliever in Mexico under the trademark FLANAX since 1976. *Belmora*, 819 F.3d at 702. Bayer registered that trademark in Mexico, but it has neither used nor registered the FLANAX trademark in the United States, where it sells the same product under the mark ALEVE. *Id.* In Mexico, Bayer has promoted the FLANAX mark heavily over the years and it is well known throughout Mexico, and among the Mexican American community living in the United States. *Id.*

In 2004, Belmora began selling in the U.S. the same pharmaceutical pain reliever as Bayer. *Id.*

Belmora adopted and registered the FLANAX trademark for its product. *Id.* Since then, it has used the FLANAX trademark in the United States. *Id.* at 702–04. Contending that Belmora was misleading the community of Mexican expatriates residing in the United States, Bayer Consumer Care petitioned to cancel Belmora's federal registration on the grounds that it was being used "to misrepresent the source of the goods" in violation of Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3). *Id.* at 704. Bayer also filed a Section 43(a) action in the United States District Court for the Southern District of California. *Id.* Bayer alleged that Belmora was copying its trade dress and making false statements in advertising designed to make customers believe that its product was the same as, and came from the same source as, Bayer's Mexican product. *Id.* at 703–04. After the TTAB agreed with Bayer and canceled the registration, Belmora appealed to the Eastern District of Virginia, where the appeal was consolidated with Bayer's Section 43(a) action, which had been transferred to that district. *Id.* at 704-05. The district court reversed the TTAB's cancelation and dismissed the Section 43(a) claim because Bayer did not use the FLANAX trademark in the United States. *Id.* at 705.

On appeal, the Fourth Circuit reversed, holding that neither of the two Lanham Act provisions involved—Sections 14(3) and 43(a)—require that the plaintiff own a United States trademark as a prerequisite for challenging the Defendant's registration or use of a trademark. *Id.* at 714-15. The court also held that Bayer had standing under *Lexmark* because it alleged a loss of sales in Mexico proximately caused by Belmora's misleading conduct in the United States, which allegations satisfied both the "zone of interests" and the proximate cause tests of *Lexmark*. *Id*. at 711–12.

B. The *Belmora* Decision Exacerbates the Circuit Split Regarding Exceptions to the Territoriality Principle.

The Fourth Circuit's *Belmora* outcome and analysis conflict with the Second Circuit's decision in *Punchgini* and with the Federal Circuit's decision in *Person's*. Although the outcome in Belmora is similar to the outcome in the Ninth Circuit's *Grupo Gigante* decision, the analysis is significantly different. There are two main differences between the Fourth Circuit's *Belmora* decision and the other circuits' decisions.

First, in *Belmora* the Fourth Circuit ruled that a plaintiff asserting a claim under Section 43(a) or Section 14(3) does not have to allege that it has any trademark rights in the United States. *See id.* at 708-09, 714. This is inconsistent with the territoriality analysis and holdings of other circuits. The Second Circuit in *Punchgini* and the Federal Circuit in *Person's* both dismissed alleged Lanham Act claims because the plaintiff did not own a trademark in the United States. In *Grupo Gigante*, the Ninth Circuit allowed a foreign trademark owner to assert a claim under the Lanham Act, but still focused on the plaintiff's rights in the United States based on a showing of secondary meaning and proof that "a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark." *Grupo Gigante*, 391 F.3d at 1098.

Sidestepping altogether the territoriality doctrine that concerned the other three circuits, the Fourth Circuit ruled that an unfair competition plaintiff did not need to allege ownership of trademark rights in the United States. The court observed that the plain language of Section 43, which creates causes of action for unfair competition, false association and false advertising, does not contain a requirement that the plaintiff first use its own mark in U.S. commerce before bringing suit against a defendant who is breaching the statute. *Belmora*, 819 F.3d at 708. The court noted that, to establish an unfair competition claim under the Lanham Act, a plaintiff must show that the *defendant* used a mark in commerce, and the *plaintiff* "need only 'believe[] that he or she is or is likely to be damaged by such act.'" *Id.* (quoting Lanham Act § 43(a), 15 U.S.C. § 1125(a)). The Fourth Circuit contrasted Section 43(a) with Lanham Act Section 32, "which authorizes suit only 'by the registrant,' and thereby requires the plaintiff to have used its own mark in commerce." *Id.* (quoting 15 U.S.C. § 1114). The court also pointed to reverse passing off and generic mark cases to support its conclusion that ownership of a U.S. mark is not a condition precedent to bringing a Section 43(a) claim. *Id.* at 709–10.

In its *Belmora* ruling, the Fourth Circuit did not discuss, distinguish, or cite to *Grupo Gigante*, *Punchgini*, or *Person's*. It did not mention the territoriality doctrine explicitly or discuss a "famous marks exception." Nonetheless, it recognized a claim under Sections 43(a) and 14(3) that both the Second and Federal Circuits have rejected. And in dispensing with any requirement that the plaintiff prove ownership of trademark rights in the United States, the decision in *Belmora* is different from the Ninth Circuit's holding in *Grupo Gigante*, which required that plaintiff prove that a substantial percentage of the relevant consumers were aware of plaintiff's foreign mark. The Fourth Circuit's approach is significantly different from the approach of the other circuits because it does not require consideration of the issue that other circuits considered determinative—whether the plaintiff has any U.S. rights to assert.

Second, the Fourth Circuit ruled that Bayer had standing based on its allegation that it lost sales in Mexico. None of the other circuits that have considered the territoriality doctrine have recognized foreign commercial injury as a basis for standing in the United States.

The Fourth Circuit ruled that by alleging that defendant's misconduct in the United States proximately caused Bayer to lose foreign sales in Mexico, Bayer satisfied the standing requirements this Court set out in *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1388–90 (2014). Although the *Belmora* court did not mention the territoriality doctrine when it made this ruling, its recognition that foreign injury is sufficient to confer standing conflicts with the territoriality analysis in *Punchgini* and *Person's*, and differs analytically from *Grupo Gigante*.

In *Lexmark*, this Court explained the requirements for standing under the Lanham Act. Even though Section 43(a) authorizes suit by "any person who believes that he or she is or is likely to be damaged" by the violation of the statute, 15 U.S.C. § 1125(a), this Court held that this authorization, when read literally, was likely overbroad because it could "allow all factually injured plaintiffs to recover." *Lexmark*, 134 S. Ct. at 1388. Instead, this Court held that the authorization in Section 43(a) allowing for "any person who believes that he or she is or is likely to be damaged" must be guided by two "background principles"—the concepts of "zone of interests" and proximate cause. *Id.*

The Fourth Circuit followed this Court's holding in *Lexmark* that a plaintiff falls within the "zone of interests" of the Lanham Act, the purpose of which is defined in 15 U.S.C. § 1127,[4] only if the plaintiff

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[4] "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; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition

alleges an injury to commercial interest in reputation or sales. *Belmora*, 819 F.3d at 707 (applying this standard to both false association and false advertising claims under Section 43(a)).

A plaintiff can allege injury under the proximate cause prong by "'show[ing] 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 708 (quoting *Lexmark*, 134 S. Ct. at 1391).

The court held that Bayer had satisfied the "zone of interests" test with allegations that Belmora's misleading statements in the United States had caused its "customers to buy the Belmora FLANAX in the United States instead of purchasing BCC's FLANAX in Mexico." *Id.* at 711. The Fourth Circuit likewise held that Bayer satisfied the proximate cause test with allegations that Bayer's customers "in Mexico near the border may be deceived into foregoing a FLANAX purchase in Mexico." *Id.* at 712.

Without explicitly mentioning the territoriality doctrine, the *Belmora* court's recognition of lost foreign sales extends the Lanham Act's territorial reach beyond the scope that the other circuits have

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entered into between the United States and foreign nations."

15 U.S.C. § 1127.

recognized in *Punchgini*, *Person's* or *Grupo Gigante*. The *Belmora* court achieved this extension in footnotes, where the court considered whether the economic injury required for standing needed to occur in the United States. The court ruled that the answer was no. The court observed that the *Belmora* district court "confused the issues by ill-defining the economic location of the requisite unfair competition acts." *Id.* at 709 n.6. The court explained that, although a defendant's unfair competition must occur "in 'commerce within the control of Congress' . . . [s]uch commerce is not limited to purchases and sales within the territorial limits of the United States . . . [and] includes, among other things, 'foreign trade.'" *Id.*[5]

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[5] In another footnote, the court observed that a plaintiff "who relies only on foreign commercial activity may face difficulty proving a cognizable false association injury under § 43(a). A few isolated consumers who confuse a mark with one seen abroad, based only on the presence of the mark on a product in this country and not other misleading conduct by the mark holder, would rarely seem to have a viable § 43(a) claim." *Id.* at 710 n.8. But "[t]he story is different when a defendant, as alleged here, has—as a cornerstone of its business—intentionally passed off its goods in the United States as the same product commercially available in foreign markets in order to influence purchases by American consumers." *Id.*

None of the other circuits that have considered the territorial limitations of the Lanham Act have recognized a loss of foreign sales as sufficient to confer standing. With this approach, the *Belmora* court achieved a result that directly conflicts with the Second Circuit's *Punchgini* decision and the Federal Circuit's *Person's* decision. And while the result of the *Belmora* decision is somewhat consistent with the Ninth Circuit's *Grupo Gigante* decision, the Fourth Circuit's recognition of lost foreign sales as sufficient to confer standing differs from the Ninth Circuit's approach, which required that plaintiff prove that a substantial percentage of relevant consumers be aware of the plaintiff's foreign mark.

C. The Conflict Between the Circuits Is Amplified by the Conflict Between the Fourth and Federal Circuits

The Fourth Circuit's decision increases the confusion caused by the inconsistency between *Grupo Gigante*, on one hand, and *Punchgini* and *Person's* on the other. Instead of two perspectives, there are now three. This confusion merits review by the Supreme Court.

It bears emphasis that there is conflict between the Fourth Circuit and the Federal Circuit, two circuits that have a relatively greater impact on appeals from the TTAB. These two circuits will likely have a relatively greater involvement in cases involving foreign trademark owners. A party may appeal from a TTAB decision to either the Federal Circuit, where *Person'*s is the controlling precedent, or to a district court that has personal jurisdiction over the parties. 15 U.S.C. § 1071. Importantly, if a litigant foregoes an appeal to the Federal Circuit and opts instead to appeal the TTAB's decision via a civil action, Section 21(b) of the Lanham Act provides that the Eastern District of Virginia, where *Belmora* is controlling precedent, has jurisdiction over any cases involving an adverse party residing in a foreign country. 15 U.S.C. § 1071(b).

This means that many cases involving a foreign party's challenge to a U.S. party's mark, especially those involving a foreign entity not otherwise subject to jurisdiction in the United States, may be appealed either to the Federal Circuit—where *Person's* controls—or to the Eastern District of Virginia—a court bound by the decision in *Belmora*. In fact, in this very case, Belmora brought its appeal of the TTAB cancellation order to the Eastern District of Virginia. Given that foreign entities who have no U.S. trademarks (and no or limited minimum contacts with other venues) are precisely the class of potential plaintiffs likely to rely on *Belmora*, the relative precedential influence of the *Belmora* decision will be greater than decisions from other circuits because many cases involving foreign trademark owners will be filed in the Eastern District of Virginia.

The conflict between the Federal Circuit and the Fourth Circuit may lead to appellate forum shopping and confusion by parties appealing from TTAB decisions. Indeed, the forum of any appeal from a TTAB decision involving a claim by a foreign trademark owner who does not use the at-issue trademark in the U.S. likely can be predicted by the domicile of the prevailing party—losing U.S. parties will appeal to the Federal Circuit while losing foreign parties will appeal to the Eastern District of Virginia.

CONCLUSION

The question of standing to assert Lanham Act claims has extraordinary consequences for both domestic and foreign brand owners who may consider doing business in the United States. Inconsistent and irreconcilable opinions on this issue have led to substantial and increasing uncertainty as to the outcome of Lanham Act cases, and have left brand owners unable to adequately assess their rights in the marketplace. The Fourth Circuit's *Belmora* decision widens this rift even further by its interpretation of this Court's opinion in *Lexmark*.

This confusion has practical everyday implications for INTA members who must determine whether trademarks are available for registration in the United States and whether one party's use in the United States of a trademark owned by another outside the United States is infringing or noninfringing. And INTA members involved in *inter partes* trademark proceedings regularly face the question of whether they should appeal TTAB decisions to the Federal Circuit or to a district court. Given the split among the circuits, this decision is fraught with uncertainty.

The Court should grant the petition to decide whether—and, if so, under what circumstances—Sections 14(3) and 43(a) of the Lanham Act permit the owner of a mark that is neither used nor registered in the United States to sue the owner of a U.S. trademark for conduct relating to the U.S. owner's use of that mark.

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November 21, 2016