No. 15-1335

IN THE UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

BELMORA LLC,
Plaintiff-Appellee

v.

BAYER CONSUMER CARE AG, *et al*.,
Defendants-Consolidated Plaintiffs-Appellants

v.

BELMORA LLC, *et al.*,
Consolidated Defendants-Appellees, and

MICHELLE K. LEE, Under Secretary of Commerce For Intellectual Property and Director of the United States Patent and Trademark Office,
Intervenor

On Appeal from the United States District Court for the Eastern District of Virginia

BRIEF OF *AMICUS CURIAE* AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF NEITHER PARTY AND IN SUPPORT OF VACATUR

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STATEMENT OF INTEREST & AUTHORITY

The American Intellectual Property Law Association is a national bar association of approximately 15,000 members who are primarily lawyers engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of trademark and unfair competition law as well as patent, copyright, trade secret, and other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.

AIPLA has no stake in any appellant or appellee to this litigation or in the result of this case. AIPLA's only interest is in seeking correct and consistent interpretation of the law as it relates to intellectual property issues. AIPLA's mission includes providing courts with objective analysis to promote an intellectual property system that stimulates and rewards invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

Pursuant to Fourth Circuit Rule 29(b), this brief is filed with a motion for leave to file as amicus curiae because Appellee Belmora AG has not given its consent for AIPLA to file in this case. Appellant Bayer Consumer Care AG has given its consent for AIPLA to file this amicus brief.

PARTICIPATION STATEMENT

This brief was not authored, in whole or in part, by counsel to a Party to this case and no person/entity made a monetary contribution to the preparation or submission of this brief other than AIPLA or its counsel.[1]

CORPORATE DISCLOSURE STATEMENT

AIPLA states that under Local Rule 26.1(a)(2)(A), (B), and (C), it has no disclosures. AIPLA has no parent corporation, is not a publicly held corporation, and is not owned by any publicly held corporation.

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[1] Specifically, after reasonable investigation, AIPLA believes that (i) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter; (ii) no representative of any party to this litigation participated in the authorship of this brief; and (iii) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

SUMMARY OF THE ARGUMENT

The District Court erred in denying standing under the Lanham Act to an owner of a trademark that is well known in the United States but is neither registered with the U.S. Patent and Trademark Office ("USPTO") nor used on products sold in the United States. Although the primary goal of the Lanham Act is to prevent unfair competition and deception, the District Court's ruling is tantamount to holding that Congress only intended to prevent U.S. consumers from being confused about American brands.

The Lanham Act prohibits unfair competition occurring within the United States, authorizing *any person* who is damaged to petition the USPTO under Section 14 to cancel a trademark registration that is being used to mislead U.S. consumers. The Lanham Act also permits *any person*—including a foreign mark owner—who is damaged by commercial acts of false association or misrepresentation occurring in the United States to bring a civil action under Section 43(a).

When a foreign mark is well known to U.S. consumers but is neither registered here nor used on products sold here, it falls within what the international community calls the well-known marks doctrine ("the Doctrine"), which seeks to prevent unfair competition with the well-known brand.[2] Although few cases discuss it, the Doctrine comports with the text and purpose of the Lanham Act by prohibiting deceptive acts that confuse U.S. consumers and harm the reputation of a foreign brand. Harm to the U.S. reputation of a foreign brand is an appropriate basis for standing both in a cancellation proceeding under Section 14 and in a civil action under Section 43(a). The applicability of the Doctrine is supported by the existing statutory text of the Lanham Act and is necessary to redress a specific type of harm contemplated by the Lanham Act—confusion and deception. While a product may originate in one country, its reputation and goodwill may cross borders. If a mark has meaning to U.S. consumers, then the Lanham Act protects those consumers from being misled and deceived.

Without taking a position on which Party should ultimately prevail in this dispute, AIPLA urges the Court to vacate and remand the District Court decision on appeal. Specifically, AIPLA urges the Court to hold that (1) the Lanham Act encompasses the well-known marks doctrine and protects U.S consumers from confusing uses of a well-known foreign mark, even if the mark is not registered or used in United States commerce, and (2) a foreign mark's U.S. reputation is a

[2] The Doctrine is alternatively called the "famous marks" doctrine. Because "famous mark" has become a term of art in trademark dilution law, *see* 15 U.S.C. § 1125(c), we use "well-known marks" in this brief. Protection against dilution and protection for well-known marks are quite different. *See* Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law From the Nation State*, 41 HOUS. L. REV. 885, 926-927 (2004).

sufficient interest to support standing to seek cancellation under Section 14 of the Lanham Act.

ARGUMENT

The Lanham Act, 15 U.S.C. § 1051 *et seq*., encompasses the principles of the well-known marks doctrine (the "Doctrine") for conferring standing in this case. The statutory text allows a foreign owner of a well-known mark to bring an unfair competition action or cancellation proceeding provided that U.S. consumers are being confused or misled. Failure to apply the Doctrine would contravene the purposes of the Lanham Act, namely, to prohibit confusion and deception occurring within the United States, and would put the United States at odds with its international obligations.

Furthermore, regardless of the Court's interpretation of the Doctrine, the District Court applied the wrong test for standing under the Lanham Act by requiring that all plaintiffs prove *prior use of a mark in United States commerce*. This requirement contradicts existing case law and is overly restrictive. A foreign mark's U.S. reputation is a sufficient interest for standing and is within the zone of interests contemplated by Congress.

I. The Lanham Act Encompasses the Well-Known Marks Doctrine.

The primary purposes of the Lanham Act are to protect U.S. consumers from unfair competition and deception and to protect the goodwill and reputation of trademark owners. While the "Lanham Act's trademark provisions are the primary means of achieving these ends…the Act also creates a federal remedy 'that goes beyond trademark protection.'" *Pom Wonderful LLC v. The Coca-Cola Co*., 134 S. Ct. 2228, 2234 (2014) (*quoting Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29 (2003)).

Section 43(a) authorizes civil suits for unfair competition and false association, and Section 14(3) authorizes cancellation of a registration if the mark is used to misrepresent its source through palming off. Both Sections 43(a) and 14(3) are at issue in this case, and the crux of this appeal is whether a foreign mark owner must prove *prior use in United States commerce* of a mark to have standing under the Lanham Act.

Nothing in the Lanham Act requires a party asserting Section 14(3) or Section 43(a) to establish standing with evidence of prior use in U.S. commerce. Rather, the Lanham Act prohibits unfair competition that occurs within the United States, and permits *any person* damaged by either a misleading trademark registration or by commercial acts of misrepresentation to seek relief under those provisions. Specifically under the well-known marks doctrine, if a foreign mark has meaning to an appreciable number of Americans such that it is well known here, then the Lanham Act prohibits confusion and deception.

There are relatively few cases addressing the well-known marks doctrine, and this a case of first impression for this Circuit. However, this Court's decision in *International Bancorp LLC. v. Societe Des Bains De Mer Et Du Cercle Des Etrangers A Monaco*, 329 F.3d 359 (4th Cir. 2003), is instructive because it confirms that the Lanham Act's protections are broader than some courts have previously held. In a case protecting a foreign mark from confusion in the United States, this Court departed from a rigid territoriality application and held that the Lanham Act concerns all commerce Congress can regulate (including foreign commerce involving Americans) and is <u>not</u> restricted to instances where a plaintiff proves use in interstate commerce.

International Bancorp is consistent with the protections of the well-known marks doctrine, which has statutory support under the text of Sections 43(a) and Sections 44 (codifying the Paris Convention) and 45 (Congressional intent). Here, both Section 43(a) and Section 14 refer only to use "in commerce," not "in U.S. commerce," and under a clear reading of the statutory text, the only use required to be "in commerce" is the *defendant's* use. The statute should not be rigidly applied to contravene the goals of the Lanham Act by providing a safe harbor for opportunistic deception of U.S. consumers.

A. The General Principle of Territoriality

Trademark rights are generally territorial and stop at the borders. *See A. Bourjois & Co. v. Katzel*, 260 U.S. 689, 692 (1923). Use of a mark *solely* in another country typically does not create trademark rights in the United States. 5 J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:2, at 29-7 (4th ed. 2007). This principle of U.S. law is consistent with the leading international trademark treaty—the Paris Convention for the Protection of Industrial Property ("Paris Convention").[3] In today's global marketplace, however, use of a mark is not contained neatly by borders. A mark's reputation often spills over into other jurisdictions through the movement of goods or consumers.

Although most countries grant rights to the first person to register a mark, the United States generally grants superior rights to the first user. *See United Drug Co. v. Theodore Rectanus Co*., 248 U.S. 90, 97 (1918). To bring an unfair competition claim, courts have held that a plaintiff must first prove it owns a mark that has been "used in commerce" to be protectable in the United States. As this Court recognized in *International Bancorp*, the text of the Lanham Act is more expansive than currently recognized by some prior decisions and necessarily includes all variants of interstate commerce, foreign trade, and Indian commerce.

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[3] Paris Convention for the Protection of Industrial Property, arts. 6(1), 6(3), Mar. 20, 1883, as last revised at Stockholm, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305.

329 F.3d at 364. A foreign mark's reputation among U.S. consumers is a sufficient ownership interest in a mark to have standing to challenge the confusion and deception of U.S. consumers.

B. Exceptions to Territoriality

Territoriality is not absolute. *Grupo Gigante S.A. De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1094-95 (9th Cir. 2004). A rigid application of territoriality fails to account for multiple exceptions under U.S. law to the District Court's premise that trademark rights can be acquired only through prior use (*i.e.* sales) in "United States commerce." For example, both Sections 44 and 66 of the Lanham Act allow a foreign mark owner to acquire a U.S. registration based solely on the existence of a foreign registration, without requiring any use in the United States. *See* 15 U.S.C §§ 1126(e), 1141h. U.S. law also allows foreign mark owners to substitute an earlier foreign filing date for their actual U.S. filing date and jump ahead of prior-filed applications without any requirement to have used the mark in the United States. 15 U.S.C §§ 1126(d) and 1141g.

While a U.S. registration may be the best path for protecting foreign marks, global registration is expensive and unrealistic for most brands. The well-known marks doctrine fills this gap as an additional exception to territoriality and has its genesis in the Paris Convention.[4] Under the Doctrine, if a foreign mark is not registered in the U.S. but is well known by United States consumers (even if not sold in U.S. stores), then U.S. consumers are protected from confusion and deception in recognition that a mark's reputation and goodwill cross borders. If an unregistered mark has meaning to United States consumers, then the Lanham Act prohibits unfair competition and deception. *See* Dinwoodie, 41 HOUS. L. REV. at 959-60. "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." *Grupo Gigante*, 391 F. 3d at 1094-95.

C. Statutory Support for the Doctrine under the Lanham Act

The District Court held that standing to assert both infringement under Section 43(a) and cancellation under Section 14 requires a plaintiff to plead *prior use of its mark in United States commerce*. However, there is no statutory basis for this requirement. Indeed, a literal reading of the statutory text is consistent with the Doctrine.

1. Section 43(a) Prohibits Confusion Occurring in the U.S. with a Well-Known Mark.

The well-known marks doctrine is encompassed by the literal language of Section 43(a) of the Lanham Act which prohibits unfair competition:

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[4] Paris Convention, art. 6bis; *see also* TRIPS Agreement, art. 16(2) (extending protection to well-known service marks).

> **Any person who**, on or in connection with any goods or services, or any container for goods, **uses in commerce any word**… **or any false designation** of origin, false or misleading description of fact, or false or misleading representation of fact, **which**—
> (A) 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. . .
>
> . . **shall be liable** in a civil action **by any person** who believes that he or she is or is likely to be damaged...

15 U.S.C. § 1125(a)(1)(A) (emphasis added).

First, it is important to note that Section 43(a) requires use "<u>in commerce</u>" (not "in United States commerce" as required by the District Court), which the Fourth Circuit in *International Bancorp* held to mean all regulable commerce, including foreign commerce. 329 F. 3d at 363-64 (citing the Lanham Act's definitions under 15 U.S.C. § 1127). Second, under a plain reading of Section 43(a), use "in commerce" is only an explicit element of use by a *defendant* and not by a plaintiff. *See* 15 U.S.C. § 1125(a); MCCARTHY § 29:2, at 29-10 n.10.

This language stands in contrast to Section 2(d), which provides that registration may be refused (or challenged) if the applicant's mark is likely to cause confusion with a mark "previously <u>used in the United States</u> by another." 15 U.S.C. § 1052(d) (emphasis added). Section 2, however, is the only section where Congress required a plaintiff show prior use "in the United States" which notably does not require use <u>in commerce</u>. Unfair competition under Section 43(a) is broader than the standard required for registration under Section 2. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 776 (1992) (Stevens J., concurring) (noting the difference and stating that protection should be available for conduct within the scope of the text of Section 43(a) without regard to the provisions of the Lanham Act that deal with registration); *see also Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 131 (2d Cir. 2009)(Appendix on the Meaning of "Use in Commerce" in the Lanham Act, discussing the stricter requirements for achieving registration versus broader scope of behavior prohibited for liability under Section 43(a)).

Statutory construction rules presume that Congress intended different meanings by using different phrases. Neither Section 43(a) prohibiting unfair competition nor Section 14 authorizing cancellation requires proof of plaintiff's prior use in U.S. commerce—or any use in commerce. Both sections require use in commerce only by the *challenged party* that causes confusion or deception.

Thus, as Professor McCarthy has noted, a literal reading of Section 43(a) clearly allows room for the protection of a mark that is well known here but not registered or used to sell goods in this country if the defendant is causing confusion or deception here. MCCARTHY § 29:4 at 29-21. To the extent that standing for Section 43(a) Lanham Act claims requires a plaintiff to prove it owns a protectable interest in a mark, a foreign mark owner can satisfy this requirement by showing that the reputation of its mark is well known in the United States.

2. Section 44(h) Confirms Congress Intended to Protect Well-Known Marks.

Alternatively, if this Court considers recognition of the well-known marks doctrine too much of a departure from traditional cases, Section 44 of the Lanham Act, in codifying the Paris Convention, authorizes application of the Doctrine to recognize foreign reputational interest in Section 43(a) unfair competition claims.[5] Under Section 44(h), a foreign national whose home country is a member to any trademark treaty:

> **shall be entitled to effective protection against unfair competition**, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

15 U.S.C. § 1126(h) (emphasis added). The international obligation to protect well-known marks "is enforced in the United States by Lanham Act § 44(b) and § 44(h)." MCCARTHY § 29:61, at 29-177.

The U.S. Supreme Court has recognized that the Lanham Act is not rigidly limited to the categories of unfair competition enumerated in the Act. As Justice

[5] Section 44(h)'s codification of the Paris Convention authorizes reliance on the Doctrine to find a plaintiff has a protectable interest in a mark, namely its U.S. reputation and goodwill, under a Section 43(a) claim. The Court need not determine whether a separate cause of action exists under the Paris Convention.

Stevens stated in his concurring opinion in *Two Pesos*, "Even though the lower courts' expansion of the categories contained in § 43(a) is unsupported by the text of the Act, I am persuaded that it is consistent with the general purposes of the Act." 505 U.S. at 781. He specifically cited the following observation from the Third Circuit's decision in *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F. 2d 649, 651 (3d Cir. 1954):

> We find nothing in the legislative history of the Lanham Act to justify the view that [§ 43(a)] is merely declarative of existing law.… It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the federal courts.

Two Pesos, 505 U.S. at 799.

Preventing deception among consumers and protecting foreign mark owners under international treaty obligations bring the protection of well-known marks squarely within the scope of the Lanham Act's purposes enumerated in 15 U.S.C. § 1127. To reject the well-known marks doctrine is tantamount to holding that Congress only intended to protect consumers from deceit and confusion about an American brand. This incongruous result should not stand. Section 44(h) makes clear that foreign brand owners are <u>equally protected</u> so that U.S. consumers are not deceived if the brand has meaning in the United States. It is implausible that Congress would have intended to authorize a large population of Americans to be blatantly deceived about a product's source where the deception is perpetrated by a U.S. company on U.S. soil.

3. Section 45 Confirms that Owners of Foreign Marks Used to Mislead U.S. Consumers Have Standing Under the "Zone of Interests" Test.

The Supreme Court recently examined standing under Section 43(a) of the Lanham Act in terms of the "zone of interests" which Congress intended to address. *Lexmark Int'l, Inc. v. Static Control Components*, 134 S. Ct. 1377 (2014) (zone of interest for false advertising includes business reputational injury proximately caused by the misrepresentation). Stated in those terms, deception of Americans about a foreign brand is within the "zone of interests" intended by Congress.

In *Lexmark*, the Supreme Court articulated the "zone of interests" test under traditional principles of statutory interpretation. "Identifying the interests protected by the Lanham Act, however, requires no guesswork, since the Act includes an 'unusual, and extraordinarily helpful,' detailed statement of the statute's purpose." *Id.* at 1389 (internal citations omitted). The Supreme Court then quoted Section 45 of the Lanham Act, which confirms that one of the statute's purposes is making actionable deceptive and misleading uses of marks within regulable commerce. *Id.* at 1389 (quoting 15 U.S.C. §1127). Under the Doctrine, because a defendant's use of a well-known mark occurs within the United States, the conduct fits squarely within the intent of the Lanham Act to make actionable deceptive and misleading use of marks and, thus, is within the zone-of-interests standing test articulated in *Lexmark*.

The well-known marks doctrine furthers all of the enumerated goals of the Lanham Act specified in Section 45: consumer protection, piracy prevention, enforcement of international treaty obligations, and uniformity. The Lanham Act seeks to "protect the public so that it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for" and to ensure that trademark owners can protect their investments from "appropriation by pirates and cheats." S. Rep. No. 79-1333, at 3 (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1277.

The Lanham Act also implements international agreements "respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations." 15 U.S.C. § 1127. Congress provided rights specific to foreign owners and codified many of the protections of the Paris Convention in Section 44. Foreign mark owners whose home countries are members of <u>any</u> trademark treaty are entitled to protection to the extent necessary to give effect to any international obligation "in addition to the rights to which any owner of a mark is otherwise entitled by this chapter." 15 U.S.C. § 1126(b). Furthermore, Congress expressly stated that such foreign nationals "shall be entitled to effective protection against unfair competition, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition." 15 U.S.C. § 1126(h).

The well-known marks doctrine also affects other objectives that Congress sought to pursue in adopting the Lanham Act. The Lanham Act sought to facilitate enforcement on a national rather than local basis. *See* S. Rep. No. 79¬1333, at 4, reprinted in 1946 U.S.C.C.A.N. at 1277. Yet, the decision below would imperil such national uniformity at a time when commerce is becoming increasingly international, relegating protection for well-known marks only under state law. *See, e.g., ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 160 (2d Cir. 2007), *cert. denied* 552 U.S. 827 (2007) (deferring to state common law).

Here, the District Court improperly held that the owner of a well-known foreign mark cannot be within the zone of interests unless it has used its mark within U.S. commerce. This fundamentally misstates the statutory requirements of the Lanham Act and contravenes the interests Congress expressly articulated in Section 45. To come within the Lanham Act's zone of interests under Section 43(a) or Section 14(3), all that is statutorily required is that the defendant's use and the proximately caused confusion occur in the United States. It is not fatal to standing if a plaintiff cannot prove prior use of the well-known mark in the United States. Confusion may nonetheless exist based on the mark's reputation known in the United States. A foreign mark owner can prove it has a protectable interest in a mark for standing through either a U.S. registration (even without U.S. use), prior U.S. sales, or well-known U.S. reputation.

D. Circuit Split: Ninth and Second Circuits

Only a few cases directly discuss the well-known marks doctrine. The Ninth Circuit and the District of Colorado have stated that the Doctrine applies, the Federal Circuit and Trademark Trial and Appeal Board have recognized the protection of well-known marks without expressly applying it, and the District of Columbia seemingly analyzed the Doctrine but ultimately deferred, finding insufficient notoriety of the mark at issue.

Only the Court of Appeals for the Second Circuit has flatly refused to apply the Doctrine, finding the phrase “well-known marks” absent from the Lanham Act’s text. *Punchgini*, 482 F.3d at 165. However, as discussed above, Supreme Court precedent instructs that the Lanham Act is not so rigid and should be applied where the harm is within the Act’s purpose. A clear reading of the statute coupled with the articulated Congressional purposes provide strong support for applying the Doctrine under the Lanham Act to protect a foreign mark with a well-known U.S. reputation against unfair competition occurring in the United States.

The Ninth Circuit in *Grupo Gigante* found solid support for the well-known marks doctrine:

> 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**.

391 F.3d at 1094 (emphasis added).

In *Persons Co. Ltd v. Christman*, 900 F.2d 1565, 1569-1570 (Fed. Cir. 1990), the Federal Circuit recognized the Doctrine but did not apply it in that case because the foreign mark was not well-known. The court noted cases protecting well-known marks based on a defendant's bad faith "where (1) the foreign mark is famous here or (2) the use is a nominal one made solely to block the prior foreign user's planned expansion into the United States". *Id*. at 1570; *see also The All England Lawn Tennis Club (Wimbledon) Ltd. v. Creation Aromatiques, Inc*., 220 U.S.P.Q. 1069, 1072 (T.T.A.B. 1983); *Mother's Rests., Inc. v. Mother's Other Kitchen, Inc*., 218 U.S.P.Q. 1046, 1048 (T.T.A.B. 1983).

The Second Circuit declined to apply the Doctrine in *Punchgini*, 482 F.3d at 160, 165. Although the Second Circuit recognized the "persuasive policy argument" that supported the Doctrine, the court held that the Lanham Act does not recognize a well-known marks exception to the principle of territoriality. *Id.* at 161-63, 165. The Second Circuit's *Punchgini* decision seems to rest on the fact that the Lanham Act does not *per se* reference "well-known marks" in specific legislative language. The court disregarded the decisions which had previously provided protection to well-known foreign marks because no tribunal had dissected the statutory language within the Lanham Act from which protection was derived. *Id*. at 153-54. As a result, the Second Circuit relegated any case law protecting foreign marks to a reflection of state common law. *Id.* at 157-158.

The Second Circuit's decision creates a direct conflict with the decision of the Ninth Circuit's decision in *Grupo Gigante*, 391 F.3d at 1094, and arguably with the position adopted by the Court of Appeals for the Federal Circuit. Professor McCarthy, one of the leading scholars on trademark law supports application of the Doctrine, and described the Second Circuit's decision as "wrong" with too narrow a view of the Lanham Act. MCCARTHY § 29.4, n.10.

Few other courts have addressed the Doctrine. The United States District Court for the District of Columbia has recognized the policy behind the well-known marks doctrine, analyzing a case under the *Grupo Gigante* standard, but ultimately declining to decide whether the Doctrine applied because the mark at issue was not well known. *Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. De C.V.,* 2014 U.S. Dist. LEXIS 135130 (D.D.C. Sept. 25, 2014). In *Sterling Consulting Corporation v. The Indian Motorcycle Trademark*, an unusual *in rem* declaratory judgment action, the United States District Court for the District of Colorado stated without analysis:

> The [Paris Convention], to which the United States is a signatory, commits this Court to the principle of "territoriality" and the "famous mark" doctrine.

44 U.S.P.Q.2d 1959 (D. Colo. 1997).

Contrary to the Second Circuit's *Punchgini* decision, the Lanham Act should not be applied rigidly and does not need to expressly use the words "well-known marks" to support application of the Doctrine under the text of the Lanham Act as discussed above.

E. Fourth Circuit Precedent Has Not Rejected the Doctrine.

The District Court below, in rejecting the well-known marks doctrine, found that"[t]he Fourth Circuit has not yet recognized the famous marks doctrine and appears inclined to reject its application." *Belmora LLC v. Bayer Consumer Care AG*, 2015 U.S. Dist. LEXIS 17481, *23-24 (E.D. Va. Feb. 6, 2015). In support, the District Court cited without analysis two decisions, *International Bancorp* and *Maruti*—neither of which reject the Doctrine. *Id.*

Maruti.com v. Maruti Udyog Ltd., was a cybersquatting case, and the District of Maryland merely declined to apply the Doctrine "to the instant case", finding the plaintiff failed to prove its mark was well known. 447 F. Supp. 2d 494, 500 (D. Md. 2006). Furthermore, *Maruti* recognizes that Lanham Act claims are not solely limited to instances where a plaintiff proves use of its mark in United States commerce (as required below by the District Court) and that use in foreign commerce may be sufficient under the Fourth Circuit's decision in *International Bancorp.,* 329 F.3d at 363-64.

International Bancorp also concerned a cybersquatter, and the Fourth Circuit was not asked to apply the well-known marks doctrine. The Doctrine is not mentioned in the majority opinion. *Id*. Instead, the District Court relied on a footnote in the dissenting opinion. That footnote, however, confirms the parties did not argue the Doctrine and states that the Doctrine had been rarely applied and never applied by any federal appellate court. *Id.*, 329 F.3d at 389 n.9 (Motz, J., dissenting). Notably, *International Bancorp* preceded the Ninth Circuit's application of the Doctrine in *Grupo Gigante*.

Although not applying the Doctrine *per se*, the majority opinion in *International Bancorp* nonetheless looked to the plain statutory language of the Lanham Act and found support to protect a foreign mark that was well-known in the United States for a casino that operated only in Monaco. This Court held that the Lanham Act does not require strict proof by a plaintiff of *prior use in U.S. commerce* and read Section 43(a)'s plain statutory language requiring "use in commerce" to mean any regulable commerce, including foreign commerce. *Id.* at 363-64. *Accord Steele v. Bulova Watch Co*., 344 U.S. 280 (1952). As this Court explained:

> [W]e cannot help but note that since avoidance of consumer confusion is the ultimate end of all trademark

> law, this case presents a paradigmatic situation in which we may see our laws working, as intended, to reduce consumer confusion.

Int'l Bancorp, 329 F.3d at 381-382 (internal citations omitted). *Accord* MCCARTHY § 29.2 (agreeing with the result as consistent with the well-known marks doctrine, and stating that although the decision assumed the Lanham Act required the plaintiff to prove use in commerce, Section 43(a) only statutorily requires use in commerce by the *defendant*). Application of the well-known marks doctrine is consistent with Fourth Circuit Lanham Act jurisprudence.

F. The Decision Below May Place the United States in Non-Compliance with International Obligations and Undermine Foreign Policy.

International obligations of the United States mandate adherence with the well-known marks doctrine. Failure to protect foreign marks that are well-known, may subject the United States to accusations of breach and undermine negotiations for reciprocal protections in foreign countries for well-known American marks.

1. History and Importance to American Brand Owners

The genesis of the well-known marks doctrine is Article 6bis of the Paris Convention, which requires member states to:

> refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to

> the benefits of this Convention and used for identical or similar goods.

Many countries now protect well-known marks without requiring use or registration. *See* Frederick W. Mostert, FAMOUS AND WELL KNOWN MARKS §§ 1-33 to 1-34 n. 91 (2d ed. 2004) (listing case law from several countries).

The Doctrine is of particular importance to American trademark owners since most other countries reward the first party to register a mark without requiring proof of use. An opportunist could secure priority over the American owner of a well-known mark by the simple and cheap option of registering. The well-known marks doctrine serves to protect the true mark owner in these situations and prevent the pirate from duping consumers into believing they are buying the established brand. For example, the well-known marks doctrine protected McDonald's Corporation's ability to expand into South Africa notwithstanding registration of the MCDONALD'S mark by locals. *See McDonald's Corp. v. Joburgers Drive-Inn Rest. (Pty) Ltd.*, 1997 (1) S.A. 1 (A) (S. Afr.). The Doctrine also prevented pirates who had registered STARBUCKS in Russia from extorting $600,000 from the American company. *See* MCCARTHY § 29.61 at 29-176 n.6 (reporting Russian litigation). If other countries impose a local use requirement to the protection of well-known marks, U.S. businesses would suffer.

2. International Policy and Obligations

The United States has assumed multiple international obligations to protect well-known marks that have not been used "in United States commerce" by ratifying bilateral trade agreements that call for recognition of the well-known marks doctrine. In 2001, the World Intellectual Property Organization ("WIPO") General Assemblies and the members of the Paris Convention agreed to a "Joint Recommendation on Well-Known Marks", stipulating to the protection of well-known marks if well known in the member country even if neither registered nor used there. Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, WIPO Doc. 833(E), art. 2(3)(i).

The U.S. government has included joint compliance with the Paris Convention in the North American Free Trade Agreement ("NAFTA"), required the protection of well-known marks as a term in at least three bilateral trade agreements, and cited the Joint Recommendation on Well-Known Marks as guidance in other trade agreements. *See, e.g.*, NAFTA, Ch. 17, January 1, 1994,[6] Free Trade Agreement, June 1, 2007,[7] U.S.-Korea, art. 18.2(6-9); Free Trade Agreement, May 6, 2003, U.S.-Sing.,[8] art. 16.1(2)(b)(i); Free Trade Agreement,

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[6] http://www.sice.oas.org/trade/nafta/chap-171.asp
[7] https://ustr.gov/trade-agreements/free-trade-agreements/korus-fta/final-text
[8] https://ustr.gov/trade-agreements/free-trade-agreements/singapore-fta/final-text

Oct. 24, 2000, U.S.-Jordan,[9] art. 4(1)(a); Free Trade Agreement, June 6, 2003, U.S.-Chile,[10] art. 17.2(9).

Ensuring effective protection for well-known marks remains a key part of the trade policy of the United States. The U.S. government's efforts to negotiate international protection of well-known marks would be seriously undermined if our own laws are construed as denying such protection. Courts should hesitate before construing U.S. domestic law as inconsistent with international obligations. *See Vimar Segurosy Reaseguros, S.A. v. M/V Sky Reefer*, 515 U.S. 528, 539 (1995). This would also jeopardize the reciprocal protections for well-known American brands in foreign countries.

Therefore, consistent with the purposes of the Act to protect consumers from unfair competition and deception, promote uniformity, and provide foreign nationals protection under international obligations, the well-known marks doctrine applies to Lanham Act claims. The statutory text of Section 43(a) only requires a plaintiff to prove that a *defendant* uses a mark in regulable commerce that causes confusion in the United States. Section 43(a) supports application of the well-known marks doctrine, especially considering Section 44(h)'s directive protecting foreign mark owners from unfair competition, and the Supreme Court's protection of deception falling within the purposes of the Act as in *Two Pesos* and *Lexmark*.

[9] https://ustr.gov/trade-agreements/free-trade-agreements/jordan-fta/final-text
[10] https://ustr.gov/trade-agreements/free-trade-agreements/chile-fta/final-text

If U.S. consumers are being confused, a foreign brand's U.S. reputation is a legitimate, protectable interest supporting standing under the Lanham Act in satisfaction of the *Lexmark* zone-of-interests test.

II. A Cancellation Petitioner Is Not Required to Prove Prior Use of a Mark in United States Commerce as Stated by the District Court.

Regardless of whether this Court concludes that the well-known marks doctrine applies, the District Court applied an overly-restrictive test for standing by requiring that a cancellation petitioner prove prior use of a mark in United States commerce. This is not the standard. A cancellation proceeding merely decides whether the registrant is entitled to the benefits of registration. In a Section 14 cancellation proceeding, a petitioner need not own a mark to cancel an improper registration. *Empresa Cubana Del Tabaco v.General Cigar Co.*, 753 F.3d 1270, 1275 (Fed. Cir. 2014). All that is required is an interest in the mark, as correctly stated by the TTAB below, and which is consistent with the *Lexmark* "zone of interests" test.

Under existing case law, a petitioner's interest can be established by several means other than prior use in United States commerce, for example:

BASIS FOR STANDING	**PRECEDENT**
Use in a single state – and, thus, not United States commerce	*First Niagara Insurance Brokers, Inc. v. First Niagara Financial Group, Inc.*, 476 F.3d 867 (Fed. Cir. 2007).

BASIS FOR STANDING	**PRECEDENT**
A petitioner asserting false association under Section 2(a) of the Lanham Act need not show ownership of a mark because standing arises from **who the petitioner is** and petitioner's **reputation**.	*The University of Notre Dame v. J.C. Gourmet Food Imports Co.,* 703 F.2d 1372 (Fed. Cir. 1983); *Petroleos Mexicanos v. Intermix S.A.,* 97 U.S.P.Q.2d 1403 (TTAB 2010) (finding standing even though the Mexican petitioner did not plead use or registration of its mark in the U.S.); *Corporacion Habanos, S.A. v. Rodriguez,* 99 U.S.P.Q.2d 1873, 1875 (TTAB 2011) (and cases cited therein).
A petitioner asserting that a mark is disparaging also has standing based on **identity**.	*Harjo v. Pro Football, Inc.*, 30 U.S.P.Q.2d 1828 (TTAB 1994) (finding a Native American has standing to challenge the mark WASHINGTON REDSKINS), affirmed in a later proceeding by *Pro-Football, Inc. v. Harjo*, 567 F. Supp. 2d 46 (D.D.C. 2008), cert. denied*, Harjo v. Pro-Football, Inc*., 558 U.S. 1025 (2009).
Ownership of a U.S. registration issued solely on the basis of a foreign registration under Section 44 or Section 66 without requirement to prove use	15 U.S.C. §§ 1126, 1141f.
A petitioner can show that it filed its own application and was refused registration because of the prior-filed registration, even if petitioner does not have any current use of the mark.	*Empresa Cubana Del Tabaco v. General Cigar Co.,* 753 F.3d 1270, 1273 (Fed. Cir. 2014), *cert. denied* 135 S. Ct. 1401 (2015) ("[A] pending application that has been refused registration based on a likelihood of confusion with a registered mark is sufficient to show that the petitioner seeking to cancel the registered mark is the type of party Congress authorized under 15 U.S.C. §1064.").

Here, FLANAX was cancelled under Section 14(3) due to misrepresentation of source. The aim of this provision is akin to false association protecting the right to control one's reputation, and the focus for purposes of standing should be on the identity of the party claiming to be misrepresented. *Notre Dame,* 703 F.2d 1372. The party alleging to be the true <u>source</u> of the misrepresentation is unquestionably the party Congress intended to be the cancellation petitioner. This satisfies the "zone of interests" test under *Lexmark*, especially considering that this test is not "especially demanding" and that any benefit of doubt favors the plaintiff. 134 S. Ct. at 1389.

For standing to seek cancellation under Section 14, the District Court incorrectly required Bayer to prove prior use in United States commerce. *See Belmora*, 2015 U.S. Dist. LEXIS 17481, *47-48. The cases cited by the District Court in support of that proposition, however, do not analyze standing. *Id.* at *50. There are relatively few cases specifically discussing Section 14(3) cancellation based on misrepresentation of source. While it may be true that most involve plaintiffs that also were using a mark in United States commerce, this is not a threshold requirement for standing to seek cancellation, and such a threshold ignores long-recognized grounds for standing. All that is required for standing is that the petitioner have a legitimate interest in the cancellation proceeding. In the context of misrepresentation as to source, the party alleging to be the true source has standing, whether that party is foreign or domestic.

CONCLUSION

Accordingly, AIPLA urges the Court to vacate and remand, although AIPLA takes no position on which Party should prevail. Instead, AIPLA urges the Court to hold that (1) the Lanham Act includes the well-known marks doctrine and protects a foreign mark from unfair competition if proven to be well known by Americans, even if the mark is not registered or used in United States commerce, and (2) a foreign mark's reputation may be a sufficient interest to support standing to seek cancellation under Section 14(3) of the Lanham Act.

Respectfully submitted,

/s/ jennifer l. kovalcik

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June 2, 2015

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CERTIFICATE OF SERVICE

I certify that on this day, June 2, 2015, the foregoing document was served on all parties or their counsel of record through the CM/ECF system as registered users.

/s/ jennifer l. kovalcik

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Signature

UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

No. 15-1335 **Caption:** *Belmora LLC v. Bayer Consumer Care AG*

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Dated: June 2, 2015