Prudential Standing Under the Lanham Act: Resolving the Circuit Split in Favor of the "Reasonable Interest Approach" Recently Employed by the Sixth Circuit

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I. Introduction

Well-known creative advertising director William Bernbach once said, “The most powerful element in advertising is the truth.”\(^1\) Advertisements are a part of every day life; it is nearly impossible to walk outside the door without seeing some form of advertisement intended to attract the attention of the public. Since advertisements are so prevalent and companies spend massive amounts of money on advertising their products, it is important to protect both corporations and consumers from false advertising. The Lanham Act seeks foster competition by implementing a fair playing field for rival businesses in the realm of advertising.\(^2\) Enacted in 1946, the Lanham Act is a federal statute that governs numerous trademark issues, including false advertising, trademark infringement, and dilution.\(^3\) Specifically, Section 43(a) of the Lanham Act addresses when a person has a cause of action against another for false advertising, a type of trademark infringement.\(^4\) While the language of the Act appears to be straight forward, there exists a split regarding the proper standard to apply when determining if a plaintiff has standing to sue under Section 43(a).

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\(^4\) *Id.*. This section of the Lanham Act prohibits two types of unfair competition: false advertising and false association. This Comment addresses standing for false advertising claims, while briefly mentioning false association claims in the context of how courts have distinguished the two types of claims.
The pertinent section of the Lanham Act dictates that any person who is in the business of or connected to the business of selling goods or services is prohibited from using any "word, term, name, symbol, or device," or from falsely designating the origin of the good, or making a "false or misleading description of fact, or false or misleading representation of fact..." which is likely to cause confusion to a consumer. There are two main purposes to this provision. The first is to prevent confusion among consumers as to the "origin, sponsorship, or approval of his or her goods or commercial activities by another..." The second purpose is to avoid misrepresentations of the "nature, characteristics, qualities, or geographic origin of his or her or another persons" goods and services. The Lanham Act provides a civil remedy by stating that any person who violates this provision shall be liable to "any person who believes that he or she is likely to be damaged by such act," once it is determined that the plaintiff has standing to sue for false advertising under Section 43(a).

It is the language in Section 43(a), "any person who believes that he or she is or is likely to be damaged by such act" that is the heart of the issue addressed in this

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5 Section 43(a) states, in relevant part:
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 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 goods, services or commercial activities, shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.
7 Id.
8 Id.
comment. If read literally, the language in this Act would allow standing for "virtually any plaintiff" who thinks they were injured in any way by a false misrepresentation, regardless of whether they are a competitor of the defendant or merely a consumer. But, courts have been inclined to interpret the language of Section 43(a) more narrowly, and have consistently "rejected consumer standing" for false advertisement claims under the Lanham Act. While the circuits agree that Congress did not intend to completely abrogate prudential standing requirements by enacting the Lanham Act, there exists a circuit split regarding "how to apply prudential standing requirements" as a way of determining whether or not a plaintiff has standing to sue under Section 43(a). The Seventh, Ninth, and Tenth Circuits employ a "categorical approach," a stringent test which provides that in order for a person to bring a Lanham Act claim they must essentially be in direct competition with the defendant. The Third, Fifth, Eighth, and Eleventh Circuits treat Section 43(a) Lanham Act claims the same as antitrust claims arising under the Clayton Act, relying on five factors outlined in the Supreme Court decision of Associated Gen. Contractors v. Cal. State Council of Carpenters ("AGC"). The two remaining circuits, the First and Second, find that a plaintiff has standing to sue under the Lanham Act if the plaintiff can show that he has a "reasonable interest" in seeking protection from the alleged false advertising. With its decision in Static Control

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9 Famous Horse Inc. v. 5th Ave. Photo Inc., 624 F.3d 106, 111 (2d Cir. 2010) (emphasis added).
10 Id.
11 See, e.g., Seven-Up Co. v. Coca-Cola Co., 86 F.3d 1379, 1383 (5th Cir. 1996) ("[W]e have found no case which suggests that ‘consumers’ have standing under § 43(a).”); Stanfield v. Osborne Indus. Inc., 52 F.3d 867, 873 (10th Cir. 1995) ("[T]hus, to have standing for a false advertising claim, the plaintiff must be a competitor of the defendant and allege competitive injury.").
12 Id.
14 Id. at 409.
15 Famous Horse Inc. v. 5th Ave. Photo Inc., 624 F.3d 106, 113 (2d Cir. 2010).
Components, Inc. v. Lexmark Int'l, Inc. the United States Court of Appeals for the Sixth Circuit joined the longstanding three-way circuit split regarding the proper test when determining whether a plaintiff has standing to bring a false advertising claim under Section 43(a). By employing the "reasonable interest" approach, the Sixth Circuit joined the First and Second Circuits, and rejected the stricter approaches of the Third, Fifth, Seventh, Ninth, Tenth, and Eleventh Circuits.

It is important that this split be reconciled in order to provide consistency for plaintiffs who have been injured by false advertising. It is clear that Congress did not intend to automatically provide standing for any person under Section 43(a). At the same time, it is critical that the test for standing under Section 43(a) is not so strict that it would preclude plaintiffs who have actually been harmed from suing a defendant for false advertising. Therefore, the Supreme Court should determine that the "reasonable interest" approach employed by the First and Second Circuits, and now adopted by the Sixth Circuit, properly balances the purposes of the Lanham Act with the interests of the involved parties.

This Comment analyzes the three different tests used to determine prudential standing under Section 43(a). Part II of this comment will review the background of the Lanham Act. Specifically, Part II(A) serves to highlight the history and purpose of the Lanham Act, as well as the broad language of the Act that has prompted the circuits to employ these analyses in the first place. Part II(B) discusses the constitutional and prudential standing requirements, which must be shown by a plaintiff in order to pursue a cause of action under a specific statute. Part III provides an in-depth analysis of the three-

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16 Static Control Components, Inc., 697 F.3d at 411.
17 Id. at 410.
way circuit split, and discusses the relevant tests that each circuit applies when
determining the question of prudential standing under Section 43(a). Part IV examines
the pros and cons of each of the three tests while discussing relevant policy concerns, and
serves to demonstrate that the "reasonable interest" approach utilized most recently by
the Sixth Circuit is the proper test for the Supreme Court to adopt.

II. Background

Title 15 of the United States Code regulates commerce and trade in the United
States. Specifically, Chapter 22 of Title 15 governs the rules and regulations of
trademarks.\textsuperscript{18} A trademark is a "word, phrase, symbol, and/or design that identifies and
distinguished the source of the goods of one party from those of another."\textsuperscript{19} Services
marks and certification marks fall under the general "trademark" category as well.\textsuperscript{20}
Trademark law does not require that all marks used by individuals be registered, but
registration provides the registering party the right to exclusively use the mark
nationwide, as well as legal remedies if the trademark is infringed.\textsuperscript{21} It is important to
note that Section 43(a) protects both registered and unregistered trademarks.\textsuperscript{22}
Trademarks allow consumers to easily identify the goods and services of specific
businesses, which enables consumers to formulate certain expectations of particular
products. To ensure fair competition throughout the field of commerce, Section 43(a) of
the Lanham Act prohibits businesses and individuals from engaging in the practice of

Section 1125 (2006)).
\textsuperscript{20} Id.
\textsuperscript{21} TRADEMARK AND UNFAIR COMPETITION LAW: CASES AND MATERIALS 24 (Jane C. Ginsberg, et al. eds.,
\textsuperscript{22} Joshua Meier Co. v. Albany Novelty Manufacturing Co., 236 F.2d 144 (2d Cir. 1956).
false advertising. 23 While the purpose of Section 43(a) is relatively straightforward, enforcement of this provision may be difficult due to inconsistent interpretations of standing requirements.

A. The History, Purpose, and Language of the Lanham Act

Before the Lanham Act was enacted in 1946, false advertising claims were brought under the common law realm of trade disparagement, which required the plaintiff to prove he had suffered some type of actual injury and that the injury had been proximately caused by the defendant’s false representations. 24 The enactment of Section 43(a) of the Lanham Act “represented a departure” from this common law action and essentially created a new “statutory tort” that sought to prevent deceitful practices throughout the marketplace without requiring a plaintiff to prove actual damages. 25 Perhaps most importantly, Section 43(a) differs from the common law trade disparagement action in two ways: “(1) it does not require proof of intent to deceive, and (2) it entitles a broad range of commercial parties to relief.” 26 Despite the word “believes,” as used in the language of Section 43(a), it has been properly determined that the plaintiff must show something more than the “mere subjective belief that he is injured or likely to be damaged” before a court will grant him relief under the Lanham Act. 27 This determination does not require a showing of specific and actual losses if the plaintiff is seeking injunctive relief. But, the showing required to satisfy the statute when a

24 5 McCarthy on Trademarks and Unfair Competition Section 27:1 (4th ed.).
26 Id.
27 Id.
plaintiff is "between [these] two extremes" is where the present discrepancy exists between the circuits.28

The Lanham Act serves the purpose of protecting a class of commercial businesses and individuals from dishonest and deceitful commercial activities.29 Furthermore, Congress intended to exclude the ability of individual consumers to bring unfair competition claims under the Lanham Act.30 As well as protecting against false designations of the origin of goods and services, Section 43(a) was enacted to "protect consumers and competitors against all forms of misdescription and misrepresentations of products and services in commerce."31 With its enactment, Congress envisioned the Lanham Act "to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not."32

In order to protect all persons engaged in commerce, Section 43(a) provides a federal cause of action for "unfair competition, fraud, and deception" within the marketplace.33 However, this basic purpose of the Lanham Act has been seemingly frustrated by an inconsistent application of the law amongst the circuits when determining who has proper standing to bring a false advertisement claim. The crux of the split between the circuits is the question of how to determine who has prudential standing to bring a false advertising claim.

28 Id.
29 Famous Horse Inc. v. 5th Ave. Photo Inc., 624 F.3d 106, 113 (2d Cir. 2010) (citing Colligan v. Activities Club of New York, Ltd., 442 F.2d 686, 691–694 (2d Cir. 1971) (stating that the Lanham Act was intended to "exclusively protect the interests of a purely commercial class against unscrupulous commercial conduct")).
30 Id.
B. Prudential and Constitutional Standing

In order to bring a suit in federal court, the party wishing to bring the suit must establish that he has standing to prosecute that specific cause of action.\textsuperscript{34} Standing encompasses both constitutional and prudential components.\textsuperscript{35} The constitutional element stems from Article III’s “case or controversy requirement” and only requires that a plaintiff “demonstrate that he or she suffered an ‘injury in fact,’ that the injury is ‘fairly traceable’ to the actions of the defendant, and that the injury will likely be redressed by a favorable decision.”\textsuperscript{36} In contrast, prudential standings are “judge-made rules forming an integral part of ‘judicial self-government’” which may limit a plaintiff’s ability to bring a cause of action against a particular defendant.\textsuperscript{37} There is no specific test used to determine a question of prudential standing, but several considerations are typically invoked; it is generally required that the litigant is asserting his claim to protect his own legal interests and not those of a third party, that the question before the court is not a general and abstract accusation, and that the litigant is able to demonstrate that his issue is within the “zone of interests” which the statute he is relying on intends to address.\textsuperscript{38} It is important to note that even if constitutional standing has been established by a particular plaintiff, a court may still deny standing based on “prudential considerations.”\textsuperscript{39}

Congress is unable to change the constitutional standing requirements, but “it can modify or even abrogate prudential standing requirements, thus extending standing to the

\textsuperscript{35} Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc., 165 F.3d 221, 225 (3d Cir. 1998).
\textsuperscript{37} Id.
\textsuperscript{38} Id. at 226 (quoting Wheeler v. Travelers Ins. Co., 22 F.3d 534, 538 (3d Cir. 1994))(citations omitted).
\textsuperscript{39} Phoenix of Broward, Inc. v. McDonald’s Corp., 489 F.3d 1156, 1162 (11th Cir. 2007).
full extent permitted by Article III." The "any person" language as used in the Lanham Act might indicate that Congress intended to completely abolish the concept of proving prudential standing for the purposes of bringing a false advertising claim, which would thus allow anyone to bring a cause of action under Section 43(a) as long as they could establish constitutional standing. Although every case does not discuss this issue in detail, it is clear that the circuits agree that Congress did not intend to completely abrogate the prudential standing requirement by enacting Section 43(a) of the Lanham Act. Instead, circuits disagree on how to apply the limitations of prudential standing when determining who is eligible to bring a claim under Section 43(a) of the Lanham Act, that is, what exactly is the proper test to determine standing under this statute.

III. In-depth Analysis of The Existing Circuit Split

The standard for standing to bring a false advertising claim under Section 43(a) of the Lanham Act has been a topic of disagreement among all of the circuits, including the Sixth Circuit, which most recently joined this particular split. The Sixth Circuit is the most recent circuit to weigh in on this matter, and has formulated a decision in line with the First and Second Circuits. These three Circuits employ a "reasonable interest approach" which focuses on the interests of the plaintiff seeking to bring the false advertising claim. The Third, Fifth, Eighth, and Eleventh Circuits have fashioned a more stringent test for standing, which relies on a weighing of factors traditionally used

40 P&G v. Amway Corp., 242 F.3d 539, 560 (5th Cir. 2001).
41 Id. at 561.
42 Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc., 165 F.3d 221, 225 (3d Cir. 1998); see also Famous Horse Inc. v. 5th Ave. Photo Inc., 624 F.3d 106, 111 (2d Cir. 2010).
43 Famous Horse, 624 F.3d at 111.
45 Phoenix 489 F.3d at 1165.
to determine standing for antitrust claims, called the "AGC" factor test. Finally, the Seventh, Ninth, and Tenth Circuits use a stringent "categorical approach" which requires that a plaintiff must be an actual competitor alleging unfair competition. The sections contained in Part III of this comment will analyze the three-way circuit split on the issue of who has standing to sue under Section 43(a) of the Lanham Act. The following four sections will highlight the significant case law for each circuit and establish the particular test that the circuits rely on when determining standing. Subsection A discusses the "categorical approach" utilized by the Seventh, Ninth, and Tenth Circuits. Subsection B explores the Third, Fifth, Eighth, and Eleventh Circuits' treatment of Lanham Act standing as that of antitrust standing under the Clayton Act. Subsection C explains the "reasonable interest" approach applied by the First and Second Circuits, and Subsection D discusses how the Sixth Circuit has recently chosen to adopt the analysis of First and Second Circuits.

A. Seventh, Ninth, and Tenth Circuits: "Categorical" Approach

The Seventh, Ninth, and Tenth Circuits employ the strongest, or most stringent, test in determining whether or not a plaintiff has standing under Section 43(a) of the Lanham Act. These circuits have "come the closest to 'categorically' holding that the plaintiff must be in 'actual' or 'direct' competition with the defendant and assert a 'competitive injury to establish prudential standing' under the Lanham Act, Section

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47 Phoenix of Broward, Inc. v. McDonald's Corp., 489 F.3d 1156, 1164 (11th Cir. 2007).
48 Static Control Components, Inc., 697 F.3d at 409.
In essence, this requirement allows Lanham Act claims to be brought “only by an actual competitor” who is alleging unfair competition. These three circuits have articulated a distinction between the standing required for false association claims under U.S.C. Section 1125(a)(1)(A) and false advertising claims under Section 1125(a)(1)(B), stating that false association claims do not require proof of direct competition, but false advertising claims do require this heightened showing of actual competition.

The Ninth Circuit’s categorical approach for false advertising claims requires that, “to be actionable, [the defendant’s] conduct must not only be unfair but must in some discernible way be competitive.” The Ninth Circuit addressed the question of whether “a plaintiff must be a competitor of the defendant’s in order to sue under Section 43(a).” In *Waits v. Frito Lay*, the Ninth Circuit’s seminal case in determining standing under Section 43(a), the plaintiff, a professional singer, alleged that Frito-Lay misappropriated his voice for one of their commercials. In addition to voice misappropriation, the plaintiff also sued for false endorsement under the Lanham Act. Before its analysis of standing, the court discussed that the 1988 amendments to the Lanham act “codified case law interpreting Section 43(a)” which explicitly provided that false endorsement was false advertising under the Lanham Act.

Before *Waits*, case law in the Ninth Circuit seemed inconsistent in regard to who has standing under Section 43(a). The court held in *Smith v. Montoro* that a plaintiff is

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49 *Phoenix*, 489 F.3d at 1164.
50 *Static Control Components, Inc.*, 697 F.3d at 410.
51 Id. (citing *Waits v. Frito-Lay*, 978 F.2d 1093, 1108–1109 (9th Cir. 1992)).
52 *Waits*, 978 F.2d at 1108.
53 Id. at 1107.
54 Id. at 1097.
55 Id. at 1107.
not restricted to alleging a Lanham Act claim only if they are a competitor of the defendant. However, five years later, in *Halicki v. United Artists Commc'ns, Inc* the Ninth Circuit dismissed a plaintiff's Lanham Act claim "because he had failed to show competitive injury." The Ninth Circuit resolved the discrepancy between these two previous cases with its discussion in *Waits*. Ultimately the court determined that the plaintiff in *Waits* did not have to be in direct competition with the defendant to have standing. The court reached this conclusion by determining that the plaintiff was alleging a "false association claim," not a "false advertising claim." In its analysis, the Ninth Circuit provided two aspects of liability under Section 43(a) of the Lanham Act. The first basis of liability exists when a person makes "false representations concerning the origin, association, or endorsement of goods or service." The second basis of liability occurs when one makes "false representations in advertising concerning the qualities of goods or services." The first basis represents "false association" and the second basis represents "false advertising." For false association claims, the Ninth Circuit has not restricted standing to competitors, stating that "the plaintiff need not be in actual competition with the alleged wrongdoer." The Ninth Circuit clarified that in *Smith*, the claim was "a false association claim stemming from the misuse of a mark..." and thus the

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56 *Id.* at 1108.  
57 *Halicki v. United Artists Commc'ns, Inc*, 812 F.2d 1213, 1213 (9th Cir. 1987).  
58 *Waits v. Frito-Lay*, 978 F.2d 1093, 1109 (9th Cir. 1992) (Finding that the plaintiff in this case was alleging a "false endorsement claim" which was a "false association claim" and therefore the plaintiff was not asserting a false advertising claim. Thus, it was not necessary to show that the plaintiff was in competition with the defendant as the Ninth Circuit requires for standing under the Lanham Act).  
59 *Id.* at 1108.  
60 *Id.* at 1108; see 2 J. Thomas McCarthy, *Trademarks and Unfair Competition*, §§ 27:2-27:4, at 344-68 (2d ed. 1984)(discussing the two prongs of liability of Section 43(a)).  
61 *Id.*  
62 *Smith v. Montoro*, 648 F.2d 602, 607 (9th Cir. 1981) (stating that "the plaintiff need not be in actual competition with the alleged wrongdoer"); see also *Waits*, 978 F.2d at 1109 (holding that "the Lanham Act also grants the cause of action to certain noncompetitors who have been injured commercially by the 'deceptive and misleading use of marks.'").
plaintiff was not required to be a competitor of the defendant. On the other hand, the plaintiff in *Halicki* alleged a false advertising claim, and such a claim is "actionable under Section 43(a) only insofar as the Lanham Act’s...purpose of preventing unfair competition is served." The Ninth Circuit’s categorical approach for false advertising claims requires a plaintiff to show that the defendant’s conduct was not only unfair, but it must also be competitive "in some discernible way."

One year after the decision in *Waits* the Seventh Circuit joined the Ninth Circuit with its decision in *L.S. Heath & Son v. AT&T Info. Sys.*, and determined that the proper test to employ when determining standing under the Lanham Act is a "categorical" test. The Seventh Circuit also distinguished between false advertising and false association claims under the Lanham Act. The plaintiff in *L.S. Heath & Son* brought a false advertising claim against the defendant for a statement in an advertisement that said "[O]nce Heath chose AT&T, all the ingredients came together." The plaintiff alleged that this advertisement was a misrepresentation of an agreement between him and the defendant for his use of a new computer system. In its analysis, the Seventh Circuit agreed with the Ninth Circuit, stating that "in order to have standing to allege a false advertising claim...the plaintiff must assert a discernible competitive injury." The Seventh Circuit held that since the plaintiff was not in the computer business, it was not a competitor of the defendant and thus he did not have standing to bring a false advertising claim.

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63 *Waits*, 978 F.2d at 1109.
64 *Id.*
65 *Id.* at 1108.
66 *L.S. Heath & Son v. AT&T Info. Sys.*, 9 F.3d 561, 575 (7th Cir. 1993).
67 *Id.*
68 *Id.* (citing *Waits*, 978 F.2d).
Furthermore, the court posited that “in order to recover damages for a purported Lanham Act violation, the plaintiff must demonstrate that it has been damaged by actual consumer reliance on misleading statements” and the plaintiff did not fulfill this burden.\textsuperscript{70}

In the wake of \textit{Waits} and \textit{L.S. Heath & Son}, the Tenth Circuit, in \textit{Stanfield v. Osborn Indus.}, addressed the issue of standing under the Lanham Act when a plaintiff alleged both a false association and a false advertisement claim against the defendant.\textsuperscript{71} In \textit{Stanfield}, the plaintiff alleged that the defendant continued to use the “Stanfield” trademark after a licensing agreement between the parties had expired.\textsuperscript{72} The court noted that the plaintiff was not currently in competition with the defendants and that he never had been in competition with the defendants.”\textsuperscript{73} Although the plaintiff asserted that he “had plans to compete with” the defendant, the court found “the mere potential of commercial interest...is insufficient to confer standing.”\textsuperscript{74} The court held that the plaintiff lacked standing, reasoning that in order to have standing to allege a false advertisement claim the plaintiff must be in competition with the defendant and must allege some sort of competitive injury.”\textsuperscript{75} The court also solidified the notion that a “false association” claim is analyzed under a more relaxed standard and that an allegation of competitive injury is not required.\textsuperscript{76} This standard includes parties who have a commercial interest in the falsely identified product, or with a commercial interest in

\textsuperscript{69} \textit{Id.}
\textsuperscript{70} \textit{Id.}
\textsuperscript{71} \textit{Stanfield v. Osborne Indus.}, 52 F.3d 867, 873 (10th Cir. 1995).
\textsuperscript{72} \textit{Id.} at 870.
\textsuperscript{73} \textit{Id.}
\textsuperscript{74} \textit{Id.}
\textsuperscript{75} \textit{Id.}
\textsuperscript{76} \textit{Id.} (articulating that a plaintiff must only show that they have a “reasonable interest to be protected from the alleged false advertising).
mark that is being misrepresented. Relying heavily on precedent from the Ninth Circuit’s decision in *Waits*, the Tenth Circuit was the third circuit to join the “categorical” approach in determining whether or not a plaintiff has standing to sue under Section 43(a) of the Lanham Act.

**B. Third, Fifth, Eighth, and Eleventh Circuits; The “AGC Factors” Test**

The Third, Fifth, Eighth, and Eleventh Circuits equate the test for Lanham Act standing with the test for anti-trust standing under the Clayton Act, which is based on factors outlined in the U.S. Supreme Court antitrust decision, *Associated Gen. Contractors v. Cal. State Council of Carpenters (“AGC”).* Like the other circuits, the Third, Fifth, Eighth, and Eleventh Circuits agree that Congress did not intend to “abrogate the prudential standing doctrine in passing § 43(a) of the Lanham Act.” But, these circuits “all reference antitrust standing or the AGC factors in deciding Lanham Act standing.” The circuits justify the adoption of the AGC test for questions of Lanham Act standing because it “provides appropriate flexibility in application to address factually disparate scenarios…”

In *AGC*, the Supreme Court was presented with the issue of whether unions had standing to bring a “private action for damages under Section 4 of the Clayton Act, which contains language equally as expansive as the standing provisions of the Lanham Act.” The pertinent section of the Clayton Act provides that “[a]ny person who shall be injured

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77 Stanfield v. Osborne Indus., 52 F.3d 867, 873 (10th Cir. 1995).
80 *Static Control, 697 F.3d* at 409.
81 Conte Bros., 165 F.3d at 236.
82 *Id.* at 233.
in his business or property by reason of anything forbidden in the antitrust laws may sue therefore in any district court in the US..."\(^83\) Just as it is clear that Section 43(a) does not provide the right to sue for false advertising to just anyone, the court in \textit{AGC} reasoned that "Congress did not intend to allow every person tangentially affected by an antitrust violation to maintain an action..."\(^84\) The court further stated that even if the claim being alleged is clearly within the bounds of the Clayton Act, further inquiry must be taken to determine whether the unions had standing to sue.\(^85\) The following five factors were articulated and considered when determining whether the plaintiff had standing to sue under the Clayton Act:

(1) "The nature of the plaintiff's alleged injury: is the injury of a type that Congress sought to redress in providing a private remedy for violations in the antitrust laws?
(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."\(^86\)

After weighing these factors, the Supreme Court determined that the union "which claimed injury due to the anti-competitive conduct of multi-employer association..." did not have standing to bring a private action pursuant to the Clayton Act.\(^87\)

The Third Circuit in 1998, in its decision in \textit{Conte Bros. Auto. Inc. v. State-Slick 50, Inc.}, claimed to be the first court to utilize the standing test presented in \textit{AGC} for determining standing under the Lanham Act.\(^88\) It is important to briefly note that the

\(^{85}\) \textit{Id.} at 536.
\(^{86}\) Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc., 165 F.3d 221, 234 (3d Cir. 1998).
\(^{87}\) \textit{Id.}
\(^{88}\) \textit{Id.} at 233 (stating that "for purposes of determining a party's standing under § 43(a), we equate our task with the inquiry into congressional intent conducted by the Supreme Court in \textit{Associated General} in determining standing to sue under the Clayton Act.")
Third Circuit wrote a lengthy analysis on prudential standing, and concluded that Congress did not in any way intend to abrogate the prudential standing requirement by enacting the Lanham Act.\textsuperscript{89} In its prudential standing determination, the Third Circuit found it “significant that the Lanham Act limits the class of persons entitled to sue to those who can trace their injury to the anti-competitive conduct proscribed by the Act…”\textsuperscript{90} In its determination of whether the plaintiffs had standing under the Lanham Act to sue the defendants, the Third Circuit relied on precedent which defined the “dispositive question” of prudential standing to be “whether the party has a reasonable interest to be protected against false advertising.”\textsuperscript{91} This language implied that “parties who are not in direct competition…nevertheless may have standing to sue if they have a ‘reasonable interest to be protected’” from false advertising.\textsuperscript{92} The court recognized that “while there may be circumstances in which a non-competitor may have standing to sue…the focus of the Lanham Act is on ‘commercial interests [that] have been harmed’” by the false advertising of a competitor.\textsuperscript{93} After analyzing the plaintiff’s claim under the \textit{AGC} factors, the Third Circuit held that the plaintiffs did not have standing to sue under the Section 43(a) of the Lanham Act.\textsuperscript{94}

\textsuperscript{89} \textit{Id.} at 230.

\textsuperscript{90} \textit{Id.} at 230 (referring to the language of § 43(a), which says that “any person who believes that he or she is or is likely to be damaged” by conduct proscribed by the Lanham Act can bring suit.)

\textsuperscript{91} \textit{Id.} at 230 (quoting \textit{Thorn v. Reliance Van Co.}, 736 F.2d 929, 933 (3d Cir. 1984).

\textsuperscript{92} Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc., 165 F.3d 221, 231 (3d Cir. 1998) (The Third Circuit rejected the Ninth Circuit’s “categorical” approach, stating that “Section 43(a) provides no support for drawing a distinction in standing depending on the type of § 43(a) violation alleged.” \textit{Conte Bros.}, 165 F.3d at 232).

\textsuperscript{93} \textit{Id.} at 234.

\textsuperscript{94} \textit{Id.} at 236. (finding that the plaintiff did not allege competitive harm, that their injury was remote from the alleged harmful conduct, that the damages suffered by the plaintiff were speculative, and that by “recognizing the right of every potentially injured party in the distribution chain” would “subject defendant firms to multiple liability for the same conduct” and would thus result in complex litigations.)
The Third Circuit has reasoned that AGC “adds content to the ‘reasonable interest’ test,” thus in effect the court “nominally [used] a ‘reasonable interest’ approach” but ultimately based its decision for Lanham Act standing on the five-factor analysis under AGC.95 Furthermore, the Third Circuit has provided that adopting the AGC analysis in the context of Lanham Act standing “provides appropriate flexibility in application to address factually disparate scenarios...while at the same time supplying a principled means for addressing standing under both prongs of § 43(a).”96 In contrast to the “categorical” analysis of the Seventh, Ninth, and Tenth Circuits, the Third Circuit refuses to acknowledge a distinction between false advertising and false association claims when determining standing under Section 43(a).97

The Eighth Circuit, in Gilbert/Robinson, Inc. v. Carrie Beverage-Missouri, Inc., stated that the Clayton Act and the Lanham Act both seek “to promote a fair and efficient marketplace.”98 The court further articulated that the Clayton Act “has shaped judicial application of the Lanham Act” in that courts have analyzed whether a particular plaintiff has standing under the Lanham Act by employing the same five-factor test articulated in AGC for Clayton Act standing.99 In Gilbert/Robinson, the plaintiff attempted to enjoin the defendant’s use of a registered mark for his restaurant, “Houlihan’s Old Place.”100 The defendant, in turn, alleged that the plaintiff received the registration of this mark by making fraudulent declarations to the Patent and Trademark Office.101 While this

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95  Id. at 234; see also Static Control Components, Inc. v. Lexmark Int’l, Inc., 697 F.3d 387, 410 (6th Cir. 2012).
96  Id. at 236.
97  Id. at 232.
98  Id.
99  Id.
100 Id. at 987.
101 Id.
particular case deals specifically with Section 1120 of the Lanham Act, the standing analysis is equivalent to that of a false advertising claim. Section 1120, provides a cause of action when a person obtains a patent or trademark registration by "a false or fraudulent declaration."\textsuperscript{102} The Eighth Circuit determined that the defendant had to prove that he had suffered discernible Lanham Act injury in order to prevail.\textsuperscript{103} After reviewing the \textit{AGC} factors, the Eighth Circuit determined that the plaintiff lacked standing because the plaintiff failed to prove that its injury was "proximately" caused by the defendant's registration of specific marks.\textsuperscript{104} While the Eighth Circuit does not expressly reference \textit{AGC} in its decision, the court employs they employ an analysis congruent to that used by the Supreme Court in \textit{AGC}; the court discusses factors such as "proximity" of the injury and the speculative nature of the damages that the plaintiffs are requesting.

The Fifth Circuit in \textit{P&G v. Amway Corp.} joined the Third and Eighth Circuits, by employing the \textit{AGC} five-factor test to determine whether the plaintiffs in question had prudential standing to sue under § 43(a).\textsuperscript{105} The plaintiff alleged misrepresentations on the part of the defendant, regarding illegal pyramid arrangements and financial awards.\textsuperscript{106} The Fifth Circuit held that the plaintiff did not have standing to bring this cause of action under Section 43(a), reasoning that the Congressional purpose of the Lanham Act "evidences an intent to limit standing to a narrow class of potential plaintiffs possessing interests the protection of which furthers the purposes of the Lanham Act."\textsuperscript{107} The court

\textsuperscript{102} \textit{Id.} at 990.
\textsuperscript{103} \textit{Id.}
\textsuperscript{104} Gilbert/Robinson, Inc. v. Carrie Beverage-Missouri, Inc., 989 F.2d 985, 991-92 (8th Cir. 1993).
\textsuperscript{105} \textit{P&G v. Amway Corp.}, 242 F.3d 539, 562 (5th Cir. 2001).
\textsuperscript{106} \textit{Id.} at 560.
\textsuperscript{107} \textit{Id.} at 561.
held that an analysis of the AGC factors "unanimously...counsel[ed] against granting standing" to the plaintiffs in this case.108

In a case of first impression for the Eleventh Circuit, the court in Phoenix of Broward, Inc. v. McDonald's Corp., joined the Third, Fifth, and Eighth Circuits and "adopt[ed] the test for prudential standing articulated in Conte Bros."109 The Eleventh Circuit articulated the same reasoning as the Third Circuit in Conte Bros., stating that the AGC five-factor test allows flexibility and also correctly does not create a distinction between false advertising and false associate claims under Section 43(a).110 It is important to note that the Eleventh Circuit acknowledged that "parties who are not in 'direct' or 'actual' competition may nonetheless have prudential standing to bring false advertising claims under the Lanham Act."111

C. The First, Second and Sixth Circuits: "Reasonable Interest" Approach

The First and Second Circuits have utilized "a less categorical approach" in determining standing under the Lanham Act, focusing on "whether the plaintiff has a 'reasonable interest' to be protected against the type of harm that the Lanham Act is intended to prevent."112 The degree of competition is not a dispositive issue for these

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108 Id. at 564 (holding that granting the plaintiffs prudential standing "would not serve the underlying purposes of the Lanham Act -- to ferret our unfair competition methods and protect businesses from the unjust erosion of their good will and reputation.").
109 Phoenix of Broward, Inc. v. McDonald's Corp., 489 F.3d 1156, 1163 (11th Cir. 2007) (holding that the five AGC factors should be considered and weighed when determining whether a party has "prudential standing to bring a false advertising claim under § 43(a)).
110 Id. at 1164.
111 Id. at 1167 (declining "to adopt standards conferring standing only on 'direct competitors or their surrogates.").
112 Id. at 1165.
circuits. Under the “reasonable interest” test, a plaintiff has standing if he can demonstrate “(1) a reasonable interest to be protected against the false advertising and (2) a reasonable basis for believing that the interest is likely to be damaged by the alleged false advertising.” Under this more lenient approach, it is not necessary that a plaintiff actually show they suffered losses because of the defendant’s false advertising. The plaintiff only needs to show that there exists a “likelihood of confusion” which will most likely injure him.

The Second Circuit has litigated this issue extensively, thus providing the backbone of the “reasonable interest” analysis for Lanham Act standing. In 1980 the Second Circuit in Johnson & Johnson v. Carter-Wallace, Inc, addressed the broadened scope of liability under Section 43(a). The court posited that “any person who believes that he is or is likely to be damaged” by false advertising has the ability to sue under Section 43(a). Pursuant to this language, the Lanham Act differs from the previous common law trade disparagement action in that “(1) it does not require proof of intent to deceive, and (2) it entitles a broad range of commercial parties to relief.” In the procedural history, the trial court had dismissed the plaintiff’s case because “[the plaintiff] had failed to carry its burden of proving damage or likelihood of damage.” The Second Circuit held that this standard placed too high of a burden on the plaintiff, and that the Lanham Act only requires that the plaintiff provide proof of “a reasonable

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113 Id.
114 Famous Horse Inc. v. 5th Ave. Photo Inc., 624 F.3d 106, 113 (2d Cir. 2010).
116 Id.
117 Id. at 189.
118 Id. (emphasis added).
119 Id.
basis for the belief” that the false advertising will cause him damage.\textsuperscript{120} The court further articulated that the proper standard “is whether it is likely” that the defendant’s false advertising “has caused or will cause a loss of [the plaintiff’s sales]” and does not require that the plaintiff present “specific evidence” that he actually suffered loss of sales due directly to the false advertising of the defendant.\textsuperscript{121} The Second Circuit importantly noted that the court will not presume the likelihood of injury, but the plaintiff must demonstrate this proof.\textsuperscript{122}

More recently, in 2010, the Second Circuit in \textit{Famous Horse Inc. v. 5th Ave. Photo Inc.} addressed the “categorical” approach of the Seventh, Ninth, and Tenth Circuits and stated that “on at least one occasion” the Second Circuit has applied this stronger test when determining whether a plaintiff had standing under the Lanham Act.\textsuperscript{123} But, the court stated that being a competitor is not “\textit{sine qua non} of standing” for a plaintiff alleging a false advertising claim under Section 43(a), although the court recognized that competition “is a factor that strongly favors standing.”\textsuperscript{124} Instead, the Second Circuit rearticulated that the “reasonable interest” approach is a satisfactory test, and that under this approach, the Second Circuit has “tended to require a \textit{more substantial showing} where the plaintiff’s products” are not in direct competition with the products of the defendant.\textsuperscript{125} Ultimately, the court found that the plaintiff was in competition with the defendant, thus the plaintiff would have standing under either the “reasonable
interest” test or the stricter “categorical” approach. The court further stated that the plaintiff “alleged a reasonable interest to be protected against [the defendant’s alleged false advertising]” and that there was reason to believe that the plaintiff would be harmed by the defendant’s false advertising.

The First Circuit also employs a “reasonable interest” approach when determining the question of prudential standing under Section 43(a) of the Lanham Act. In Camel Hair & Cashmere Institute, Inc. v. Associated Dry Goods Corp., the First Circuit held that “the dispositive question” when determining whether a plaintiff “is the proper party” to bring a cause of action under Section 43(a) of the Lanham Act is “whether the plaintiff has a reasonable interest in being protected against false advertising.” Employing a evidentiary standard similar to that of the Second Circuit, the First Circuit made it clear that the plaintiff must present more evidence than merely showing that the defendant’s advertising or marketing was false; the “plaintiff must also show a link or ‘nexus’ between itself and the alleged falsehood.” This standard is in accordance with the Second Circuit’s requirement that the plaintiff must prove there is a likelihood of injury due to the defendant’s false advertising. In Camel Hair, the court held that since both the plaintiff and defendant were manufacturers of clothing items that contained cashmere, the plaintiff “had a strong interest in preserving cashmere’s reputation as a high quality fiber” and thus had standing under Section 43(a).

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126 Id. at 113 (finding that the plaintiff asserted “a specific interest because it has a particular market niche that is especially likely to be harmed” by the defendant’s counterfeit sales and misrepresentations.)
127 Id. at 114.
128 Camel Hair & Cashmere Institute, Inc. v. Associated Dry Goods Corp., 799 F.2d 6, 11 (1st Cir. 1986) (citing Quabaug Rubber Co. v. Fabiano Shoe Co., 567 F.2d 154, 160 (1st Cir. 1977)).
129 Id. at 11–12.
131 Camel Hair & Cashmere Institute, Inc., 799 F.2d at 12.
For the first time since 1982, the Sixth Circuit, addressed the appropriate test to determine a plaintiff’s prudential standing under Section 43(a) of the Lanham Act in August 2012.\textsuperscript{132} In \textit{Static Control Components, Inc. v. Lexmark Int’l, Inc.}, the plaintiff alleged that the defendant engaged in false advertising, thus violating the Lanham Act.\textsuperscript{133} The specific claim alleged that the defendant falsely told its customers that the plaintiff was infringing intellectual property rights, which in turn “misled” customers.\textsuperscript{134} Employing the “\textit{AGC}” factor test as used by the Third, Fifth, Eighth, and Eleventh Circuits, the District Court dismissed the plaintiff’s claim for lack of Lanham Act standing.\textsuperscript{135}

The Court of Appeals for the Sixth Circuit noted that its previous decision in \textit{Frisch’s Rests., Inc. v. Elby’s Big Boy of Steubenville, Inc.}, held that in order to bring a claim under the Lanham Act, a plaintiff “need not demonstrate actual losses as a result of the defendant’s” false advertising.\textsuperscript{136} This approach was later coined the “reasonable interest” test.\textsuperscript{137} In \textit{Static Control}, the Sixth Circuit formally adopted the “reasonable interest” test as its means for determining prudential standing to bring a false advertising claim under Section 43(a) of the Lanham Act.\textsuperscript{138} In its decision, the Sixth Circuit addressed the two approaches utilized by the other circuits, and expressly rejected to use these tests.\textsuperscript{139} The court first agreed with the Third Circuit’s rejection of the “distinction between [the] two types of claims” under Section 43(a), thus rejecting the “categorical”

\textsuperscript{132} \textit{Static Control Components, Inc. v. Lexmark Int’l, Inc.}, 697 F.3d 387, 410 (6th Cir. 2012).
\textsuperscript{133} \textit{Id.} at 409.
\textsuperscript{134} \textit{Id.}
\textsuperscript{135} \textit{Id.}
\textsuperscript{136} \textit{Frisch’s Rests., Inc. v. Elby’s Big Boy of Steubenville, Inc.}, 670 F.2d 642, 650 (2d Cir. 1982).
\textsuperscript{137} \textit{Static Control Components}, 697 F.3d at 410 (citing Johnson & Johnson v. Carter-Wallace, Inc., 631 F.2d 186, 190 (2d Cir. 1980)).
\textsuperscript{138} \textit{Static Control Components, Inc. v. Lexmark Int’l, Inc.}, 697 F.3d 387, 410-11 (6th Cir. 2012).
\textsuperscript{139} \textit{Id.}
approach used by the Seventh, Ninth, and Tenth Circuits.\textsuperscript{140} But, the Sixth Circuit also agreed with the Second Circuit’s rejection of the Third Circuit’s “conflation of the reasonable interest test with the \textit{AGC} factors,” stating that this test was “unnecessarily complicat[ing] the inquiry.”\textsuperscript{141} Thus, the Sixth Circuit held that the plaintiff in \textit{Static Control} had sufficient standing to bring a Lanham Act claim, since it alleged a “cognizable interest in its business reputation and sales” and sufficiently showed that the defendant’s false statements to the plaintiff’s customers were harming this interest.\textsuperscript{142}

**IV. Analysis**

Just like the Sixth Circuit, the Supreme Court should adopt the “reasonable interest” approach for determining Section 43(a) standing for the reasons articulated in the relevant decisions of the First, Second, and Sixth Circuits. This approach, which affords a plaintiff standing to sue if he shows both “a reasonable interest to be protected against the alleged false advertising” and “a reasonable basis for believing that the interest is likely to be damaged by the alleged false advertising,” provides a reasonably balanced test that protects the interests of commercial plaintiffs as well as consumers.\textsuperscript{143} Subsection A of this analysis explains why the Seventh, Ninth, and Tenth Circuit’s “categorical approach” is too rigid and unduly restricts the class of plaintiffs able to bring a false advertising claim under Section 43(a) of the Lanham Act. Subsection B discusses how the use of the \textit{AGC} antitrust factors by the Third, Fifth, Eighth, and Eleventh circuits creates an excessively broad standard while also severely complicating the inquiry of

\textsuperscript{140} Id.
\textsuperscript{141} Id. at 410.
\textsuperscript{142} Id. at 411.
\textsuperscript{143} \textit{Static Control}, 697 F.3d at 410.
Section 43(a) standing. Lastly, subsection C examines the nature of a false association claim, and discusses how these claims distinctly fall within the realm of trademark law, thus favoring a standard for standing that is tailored to the interests of trademark law rather than antitrust law.

A. The “Categorical Approach” utilized by the Seventh, Ninth, and Tenth Circuits is unreasonably restrictive

The “categorical approach” utilized by the Seventh, Ninth, and Tenth Circuits is too rigid, by stipulating that a plaintiff may only bring a false advertising claim if they have shown that they are in actual competition with the defendant. Under this standard, any noncompetitor is automatically denied standing to bring a false association claim under Section 43(a). In addition, these circuits add dichotomy to the analysis by stressing a distinction between false advertising claims and false association claims under Section 43(a). In justifying its decision, the Ninth Circuit noted the Congressional intent of enacting the Lanham Act was “to allow false advertising suits by competitors ‘to stop the kind of unfair competition that consists of lying about goods or services.’” However, the language used by Congress does not readily permit the inference that a Section 43(a) false advertising injury is confined to only plaintiffs in direct competition

144 L.S. Heath & Son, 9 F.3d at 575.
145 5 McCarthy on Trademarks and Unfair Competition Section 27:32 (4th ed.).
146 Waits v. Frito-Lay, 978 F.2d 1093, 1108 (9th Cir. 1992) (stating that Section 43(a) “provides two bases of liability: (1) 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 (‘false association’), and (2) false representations in advertising concerning the quality of goods or services (‘false advertising’)).
147 Id. at 1110 (holding that where the “misrepresentation simply concerns a product’s qualities, it is actionable under section 43(a) only insofar as the Lanham Act’s other purpose of preventing ‘unfair competition’ is served.).
with the defendants. False associations, just like trademark infringements, often times affect the public at large. Following this logic, it makes sense that the plain meaning of Section 43(a) allows standing to a plaintiff who shows that he “reasonably believes” that damage was caused by the false representations of the defendant.148

In Waits, the Ninth Circuit specifically stated that while the plaintiff of a false association claim does not have to be a competitor, Section 43(a) “grants a cause of action to certain noncompetitors who have been injured commercially by the ‘deceptive and misleading use of marks.’”149 Thus, the Ninth Circuit expressly states that a cause of action may exist for noncompetitors, but ultimately requires that for instances of false advertising, a plaintiff must show a “discernible competitive injury” in order to have standing under Section 43(a).150 The Tenth Circuit also stated that “standing to bring a section [Section 43(a)] claim requires the potential for commercial or competitive injury.”151 This language actually indicates that the Tenth Circuit recognized the possibility that a commercial interest would confer prudential standing on a plaintiff even if they were not in competition with the defendant, even if their ultimate holding did not portray this awareness.152 In sum, it is counterintuitive to force a plaintiff alleging a false advertising claim to be held to a heightened standard, and the “categorical approach” does exactly that.

148 5 McCarthy on Trademarks and Unfair Competition Section 27:32 (4th ed.)(summarizing the Third Circuit’s decision in Thorn v. Reliance Van Co., 736 F.2d 929 (3d Cir. 1984), which held that the plaintiff stockholder-noncompetitor had standing to sue the defendant corporation for false advertising which caused injury to the company the plaintiff owned stock in).
149 Waits, 978 F.2d at 1108 (emphasis added).
150 Id. at 1109.
152 Id.
B. The AGC factor test is inconsistent with the purposes of the Lanham Act and creates an improper and complicated analysis for standing under Section 43(a)

The Sixth Circuit correctly criticized the “AGC” test utilized by the Third, Fifth, Eighth, and Eleventh Circuits.\(^\text{153}\) While this approach relies on a test that has been applied by courts since the AGC decision in 1983, therefore providing clear and concise case law, the ultimate purpose of the Clayton Act differs significantly from that of the Lanham Act. The Clayton Act addresses issues of antitrust law and seeks to provide a remedy for “consumers who were forced to pay excessive prices by the giant trusts and combinations that dominated certain interstate markets”.\(^\text{154}\) Section 4 of the Clayton Act provides standing to “any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws” with standing to sue under this Act, thus clearly providing a remedy for members of a purely consumer class.\(^\text{155}\) With the enactment of the Section 43(a) of the Lanham Act, Congress’s purpose was to “create a special and limited unfair competition remedy” without regard to the general interests of mere consumers.\(^\text{156}\) It is important to note that while eliminating standing for a cause of action based solely on consumer rights, there is nothing in the legislative history that suggests Congress only intended direct competitors to have Section 43(a) standing to bring a false advertising claim. The court in AGC reconciled the broad language of the Clayton Act with its purpose and ultimately formulated this five-factor analysis to

\(^{153}\) Static Control Components, Inc. v. Lexmark Int’l, Inc., 697 F.3d 387, 410 (6th Cir. 2012) (stating that the AGC factors were “unnecessary” and convoluted the inquiry).


\(^{155}\) Id. (citing 15 U.S.C. § 15).

\(^{156}\) James S. Wrona, Article, False Advertising and Consumer Standing Under Section 43(a) of the Lanham Act: Broad Consumer Protection Legislation or a Narrow Pro-Competitive Measure?, 47 Rutgers L. Rev. 1085, 1097-98 (1995); see also S McCarthy on Trademarks and Unfair Competition Section 27:32 (4th ed.).
determine whether a plaintiff has a cause of action under the Clayton Act. When applying this test, the Third Circuit has emphasized that the issue of whether there was any competition between the parties is not determinative. Only the five-factor test is used to determine if standing is appropriate.

The Third, Fifth, Eighth, and Eleventh Circuits properly acknowledge that parties who are “not in ‘direct’ or ‘actual’ competition” may have prudential standing under Section 43(a) to bring a false advertising claim. However, the application of the AGC five-factor test is inappropriate for determining prudential standing under the Lanham Act. The Eleventh Circuit stated that the implementation of this test allows the court to determine whether “harm to the plaintiff’s ‘ability to compete’ in the marketplace and erosion of the plaintiff’s ‘good will and reputation’” has been proximately caused by the defendant’s conduct. However, the AGC factors are not necessary, and in some instances irrelevant in determining whether a plaintiff meets the aforementioned criteria. The first factor, “the nature of the plaintiff’s alleged injury” can be determined by the analysis under the “reasonable interest” approach; if the plaintiff can prove that they have a “reasonable interest to be protected” against false advertising by the defendant, their injury is clearly within the boundaries of the Lanham Act. The “directness” and “proximity” requirements as provided by AGC are covered by the “reasonable interest” test’s requirement that the plaintiff have a “reasonable basis for believing that this interest

158 5 McCarthy on Trademarks and Unfair Competition 27:32 (4th ed.)(stating that the Conte Bros. test “does not make competition between the parties the litmus test of standing).
159 Id.
160 Phoenix of Broward, Inc. v. McDonald’s Corp., 489 F.3d 1156, 1167 (11th Cir. 2007).
161 Id.
162 Id.; see also Ortho Pharm. Corp. v. Cosprophar, Inc., 32 F.3d 690, 694 (2d Cir. 1994).
is likely to be damaged by the false or misleading advertising."\textsuperscript{163} A court is likely to find that a plaintiff does not have a reasonable basis if the false advertising conduct by the defendant is far removed from the plaintiff's interests. Since a plaintiff often may only being asking for injunctive relief under Section 43(a), an AGC inquiry into the speculative nature or complexity of damages may be completely irrelevant under a Lanham Act claim. The damages inquiry seems to require a plaintiff to show the actual losses suffered, which would be an incredibly difficult burden for a plaintiff to meet.\textsuperscript{164} The AGC factors unnecessarily muddle the waters and pose too complex a standard for plaintiffs seeking to bring a cause of action for false advertising under Section 43(a).

\textit{C. Policy reasons favor the application of the "reasonable interest" approach, as false advertising claims are more akin to the traditional purposes of trademark law rather than antitrust actions}

The ultimate goal of Section 43(a) of the Lanham Act is to protect "consumers as well as commercial interests" from the detrimental market effects of false advertising.\textsuperscript{165} Through Section 43(a), Congress intended to protect all persons engaged in commerce from unfair competition, by regulating market practices such as false advertising and the use of misleading marks and representations.\textsuperscript{166} Herein lies the paradox; the Lanham Act seeks to prevent consumer harm, but at the same time does not allow consumers to have

\textsuperscript{163} \textit{Id.}

\textsuperscript{164} Johnson & Johnson v. Carter-Wallace, Inc., 631 F.2d 186, 192 (2d Cir. 1980) (stating that "sound policy reasons exist for not requiring proof of actual loss as a prerequisite to Section 43(a) injunctive relief. Failure to prove actual damages in an injunction suit, as distinguished from an action for damages, poses no likelihood of a windfall for the plaintiff. The complaining competitor gains no more than that to which it is already entitled a market free of false advertising.")

\textsuperscript{165} 5 McCarthy on Trademarks and Unfair Competition Section 27:25 (4th ed.).

\textsuperscript{166} \textit{Id.}
standing to sue for false advertising under Section 43(a). It is likely that this restriction exists because persons engaged in interstate commerce have a greater interest and are more easily situated to stop other commercial actors from taking part in misleading advertising.\textsuperscript{167} The ability to bring an antitrust action under the Clayton Act is far more expansive and confers standing to both consumers and commercial entities.\textsuperscript{168}

The concept of false advertising presents somewhat of an idiosyncrasy. Although technically nestled into trademark law, false advertising seems to fall somewhere between trademark law and antitrust law on the spectrum of consumer and commercial protection. Antitrust law broadly protects competition, while trademark law more specifically seeks to foster goodwill between competitors and seeks to protect competitors' businesses in the relevant marketplace.\textsuperscript{169} This distinction indicates that the test for antitrust standing should necessarily place a higher burden on a plaintiff seeking to make an antitrust claim. Under antitrust law, the harm suffered by an individual falls second to conduct that harms competition in general. Thus, the five-factor test is appropriately employed to determine whether a certain plaintiff is the proper person to be bringing a specific antitrust allegation. On the other hand, the only absolute restriction that should be placed on standing to bring a false advertising claim under Section 43(a) is that it should exclude private actions brought by a plaintiff who is merely a consumer. Aside from this bar, the standard for determining standing under Section 43(a) should be

\textsuperscript{167} 1-11 The Law of Advertising Section 11.02

\textsuperscript{168} 1 Callman on Unfair Competition, Trademarks, and Monopolies Section 4:49 (4th ed.)(stating that courts have extrapolated so far as to confer standing to a plaintiff who was "neither a competitor nor a consumer in the relevant market").

relatively lenient. This is particularly persuasive given the fact that there is no government enforcement of Lanham Act abuses thus allowing for only a completely private cause of action to bring Lanham Act claims.

"A perfect marketplace demands a perfect enlightenment of those who buy and sell." Without advertising, consumers would have the time consuming burden of having to personally discover what goods were on the market, the quality of those goods, and devise associations between those goods and the manufacturers. The development of advertising has aided in the formation of a quick and easy commerce stream, by not only informing consumers but also by persuading and influencing consumers to purchase particular goods and services. The "reasonable interest" test reconciles the purpose of the Lanham Act, which is to protect a commercial class of plaintiffs from the dishonest conduct of fellow commercial actors, while preserving the efficacy of competitive advertising. This test provides a simplistic analysis without imposing an unnecessary burden on a plaintiff attempting to bring a false advertising claim. Implicit in the application of the "reasonable interest" approach is the requirement that the plaintiff must show more than a mere "subjective belief" that he has been injured or is likely to be injured by the defendant's conduct. Thus, not just anyone is eligible to bring a claim

170 McCarthy on Trademarks and Unfair Competition Section 27:25 (4th ed.) (recognizing that since the Lanham act should protect both consumers and commercial parties from the deceitful practice of false advertising, this "policy supports relatively lenient standing to sue rules").


172 Id.

173 Id.


175 Id.
under Section 43(a) of the Lanham Act. This standard allows for an effective means of preventing consumer confusion and also ensures that consumer source indicators will not be impeded, thus maintaining lower search costs for consumers.

V. Conclusion

The "any person" language of Section 43(a) of the Lanham Act is broad, and seemingly would allow anyone to have standing in a false advertising context. The circuits are in agreement that this broad reading of the Lanham Act is not consistent with its purpose, yet they are split on how to reconcile this discrepancy. The Seventh, Ninth, and Tenth Circuits apply a stringent "categorical approach" which states that the plaintiff must be in "actual" or "direct" competition with the defendant and the plaintiff must "assert a competitive injury to establish prudential standing under Section 43(a)." The Third, Fifth, Eighth, and Eleventh Circuits analysis for prudential standing under the Lanham Act is the same analysis used to determine standing under Clayton Act; weighing the five factors articulated in the AGC antitrust case.

The Supreme Court should reconcile the drastically different tests employed by the various circuits in addressing the issue of who has standing to bring a cause of action under Section 43(a) of the Lanham Act. By employing one consistent test, the Supreme

176 P&G v. Amway Corp., 242 F.3d 539, 560 (5th Cir. 2001) (noting that the words "any person" in the language of § 43(a), when read literally, may cause one to conclude that "Congress intended to abrogate...prudential standing," which would result in anyone being able to sue under the Lanham Act as long as they meet the requirement of constitutional Article III standing).

177 Id. at 561; 15 U.S.C. §1125.

178 Phoenix of Broward, Inc. v. McDonald's Corp., 489 F.3d 1156, 1164 (11th Cir. 2007) (citing Jack Russell Terrier Network of N. Ca. v. Am. Kennel Club, Inc., 407 F.3d 1027, 1037 (9th Cir. 2005) (holding that in order to "establish standing pursuant to the ‘false advertising’ prong of § 43(a) of the Lanham Act, a plaintiff must show: (1) a commercial injury based upon a misrepresentation about a product; and (2) that the injury is ‘competitive,’ or harmful to the plaintiff’s ability to compete with the defendant.”).

179 Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc., 165 F.3d 221, 233 (3d Cir. 1998).
Court would provide clarity in the realm of intellectual property law, creating a straightforward analysis for plaintiffs who believe their rights have been infringed. The “reasonable interest” approach provides a test that is flexible and easily adaptable to various factual circumstances. As the Sixth Circuit stated, the AGC factor test is too convoluted and “unnecessarily complicat[es] the inquiry.” Furthermore, the “categorical approach” requires the court to first determine whether the plaintiff is asserting a false advertising or a false association claim, and then treats the two claims differently by requiring a plaintiff asserting a false advertising claim to prove that they are in competition with the defendant. The “reasonable interest” approach, however, allows a plaintiff to have prudential standing to sue under Section 43(a) if the plaintiff can show “a reasonable interest to be protected against the alleged false advertising” and “a reasonable basis for believing that the interest is likely to be damaged by the alleged false advertising.” The results of this test would allow a plaintiff to sue, even if the plaintiff was not in direct competition with the defendant, and does not require an analysis of the AGC factors. These results are consistent with the purpose of the Lanham Act; they “foster fair competition,” and provide the business community with “advantages of reputation and good will” and prevent those who have not created items to steal the spotlight from those who have. By not requiring an actual showing of losses,

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180 Ortho Pharm. Corp. v. Cosprophar, Inc., 32 F.3d 690, 694 (2d Cir. 1994).
182 Id.; see also Conte Bros., 165 F.3d at 232.
183 Id. at 410.
this test is both simplistic for courts to administer and reasonable for plaintiffs to satisfy.185

In our economic system, competition is king. Unless there are common law or statutory exemptions, parties are both entitled to and encouraged to compete with others.186 From an economic standpoint, antitrust injury is a broad concept based on the promotion of competition throughout the commercial world. Trademark law, however, is generally viewed as a type of property law in which an intangible item has value and the law seeks to protect the goodwill and the association of that intangible item with its manufacturer. In order to adhere to the purposes of the Lanham Act, mere consumers should still be precluded from having standing to bring a Section 43(a) false advertising claim.187 However, the proper test for determining standing under Section 43(a) is one that allows commercially interested individuals and entities to bring a suit without the harsh requirement that they must be in direct competition with the defendant. To ensure this balance, the Supreme Court should adopt the “reasonable interest” approach as employed by the First, Second, and Sixth Circuits, when determining whether or not a plaintiff has standing to sue for false advertising under Section 43(a) of the Lanham Act.

185 Frisch’s Rests., Inc. v. Elby’s Big Boy of Steubenville, Inc., 670 F.2d 642, 649 (2d Cir. 1982) (stating that a “plaintiff seeking in injunction...need not quantify the losses actually borne”).
187 5 McCarthy on Trademarks and Unfair Competition 27:32 (4th ed.).