Lanham Act Section 43(a) Claims

A Practical Guidance® Practice Note by
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This practice note discusses unfair competition claims under Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)) (the Act).

For information on the misappropriation of trade secrets, see Trade Secret Misappropriation: Elements, Remedies, and Defenses. For information on unfair business practices generally, see Consumer Protection Laws Fundamentals.

Section 43(a) Covers False Association and False Advertising

The federal trademark statute, the Lanham Act, includes a section covering unfair competition. That section, codified at 15 U.S.C. § 1125(a), is commonly known as "Section 43(a)." The Supreme Court has clarified that Section 43(a) is not a general catch-all statute covering all deceptive trade practices. Instead, Section 43(a) "creates two distinct bases of liability: false association, § 1125(a)(1)(A), and false advertising, § 1125(a)(1)(B)." Lexmark Int'l, Inc. v. Static Control Components, Inc., 572 U.S. 118, 122 (2014).

Although both Section 43(a) subsections share the same remedies provisions, it is important to understand the differences between the two causes of action. Section 43(a)(1)(A) covers false association unfair competition. Specifically, it covers acts that are "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . ." 15 U.S.C. § 1125(a)(1)(A). This is a trademark-based cause of action, also referred to as passing off. It is similar to a trademark infringement claim under Lanham Act Section 32 (15 U.S.C. § 1114). However, unlike Section 32, Section 43(a) covers both registered and unregistered marks.

In contrast, Section 43(a)(1)(B) covers false advertising unfair competition. It covers misrepresentations as to the "nature, characteristics, qualities, or geographic origin" of goods, services, or commercial activities. 15 U.S.C. § 1125(a)(1)(B). It provides a cause of action against false or misleading statements made in commercial advertising or promotion.

For a detailed discussion of Section 43(a)(1)(A) and other topics in trademark law, see Gilson on Trademarks. For a detailed discussion of Section 43(a)(1)(B) false advertising claims, see False Advertising and the Lanham Act (2021 Edition).

Hypothetical Examples of False Association and False Advertising

Hypothetical fact scenarios help to illustrate the differences between Section 43(a)(1)(A) and Section 43(a)(1)(B).

- Assume the client's athletic shoes are sold under the trademark ACME. If a competitor launched a competing shoe model under the trademark ACMY, the client could have a cause of action under Section 43(a)(1)(A). Specifically, the client could allege false association unfair competition under Section 43(a)(1)(A) based on the competitor's use of a confusingly similar trademark. (If the ACME mark was registered, the client could also allege trademark infringement under Section 32.)
- Assume the client's ACME athletic shoes are sold in a highly distinctive product packaging trade dress. If a competitor launched a competing shoe model sold in confusingly similar product packaging, the client could have a cause of action under Section 43(a)(1)(A). Specifically, the client could allege false association unfair competition under Section 43(a)(1)(A) based on the competitor's use of a confusingly similar product packaging trade dress. (If the product packaging trade dress was registered, the client could also allege trade dress infringement under Section 32.)
- Assume the client's ACME athletic shoes are superior to its competitor's ACMY athletic shoes in every measurable criterion, including product weight. If the competitor launched an advertising campaign falsely claiming, "ACMY athletic shoes are 75% lighter than ACME athletic shoes," the client could have a cause of action under Section 43(a)(1)(B). The client could allege false advertising unfair competition under Section 43(a)(1)(B) based on the competitor's false advertising claim regarding product weight.

False Association Claims under Section 43(a)(1)(A) (15 U.S.C. § 1125(a)(1)(A))

To establish a claim for false association under Section 43(a)(1)(A), a plaintiff must prove that (1) it has prior protectable rights in a mark and (2) the defendant's use of a similar mark is likely to cause confusion.

Prior Protectable Rights in a Mark

Section 43(a)(1)(A) covers both registered and unregistered marks. Federal trademark registration provides many benefits, including presumptions of validity and ownership. 15 U.S.C. § 1057(b). However, a plaintiff proceeding under Section 43(a) based on an unregistered mark—also referred to as a "common law" mark—will not receive the statutory presumptions associated with registration. Therefore, a plaintiff asserting an unregistered mark under Section 43(a) must establish that its mark is valid and distinctive.

A Section 43(a) plaintiff can assert prior protectable rights in a traditional mark, such as a word mark, logo design, or slogan, or a nontraditional mark, such as a source-identifying trade dress, color, scent, or sound. Section 43(a) claims may also be based on "a public figure's persona, likeness, or other uniquely distinguishing characteristic" because it is akin to a mark. See, e.g., Brown v. Elec. Arts, Inc., 724 F.3d 1235, 1239 (9th Cir. 2013).

Protectability requirements vary based on the type of mark asserted by the plaintiff. Certain categories of marks can be considered inherently distinctive, while others require proof of acquired distinctiveness. However, registered marks are entitled to a presumption of validity. 15 U.S.C. § 1057(b).

Traditional Marks (Word Marks, Logo Designs, and Slogans)

A word mark, logo design, or slogan can be considered distinctive if it is inherently distinctive or if it has acquired distinctiveness (also known as secondary meaning). Distinctiveness requirements vary based on the type of mark at issue. For example, courts analyze word marks based on a distinctiveness scale. A word mark can be considered inherently distinctive if it is fanciful (XEROX copiers), arbitrary (APPLE computers), or suggestive (NOBURST liquid antifreeze). In contrast, descriptive marks (JIFFY LUBE oil change services) require a plaintiff show that the mark has acquired distinctiveness. Generic terms (SCREENWIPE screen cloths) are unprotectable.

In analyzing whether a mark has acquired distinctiveness, also known as secondary meaning, courts will consider direct and circumstantial evidence. Direct evidence may include consumer testimony or survey evidence showing that consumers associate the mark with a single source, even if that source is unknown. Circumstantial evidence includes unit and dollar volume sales, advertising expenditures, unsolicited media mentions, and other evidence establishing consumer awareness of the mark and association with a single source.

Nontraditional Marks (Trade Dress, Color, Scent, and Sound)

Section 43(a) also protects nontraditional marks, such as trade dress, color marks, scent marks, and sound marks. Although certain nontraditional marks, such product packaging trade dress, can be considered inherently distinctive, most nontraditional marks require proof of acquired distinctiveness. This proof typically consists of sales volume, advertising expenditures, media coverage, or other circumstantial evidence establishing that consumers perceive the goods or services as emanating from a single source based on the source-identifying properties of the mark. Direct evidence, such as consumer surveys focusing on the purported mark, may be particularly important.

In nontraditional mark cases, courts often place great weight on "look-for" advertising, which instruct consumers to look for the particular feature claimed to serve as a mark. An oft-cited example of look-for advertising is Owens-Corning's advertising for its pink-colored insulation, which used slogans such as, "Put your house in the pink" and "Think pink." In re Owens-Corning Fiberglass Corp., 774 F.2d 1116, 1126–27 (Fed. Cir. 1985) (accepting acquired distinctiveness evidence in color mark case).

A plaintiff asserting rights in a nontraditional mark must also show that the mark is not functional. This requirement was codified for trade dress cases via an amendment to Section 43(a). 15 U.S.C. § 1125(a)(3). A mark is functional "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." Traffix Devices v. Mktg. Displays, 532 U.S. 23, 32 (2001). A utility patent, subsisting or expired, is "strong evidence that the features therein claimed are functional." Traffix Devices, 532 U.S. at 29–30.

Likelihood of Confusion

If a plaintiff can establish that its asserted mark is protectable, it must then establish that the defendant's use of the accused mark is likely to cause confusion. Courts generally consider the following factors, or slight variations: (1) the strength of the mark, (2) the degree of similarity between the two marks, (3) the proximity of the products, (4) the likelihood that the prior owner will bridge the gap, (5) actual confusion, (6) the defendant's intent in adopting its mark, (7) the quality of defendant's product, and (8) the sophistication of the buyers. See, e.g., Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (articulating the "*Polaroid* factors" followed by the Second Circuit); see also AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979) (articulating the "*Sleekcraft* factors" followed by the Ninth Circuit).

This analysis is fact-intensive, and the weight given to any particular factor may vary based on the facts in a particular case. However, the similarity of the marks factor can be dispositive. For example, the PEPSI trademark could not infringe the COCA-COLA trademark, or vice-versa, because the marks completely differ in terms of sound, appearance, and commercial impression. Although nearly every other factor, such as the relatedness of the goods, purchasers, and trade channels would weigh in favor of confusion, there can be no Section 43(a) liability if the marks are so dissimilar such that no reasonable consumer could be confused.

Many false association cases turn on the results of a consumer survey designed to test whether consumers are confused by the defendant's use of the accused mark. To be entitled to significant weight, the survey should be designed and conducted by an expert who applies the principles set forth in the Manual for Complex Litigation published by the Federal Judicial Center. Manual for Complex Litigation, Fourth § 11.493 (2004). If accepted, the survey may constitute actual confusion evidence under the applicable multifactor test.

False Advertising Claims under Section 43(a)(1)(B) (15 U.S.C. § 1125(a)(1)(B))

Section 43(a)(1)(B) provides a cause of action for false advertising. It is typically invoked by competitors, although the Supreme Court has clarified that it is available to noncompetitors. To assert a claim, "a plaintiff must plead (and ultimately prove) an injury to a commercial interest in sales or business reputation proximately caused by the defendant's misrepresentations." Lexmark, 572 U.S. at 140. Section 43(a)(1)(B) is unavailable to consumers. Lexmark, 572 U.S. at 132.

Actionable Statements

Section 43(a)(1)(B) covers a false or misleading description or representation of fact that "misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities . . . ." 15 U.S.C. § 1125(a)(1)(B). To be actionable, the misrepresentation must be made "in commercial advertising or promotion." Id. Statements made in one-to-one communications are generally not actionable under Section 43(a).

Courts typically apply a four-part test to determine whether the misrepresentation was made in commercial advertising or promotion. It must be "(1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods or services. While the representations need not be made in a 'classic advertising campaign,' but may consist of more informal types of 'promotion,' the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute 'advertising' or 'promotion' within that industry." Gordon & Breach Sci. Pub. S.A. v. Am. Inst. of Physics, 859 F. Supp. 1521, 1535–36 (S.D.N.Y. 1994). However, courts are beginning to drop the second element, competition, in light of the *Lexmark* decision rejecting competition as a prerequisite for a Lanham Act false advertising claim.

To be clear, not all misrepresentations are actionable under Section 43(a). They must relate to the "nature, characteristics, qualities, or geographic origin" of the parties' goods, services, or commercial activities. 15 U.S.C. § 1125(a)(1)(B). Misrepresentations as to source or origin (other than geographic origin) may be actionable under Section 43(a)(1)(A), but they are not actionable under Section 43(a)(1)(B). The subsections are not interchangeable.

Claims that are "mere puffery" cannot form the basis of a Lanham Act violation. Puffery can come in two forms: (1) a general claim of superiority that is so vague as to merely be an opinion, or (2) an exaggerated bluster upon which no reasonable consumer would rely. Time Warner Cable, Inc. v. DirecTV, Inc., 497 F.3d 144, 160 (2d Cir. 2007); Pizza Hut, Inc. v. Papa John's Int'l, Inc., 227 F.3d 489, 496–97 (5th Cir. 2000). Similarly, statements of opinion are generally not actionable. Osmose, Inc. v. Viance, LLC, 612 F.3d 1298, 1311 (11th Cir. 2010). Instead, the accused statement must be a statement of fact capable of being proven false.

However, the accused statement need not be a verbal claim. Section 43(a) also applies to false advertising involving visual claims. See, e.g., S.C. Johnson & Son, Inc. v. Clorox Co., 241 F.3d 232, 239 (2d Cir. 2001) (enjoining television commercial featuring an exaggerated leaky food storage bag).

Elements of a False Advertising Claim

To prevail on a false advertising claim under Section 43(a)(1)(B), a plaintiff must plead and ultimately prove that (1) the defendant made false statements of fact about the plaintiff's or defendant's goods, services, or commercial activities; (2) the advertisements actually deceived, or have the tendency to deceive, a substantial segment of their audience; (3) the deception is material, in that it is likely to influence the purchasing decision; (4) the statement was made in commerce; and (5) the plaintiff has been or is likely to be injured. Skil Corp. v. Rockwell Int'l Corp., 375 F. Supp. 777, 782–83 (N.D. Ill. 1974) (articulating the "*Skil* test"); Alpo Petfoods Inc. v. Ralston Purina Co., 913 F.2d 958, 964 (D.C. Cir. 1990); Cook, Perkiss and Liehe Inc. v. Northern Cal. Collection Srvc. Inc., 911 F.2d 242, 244 (9th Cir. 1990). The plaintiff must prove all five elements. "The failure to prove the existence of any element of the prima facie case is fatal to the plaintiff's claim." Pizza Hut, 227 F.3d at 495.

The first element of a Section 43(a)(1)(B) false advertising claim applies to statements that are either literally false or merely misleading. Tiffany Inc. v. eBay Inc., 600 F.3d 93, 112 (2d Cir. 2010). A literally false statement is "false on its face." Id. An example would be "1 + 1 = 3." In contrast, a misleading claim includes "false representations made by implication or innuendo." Cook, 911 F.2d at 245. An example would be the statement "1 + 1 = an ample number." It is not literally false because the phrase "an ample number" is arguably ambiguous. Could "2" be considered an ample number? Probably not, but some form of extrinsic evidence would be necessary to establish that consumers do not perceive "2" as "an ample number" and were therefore misled. Consequently, it is arguably misleading as opposed to literally false.

The second element examines whether the accused advertisements "actually deceived or have the tendency to deceive a substantial segment of their audience." Skil, 375 F. Supp. at 783. This merits particular attention because the classification of an advertisement as literally false, as opposed to merely misleading, affects the plaintiff's burden with respect to proof of consumer deception. Osmose, 612 F.3d at 1318–19. "If the court deems an advertisement to be literally false, then the movant is not required to present evidence of consumer deception." Id. If the accused statement is literally false, "consumer deception is presumed, and the court may grant relief without reference to the advertisement's actual impact on the buying public." Time Warner, 497 F.3d at 153. Consequently, if the statement is literally false, a plaintiff is entitled to a rebuttable presumption that consumers were deceived. In contrast, if the statement is merely misleading, the plaintiff must provide extrinsic evidence establishing that consumers are likely to be deceived. This often requires consumer survey evidence. Cottrell, Ltd. v. Biotrol Int'l, Inc., 191 F.3d 1248, 1252 (10th Cir. 1999).

Materiality, element three, requires a plaintiff to prove that the "deception is material, in that it is likely to influence the purchasing decision." Skil, 375 F. Supp. at 783. "The materiality requirement is based on the premise that not all deceptions affect consumer decisions." North Am. Med.

Corp. v. Axiom Worldwide Inc., 522 F.3d 1211, 1226 (11th Cir. 2008) (citations omitted). "Falsity alone does not make a false advertising claim viable . . . ." Apotex Inc. v. Acorda Therapeutics, Inc., 823 F.3d 51, 63 (2d Cir. 2016). Consequently, whether a plaintiff is challenging a literal falsity or an allegedly misleading claim, it must establish that the challenged claim is material. Id.

The fourth element requires a plaintiff to prove that the accused statement itself—rather than the falsely advertised goods or services—was disseminated in commerce. Southland Sod Farms v. Stover Seed Co., 108 F.3d 1134, 1139 n.2 (9th Cir. 1997). A defendant who disseminates false advertisements in commerce should expect liability even if the falsely advertised product is not widely available for sale. The "in commerce" requirement is properly directed to the commercial nature of the accused *advertisement* as opposed to any underlying product.

The fifth element requires evidence that a "plaintiff has been or is likely to be injured as a result of the foregoing either by direct diversion of sales from itself to the defendant, or by lessening of the goodwill which its products enjoy with the buying public." Skil, 375 F. Supp. at 783; see also Church & Dwight Co. v. Swiss Precision Diagnostics, 843 F.3d 48, 65 (2d Cir. 2016) (holding that accused ad must be "the cause of actual or likely injury to the plaintiff"); Southland Sod, 108 F.3d at 1139. This is an essential element regardless of whether the accused advertisement is literally false or merely misleading, or whether the plaintiff seeks injunctive or monetary relief.

Remedies for False Association and False Advertising under Section 43(a)

Injunctive Relief

Section 43(a) plaintiffs may be entitled to injunctive relief under 15 U.S.C. § 1116. This section applies to both false association claims under Section 43(a)(1)(A) and false advertising claims under Section 43(a)(1)(B). Injunctive relief is available "according to the principles of equity." 15 U.S.C. § 1116. A successful plaintiff may be entitled to permanent injunctive relief and possibly preliminary injunctive relief, including a temporary restraining order.

Courts considering a permanent injunction will apply the four factors set forth in eBay v. MercExchange, 547 U.S. 388 (2006). "A plaintiff [seeking a permanent injunction] must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction." eBay, 547 U.S. at 391.

Courts considering a preliminary injunction, or a temporary restraining order, will consider the factors set forth in Winter v. Nat. Res. Def. Council, 555 U.S. 7 (2008). "A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest." Winter, 555 U.S. at 20.

Pursuant to the U.S. Trademark Modernization Act (TMA), which became effective on December 27, 2020, courts must now recognize a rebuttable presumption of irreparable harm in Lanham Act cases. 15 U.S.C. § 1116(a). This TMA presumption applies to Section 43(a) false association claims and false advertising claims.

Monetary Relief

Section 43(a) plaintiffs may also be entitled to monetary relief under 15 U.S.C. § 1117. This section applies to both false association claims under Section 43(a)(1)(A) and false advertising claims under Section 43(a)(1)(B). Monetary relief is "subject to the principles of equity." 15 U.S.C. § 1117. It can include recovery of the defendant's profits, any damages to the plaintiff, and the costs of the action. In addition, a prevailing party—plaintiff or defendant—can recover its attorney's fees in an "exceptional" case. 15 U.S.C. § 1117.

Defendant's Profits

In assessing profits, the plaintiff need only establish the defendant's sales. The burden then shifts to the defendant to prove all elements of costs and deductions to arrive at its profits that are subject to disgorgement. 15 U.S.C. § 1117. The defendant's intent in an important factor, but willfulness is not required. Romag Fasteners, Inc. v. Fossil, Inc., 140 S. Ct. 1492, 1494 (2020). The court can enhance or decrease a profits award because it is subject to the principles of equity.

Plaintiff's Damages

The prevailing plaintiff can also recover "any damages sustained," which typically includes its demonstrable lost profits and harm to its goodwill. 15 U.S.C. § 1117. Courts typically require a plaintiff to "prove both actual damages and a causal link between defendant's violations and those damages." Rhone-Poulenc Rorer Pharma., Inc. v. Marion Merrell Dow, Inc., 93 F.3d 511, 515 (8th Cir. 1996). Treble damages are available, subject to the principles of equity. 15 U.S.C. § 1117.

Attorney's Fees

The Lanham Act's monetary relief section also permits the court to award attorney's fees "to the prevailing party." 15 U.S.C. § 1117. Thus, they are available not only to a prevailing plaintiff, but also to a prevailing defendant. However, attorney's fees are only available "in exceptional cases." Id. The Supreme Court defined an exceptional case as "simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated." Octane Fitness, LLC v. ICON Health & Fitness, Inc., 572 U.S. 545, 554 (2014).

No Punitive Damages

Punitive damages are unavailable under the Lanham Act because monetary relief "shall constitute compensation and not a penalty." 15 U.S.C. § 1117. However, a prevailing plaintiff may be entitled to punitive damages under various state law claims.

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Practicing for over 20 years, Tom is an internationally recognized litigator and partner in the Firm's Intellectual Property Group. Tom litigates trademark, false advertising, and trade secrets disputes on behalf of a number of the world's largest and most sophisticated brands.

Tom has extensive experience representing clients in all aspects of trademark law and is a member of the International Trademark Association (INTA), where he serves on the Unfair Competition Committee. He has earned recognition in the *World Trademark Review 1000: The World's Leading Trademark Professionals* for 5 years in a row, where he has been called a "meticulous litigator" and has been noted for his successful representation of clients in courts and administrative proceedings. Tom represents his clients before federal district and appellate courts, and in proceedings before the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office. He also represents brand owners in domain name disputes under the Uniform Domain-Name Dispute-Resolution Policy (UDRP) and Anti-cybersquatting Consumer Protection Act (ACPA). In addition, he represents clients in trademark prosecution and counseling matters, and manages global trademark portfolios for clients in multiple industries.