
WAKE FOREST JOURNAL OF BUSINESS
AND INTELLECTUAL PROPERTY LAW

VOLUME 16

FALL 2015

NUMBER 1

**ONE RULE TO STAND ON: EXPANDING THE SCOPE OF
LEXMARK V. STATIC CONTROL TO FALSE ASSOCIATION
CASES UNDER 15 U.S.C. § 1125(A)**

Christian Dorismond[†]

I. INTRODUCTION	2
II. BACKGROUND	4
A. CONSTITUTIONAL STANDING AND PRUDENTIAL STANDING AND THE LANHAM ACT'S § 1125(A).....	4
B. THE FALSE ADVERTISING § 1125(A) CIRCUIT SPLIT PRIOR TO <i>LEXMARK</i>	5
C. DEVELOPING A NEW STANDARD WITH <i>LEXMARK V.</i> <i>STATIC CONTROL</i>	9
1. <i>Facts of the Lexmark Case</i>	9
2. <i>The Supreme Court's Rejection of Previous</i> <i>Standing Rules</i>	10
III. ANALYSIS.....	13
A. THE PLAIN LANGUAGE OF THE CASE SUPPORTS THE APPLICATION OF <i>LEXMARK</i> TO FALSE ASSOCIATION CASES	14
B. THE SUPREME COURT'S RATIONALE SUPPORTS <i>LEXMARK</i> 'S APPLICATION TO FALSE ASSOCIATION CASES.....	15
C. STATUTORY ANALYSIS OF § 1125(A) SUPPORTS <i>LEXMARK</i> BEING APPLICABLE TO FALSE ASSOCIATION CASES	16
IV. TRENDING TOWARDS THE <i>LEXMARK</i> RULE IN FALSE ASSOCIATION CASES?	17
A. PRECEDENT SET BY <i>EBAY V. MERCExchange</i>	17
B. BEGINNING OF A SHIFT IN THE LOWER COURTS?	18
V. FUTURE CONSIDERATIONS.....	19

[†] B.A. Political Science, University of Florida (2011); J.D. candidate, May 2016, Wake Forest University School of Law. Editorial Staff, 2015-16, Wake Forest Journal of Business and Intellectual Property Law. The author would like to thank his family and friends for their support throughout his life, his advisor Prof. Simone Rose, and the board and staff members for preparing this article for publication.

I. INTRODUCTION

Chief Justice William Rehnquist once wrote that the “exercise of judicial power, which can so profoundly affect the lives, liberty, and property of those to whom it extends, is therefore restricted to litigants who can show ‘injury in fact’ resulting from the action which they seek to have the court adjudicate.”¹ The concept that the Chief Justice was discussing was standing. One of the first issues a lawyer must answer when confronted with a potential client is whether that client has standing to sue.² If the client does not have standing, then the case is doomed from the start.³ The Supreme Court’s holding, regarding the issue of standing in false advertising cases under the Lanham Act, has spawned multiple new unanswered questions regarding standing.⁴ In its 2014 decision, in the case of *Lexmark International, Inc. v. Static Control Components, Inc.*,⁵ the Supreme Court formulated a new test for analyzing whether a plaintiff has standing to sue for false advertising under § 1125(a) of the Lanham Act (hereinafter “Section 1125(a)” or “§ 1125(a)”).⁶ However, the Court was unclear about whether its decision would additionally apply to § 1125(a) false association cases as well. Lacking guidance, lower courts have been forced to consider whether they should incorporate the *Lexmark* standing rule into their § 1125(a) false association decisions.⁷ This note attempts to answer that very issue.

The preeminent federal trademark statute in the United States is the Lanham Trademark Act.⁸ Initially passed by Congress in 1946 to address the inadequacies of the Trademark Act of 1905,⁹ the intent of

¹ *Valley Forge Christian Coll. v. Ams. United for Separation of Church & State, Inc.*, 454 U.S. 464, 473 (1982).

² See generally *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992).

³ See *Valley Forge*, 454 U.S. at 471 (describing standing as a “bedrock requirement” for litigation).

⁴ See *infra* Part II.B.

⁵ *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1384 (2014).

⁶ *Id.* at 1392–93. All sections referred to hereinafter shall reference sections of the Lanham Act unless otherwise written.

⁷ See, e.g., *Duty Free Ams., Inc. v. Estee Lauder Cos., Inc.*, No. 14-11853, 2015 WL 4709573 (11th Cir. Aug. 7, 2015); *Ray Charles Found. v. Robinson*, No. 13-55421, 2015 WL 4591871 (9th Cir. July 31, 2015); *Ahmed v. Hosting.com*, 28 F. Supp. 3d 82 (D. Mass. 2014).

⁸ Lanham Trademark Act, 15 U.S.C. §§ 1501–1127 (2012) [hereinafter “Lanham Act”].

⁹ See Trademark Act of 1905, Act of Feb. 20, 1905, 33 Stat. 524, 15 U.S.C. §§ 81–134 (1905), *repealed by* Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946); see also 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR

the Lanham Act was to:

[R]egulate 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 entered into between the United States and foreign nations.¹⁰

The Lanham Act prohibits trademark infringement, trademark dilution, false advertising, and cybersquatting.¹¹ Section 1125(a) was passed in order to protect persons engaged in commerce against false advertisement and unfair competition, but it does not extend to consumers.¹² Even though consumers cannot raise a claim of false advertising, consumers are still impacted by standing rules of commercial parties. A commercial party that sues another commercial property for false advertising can benefit consumers by protecting the consumers from false advertising.

This note looks at the Supreme Court's decision in *Lexmark* and argues that courts should expand the scope of the *Lexmark* standing rule from solely false advertising claims to include false association trademark cases under § 1125(a) as well. Part II.A discusses constitutional and prudential standing as used by the courts. Part II.B turns to the circuit court split in regards to standing before the Supreme Court's decision in *Lexmark*. Part II.C examines *Lexmark* and the Supreme Court's reasoning in the case. Part III argues that the *Lexmark* view on standing should also be applied to false association based on the Supreme Court's language in the *Lexmark* decision, the Court's reasoning in *Lexmark*, and a statutory analysis of false association and false advertising in § 1125(a). Part IV details how the irreparable harm standard in *eBay Inc. v. MercExchange, LLC*¹³ sets a precedent that lower

COMPETITION § 5:3 (Thomson Reuters 4th ed. 2015) (describing the evolution of federal trademark law).

¹⁰ Lanham Act § 1127.

¹¹ *Id.* § 1125(a)–(d).

¹² *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1390 (2014).

¹³ *eBay, Inc. v. MerchExchange, LLC*, 547 U.S. 388 (2006).

courts can follow, and the trend towards applying *Lexmark* in false association cases by some lower courts. Part V briefly discusses future considerations relevant to the application of *Lexmark*'s holding to every § 1125 cause of action.

II. BACKGROUND

A. Constitutional Standing and Prudential Standing and the Lanham Act's § 1125(a)

In order for a court have the power to decide a dispute, a plaintiff must have standing to sue the other party.¹⁴ Standing is important in allowing courts to determine whether plaintiffs have the right to file their complaint.¹⁵ Standing is divided into two components: constitutional standing and prudential standing.¹⁶ Plaintiffs must meet both in order for a claim to fall within the ambit of a court's jurisdiction.¹⁷

Standing, under the U.S. Constitution, requires that (1) the plaintiff must have suffered an injury in fact; (2) the injury was proximately caused by the defendant's action(s); and (3) that is it likely that favorable adjudication by the court will redress the injury.¹⁸ Constitutional standing is based on the separation of powers doctrine as a method of limiting the power of the judiciary.¹⁹ Constitutional standing sets a minimum bar, which seeks to ensure that an actual controversy exists between potential litigants before the case will be

¹⁴ See Gregory Apgar, Note, *Prudential Standing Limitations on Lanham Act False Advertising Claims*, 76 FORDHAM L. REV. 2389, 2390 (2008); see also BLACK'S LAW DICTIONARY 1625 (10th ed. 2014) (defining standing as "[a] party's right to make a legal claim or seek judicial enforcement of a duty or right").

¹⁵ See Peter Bucklin, Note, *The Importance of Standing: The Need to Prioritize Standing Review Under the National Environmental Policy Act of 1969*, 3 J.L. & POL'Y 289, 289 (1994).

¹⁶ Peter S. Massaro, III, Note, *Filtering Through a Mess: A Proposal to Reduce the Confusion Surrounding the Requirements for Standing in False Advertising Claims Brought Under Section 43(a) of the Lanham Act*, 65 WASH. & LEE L. REV. 1673, 1677 (2008).

¹⁷ *Id.* (referring to both constitutional and prudential standing requirements as necessary prerequisites for a court to preside over a case).

¹⁸ *United States v. Windsor*, 133 S. Ct. 2675, 2685 (2013) (quoting *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560–61 (1992)).

¹⁹ *Allen v. Wright*, 468 U.S. 737, 752 (1984), *abrogated by Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014) ("More important, the law of Art. III standing is built on a single basic idea—the idea of separation of powers. It is this fact which makes possible the gradual clarification of the law through judicial application.").

heard by the judiciary.²⁰ However, even if a plaintiff satisfies the constitutional standing requirements, the plaintiff must still meet potential prudential standing standards.²¹

Courts have instituted prudential standing standards, which are “judicially self-imposed limits on the exercise of federal jurisdiction.”²² There are no set requirements for prudential standing and courts have the ability to shape prudential standing requirements to limit standing to plaintiffs “who are best suited to bring the particular claim.”²³ Thus, the effect of prudential standing is to limit the number of plaintiffs that can file a claim.²⁴ Congress has the legislative power to eliminate judge-made prudential standing limitations with regard to any statute.²⁵ Should Congress choose to exercise such power, the results would be an increase in the number of plaintiffs having proper standing. Generally, in the absence of statutory language to the contrary, courts have found that prudential standing limitations are within the judiciary’s power to implement and enforce.²⁶ Section 1125 does not contain any language eliminating the application of prudential standing, thus the implementation of prudential standing standards are within the power of the judiciary.²⁷ Before the Supreme Court’s opinion in *Lexmark*, federal courts had outlined their own tests to determine whether a plaintiff had prudential standing to sue for false advertising under the Lanham Act.²⁸

B. The False Advertising § 1125(a) Circuit Split Prior to *Lexmark*

Section 1125(a)(1)(B) allows a party that is damaged by another party’s false advertising to file suit against the accused party.²⁹ Specifically, § 1125(a)(1)(B) provides:

²⁰ *Id.* at 750–51.

²¹ *Id.* at 751.

²² *Id.*

²³ Gerald P. Meyer, Note, *Standing Out: A Commonsense Approach to Standing for False Advertising Suits Under Lanham Act Section 43(a)*, 2009 U. ILL. L. REV. 295, 299 (2009).

²⁴ *Id.*

²⁵ *Conte Bros. Auto. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 227 (3d Cir. 1998), *abrogated by Lexmark*, 134 S. Ct. 1377.

²⁶ *See, e.g., Bennett v. Spear*, 520 U.S. 154, 163 (1997).

²⁷ *See Conte Bros.*, 165 F.3d at 227 (“We hold, based on the text of § 43(a), the explicit language of the Lanham Act declaring its purpose, as well as the Lanham Act’s legislative history, that Congress did not expressly negate prudential standing doctrine in passing the Lanham Act.”).

²⁸ *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1385 (2014).

²⁹ 15 U.S.C. § 1125(a)(1)(B).

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . 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, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.³⁰

In a typical false advertising case, Party A accuses Party B of making misrepresentations regarding either Party A's or Party B's product or misrepresentations through Party B's advertising. A real world example would be McDonalds falsely stating in a commercial that Burger King's whopper sandwich contains no beef and then Burger King suing McDonald's for that statement. The plaintiff's complaint in a false advertising case must assert that:

(1) the defendant made a false or misleading description of fact or representation of fact in a commercial advertisement about his own or another's product; (2) the misrepresentation is material, in that it is likely to influence the purchasing decision; (3) the misrepresentation actually deceives or has the tendency to deceive a substantial segment of its audience; (4) the defendant placed the false or misleading statement in interstate commerce; and (5) the plaintiff has been or is likely to be injured as a result of the misrepresentation, either by direct diversion of sales or by a lessening of goodwill associated with its products.³¹

Prior to *Lexmark*, the federal circuit courts were divided on how to determine whether a party had standing to bring forward a false advertising under § 1125(a).³²

³⁰ *Id.*

³¹ *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave.*, 284 F.3d 302, 310–11 (1st Cir. 2002).

³² *See Meyer, supra* note 23, at 297–98.

The Second³³ and Sixth³⁴ Circuits analyzed standing in false advertising cases under a “reasonable interest” test. Under the reasonable interest test, a Lanham Act plaintiff has standing if he or she “can demonstrate (1) a reasonable interest to be protected against the alleged false advertising and (2) a reasonable basis for believing that the interest is likely to be damaged by the alleged false advertising.”³⁵ The reasonable interest test focuses on the “type of injury alleged and whether it is commercial.”³⁶ The test does not require that the plaintiff be a direct competitor of the defendant; however, courts strongly emphasize this factor when determining whether a plaintiff has a reasonable basis for its belief that it was likely to be damaged by the alleged false advertising.³⁷ Proponents have lauded the reasonable interest test as representing the most effective way to eliminate frivolous claims and preventing flooding the federal courts with Lanham Act claims contrary to the type envisioned by Congress.³⁸ Critics counter that the reasonable interest test is “an overly inclusive standard [which] may lead to ‘overenforcement’ of [Section 1125(a)] and have an overall negative effect on the market, potentially exacerbating some of the very problems that [Section 1125(a)] was enacted to solve.”³⁹

The Third,⁴⁰ Fifth,⁴¹ Eighth,⁴² and Eleventh⁴³ Circuits have employed a multi-factor “balancing test” derived from antitrust law. The factors that these courts considered included: “(1) the nature of the plaintiff’s alleged injury; (2) the directness or indirectness of the asserted injury; (3) the proximity or remoteness of the party to the alleged injurious conduct; (4) the speculative nature of the damages claimed; and (5) the risk of duplicative damages or complexity in

³³ See, e.g., *Famous Horse Inc. v. 5th Ave. Photo Inc.*, 624 F.3d 106, 113 (2d Cir. 2010), *abrogated by Lexmark*, 134 S. Ct. 1377.

³⁴ See, e.g., *Static Control Components, Inc. v. Lexmark Int’l, Inc.*, 697 F.3d 387, 411 (6th Cir. 2012), *aff’d*, 134 S. Ct. 1377 (2014).

³⁵ *Famous Horse*, 624 F.3d at 113.

³⁶ Meyer, *supra* note 23, at 308.

³⁷ See *Famous Horse*, 624 F.3d at 112–13.

³⁸ *Thorn v. Reliance Van Co.*, 736 F.2d 929, 933 (3d Cir. 1984).

³⁹ Meyer, *supra* note 23, at 318.

⁴⁰ *Conte Bros. Auto. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 233–34 (3d Cir. 1998), *abrogated by Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014).

⁴¹ *Procter & Gamble Co. v. Amway Corp.*, 242 F.3d 539, 562–63 (5th Cir. 2001), *abrogated by Lexmark*, 134 S. Ct. 1377.

⁴² *Gilbert/Robinson, Inc. v. Carrie Beverage-Mo., Inc.*, 989 F.2d 985, 990–92 (8th Cir. 1993), *abrogated by Lexmark*, 134 S. Ct. 1377.

⁴³ *Phoenix. of Broward, Inc. v. McDonald’s Corp.*, 489 F.3d 1156, 1163–64 (11th Cir. 2007), *abrogated by Lexmark*, 134 S. Ct. 1377.

apportioning damages.”⁴⁴ Supporters of the balancing test feel that it better restricts standing to the entities that Congress (through § 1127) intended to cover because it gives courts flexibility based on its factor weighing approach, eases the litigation burden on the courts by establishing more predictability than the other two approaches, and advances the public policy goal of the “promotion of fair competition.”⁴⁵ In *Famous Horse Inc. v. 5th Avenue Photo Inc.*, the Second Circuit criticized the balancing test for being overly complicated and not sufficiently clear in deciding the issue of standing given the lack of attribution of weight in regards to the factors.⁴⁶

The Seventh,⁴⁷ Ninth,⁴⁸ and Tenth⁴⁹ Circuits have applied a “direct competitor” test to analyze prudential standing in false advertising suits. Under the direct competitor test, a Lanham Act plaintiff has to be a direct competitor of the defendant in order to have standing.⁵⁰ The rationale for this requirement is that since the purpose of false advertising under § 1125(a) is to prevent unfair competition as espoused by § 1127, “the plaintiff must be a competitor of the defendant and allege a competitive injury.”⁵¹ Thus, the plaintiff must show that the defendant’s actions resulted in a commercial injury and competed commercially with the plaintiff.⁵² The direct competitor test focuses on the nature of the relationship between the parties and the effect of restricting standing solely to commercial entities that are direct competitors.⁵³

Supporters of the direct competitor test argue that it “allow[s] the results . . . to be predictable, making plaintiffs less likely to file questionable claims.”⁵⁴ Other courts have found the test too rigid because “[§ 1125(a)] provides no support for drawing a distinction in

⁴⁴ 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27:32 (Thomson Reuters 4th ed. 2015).

⁴⁵ Diane Taing, Comment, *Competition for Standing: Defining the Commercial Plaintiff Under Section 43(a) of the Lanham Act*, 16 GEO. MASON L. REV. 493, 507–19 (2009).

⁴⁶ *Famous Horse Inc. v. 5th Ave. Photo Inc.*, 624 F.3d 106, 115 n.3 (2d Cir. 2010), *abrogated by Lexmark*, 134 S. Ct. 1377.

⁴⁷ *L.S. Heath & Son, Inc. v. AT&T Info. Sys.*, 9 F.3d 561, 575 (7th Cir. 1993), *abrogated by Lexmark*, 134 S. Ct. 1377.

⁴⁸ *Waits v. Frito-Lay Inc.*, 978 F.2d 1093, 1107–10 (9th Cir. 1992), *abrogated by Lexmark*, 134 S. Ct. 1377.

⁴⁹ *Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867, 873 (10th Cir. 1995), *abrogated by Lexmark*, 134 S. Ct. 1377 (citing *Waits*, 978 F.2d at 1109).

⁵⁰ MCCARTHY, *supra* note 44, § 27:32.

⁵¹ *Stanfield*, 52 F.3d at 873.

⁵² Meyer, *supra* note 23, at 306.

⁵³ *Id.*

⁵⁴ *Id.* at 313.

standing depending on the type of [§ 1125(a)] violation alleged.”⁵⁵ Scholars such as Joseph McCarthy have criticized the direct competitor test, arguing, “[t]he passé semantic argument that there cannot be ‘unfair competition’ without ‘competition’ between the parties has often been rejected. In the author’s view, this decision is an aberration in the history of court interpretation of [§ 1125(a)].”⁵⁶

C. Developing a New Standard with *Lexmark v. Static Control*

The Supreme Court’s opinion in *Lexmark International, Inc. v. Static Control Components, Inc.*⁵⁷ changes the landscape of false advertising cases under § 1125(a).

1. *Facts of the Lexmark Case*

Lexmark International Inc. (“Lexmark”) manufactured and sold laser printers and proprietary toner ink cartridges.⁵⁸ The Lexmark cartridges could only be used with Lexmark printers and Lexmark printers only functioned with Lexmark cartridges.⁵⁹ Under Lexmark’s Prebate Program, purchasers of Lexmark cartridges who promised to return their empty cartridges to Lexmark received a 20% discount on the purchase price.⁶⁰ Businesses known as “remanufacturers” competed with Lexmark by acquiring empty Lexmark cartridges, refilling the empty cartridges with ink, and then selling the refurbished Lexmark cartridge.⁶¹ In order to thwart the remanufactures, Lexmark placed microchips in its cartridges that would disable the cartridge once empty and could only be replaced by Lexmark for reuse.⁶² However, this strategy was unsuccessful. Static Control Component (“Static”) developed a microchip similar to Lexmark’s that enabled the empty Lexmark cartridges to be refurbished through remanufacturers.⁶³

Lexmark sued Static for copyright infringement in violation of the Copyright Act of 1976, 17 U.S.C. § 101, and the Digital Millennium

⁵⁵ *Conte Bros. Auto. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 232 (3d Cir. 1998), *abrogated by* *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014).

⁵⁶ Meyer, *supra* note 23, at 314 (quoting MCCARTHY, *supra* note 44, § 27:32).

⁵⁷ *Lexmark*, 134 S. Ct. 1377.

⁵⁸ *Id.* at 1383.

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.* at 1383.

⁶² *Id.*

⁶³ *Id.* at 1384.

Copyright Act, 17 U.S.C. § 1201 based on Static's microchips.⁶⁴ Static countersued, claiming that Lexmark violated § 1125(a).⁶⁵ Static alleged that Lexmark's Prebate Program misled consumers into believing that they were required by the program's terms to return the empty cartridges to Lexmark, and additionally that Lexmark falsely advertised to remanufacturers that selling refurbished Lexmark cartridges as well as using Static's microchip was illegal.⁶⁶

The fight between Lexmark and Static has a long and confusing procedural history that began in 2002 when Lexmark filed its complaint against Static in United States District Court for the Eastern District of Kentucky.⁶⁷ Relying on the balancing test, the district court held that Static did not have the requisite prudential standing for its countersuit against Lexmark.⁶⁸ Using this test, the district court concluded that Static lacked standing.⁶⁹ On appeal, the Sixth Circuit reversed the district court's ruling and concluded that the appropriate test for standing in false advertisement cases was the "reasonable interest" test.⁷⁰ In 2013, the Supreme Court granted Lexmark's petition for *certiorari* to resolve the standing issue.⁷¹

2. *The Supreme Court's Rejection of Previous Standing Rules*

The dispute reached the Supreme Court in 2014.⁷² Lexmark did not dispute that Static had standing to sue under Article III of the Constitution.⁷³ At issue before the Court was whether Static had prudential standing to sue under § 1125(a).⁷⁴ The outcome hinged, in large part, on how the Court would ultimately resolve the circuit split.⁷⁵ On March 25, 2014, the Supreme Court articulated a new test to determine who has standing to bring a false advertising claim under the Lanham Act.⁷⁶ In doing so, the Court rejected the three tests⁷⁷ that the

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ *Id.* at 1385.

⁶⁹ *See id.* (citing *Static Control Components, Inc. v. Lexmark Int'l, Inc.*, 697 F.3d 387, 411 (6th Cir. 2012)).

⁷⁰ *Id.*

⁷¹ *Static Control Components*, 697 F.3d 397, *aff'd*, 134 S. Ct. 1377 (2014).

⁷² *See Lexmark*, 134 S. Ct. 1377.

⁷³ *Id.* at 1386 ("Lexmark does not deny that Static's allegations of lost sales and damage to its business reputation give it standing under Article III.")

⁷⁴ *Id.* at 1385–86.

⁷⁵ *See supra* part II.B.

⁷⁶ *Lexmark*, 134 S. Ct. at 1393.

⁷⁷ *Id.* at 1391–93.

federal courts had used to determine standing in false advertising claims based on the intent of the Lanham Act in regards to false advertising claims.⁷⁸

The Supreme Court first looked to the intent section of § 1127 before assessing the false advertising provision found in § 1125(a).⁷⁹ The Court determined that the typical false advertising case involves “protec[ting] persons engaged in [commerce within the control of Congress] against unfair competition.”⁸⁰ This did not simply mean that in deciding the intent of the false advertising, the Court summarily rejected the three pre-*Lexmark* tests (reasonable interest, the multifactor balancing test, and direct competitor test) for standing under §1125(a).⁸¹

The “reasonable interest” test was viewed unsatisfactory because it was too broad and did not ask the proper question.⁸² According to the Court, “[t]he relevant question is not whether the plaintiff’s interest is ‘reasonable,’ but whether it is one the Lanham Act protects; and not whether there is a ‘reasonable basis’ for the plaintiff’s claim of harm, but whether the harm alleged is proximately tied to the defendant’s conduct.”⁸³ The Court believed that the way the reasonable test was structured could be interpreted to do away with any prudential standing requirements and thus only require constitutional standing.⁸⁴

The Court noted that the multi-factor “balancing” test was a “commendable effort to give content to an otherwise nebulous inquiry.”⁸⁵ However, it remained “slightly off the mark.”⁸⁶ Specifically, the Court found that the balancing test lacked an “*independent* basis for denying standing where it is adequately alleged that a defendant’s conduct has proximately injured an interest of the plaintiff’s that the statute protects.”⁸⁷ Moreover, the test could “yield unpredictable and at times arbitrary results.”⁸⁸ One reason the Court’s unanimous rejection of the balancing test was surprising was that the balancing test established by *Conte Bros.* was authored by Justice Alito when he was a judge on the Eighth Circuit Court of Appeals.⁸⁹ Thus,

⁷⁸ *Id.* at 1391 (“While none of those tests is wholly without merit, we decline to adopt any of them.”).

⁷⁹ *Id.* at 1393.

⁸⁰ *Id.* at 1389 (quoting 15 U.S.C. § 1127 (2012)).

⁸¹ *See id.* at 1390–91.

⁸² *Id.* at 1393.

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ *Id.* at 1392.

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Conte Bros. Auto. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 222 (3d Cir. 1998), *abrogated by Lexmark*, 134 S. Ct. 1377.

even the author of the balancing test overruled its use.

Finally, the Court also rejected the bright-line rule of the “direct competitor” test.⁹⁰ According to the Court, limiting standing to direct competitors “distort[s] the statutory language” of the Lanham Act and contravenes the statute’s purpose.⁹¹ The intent of the Lanham Act in false advertising claims is to protect against unfair competition and the direct competitor test frustrated that purpose by the restrictions it placed on who could sue under the Act.⁹²

The Court held that in order for a plaintiff to have prudential standing to sue in a § 1125(a) false advertising case, (1) the plaintiff’s interest “must fall within the zone of interests protected by the law invoked;” and (2) the plaintiff’s “injuries are proximately caused by violations of the statute.”⁹³

The first element articulated by the Court is that the plaintiff must fall within the statute’s zone of interest.⁹⁴ The “zone of interest” requirement is not a demanding test for the plaintiff to satisfy.⁹⁵ According to the Court, “the test forecloses suit only when a plaintiff’s interests are so marginally related to or inconsistent with the purpose implicit in the statute that it cannot reasonably be assumed that Congress authorized the plaintiff to sue.”⁹⁶ In *Lexmark*, the Court determined that the purpose of § 1125(a) (with regard to false advertising) is to protect parties engaging in commerce from unfair competition.⁹⁷ The 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.”⁹⁸ While the zone of interest requirement is not demanding, the Court’s opinion also clarified that a plaintiff need not be a direct competitor of the defendant to fall within the zone of interest requirement.⁹⁹

Lexmark’s second element requires a plaintiff’s injuries to be proximately caused by the defendant’s statutory violations.¹⁰⁰ Proximate cause is a “venerable principle” that has become deeply

⁹⁰ *Lexmark*, 134 S. Ct. at 1392.

⁹¹ *Id.* at 1392–93.

⁹² *Id.* at 1393 (citing 15 U.S.C. § 1127 (2012)).

⁹³ *Id.* at 1388–90 (quoting *Allen v. Wright*, 468 U.S. 737, 751 (1984)).

⁹⁴ *Id.* at 1388.

⁹⁵ *Id.* at 1389.

⁹⁶ *Id.* (quoting *Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians v. Patchak*, 132 S. Ct. 2199, 2210 (2012)) (internal quotation marks omitted).

⁹⁷ *Id.* at 1393.

⁹⁸ *Id.* at 1390.

⁹⁹ *Id.* at 1394.

¹⁰⁰ *Id.* at 1390.

entrenched in the common law.¹⁰¹ The inquiry “is not easy to define, and over the years it has taken various forms.”¹⁰² Generally, however, in analyzing proximate cause, courts must determine “whether the harm alleged has a sufficiently close connection to the conduct that the statute prohibits.”¹⁰³ In *Lexmark*, the Court thus 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 occurs when deception of consumers causes them to withhold trade from the plaintiff.”¹⁰⁴

The majority opinion did not explicitly state whether the prudential standing standard promulgated in *Lexmark* was to be used in all future § 1125(a) cases or just in false advertising suits. False advertising was the only cause of action at issue because Static had only alleged a claim of false advertising against Lexmark.¹⁰⁵ Thus, courts are left to infer from the opinion whether the standing test promulgated in *Lexmark* also applies to false association claims.

III. ANALYSIS

The most obvious and immediate effect of the *Lexmark* decision will be in the Seventh, Ninth, and Tenth circuits, which, prior to *Lexmark*, had employed the “direct competitor” test in prudential standing determinations.¹⁰⁶ Subsequent to *Lexmark*, non-competitors in those jurisdictions will be able to file suit if they satisfy *Lexmark*’s requirements. Additionally, the Supreme Court has rejected the “reasonable interest” test previously employed by the Second and Sixth circuits because it was deemed overly broad.¹⁰⁷ Since the reasonable interest test gave standing to more plaintiffs than the *Lexmark* standard, the number of plaintiffs in these jurisdictions with prudential standing in a false advertising lawsuit will be reduced. The *Lexmark* decision should not be limited to false advertising cases under § 1125(a)(1)(B). Analysis of the Supreme Court’s opinion lends credence to the assertion that *Lexmark*’s analysis should also be applied to false association

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.* at 1391.

¹⁰⁵ *Id.* at 1384.

¹⁰⁶ See *Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867, 873 (10th Cir. 1995), *abrogated by Lexmark*, 134 S. Ct. 1377; *L.S. Health & Son, Inc. v. AT&T Info. Sys., Inc.*, 9 F.3d 561, 575 (7th Cir. 1993), *abrogated by Lexmark*, 134 S. Ct. 1377; *Waits v. Frito-Lay Inc.*, 978 F.2d 1093, 1109 (9th Cir. 1992), *abrogated by Lexmark*, 134 S. Ct. 1377.

¹⁰⁷ *Lexmark*, 134 S. Ct. at 1392–93.

cases.

False association is the use of “false representations concerning the origin, association, or endorsement of goods or services through the wrongful use of another's distinctive mark, name, trade dress, or other device.”¹⁰⁸ A plaintiff can file a trademark infringement claim irrespective of whether the mark is registered¹⁰⁹ or unregistered.¹¹⁰ False association under § 1125(a)(1)(A) is defined as:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . 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.¹¹¹

Standing in false association cases used some of the same tests as those used in false advertising cases.¹¹² However, the plaintiff does not have to be a competitor of the defendant in order to sue for false association.¹¹³

Lexmark may have further reaching implications if it is applied to false association cases. The Supreme Court’s holding in *Lexmark* set a precedent for the standing test to be applied to plaintiff’s standing in all future false association cases.

A. The Plain Language of the Case Supports the Application of *Lexmark* to False Association Cases

The language in *Lexmark* supports the assertion that standing in both false association and false advertising cases should be analyzed under the test articulated therein.¹¹⁴ In *Lexmark*, the Court stated that the “zone-of-interests test is therefore an appropriate tool for determining

¹⁰⁸ *Waits*, 978 F.2d at 1108.

¹⁰⁹ 15 U.S.C. § 1114 (2012).

¹¹⁰ *Id.* § 1125(a)(1)(A).

¹¹¹ *Id.*

¹¹² *See, e.g., Waits*, 978 F.2d at 1109 (using the reasonable interest test to determine whether the plaintiff had standing under § 1125(a)(1)(A)).

¹¹³ *Id.*

¹¹⁴ *Lexmark*, 134 S. Ct. at 1388–89.

who may invoke the cause of action in § 1125(a).”¹¹⁵ Under this inquiry, the Court refers to § 1125(a) generally, and does not single out false advertising claims.¹¹⁶ Additionally, in regard to proximate cause, the Court observed that “[n]o party disputes that it is proper to read § 1125(a) as containing such a requirement, its broad language notwithstanding.”¹¹⁷

The district court in *Peter Kiewit Sons', Inc. v. Wall St. Equity Group, Inc.*¹¹⁸ remained unconvinced of this argument.¹¹⁹ The district court noted that *Lexmark* “rais[ed] the question” of whether the Supreme Court’s test should be applied to false association cases as well.¹²⁰ However, the court ultimately concluded that it did not.¹²¹ Specifically, the court found “the rest of the Court’s reasoning is particular to false advertising claims, and there is no sound basis to imply a sea change in trademark infringement law from an ambiguous citation in *Lexmark*.”¹²² This argument fails because it does not take into account the fact that the Court could have specified that the ruling only applied to false advertising suits under § 1125(a)(1)(B).¹²³ Instead, the Court referenced § 1125(a), thus broadening the scope of its ruling. With the decision written by noted textualist, Justice Antonin Scalia, it makes it even more likely that the focus on § 1125(a) was purposeful.

B. The Supreme Court’s Rationale Supports *Lexmark*’s Application to False Association Cases

The Court explained that the zone of interest element “applies to all statutorily created causes of action” that have not been “expressly negated” by Congress and thus represents a general requirement in all statutes.¹²⁴ Since § 1125(a) is a statute that creates a cause of action and Congress has not expressly negated the zone of interest standard in § 1125(a), then the zone of interest element applies to all causes of action created by § 1125(a) and not just false advertising.¹²⁵

¹¹⁵ *Id.*

¹¹⁶ *See id.*

¹¹⁷ *Id.* at 1390.

¹¹⁸ *Peter Kiewit Sons', Inc. v. Wall St. Equity Grp., Inc.*, No. 8:10-CV-365, 2014 U.S. Dist. LEXIS 137182 (D. Neb. Sept. 29, 2014).

¹¹⁹ *Id.* at *16 n.5.

¹²⁰ *Id.*

¹²¹ *Id.*

¹²² *Id.*

¹²³ *See Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1388–89 (2014) (referencing § 1125(a) as a whole, thus failing to specifically limit its holding to false advertising claims).

¹²⁴ *Id.* at 1388.

¹²⁵ *Id.* at 1388–89.

Furthermore, the Court's acknowledgement that proximate cause is a concept deeply ingrained in tort analysis seems to suggest that it too is a requirement in determining standing under § 1125(a).¹²⁶ It would make little logical sense if proximate cause analysis served as an integral part of prudential standing determinations under § 1125(a)(1)(A), but not under § 1125(a)(1)(B). Not having proximate cause as an element would metaphorically be cutting off one of prudential standing's legs.

C. Statutory Analysis of § 1125(a) Supports *Lexmark* Being Applicable to False Association Cases

Statutory analysis of § 1125(a) also supports the contention that the *Lexmark* standing rules applies to both false association and false advertising plaintiffs. The fact that false association and false advertising were placed in the same subsection of the Lanham Act bolsters the notion that the two causes of action are so related as to be similar in procedure and role in regards to trademark protection.¹²⁷ False association and false advertising were placed in the same section and the same subsection (subsection (a)) of § 1125. This differentiates false association from the other § 1125 causes of action of trademark dilution and cyber piracy, which were each given their own subsection.¹²⁸

There is no tangible difference between false association and false advertising based on § 1125 and should be read as one in the same.¹²⁹ The purpose of false association and false advertisement are spelled out in § 1125.¹³⁰ The Supreme Court commented that “[m]ost of the enumerated purposes are relevant to false association cases.”¹³¹ Furthermore, since “the Act's purpose applies to all its provisions” there would be no reason why the Supreme Court's reasoning would not apply to false association claims.¹³²

¹²⁶ *Id.* at 1390–93.

¹²⁷ 15 U.S.C. § 1125(a) (2012).

¹²⁸ *Id.* § 1125(d).

¹²⁹ *See Lexmark*, 134 S. Ct. at 1391.

¹³⁰ *Id.* at 1389.

¹³¹ *Id.*

¹³² *Int'l Found. of Emp. Benefit Plans, Inc. v. Cottrell*, No. WDQ-14-1269, 2015 U.S. Dist. LEXIS 1542, at *8–9 (D. Md. Jan. 7, 2015). The United States District Court for the District of Maryland, Northern Division applied the standard to false designation claims as well.

IV. TRENDING TOWARDS THE *LEXMARK* RULE IN FALSE ASSOCIATION CASES?

Not only is the argument that *Lexmark* applies to false association cases supported by analyzing the reasoning in *Lexmark* and statutory analysis of § 1125(a), but such an interpretation has been done before and is beginning to take place at the district court level.¹³³

A. Precedent Set by *eBay v. MercExchange*¹³⁴

Lower courts may be reticent to apply *Lexmark* to all § 1125 causes of action. However, expanding the scope of the *Lexmark* decision to all § 1125 cases under the Lanham Act would not be without precedent. In the 2006 case of *eBay v. MercExchange*, MercExchange claimed that eBay's unlicensed use of MercExchange's patent constituted patent infringement.¹³⁵ The Supreme Court considered whether in a case under the Patent Act,¹³⁶ a court was to "award permanent injunctive relief to a prevailing plaintiff [by applying] the four-factor test historically employed by courts of equity."¹³⁷ The Court held "that the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards."¹³⁸

Even though *eBay* was a Patent Act case, the Supreme Court's decision resulted in lower courts eliminating the presumption of irreparable harm in all copyright and trademark infringement cases.¹³⁹ Applying *Lexmark* to false association cases would not be remotely close to the extent that *eBay*'s holding was extended throughout intellectual property law.¹⁴⁰ Doing so would be limited to the realm of trademarks. The *eBay* holding which was based on patent law was extended to two other major pillars of intellectual property: copyright

¹³³ See, e.g., *Ahmed v. Hosting.com*, 28 F. Supp. 3d 82, 90 (D. Mass. 2014).

¹³⁴ *eBay, Inc. v. MerchExchange, LLC*, 547 U.S. 388 (2006).

¹³⁵ *Id.* at 390.

¹³⁶ *Id.*

¹³⁷ *Id.*

¹³⁸ *Id.* at 394.

¹³⁹ See Ronald T. Coleman Jr., Trishanda L. Treadwell & Elizabeth A. Loyd, *Applicability of the Presumption of Irreparable Harm After eBay*, 32 FRANCHISE L.J. 3, 6–7 (2012); Matthew C. Darch, Note, *The Presumption of Irreparable Harm in Patent Infringement Litigation: A Critique of Robert Bosch LLC v. Pylon Manufacturing Corp.*, 11 NW. J. TECH. & INTELL. PROP. 103, 111 (2013).

¹⁴⁰ Coleman, *supra* note 139, at 4–6.

and trademark law.¹⁴¹

B. Beginning of a Shift in the Lower Courts?

Lower courts have begun to incorporate *Lexmark*'s holding into false association cases.¹⁴²

Soon after the Supreme Court's *Lexmark* decision, the United States District Court for the District of Massachusetts issued an opinion in the case of *Ahmed v. Hosting.com*.¹⁴³ The plaintiff, Ahmed, filed suit against Hosting.com ("Hosting") and Facebook, Inc. ("Facebook") alleging trademark infringement.¹⁴⁴ The District Court ruled that Ahmed did not have standing to sue under § 1114 nor § 1125(a).¹⁴⁵ The district court employed the reasonable interest test and held that Ahmed did not have standing under § 1125(a).¹⁴⁶

However, the court considered the issue of standing under the standards set forth in *Lexmark*, and noted that the Supreme Court "may have supplanted the reasonable interest test."¹⁴⁷ However, because Ahmed failed to satisfy the standing requirement under either test, the court eschewed any determination of whether or not the test in *Lexmark* should be applied.¹⁴⁸ It did believe that "*Lexmark* applies in false association claims" before analyzing the case under the *Lexmark* standing standard.¹⁴⁹ This marked the first case to read *Lexmark* in this manner even though the court did not base its ruling on the standing standard promulgated by the Supreme Court in *Lexmark*. If more courts choose to follow the lead of the district court in *Ahmed*, the Supreme Court would not have to deal with a case regarding the correct standard for standing under a false association claim. Accordingly, the process of circuit splits and granting certiorari that occurred in regards to standing in false advertising cases would not repeat itself with false association.

¹⁴¹ eBay, Inc. v. MerchExchange, LLC, 547 U.S. 388, 390 (2006).

¹⁴² See e.g., Int'l Found. of Emp. Benefit Plans, Inc. v. Cottrell, No. WDQ-14-1269, 2015 U.S. Dist. LEXIS 1542, at *2-3 (D. Md. Jan. 7, 2015); see also *Belmora LLC v. Bayer Consumer Care AG*, No. 1:14-cv-00847-GBL-JFA, 2015 U.S. Dist. LEXIS 17481, at *13 (E.D. Va. Feb. 6, 2015) (finding that Bayer lacked standing to sue under § 1125(a)(1)(A) due to its failure to satisfy the zone of interest prong and in turn the proximate cause prong required for standing).

¹⁴³ *Ahmed v. Hostings.com*, 28 F. Supp. 3d 82 (D. Mass. 2014).

¹⁴⁴ *Id.* at 84-86.

¹⁴⁵ *Id.* at 89-91.

¹⁴⁶ *Id.* at 89-90.

¹⁴⁷ *Id.* at 90 (emphasis added).

¹⁴⁸ *Id.*

¹⁴⁹ *Id.*

V. FUTURE CONSIDERATIONS

This note does not delve deeply into the question of whether the federal courts should apply *Lexmark* to all § 1125 causes of action. Arguably, the Supreme Court's rationale in *Lexmark* could be extended to trademark dilution and cyberspiracy cases as well. Section 1125(c) seeks to protect against trademark dilution by granting the owner of a trademark an injunction against a defendant that uses a mark that is likely to cause "dilution by blurring or dilution by tarnishment of the famous mark."¹⁵⁰ Section 1125(d) seeks to protect against cyberspiracy by prohibiting the registration of, trafficking in, or use of a domain name where there exists a "bad faith intent to profit from that mark" and the goodwill associated therewith.¹⁵¹ Dilution and cyberspiracy are both contained in § 1125.¹⁵² Thus, they would both be beholden to the same intent portion of § 1127 to which false advertising and false association are governed. Placing § 1125(c) and § 1125(d) under the umbrella of *Lexmark* would appear to be a logical next step for the courts. It remains unclear whether *Lexmark* will be applied to all § 1125 claims; however, the trend within the lower courts seems to suggest that it will.¹⁵³ This trend is advantageous because it will lead to greater uniformity and allow the most appropriate plaintiffs to file suit.

An even more radical proposition would be to implement the *Lexmark* test for standing to copyright and patent litigation as was similarly done in *eBay*. This article also does not look to further expansion of *Lexmark* into the realm of copyright or patent cases. One court has already shown reticence about applying *Lexmark* to other subsections of § 1125.¹⁵⁴ The U.S. District Court in Arizona has rejected the idea of applying *Lexmark* to statutes other than § 1125(a).¹⁵⁵ Extending *Lexmark* outside of § 1125(a)'s scope would require comparing the purposes of the other sections of the Lanham Act to ensure that the purposes match.

¹⁵⁰ 15 U.S.C. § 1125(c)(1) (2012).

¹⁵¹ *Id.* § 1125(d)(1)(A)(i).

¹⁵² *Id.* § 1125(c)-(d).

¹⁵³ *See, e.g., Ahmed*, 28 F. Supp. 3d at 90; Int'l Found. of Emp. Benefit Plans, Inc. v. Cottrell, No. WDQ-14-1269, 2015 U.S. Dist. LEXIS 1542, at *8-9 (D. Md. Jan. 7, 2015).

¹⁵⁴ DRK Photo v. McGraw-Hill Cos., No. CV 12-8093-PCT-PGR, 2014 U.S. Dist. LEXIS 78864, at *17-19 (D. Ariz. June 10, 2014) ("First, the holding in *Lexmark* does not address, let alone alter, the test for standing under 17 U.S.C. § 501(b) The Court's holding cannot plausibly be viewed as expanding standing under a different statute.").

¹⁵⁵ *Id.*

