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On March 25, 2014, in Lexmark Int’l, Inc. v. Static Control Components Inc.,¹ a unanimous Supreme Court decision clarified the standing requirements for false advertising claims brought under the Lanham Act, holding that although a consumer “who is hoodwinked into purchasing a disappointing product may well have an injury-in-fact . . . he cannot invoke the protection of the Lanham Act.”²

In 1946, Congress passed the Lanham Act in order to liberalize the law of unfair competition.³ Section 43(a) of the Act provides a federal remedy to “any person who believes that he or she is likely to be damaged” by another’s false description or representation of a good or service.⁴ In the years following its

¹ Dean, National Juris University & General Counsel, National Paralegal College. B.A., American University, 2006; J.D., The George Washington University, 2012. The ideas expressed in this piece should be attributed solely to the author and are not necessarily a reflection of the author’s affiliated institutions.
² Id. (slip op. at 13).
³ Diane Taing, Comment, Competition for Standing: Defining the Commercial Plaintiff Under Section 43(a) of the Lanham Act, 16 GEO. MASON L. REV. 493, 495 (2009).
passage, courts have interpreted the words “any person” to grant standing solely to entities with direct commercial interests (often, only direct competitors) and have rejected the notion that consumers could be “damaged” by falsely represented goods under the Act.⁵ The courts’ elimination of consumer standing has unfairly extinguished the rights of those most often harmed by fraudulent business practices and has prevented the Act from fulfilling its intended purposes. The lack of private consumer enforcement has failed to “protect the public against spurious and falsely marked goods,” as Congress intended.⁶ Instead, based on a fear of opening the proverbial federal “flood gates” to consumer misrepresentation cases, the courts have made it extremely difficult to bring these claims.

This article suggests that the recent Lexmark decision, while resolving the confusion relating to Lanham Act standing requirements, does nothing to protect those most vulnerable—the consumers. Congress must explicitly declare that consumers have standing under the Lanham Act when they have been damaged by purchasing falsely represented goods or services.

Section I provides a history of the Lanham Act and illustrates how different courts initially allowed and then precluded consumers from bringing claims under Section 43(a)’s “any person” language. Section II critiques the opinions that have found no consumer standing, including the Supreme Court’s recent Lexmark decision. Section III highlights the problems with how the Lanham Act is currently enforced and the lack of acceptable options for injured consumers. Section IV suggests Congress clarify the proper interpretation of the Lanham Act to include consumer standing to resolve these shortcomings.

I. RELEVANT BACKGROUND

A. Original Enactment of the Lanham Act

The Lanham Act was written as a broad remedial statute intended to provide harmony to a patchwork of previous trademark laws. Prior to the passage of the Lanham Act, Congress had enacted statutes intended to regulate the use and abuse of trademarks, but these had proven to be inadequate for several reasons.⁷ According to Professor J. Thomas McCarthy, “[t]here was no way to register service marks; registrations under the 1920 Act

⁵. See infra at 2-13 text and accompanying notes (discussing what “persons” are liable under the Lanham Act).
⁷. See, e.g., 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5:3 (4th ed. 1996) ("[E]ven with the 1920 amendments, the basic 1905 Trademark Act remained inadequate to cope with the realities of twentieth century commerce.").
were perpetual and the registrant was not required to do anything to maintain registration. Many marks that had been long abandoned continued to clutter up the registration files.\textsuperscript{8}

Congress intended to resolve these problems by passing the Lanham Act.\textsuperscript{9} Congress also passed the Lanham Act as a response to the Supreme Court’s decision in \textit{Erie Railroad v. Tompkins},\textsuperscript{10} which had virtually eliminated the doctrine of federal common law.\textsuperscript{11} The \textit{Erie} decision left trademark protection to each individual state to enforce, “a prospect Congress saw as unacceptable given the interstate nature of twentieth century commerce.”\textsuperscript{12} Unlike federal common law, however, the Lanham Act was designed not only to protect commercial entities, but also consumers, from false advertising.\textsuperscript{13}

The 1920 Trade-Mark Act provided a cause of action specifically to persons “\textit{doing business in the locality falsely indicated as that of origin}.”\textsuperscript{14} In contrast, Congress chose to word Section 43(a) of the 1946 Lanham Act much more broadly:

(1) 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—

(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 of his or

\textsuperscript{8} Id.
\textsuperscript{9} See Ethan Horwitz & Benjamin Levi, \textit{Fifty Years of the Lanham Act: A Retrospective of Section 43(a)}, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 59, 63 (1996) (laying out the legislative history behind the Act).
\textsuperscript{10} 304 U.S. 64 (1938).
\textsuperscript{13} Gregory Apgar, \textit{Prudential Standing Limitations On Lanham Act False Advertising Claims}, 76 FORDHAM L. REV. 2389, 2399 (2008). Under the common law, a consumer had standing to bring a false claims case as long as he could prove proximate causation. See 5 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27:1 (4th ed. 2007) (noting another obstacle plaintiff’s have in succeeding on a Lanham Act claim). Consumers also had standing under common law fraud. See, e.g., \textit{Gennari v. Weichert Co. Realtors}, 148 N.J. 582, 610, 691 A.2d 350, 367 (1997) (“The five elements of common-law fraud are: (1) a material misrepresentation of a presently existing or past fact; (2) knowledge or belief by the defendant of its falsity; (3) an intention that the other person rely on it; (4) reasonable reliance thereon by the other person; and (5) resulting damages.”) (citing \textit{Jewish Ctr. of Sussex County v. Whale}, 86 N.J. 619, 624–25, 432 A.2d 521 (1981)).
\textsuperscript{14} 41 Stat 534, 104 § 3 (emphasis added).
her goods, services, or commercial activities by another person, or
(B) 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.15

An initial draft of this section was submitted to the ABA
Trade-Mark Committee, which provided standing for “any person . . .
who is or is likely to be damaged in his trade or business by
any false description.”16 In the final version, however, Congress
chose to keep the broader language of “any person,” without
attaching any commercial requirements.

B. Initial Judicial Reaction to the Lanham Act

After the passage of the Lanham Act, the courts began to
engage in a “narrowing of the applicability of Section 43(a)” by
imposing various prudential standing requirements on plaintiffs
bringing claims under the Act.17 In 1971, in Colligan v. Activities
Club of New York, Ltd., a court considered for the first time
whether consumers had standing to bring false advertising claims
under Section 43(a).18 A group of school children and parents
alleged that their ski tour company had misrepresented the nature
of their trip, failing to provide them with sufficient ski equipment
or qualified ski instruction.19 They attempted to bring suit under
Section 43(a) as injured consumers.20

The court held the plaintiffs lacked standing for two reasons.
First, because Section 43(a) did not require diversity of citizenship
or a minimum amount in dispute, the court expressed its fear that
consumer standing “would lead to a veritable flood of claims
brought in . . . federal district courts.”21 Second, the court noted
that the legislative history of the Lanham Act did not show, in the
court’s opinion, that Congress intended to grant standing to
consumers.22 In making this determination, the court relied on one
line from Section 45 of the Act, stating that Congress’s purpose in
passing the Lanham Act was to “protect persons engaged in such
commerce against unfair competition.”23 The court concluded that

16. See Colligan v. Activities Club, 442 F.2d 686, 691 (2d Cir. 1971)
(quoted Misc. Bar Assn. Reps., v. 22, item 26, § 27, Assn. of the Bar of NY
catal. no. BA Misc. 681, v. 22) (emphasis added).
17. Massaro, supra note 12, at 1686.
18. Colligan, 442 F.2d at 687.
19. Id. at 688.
20. Id.
21. Id. at 693.
22. Id. at 690.
23. Id. at 691 (emphasis added).
Section 45’s mention of protecting commercial interests limited Section 43(a)’s use of the term “any person” to apply only to people engaged in commerce.24 One attorney keenly summarized the Colligan decision:

During the numerous hearings prior to the Lanham Act’s passage in 1946, both Congressmen and other persons testified that one of the purposes of enacting the law was to prevent injury to the public interest. Throughout the later amendments to the Lanham Act, the public interest has remained of paramount importance. In light of these statements taken in particular proceedings’ context, it is clear that the Colligan court did not focus on the protection of the public interest within the Lanham Act. It simply took the language of section 45 as stating the sole legislative intent behind the enactment of section 43(a).25

Less than six months after Colligan, a federal court in California analyzed the language and history of the Lanham Act and reached the opposite conclusion. In Arnesen v. Raymond Lee Organization Inc., the court evaluated the plain meaning of “any person” and concluded that “[t]he liability clause of Section 43(a) is clear on its face; it applies to any person who is or is likely to be damaged.”26 Like the Colligan court, the Arnesen court also evaluated the legislative history, but again reached the opposite conclusion: “[T]he legislative history of the Lanham Act indicates that it was meant to protect both ‘consumers and competitors.’”27

The Third Circuit became the first Court of Appeals to address the question of whether Section 43(a) grants consumers standing to sue. In Thorn v. Reliance Van Co., an investor of Florida-Eastern U.S. Van Lines, Inc. filed suit against Reliance Van Company as well as three Florida-Eastern directors, arguing that they violated Section 43(a) by running false promotional advertisements in the yellow pages.28 The court found that consumers did have standing under the Act.29 The court, invoking the “plain meaning rule,” found “no ambiguity in the language and no contrary legislative intent” and thus, held that “Section 43(a), on its face, recognizes two distinct classes of persons entitled to sue: (1) competitors—those doing business in the locality, and (2) non-competitors—those who believe they are somehow damaged by false representations.”30 The court expressed its staunch

24. Id. at 691–92.
27. Id. (citation omitted).
29. Id.
30. Id. at 931.
disapproval of Colligan, concluding that there was “no more persuasive evidence of the purpose of a statute than the words by which the legislature undertook to give expression to its wishes.”\(^{31}\) However, this decision granting consumers standing proved to be short-lived.\(^{32}\) With little to no consistency among, or even within, the circuits, the stage was set for Congress to provide clarity of its intent in passing the Lanham Act.

C. The 1988 Amendments

In 1988, four years after Thorn, Congress passed the Trademark Revision Act, which amended Section 43(a) of the Lanham Act.\(^ {33}\) One of Congress’s goals was to clarify whether consumers have standing under the Act and to overturn the judicial opinions that limited false advertising claims to false statements involving a defendant’s own products.\(^ {34}\) As Professor Jean Wegman Burns noted, in many areas, “[T]he lower courts created glosses on [S]ection 43(a) that were simply pulled out of thin air and had little, if any, foundation in the language of the provision”\(^ {35}\) Congress revised Section 43(a) to impose liability on

\(^{31}\) Id. at 932 (quoting previous case law).

\(^{32}\) See Wojciechowski, supra note 25, at 213 & n.2 (pointing out the “few aberrations” where courts have granted consumers standing under Section 43(a)) (“Arneson v. Raymond Lee Org., 333 F. Supp. 116 (C.D. Cal. 1971) (the only reported holding explicitly allowing consumer standing under the Lanham Act); Thorn v. Reliance Van Co., 736 F.2d 929 (3d Cir. 1984) (holding that investor has standing to sue under the Lanham Act). However, in Serbin v. Ziebart Int’l Corp., 11 F.3d 1163 (3d Cir. 1993), the Third Circuit repudiated any extension of its holding in Thorn to include consumers, or those without a commercial or competitive interest”).


\(^{34}\) Id. at 957–58; see also S. REP. NO. 1883, available at http://ipmall.info/hosted_resources/lipa/trademarks/PreLanhamAct_097_SR_100-515.htm (stating, The purpose of the Trademark Law Revision Act of 1988 is to bring the trademark law up-to-date with present day business practices, to increase the value of the federal trademark registration system for U.S. companies, to remove the current preference for foreign companies applying to register trademarks in the United States and to improve the law’s protection of the public from counterfeiting, confusion, and deception.).

\(^{35}\) Jean Wegman Burns, Confused Jurisprudence: False Advertising Under the Lanham Act, 79 B.U. L. REV. 807, 818 (1999). He explains, For instance, the courts created a distinction between ‘literal or explicit’ falsity as opposed to ‘implied’ falsity. They developed different requirements for ads that relied on scientific tests versus those that merely made claims without asserting any authority. On some of these issues, the lower federal courts reached a general consensus. However, in other areas, different courts came to different conclusions. In still other areas, the case law was still developing during the 1980s. Only one constant permeates the pre-1988 cases: virtually all involved traditional advertising.
those who misrepresent the characteristics “of his or another person’s goods, services, or commercial activities.” However, due to disagreement within Congress, Congress did not alter the language of Section 43(a) to clarify the issue of consumer standing.

The House Judiciary Committee had originally altered the language of Section 43(a) to read, “any person, including a consumer, who believes that he or she is likely to be damaged . . . .” The Committee endorsed the statements made by Representative Kastenmeir, one of the principal sponsors of the bill, a decade earlier:

Congress should act once and for all to confront the delicate issue of standing and remove inappropriate judicially constructed barriers to the federal judicial system. Clarity and consistency ought to be the ultimate goals. This would render the courts more efficient by reducing the amount of time expended in resolving threshold issues; at the same time it undoubtedly will increase their overall workload by raising the number of lawsuits filed in federal court. On balance, however, considering the other reforms discussed herein, the federal courts will not be unduly burdened by liberal standing legislation.

The original Senate bill, however, proposed limiting the language of Section 43(a) to “any person who believes that he or she is likely to be damaged in his business or profession by such action,” thus explicitly excluding consumer standing. When the Senate passed the bill, however, the committee decided to eliminate this proposed change, and kept the original language unchanged. Because the House had decided to include language explicitly granting consumer standing, and the Senate had decided to leave the language of “any person” unchanged, a joint conference committee was formed to harmonize the bills. Ultimately, lawmakers reached a compromise in the joint meeting that the original language of Section 43(a) would remain unchanged.

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Id. at 818–19 (citations omitted).
37. See Tepper, supra note 33, at 957–58.
42. Tepper, supra note 33, at 964.
43. See Scott E. Thompson, Consumer Standing Under Section 43(a): More Legislative History, More Confusion, 79 TRADEMARK REP. 341, 351 (1989) (noting that although the language of the bill remained unchanged, the legislative history was even more convoluted due to the comments on the record prior to its adoption).
This compromise obviously did little to alleviate the confusion surrounding the question of consumer standing. The House Report stated that the deletion of the explicit language was of little significance because the “plain meaning” of Section 43(a) “already includes consumers, since it grants any ‘person’ the right to sue.”\textsuperscript{44} However, the Senate Report stated that the lack of a change should be taken as a message to maintain the status quo; that standing “should continue to be decided on a case-by-case basis.”\textsuperscript{45} Congress's inability to state with certainty whether or not Section 43(a) grants standing to consumers has led to further confusion, and splits among the Circuits—although all Circuits that have been confronted with the issue have rejected the notion that consumers have standing under the Act.

\textbf{D. The Split Among the Circuits}

As a result of Congress's inability to clarify who may bring suit under the Lanham Act, each court has had to deal with this question independently. This has led to a sharp split among the different circuit courts. Federal courts have developed three different and distinct approaches to evaluating the standing requirements of Section 43(a): (1) the “categorical” approach; (2) the “reasonable interest” approach; and (3) the “balancing test” approach.

\textit{1. The Categorical Approach}

The Seventh, Ninth, and Tenth Circuits have adopted the categorical approach to standing under the Lanham Act.\textsuperscript{46} Under this approach, the courts have held that a plaintiff bringing suit under the “any person” language of Section 43(a) must be in direct competition with the defendant in order to assert a false advertising claim.\textsuperscript{47} The origins of this approach can be traced to the Ninth Circuit's decision in \textit{Halicki v. United Artists Communications, Inc.}.\textsuperscript{48} \textit{Halicki} involved a movie producer who filed a false advertising lawsuit against movie theatres that had advertised his PG-rated movie, designed to appeal to teenagers and young adults, as rated R.\textsuperscript{49} After experiencing poor box office

\textsuperscript{46} Stanfield v. Osborne Indus., Inc., 52 F.3d 867, 873 (10th Cir. 1995); L.S. Heath & Son, Inc. v. AT&T Info. Sys., Inc., 9 F.3d 561, 575 (7th Cir. 1993); Halicki v. United Artists Commc’ns, Inc., 812 F.2d 1213, 1214 (9th Cir. 1987).
\textsuperscript{47} Id.
\textsuperscript{48} 812 F.2d 1213 (9th Cir. 1987).
\textsuperscript{49} Id. at 1213.
sales, the producer brought suit under Section 43(a) of the Lanham Act, claiming that the false advertising of the movie as rated R, unsuitable for children, caused the poor movie sales.\textsuperscript{50} The court denied this claim holding that in false advertising cases, a plaintiff must be a direct competitor of the defendant.\textsuperscript{51} In the court’s view, it was not sufficient for a plaintiff to prove that a defendant had falsely represented the plaintiff’s product; rather, standing under Section 43(a) required a discernibly competitive injury.\textsuperscript{52} The court reached this conclusion by looking to the language of Section 45, which states that Congress’s intent in passing the Lanham Act was to prevent unfair competition; it concluded that Section 45 was meant to limit Section 43(a)’s language of “any person” to only a competitor alleging a competitive injury.\textsuperscript{53} Because the movie producer was not a direct competitor of the movie theatres, he failed to state a claim for which relief could be granted. As one observer noted:

[T]he alleged injury in \textit{Halicki} was clear and easily discerned. This case illustrates that a party may not be a direct competitor of another party but may nevertheless suffer a direct commercial injury as a result of the latter’s false advertising. The categorical approach leaves such an injured party with no claim for redress under the Act.\textsuperscript{54}

The Seventh and Tenth Circuits have also adopted the categorical approach and have, in turn, also denied Lanham Act claims brought by consumers.\textsuperscript{55}

\textbf{2. The Reasonable Interest Approach}

While the First and Second Circuits have accepted suits from plaintiffs not in direct competition with defendants, these circuits have also limited Section 43(a)’s guarantee of standing to apply to only people with a commercial interest at stake.\textsuperscript{56} As the First Circuit has explained, the thrust of its inquiry is whether the plaintiff “has a reasonable interest in being protected against false advertising.”\textsuperscript{57} Under this approach, for purposes of standing, a

\textsuperscript{50}. Id.
\textsuperscript{51}. Id. at 1214.
\textsuperscript{52}. Id.
\textsuperscript{53}. Id.
\textsuperscript{54}. Taing, \textit{supra} note 3, at 500.
\textsuperscript{55}. See, e.g., Stanfield v. Osborne Indus., Inc., 52 F.3d 867, 873 (10th Cir. 1995) (affirming the lower court’s holding that plaintiff does not allege a competitive injury and lacks standing to sue under the Lanham Act); L.S. Heath & Son, Inc. v. AT&T Info. Sys., Inc., 9 F.3d 561, 575 (7th Cir. 1993) (rejecting plaintiff’s claim for failure to show a discernible competitive injury).
\textsuperscript{56}. See Massaro, \textit{supra} note 12, at 1693 (discussing how the First and Second Circuits have described this test in vague terms requiring the plaintiff show there is a nexus between itself and the alleged false advertising).
\textsuperscript{57}. Camel Hair & Cashmere Inst. Of Am., Inc. v. Associated Dry Goods
plaintiff must possess a “reasonable interest” in being protected from the allegedly false advertising, as well as “a link or nexus between itself and the alleged falsehood.” The First and Second Circuits both require a plaintiff’s business to have been injured in order to meet the “nexus” requirement, and the actual or likely injury must be “a commercial or competitive injury.”

Although this approach may seem more inclusive than the categorical approach, in that a court may grant standing even if a plaintiff is not in direct competition with a defendant, it still leads to substantial problems. First, the courts employing this approach have limited Section 43(a)’s language of “any person” to only those with commercial interests and injury; consumers who have been injured as a result of false advertising do not have standing to seek redress. Second, because the terms “reasonable interest” and “nexus” have never been clearly defined, the absence of a clear standard leads to uncertainty when filing a suit and thus, also leads to unpredictable outcomes.

3. The Balancing Test Approach

The Third, Fifth, and Eleventh Circuits have developed a five-factor balancing test to determine whether a plaintiff has standing under Section 43(a). This approach was developed in the Third Circuit under Judge Alito, in Conte Bros. Automotive, Inc. v. Quaker State-Slick 50, Inc. Judge Alito borrowed this test from the Supreme Court’s five-factor test that it used to determine whether, in an antitrust context, a plaintiff had standing to sue under Section 4 of the Clayton Act. This approach considers:

(1) The nature of the plaintiff’s alleged injury: Is the injury of a type that Congress sought to redress?

(2) The directness or indirectness of the asserted injury.

(3) The proximity or remoteness of the party to the alleged injurious conduct.

(4) The speculativeness of the damages claim.

(5) The risk of duplicative damages or complexity in apportioning damages.

The Conte Bros. court attempted to determine Congress’s
intent in passing the Lanham Act in order to answer the first prong, whether or not Congress intended to grant standing to consumers. It determined that Congress had not intended for the language of “any person” to include consumers; it held that Congress only intended to grant standing to competitors. Looking to Section 45, the Conte Bros. court reached the same conclusion that the Colligan court had reached almost thirty years earlier:

This section makes clear that the focus of [the] statute is on anti-competitive conduct in a commercial context. Conferring standing to the full extent implied by the text of § 43(a) would give standing to parties, such as consumers, having no competitive or commercial interests affected by the conduct at issue. This would not only ignore the purpose of the Lanham Act as expressed by § 45, but would run contrary to our precedent.

The court therefore concluded that in order to satisfy the first factor, the nature of the alleged injury, a plaintiff did not necessarily need to be a direct competitor with a defendant, but a plaintiff did need to demonstrate a commercial interest connected to the injury.

This five-factor balancing test has also led to confusion. The Fifth and Eleventh Circuits have employed this test in some circumstances to deny standing to even direct competitor plaintiffs. For example, in Phoenix of Broward, Inc. v. McDonald’s Corp., McDonald’s had run advertisements about its promotional games that the FBI announced were, in reality, a fraud scheme that did not afford consumers, as the advertisements had claimed, a fair chance of winning. A Burger King franchisee filed suit under Section 43(a), claiming that the false advertising had taken potential customers away from the Burger King franchise to the local McDonald’s. The Eleventh Circuit, employing the balancing test, found that although the plaintiff and defendant were direct competitors, and this kind of injury was of the type that Congress had sought to remedy, the difficulty in calculating damages that resulted from the defendant’s misrepresentations, along with the fear of opening the floodgates to more litigation from other fast food competitors, led the court to deny the plaintiff standing.

This case illustrates how some courts have invoked the balancing test to deny standing even to plaintiffs in cases where the courts

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64. Id. at 228.
65. Id. at 228–29.
66. Id. at 229.
67. Id. at 231.
68. 489 F.3d 1156 (11th Cir. 2007).
69. Id. at 1159–63.
70. Id. at 1163.
71. Id. at 1168–73; see also Procter & Gamble Co. v. Amway Corp., 242 F.3d 539, 561 (5th Cir. 2001) (denying standing to a direct competitor).
themselves have acknowledged that Congress, in passing the Lanham Act, meant to remedy these types of damages.

E. Lexmark and the Final Nail in the Coffin

The Supreme Court recently granted certiorari in *Lexmark Int'l, Inc. v. Static Control Components Inc.* to decide “the appropriate analytical framework for determining a party’s standing to maintain an action for false advertising under the Lanham Act.” Lexmark, a laser printer manufacturer, sought to curtail competition in the refurbished toner cartridge market by installing a microchip in its cartridges that would disable the cartridge after it ran out of toner, requiring Lexmark, and only Lexmark, to replace the microchip. Static Control developed a microchip that could imitate Lexmark’s microchip. Lexmark sued Static Control, alleging their imitation microchip violated the Copyright Act of 1976 and the Digital Millennium Copyright Act; Static Control counter-claimed with an allegation that Lexmark had violated the Lanham Act by producing false advertising that caused harm to Static Control’s revenues.

The District Court, relying on a multifactor balancing test, granted Lexmark’s motion to dismiss Static Control’s Lanham Act claim, holding that Static Control lacked “prudential standing” because there were “more direct plaintiffs in the form of remanufacturers of Lexmark’s cartridges” and Static Control’s injury was “remote.” The Sixth Circuit reversed. It identified the three competing approaches within the circuit courts to determine standing under the Lanham Act, and applied the Second Circuit’s reasonable-interest test. Under this test, the court found that Static Control had standing because it “alleged a cognizable interest in its business reputation and sales to remanufacturers and sufficiently argued that those interests were harmed by Lexmark’s statements to the remanufacturers that Static Control was engaging in illegal conduct.”

The Supreme Court affirmed the Sixth Circuit’s holding, that Static Control had standing to bring a Lanham Act claim, but threw out all the previous tests that courts had developed and employed to determine Lanham Act standing. The Court held,

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73. *Id.* (slip op. at 5–6).
74. *Id.* (slip op. at 1–2).
75. *Id.* (slip op. at 2).
76. *Id.* (slip op. at 2–4).
77. *Id.* (slip op. at 4).
78. *Id.* (slip op. at 5).
79. *Id.*
instead, that a plaintiff “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.” 80 The Court also looked to Section 45 of the Act, and concluded that Congress’s intent was only to provide standing to a plaintiff “alleg[ing] an injury to a commercial interest in reputation or sales”—not a consumer. 81

II. PUTTING THE LANHAM ACT IN PROPER CONTEXT

Section 43(a) grants, in plain language, “any person” the right to bring a false advertising claim under the Lanham Act. As the Congressional Research Service’s report on statutory interpretation states,

The starting point in statutory construction is the language of the statute itself. The Supreme Court often recites the ‘plain meaning rule,’ that, if the language of the statute is clear, there is no need to look outside the statute to its legislative history in order to ascertain the statute’s meaning. 82

On its face, then, the language of “any person” is clear, as some early decisions explained, 83 and should grant standing to injured consumers as well as business competitors.

However, in order to determine whether the recent court decisions have properly or improperly denied consumers standing under 43(a), it is necessary to also analyze Section 45, since these courts have relied on Section 45 to qualify Section 43(a)’s grant of standing to “any person.” Section 45 states:

The intent of this [Act] 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 entered into between the United States and foreign nations. 84

80. Id. (slip op. at 15).
81. Id. (slip op. at 12–13).
83. See supra at 5 text and accompanying notes (explaining that the term “person” is defined in the Dictionary Act and that definition governs “unless the context [of a statute] dictates otherwise”).
This language seems to imply that Section 43(a)'s grant of standing to “any person” should not be constricted to apply to only those select individuals with vested commercial interests, but rather that one class with a particularly vested interest is the commercial competitor. In other words, protecting commercial competitors is only one piece of the puzzle. Section 45 begins with a phrase in the passive tense; Congress’s intent is to regulate commerce by “making actionable the deceptive and misleading use of marks in such commerce.” Congress could have said that the intent of the Lanham Act is to regulate commerce by “allowing competitors to make actionable the deceptive and misleading use of marks,” but it instead chose the passive voice. Since this section does not specify who is allowed to “make actionable” claims of false advertising, this language seems to imply that all persons may “make actionable” such misconceptions.

As mentioned above, the truth is that Section 45 does not contain only one statement of purpose. Rather, Section 45 seemingly contains a number of Congressional goals for passing the Lanham Act: (1) to make actionable claims of false advertising; (2) to protect registered marks from state or territorial interference; (3) to protect people engaged in commerce against unfair competition; (4) to prevent fraud and deception of registered marks; and (5) to provide rights and remedies stipulated by treaties and conventions respecting the trademarks, trade names, and unfair competition entered into between the United States and foreign nations. Even within Section 45 itself, a court should not employ one clause to limit the others.

For instance, one clause in Section 45 states that Congress intended “to prevent fraud and deception in such commerce.” Another clause states that Congress intended “to protect persons engaged in such commerce against unfair competition.” By focusing only on the clause dealing with protecting competitors, the courts have prevented the clause about preventing fraud from becoming fulfilled because they have only opened their doors to injured competitors or competitors who fear imminent injury. If no competitors choose to bring suit, or if a particular market contains only one competitor and that competitor chooses not to sue, the customers suffer, and they are left without recourse under this interpretation of the Act. If all the competitors in a given market engage in false advertising, they may all tacitly agree to refrain from filing suit against each other, since everyone would be at fault. If consumers cannot sue, then the companies have free rein to exploit the consumers. The goal of preventing such fraud has been thwarted because of the imposed prudential limitations on standing imposed by the courts. In essence, the courts have focused on only one clause at the expense of all the others. Perhaps the time has come to reevaluate the conclusion reached by the Second Circuit in 1971, when it stated that the purpose of the
Lanham Act is “exclusively to protect the interests of a purely commercial class,” especially with so much evidence within the language of the Act to the contrary.

III. A LACK OF EQUITABLE CONSUMER REMEDIES REMAINS AFTER LEXMARK

Without a federal statutory scheme, it has become very difficult for consumer protection and false advertising claims to proceed in federal court. State deceptive trade practices and consumer fraud statutes vary significantly. As a result, many federal courts examining multi-state class actions have refused to grant class certification when dealing with the application of multiple states’ laws.

As one attorney keenly noted, “[t]he insufficiency of mechanisms currently in place to guard against false advertising is a major concern surrounding the consumer standing issue under section 43(a).” On the federal level, the only real alternative to the Lanham Act to protect society against false advertising lies with the Federal Trade Commission (FTC). The FTC is a federal agency that was established to protect consumers from unfair competition practices. The FTC has the power to bring actions against corporations engaging in unfair or deceptive business practices. While the FTC usually issues a “cease and desist” order after finding that a business has engaged in false advertising, it also can seek injunctive relief in the federal courts under some limited circumstances. However, the FTC Act does not provide for a private cause of action for consumers injured by their reliance on false advertising, and the FTC lacks the authority and ability to make a company reimburse or compensate an injured consumer in any way. Additionally, an FTC action...

85. Colligan, 442 F.2d at 692 (emphasis added).
86. See, e.g., Vulcan Golf, LLC v. Google Inc., 254 F.R.D. 521, 531–34 (N.D. Ill. 2008) (stating, “The plaintiffs’ claim of unjust enrichment is made pursuant to state law, which, in this multi-state class action, may vary . . . Accordingly, because individual issues predominate, the class cannot be certified under Rule 23(b)(3)”; In re Bridgestone/Firestone, Inc., 288 F.3d 1012, 1015 (7th Cir. 2002) (stating, “No class action is proper unless all litigants are governed by the same legal rules”).
may only address prospective advertising.\textsuperscript{92} Furthermore, the FTC has proven to be ineffective at protecting consumers from false advertising. The FTC has been “highly criticized” for “not putting forth a concerted effort to derail false advertising.”\textsuperscript{93} Instead, “only a limited number of actions are actually prosecuted [in] proportion[] to the number of complaints filed.”\textsuperscript{94} Additionally, “most courts have held that the FTC Act does not confer a private right of action.”\textsuperscript{95}

As a government agency, the FTC has proven to be ineffective in protecting the public from false advertising. One scholar noted that businesses “could calculate that their chances of being detected and prosecuted were extremely slim,” due to the FTC’s limited resources and “vast amount of advertising it was required to review.”\textsuperscript{96} In an ideal world, if the FTC were able to adequately protect the public from false advertising, private causes of action under the Lanham Act would be unnecessary. However, the fact that courts continue to hear Lanham Act claims (albeit only from plaintiffs claiming a commercial injury) illustrates the gap in FTC enforcement. Additionally, unlike when the FTC brings a false advertising lawsuit, an individual who has been injured as a result of false advertising can only become whole again by bringing a private lawsuit asking a court for proper compensation. Clearly, the FTC’s jurisdiction over false advertising does not sufficiently protect consumers, and leaves them without individual recourse to seek redress for any damages they may have incurred as a result of false advertising.

The other option, aside from looking to federal remedies, is to turn to individual state remedies.\textsuperscript{97} This option is also inadequate. One federal court noted, “Consumer protection matters are typically left to the control of the states precisely so that different states can apply different regulatory standards based on what is locally appropriate.”\textsuperscript{98} However, as discussed above, since state

\textsuperscript{92} Id. § 17.01[3]
\textsuperscript{93} Wrona, supra note 87, at 1147 (internal citations omitted); see also Wojciechowski, supra note 25, at 231–32 (citing case law illustrating how “ineffective” the FTC has been in responding to false or misleading advertising, and arguing that “the FTC is reactive rather than pro-active in its approach to consumer protection” and the agency’s response does not affect the marketplace until “long after consumers have been defrauded”).
\textsuperscript{94} Wrona, supra note 87, at 1147.
\textsuperscript{95} Id.
\textsuperscript{96} Pitofsky, supra note 90, at 693; see also Andrew J. Strenio, Jr., The FTC in 1988: Phoenix or Finis?, in MARKETING AND ADVERTISING REGULATION, THE FEDERAL TRADE COMMISSION IN THE 1990S 120, 124 (1990) (“The FTC has been stretched to such a point that it cannot pursue all worthwhile investigations and cases.”).
\textsuperscript{98} SPGCC, LLC v. Blumenthal, 305 F.3d 183, 196 (2d Cir. 2007).
deceptive trade practices and consumer fraud statutes can widely vary among the states, courts examining multi-state class actions often refuse to grant class certification when dealing with the application of multiple states’ laws. One attorney keenly noted, “Uniform application of laws, in view of state unfair competition regulations and national advertising, is needed in a national economy.”

Furthermore, false advertising is *never* locally appropriate; it is always detrimental to society, both to consumers and competitors. If one state’s politicians chose not to enact or enforce comprehensive consumer protection matters, the consumers suffer as a result, and are left without federal recourse. Individual states are also unable to prevent or redress false advertising on a national scale. Additionally, although consumers are granted a private right of action under most state consumer protection statutes, not all states allow for class action suits under these statutes. Likewise, even though state attorneys general may bring cases against companies engaged in false advertising, this still leaves individual consumers powerless and at the mercy of a third party to choose whether or not to protect their interests.

All of these factors illustrate the shortcomings of consumers relying on state laws to fully and effectively remedy the problem of false advertising. If consumers were afforded a chance to exercise their rights under Section 43(a), they would be able to remedy these shortcomings by protecting themselves from the destructive and illegal actions of corporations. They would be given a forum in which they could seek compensation for the injuries they had suffered as a result of false advertising. This would not only allow consumers to recover from whatever injuries they may have suffered, but would also deter businesses from engaging in false advertising, as they would know that consumers of falsely advertised products would be able to challenge the companies in

99. Wojciechowski, *supra* note 25, at 234. Wojciechowski goes on to argue that “allowing unified consumers standing through preemption under the Lanham Act for alleged false advertising in interstate commerce is desirable for a national advertiser” because of the consistency in the law that it would produce. *Id.* at 239. “In an economy where even small businesses sell their products nationwide, the uncertainty produced by a lack of uniform standards could have a chilling effect on valuable information sent by the manufacturer to the consumer.” *Id.* Wojciechowski later reiterates this point: “a national advertiser may actually prefer that a false advertising action be brought in federal court rather than be subjected to the cost of up to fifty different suits brought under the laws of each state.” *Id.* at 240.

100. See Wrona, *supra* note 87, at 1150, 1152 (observing that only “a growing number of states permit class action suits” under their consumer protection statutes and asserting that “more states need to make allowances for class actions in cases of consumer fraud”).

court and seek restitution for their injuries. In short, society at large would benefit.

IV. CONGRESS MUST NOW DO WHAT IT ATTEMPTED IN 1988

Although the Lanham Act clearly grants standing to “any person” who suffered or is likely to suffer injury as a result of false advertising, the Supreme Court’s *Lexmark* decision confirmed that the judicial branch prevents consumers from exercising this right. The Court incorrectly held that Congress only intended to protect competitors from competitive injury, and that it did not intend to offer consumers their day in court. It reached this conclusion by failing to closely analyze Section 45, selectively reading only one clause at the expense of seeing the big picture. As a result, it has left consumers without an effective remedy to protect them from false advertising and without a uniform forum to seek restitution for injuries caused by false advertising.

The current understanding of the Lanham Act's purpose has failed because it relies on backwards reasoning. Section 43(a) was designed to protect consumers and competitors from false advertising, and courts have relied on the assumption that consumers are adequately protected because competitors can invoke their right to sue. The opposite is true. Consumers should be afforded the right to bring suit, to ensure that their interests are adequately protected, and, in turn, competitors in the market will also be protected.

Congress should now revisit this issue as it attempted to do in 1988, in order to put an end to the confusion that it caused and provide consumers with an effective remedy against false advertising. Now that the Supreme Court has had a chance to interpret the language of the Lanham Act, and determined that a violated consumer “may well have an injury-in-fact . . . but . . . cannot invoke the protection of the Lanham Act,” Congress has the duty to set the record straight and clarify once and for all the proper intent of the Lanham Act—to protect not only competitor corporations, but also injured consumers.

The government has a responsibility to consumers to better protect them from the effects of false advertising. This article proposes that Congress revisit the issue of consumer standing under the Lanham Act in order to correct that damage that has been done by limiting the language of “any person” to only people with a commercial interest. The language and societal implications are clear: all injured people, especially consumers, should be allowed to seek a fair and equitable remedy under the Lanham Act.