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LANHAM ACT “FALSE ADVERTISING” CLAIMS: WHAT IS A PLAINTIFF TO DO?

*By Vincent N. Palladino**

I. INTRODUCTION

Our analysis must necessarily begin with Section 43(a)(1)(B) of the Lanham Act . . . [and with what] plaintiff must show.¹

The elements of a U.S. Trademark (Lanham) Act Section 43(a)(1)(B) false advertising claim were for all intents and purposes set out by a New York lawyer, Gilbert Weil, who proposed them in a law review article written thirty-three years before the statute was enacted.² Although Weil predicted that Section 43(a) would be used to challenge false claims made in advertising, he was less prescient in forecasting that a straightforward standard would replace his proposal as courts came to accept what was at the time a novel cause of action.³ A slightly revised version of Weil’s test routinely is applied today despite an intervening change in the statute itself.

When Weil addressed how plaintiffs should pursue a Section 43(a) false advertising claim, he was breaking new ground. He had before him only a handful of decisions passed down by courts that were at least as hostile to this new cause of action as they were comfortable with it. The elements he proposed cannot be found in the case law of the time. They departed from pre-1989 Section 43(a) in significant respects. And they diverge even further from Section 43(a)(1)(B) today.

This paper considers the wisdom of continuing to apply those elements. Part II traces the transformation of Weil’s proposal from its origins as a temporary measure, advanced in furtherance of a

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1. Warner-Lambert Co. v. Breathasure, Inc., 204 F.3d 87, 91 (3d Cir. 2000).

2. Gilbert H. Weil, *Protectability of Trademark Values Against Competitive Advertising*, 44 Cal. L. Rev. 527 (1956). The version of Lanham Act Section 43(a) that Weil addressed was amended effective November 16, 1989. A 1992 amendment added Section 43(a)(2) to address state violations, inserted “(1)” after “(a)” and designated paragraphs (1) and (2) as subparagraphs (A) and (B). See U.S. Trademark (Lanham) Act of 1946, Pub. L. No. 102-542, § 3(b), 106 Stat 3567.

3. Weil, *supra* note 2, 44 Cal. L. Rev. at 538.

fledgling cause of action, to the almost universally applied standard it is today. It shows that Weil's test served, and continues to serve, as the operative standard in Section 43(a) false advertising cases to the virtual exclusion of other tests that reflect the terms of the statute. And it suggests that the time has come to revisit Weil's approach.

Part III undertakes this reconsideration. It examines each of the five elements of a Section 43(a)(1)(B) claim. It then addresses how courts have struggled with the meaning of deception and have misapprehended the relationship between that element and falsity, materiality, and the right to relief. It concludes by observing that Section 43(a)(1)(B) does not actually prohibit false advertising and discusses why it is important to bear this in mind. Part IV considers how the law might look had Weil not influenced it in the way he did.

II. FROM WEIL TO SKIL

A. *Pre-1989 Section 43(a) Claims*

Lanham Act § 43(a) originally provided in pertinent part:

*Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, . . . shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.*⁴

Writing at a time when courts rarely viewed the statute as a vehicle for challenging the truth of statements made in advertising,⁵ Weil observed:

4. 15 U.S.C. § 1125(a) (emphasis added).

5. *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538, 546 (2d Cir. 1956) (“[T]he bar has not yet realized the potential impact of this statutory provision.”); 2 Anne Gilson LaLonde, *Gilson on Trademarks* § 7.02[1] at 7-9 (2010) (“Courts were initially reluctant to find that Section 43(a) covered false advertising claims.”); Walter Derenberg, *Federal Unfair Competition Law at the End of the First Decade of the Lanham Act: Prologue or Epilogue?*, 32 N.Y.U. L. Rev. 1029, 1040 (1957) (“[S]ection 43(a) has . . . remained largely unrecognized.”). As late as 1964 it was reported that the “explanation for . . . the general paucity of litigation under 43(a), probably lies in the general unawareness of the potential breadth of the section.” Note, *Competitive Torts*, 77 Harv. L. Rev. 888, 908 (1964). See also Richard F. Dole, Jr., *The Emergence of Deceptive Advertising as a Group Tort*, 62 N.W. L. Rev., 661, 674 (1967) (noting the paucity of Section 43(a) cases, but attributing it to different causes).

[I]f . . . a plaintiff is to prevail . . . he must be prepared to make a strong factual showing on the following points . . . :

1. that the defendant's advertisement is in fact false;
2. that it actually deceives or has the tendency to deceive a substantial segment of its audience;
3. that such deception is material, in the sense that it is likely to make a difference in the purchasing decision;
4. that the particular plaintiff has been or is likely to be injured as the result of the foregoing, either by direct diversion of sales from himself to the falsely advertising competitor, or by lessening of the good will which his own product enjoys with the buying public.⁶

Weil cited no authority for this standard. It did not appear in the cases he discussed.⁷ And he foresaw it giving way to a simpler test taken from trademark law:

In "passing off" cases a judicial willingness has been shown to accept the defendant's own judgment as to the effectiveness of his simulation. . . .

Except for the dead hand of the pre-Lanham Act cases, there would seem to be no reason, in a false advertising case, why the courts could not say that they "need no more" than the defendant's "forecast that he is 'likely' to succeed" through the use of his chosen misrepresentation. . . .

*Until they have firmly manifested an inclination to adopt this more sympathetic approach, however, it will be the better part of valor for the plaintiff's attorney to marshal all that he can by way of demonstrative evidence upon the elements outlined above.*⁸

6. Weil, *supra* note 2, 44 Cal. L. Rev. at 536-37.

7. S.C. Johnson & Son, Inc. v. Gold Seal Co., 230 F.2d 832 (D.C. Cir. 1956) (affirming *per curiam* dismissal of Section 43(a) claim in *Gold Seal Co. v. Wicks*, 129 F. Supp. 928 (D.D.C. 1955); L'Aiglon Apparel, Inc. v. Lana Lobell, Inc., 214 F.2d 649 (3d Cir. 1954) (Section 43(a) prohibits using photograph of plaintiff's dress to advertise defendant's inferior dress); Chamberlain v. Columbia Pictures Corp., 186 F.2d 923 (9th Cir. 1951) (dismissing Section 43(a) claim because statute does not change the "fundamental requirements necessary to sustain a suit for unfair competition, one such requirement being a direct injury to the property rights of a complainant by passing off the particular goods or services misrepresented as those of the complainant.").

8. Weil, *supra* note 2, 44 Cal. L. Rev. at 537-38 (emphasis added). In this view, the elements of a Section 43(a) false advertising claim comprise little more than the false statement itself, made in connection with defendant's product, from which the courts readily can deduce that the statement has had its intended effect of harming a competitor by unfair means.

A district court in *Skil Corp. v. Rockwell International Corp.* nevertheless adopted Weil's proposal almost verbatim.⁹ Like that proposal, the *Skil* elements departed from Section 43(a):

Original <i>Skil</i> Elements	Statute
1. in a comparative advertisement	in connection with any goods or services, or any container or containers for goods
a false statement of fact about the defendant's product or service	any false description or representation, including words or other symbols tending falsely to describe or represent
2. the advertisement actually deceived or has a tendency to deceive a substantial segment of its audience	
3. the deception is material in that it is likely to influence the purchasing decision	
4. the defendant caused its falsely advertised goods or services to enter interstate commerce	the defendant caused such goods or services to enter into commerce
5. the plaintiff has been or is likely to be injured as a result of the foregoing, either by a direct diversion of sales to the defendant or by a lessening of its goodwill	the plaintiff believes that he is or is likely to be damaged by the use of any such false description or representation

Skil element 1 addressed statements made in comparative advertisements about a defendant's own product or

9. The *Skil* court added element 4 and changed element 1 from "defendant's advertisement is in fact false" to "in its comparative advertisements defendant made false statements of fact about [defendant's] product [or service]." 375 F. Supp. 777, 783 (N.D. Ill. 1974). It is not the case that "[l]acking guidance in interpretation, and no doubt perplexed by the broad language with few specifics, the [*Skil*] court decided to promulgate its own common sense guidelines." 2 Gilson LaLonde, *supra* note 5, § 7.02[6][b] at 7-34.3.

service,¹⁰ although Section 43(a) referred broadly to statements made “in connection with any goods or services, or any container or containers for goods.” Elements 2 and 3 did not appear in the statute. The fact of actual or likely damage in element 5 differed from a “belie[f]” regarding such damage. And the statute was not qualified by references to a “direct diversion of sales to defendant” and a “lessening of [plaintiff’s] goodwill.”

In following Weil’s lead, the *Skil* court ignored *Potato Chip Institute v. General Mills, Inc.*,¹¹ where another district court had surveyed case law, legislative history, and legal commentary to an extent *Skil* did not¹² and set out a test tied to the statute:

To be entitled to injunctive relief [under Section 43(a)] the burden is upon the plaintiffs to show by a preponderance of the evidence:

- (1) the use by the defendant in connection with CHIPOS of a false description or representation, which may include words or symbols tending falsely to describe or represent CHIPOS;
- (2) the causing by the defendant of CHIPOS to enter commerce;
- (3) the reasonable belief of the plaintiffs that they are or are likely to be damaged by the use of such false description or representation.¹³

The law no doubt would have developed quite differently had courts adopted the *Potato Chip* standard:

<i>Skil</i>	<i>Potato Chip</i>	Statute
<i>in a comparative advertisement</i>	in connection with goods or services	in connection with any goods or services, or any container or containers for goods

10. Weil’s article refers to the first limitation, but not the second. See Maury Tepper, *False Advertising Claims and the Revision of the Lanham Act: A Step in What Direction?*, 59 U. Cin. L. Rev. 957, 958 (1991) (“In *Bernard Food Industries, Inc. v. Dietene Co.*, the United States Court of Appeals for the Seventh Circuit . . . asserted that a defendant could only be liable under the Lanham Act for false advertisements concerning its own products.”).

11. 333 F. Supp. 173, 179 (D. Neb. 1971), *aff’d per curiam*, 461 F.2d 1088 (8th Cir. 1972), *cited in* *Natcontainer Corp. v. Cont’l Container Corp.*, 362 F. Supp. 1094, 1100 (S.D.N.Y. 1973).

12. *Compare Potato Chip Inst.*, 333 F. Supp. at 178-79, *with Skil*, 375 F. Supp. at 781-82.

13. *Potato Chip Inst.*, 333 F. Supp. at 179.

<i>Skil</i>	<i>Potato Chip</i>	<i>Statute</i>
a false statement of fact about the <i>defendant's</i> product or service	a false description or representation, which may include words or symbols tending falsely to describe or represent.	any false description or representation, including words or other symbols tending falsely to describe or represent
<i>advertisement actually deceived or has a tendency to deceive a substantial segment of its audience</i>		
<i>deception is material in that it is likely to influence the purchasing decision</i>		
the defendant caused its falsely advertised goods or services to enter interstate commerce	the defendant caused such goods or services to enter into commerce	the defendant caused such goods or services to enter into commerce
the plaintiff <i>has been or is likely to be</i> injured as a result of the foregoing <i>either by a direct diversion of sales to the defendant or by a lessening of its goodwill</i>	the plaintiff reasonably believes that it is or is likely to be damaged by the use of such false description or representation	the plaintiff believes that he is or is likely to be damaged by the use of any such false description or representation

B. Section 43(a)(1)(B) Claims

1. The *Skil* Elements

If it is curious that a 1956 article proposing a temporary standard for a largely unrecognized cause of action underlay the 1974 *Skil* elements, it is odd indeed that those elements continue

to guide courts decades later despite a change in Section 43(a). Section 43(a)(1) currently reads:

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 or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.¹⁴

Although the statute differs from pre-1989 Section 43(a), courts routinely¹⁵ recite a version of the *Skil* elements that scarcely varies from the original standard.¹⁶ Typical is *Warner-Lambert Co. v. Brethasure, Inc.*, where the Third Circuit stated:

To establish a Lanham Act [Section 43(a)(1)(B)] claim based on a false or misleading representation of a product the plaintiff must show:

(1) that the defendant has made false or misleading statements as to his own product [or another's];¹⁷

14. 15 U.S.C. § 1125(a)(1)(A)-(B)(2011).

15. The Second Circuit typically does not lay out the *Skil* elements. And the Ninth Circuit has added “the statement was made in commercial advertisement or promotion” as a sixth element. *Newcal Indus., Inc. v. Ikon Office Solutions*, 513 F.3d 1038, 1052 (9th Cir. 2008).

16. *Zenith Elecs. Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1348 (Fed. Cir. 1999) (“There is substantial agreement among the circuits as to the elements of [Section 43(a)(1)(B)] claims, although the precise wording used varies.”); 2 Gilson LaLonde, *supra* note 5, § 7.02[6][b], at 7-34.3 (“One of the most influential court decisions on the interpretation of the Section’s false advertising language is *Skil Corporation v. Rockwell International Corporation.*”) and § 7.02[6][b] at 7-70 to 7-73 (collecting cases); 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 27:25, at 27-48 to 27-49 (4th ed. 2010); Charles E. McKenney & George F. Long, III, Federal Unfair Competition: Lanham Act § 43(a), § 6.3 at 6-27 to 6-28 (2010); Louis Altman & Mall Pollack, *Callmann on Unfair Competition, Trademarks, and Monopolies* § 5:5, at 3 (4th ed. 2010) (“Callmann”). The last two treatises do not reflect Section 43(a)(1)(B)’s reference to both “false and misleading” statements.

17. Since 1989 the statute has referred to “misleading” as well as “false” statements and prohibited statements about a plaintiff’s products, not merely a defendant’s products.

- (2) that there is actual deception or at least a tendency to deceive a substantial portion of the intended audience;
- (3) that the deception is material in that it is likely to influence purchasing decisions;
- (4) that the advertised goods traveled in interstate commerce; and
- (5) that there is a likelihood of injury to the plaintiff in terms of declining sales, loss of good will, etc.¹⁸

As set out in this and countless other cases, the *Skil* elements are at odds with Section 43(a)(1)(B):

Current <i>Skil</i> Elements	Statute
1. false or misleading statement about the plaintiff's or defendant's product or service	in connection with any goods or services, or any container for goods any false or misleading description of fact, or false or misleading representation of fact, which in commercial advertising or promotion misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities
2. actual deception or at least a tendency to deceive a substantial portion of intended audience	
3. the deception is material in that it is likely to influence purchasing decisions	

See The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 TMR 375, 430 (1987) (recommending change).

18. 204 F.3d 87, 91-92 (3d Cir. 2000). Other courts refer to both injury and likely injury in element 5. *See, e.g., Osmose, Inc. v. Viance, LLC*, 613 F.3d 1298, 1318 (11th Cir. 2010).

Current <i>Skil</i> Elements	Statute
4. advertised goods travel in interstate commerce	description or representation used in commerce
5. likelihood of injury to the plaintiff in terms of declining sales, loss of goodwill, etc.	the plaintiff believes that he or she is or is likely to be damaged by such act

Skil element 1 ignores the statutory requirements that the offending description or representation be made “in commercial advertising or promotion” and “misrepresent[] the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities.” Elements 2 and 3 do not appear in, and element 4 differs from, the statute. Element 5 continues to depart from a “belie[f] that [plaintiff] is or is likely to be damaged” and to refer to “declining sales, loss of goodwill.”

2. McCarthy’s Standard

According to Professor McCarthy:

Under § 43(a)(1)(B), plaintiff must plead and prove that defendant:

1. Uses a false or misleading
 - A. Description of fact or
 - B. Representation of fact;
2. In interstate commerce;
3. And in connection with goods or services;
4. In commercial advertising or promotion;
5. When the description or representation misrepresents the nature, qualities, or geographic origin of
 - A. The defendant’s goods, services or commercial activities or
 - B. The goods, services or commercial activities of another person;
6. And plaintiff has been or is likely to be damaged by these acts.¹⁹

¹⁹ 5 McCarthy, *supra* note 16, § 27:25, at 27-45 to 27-46.

Regarding the first element, McCarthy points out that “most courts will require that the representation be ‘material’ in the sense that it would have some impact on purchasing decisions.”²⁰

McCarthy’s standard tracks Section 43(a)(1)(B) more closely than the *Skil* elements. Noticeably absent is any reference to deception or a tendency to deceive as an independent element of a plaintiff’s claim. McCarthy also addresses the requirements that the challenged statement be made “in commercial advertising or promotion” and misrepresent the “nature, qualities, or geographic origin”²¹ of goods or services.²² Like the *Potato Chip* elements, McCarthy’s test effectively is ignored.²³

C. Revisiting Skil

It has been observed that:

Skil now stands shoulder to shoulder with other landmark court decisions which are as important in interpreting the Lanham Act as the Act itself. Its stature, despite its District Court origins, ranks with the *Polaroid* case [and] . . . compares favorably with . . . the *du Pont* case. . . . The only problem with *Skil* is its visibility: a number of courts cite and rely on its factors without giving it credit, appearing to take credit for themselves.²⁴

It also might be said that Weil’s proposal, despite its law review origins, has become a universally applied standard and that one problem with the article is its visibility: courts rely on Weil’s proposal without giving him credit—or assigning him blame.

20. *Id.* § 27:24, at 27-46 n.1. See also 2 Gilson LaLonde, *supra* note 5, § 7.02[6][b], at 7-34.3 (“A plaintiff in a false advertising case must prove several elements: the defendant made a false or misleading statement of fact about either the defendant’s or the plaintiff’s goods; the statement was or would have been material to consumers’ purchasing decisions; the statement must have involved the nature, characteristics, qualities or geographic origin of goods or services; the defendant made the statement in commercial advertising and promotion; the advertised product or service was used in commerce; and the statement caused harm to the plaintiff.”).

21. Element 5 also should refer to “characteristics.”

22. If element 3 neglects “commercial activities,” that is because Section 43(a)(1)(B) oddly prohibits the use of a description or representation in connection with “any goods or services, or any container for goods . . . which . . . misrepresents . . . goods, services, or commercial activities.” 15 U.S.C. § 1125(a)(1)(B) (emphasis added). The reference to “containers for goods” is a holdover from pre-1989 Section 43(a), which in turn took the term from the Trademark Act of 1920. See Derenberg, *supra* note 5, at 1034-39.

23. Research located no case in which the standard has been applied. A variation of the standard appears in *Spotless Enterprises, Inc. v. Carlisle Plastics, Inc.*, 56 F. Supp. 2d 274, 277 (E.D.N.Y. 1999).

24. 2 Gilson LaLonde, *supra* note 5, § 7.02[6][b] at 7-73, citing *Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961), and *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973).

Weil's proposal, as it has come down to us through *Skil*, differs in at least two respects from the *Polaroid* and *du Pont* tests. Whereas Weil and *Skil* set out the elements of a claim, *Polaroid* and *du Pont* identified evidentiary factors that bear on one element of a claim, namely, whether confusion is likely to occur.²⁵ Further, the *Skil* court adopted Weil's proposal although it lacked case support, departed from the statute, and was at odds with the more straightforward *Potato Chip* standard. The *Polaroid* test, by contrast, was grounded firmly on the Restatement of Torts.²⁶

Weil's proposal has become a fixture of the law, although he regarded it as a stop gap measure. The elements Weil proposed and *Skil* endorsed depart materially from the current statute, and their widespread adoption has contributed to considerable confusion. It is worth considering the wisdom of applying those elements to claims brought under Section 43(a)(1)(B) today. Although the *Skil* elements are well established, the law can change²⁷ as it has throughout the history of Section 43(a) itself.²⁸

III. RECONSIDERING *SKIL*: THE LAW TODAY

A. *Falsity*

Skil element 1 overlooks the requirement that the challenged description or representation be made "in commercial advertising or promotion." That provision was added to address First

25. *Star Indus., Inc. v. Bacardi & Co., Ltd.*, 412 F.3d 373, 381 (2d Cir. 2005) ("To succeed in a Lanham Act suit for trademark infringement, a plaintiff . . . must prove that its mark is entitled to protection and . . . the defendant's use of its own mark will likely cause confusion with plaintiff's mark."); 3 McCarthy, *supra* note 16, §§ 20:14, at 20-34, and 24:43 at 24-99 ("[T]he opposer contends that applicant's mark so resembles either (1) opposer's registered mark or (2) opposer's prior common-law mark or trade name, as to be likely to cause confusion. . . . The Federal Circuit uses the 13-part test developed in the 1973 *du Pont* case" in deciding whether confusion is likely to occur.).

26. *Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). Much the same thing can be said about the *du Pont* factors, which largely track the Restatement/*Polaroid* factors. See *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973). If *du Pont* was the first case to list them, it was hardly the first to recognize that factors such as the strength of the senior user's mark, the similarity of the parties' marks and goods or services, and the presence or absence of actual confusion bear on likely confusion in a Patent and Trademark Office proceeding. See *du Pont*, 476 F.2d at 1362 (citing cases).

27. *National Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841, 852 (2d Cir. 1997) (overruling state unfair competition cases); *Home Box Office v. Showtime/The Movie Channel*, 832 F.2d 1311, 1315-16 (2d Cir. 1987) (setting out new standard for disclaimers).

28. *PPX Enters., Inc. v. Audiofidelity Enters., Inc.*, 818 F.2d 266, 270-71 (2d Cir. 1987) ("Although early judicial interpretations of [Section 43(a)] restricted its applicability, section 43(a) subsequently has been employed successfully to combat a wide variety of deceptive commercial practices."); Kenneth B. Germain, *Unfair Trade Practices Under Section 43(a) of the Lanham Act: You've Come A Long Way Baby—Too Far Maybe?*, 49 Ind. L.J. 84 (1973).

Amendment concerns by excluding from the reach of Section 43(a)(1)(B) “political promotion” and “consumer or editorial content, parodies, satires, or other constitutionally protected material.”²⁹ This might better have been handled by prohibiting the commercial use of descriptions or representations of fact in connection with goods or services.³⁰ In any case, it was not. Perhaps for this reason, the courts—to the extent they consider the statutory language at all—frequently focus on whether a defendant is engaged in advertising or promotion, rather than on whether the challenged description or representation is commercial speech.

Courts, for example, have distinguished among commercial statements made in “person-to-person communications with customers, or widely-distributed anonymous advertisements, or directed pamphlets, or remarks made at a trade convention.”³¹

29. 5 McCarthy, *supra* note 16, § 27:71, at 25-157. *See also* 1800 Get Thin, LLC v. Hiltzik, 2011 U.S. Dist. LEXIS 81982, at *11 (E.D. Cal. July 25, 2011) (Alleged misrepresentations made in newspaper articles “do not constitute commercial speech and therefore are not subject to § 1125(a)(1)(B).”); 2 Gilson LaLonde, *supra* note 5, § 7.02[6][b], at 7-54 (“Congress included this requirement in order to distinguish regulable commercial speech from political speech, news commentary, and other clearly protectable forms of expressions.”).

30. *Compare* TrafficSchool, Inc. v. EDriver, 2011 U.S. App. LEXIS 15536, at *18 (9th Cir. July 28, 2011) (“[F]alse or misleading commercial statements aren’t constitutionally protected.”), *with* AFL Telecommunications LLC v. SurplusEQ.com, Inc., 2011 U.S. Dist. LEXIS 104310, at *6 (D. Ariz. Sept. 14, 2011) (“The representations must also ‘be disseminated sufficiently to the relevant purchasing public to constitute ‘advertising’ or ‘promotion’ within this industry.’”), quoting Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co., 175 F.3d 725, 735 (9th Cir. 1999). *See also* First Health Grp. Corp. v. BCE Emergis Corp., 269 F.3d 800, 803 (7th Cir. 2001) (“Any plan to occupy all of the constitutionally permitted space would have used the phrase ‘commercial speech,’ rather than ‘advertising or promotion’ in § 43(a)(1)(B). . . . The language and structure of § 43(a)(1)(B) do not suggest a line between commercial and political speech, with the former completely covered and the latter not. They suggest a line between varieties of commercial speech.”).

31. *Mapquest, Inc. v. Civix-DDI, LLC*, 2009 U.S. Dist. LEXIS 10670, at *13-14 (N.D. Ill. Feb. 11, 2009) (citing authority). *See also* *Suntree Techs., Inc. v. Ecosense Int’l, Inc.*, 2011 U.S. Dist. LEXIS 78642, at *29-34 (M.D. Fla. July 20, 2011) (statement in brochure “created to get consumers interested in Ecosense’s product” not actionable because brochure not widely circulated); *Dow Corning Corp. v. Jie Xiao*, 2011 U.S. Dist. LEXIS 54619, at *26-27 (E.D. Mich. May 20, 2011) (considering extent to which misrepresentation was disseminated); *Champion Labs., Inc. v. Parker-Hannifin Corp.*, 2011 U.S. Dist. LEXIS 52853, at *48 n.23 (E.D. Cal. May 17, 2011) (“If a written publication is not advertising material, or distributed to the general public for the purpose of promoting a product, it does not constitute commercial advertising under the Lanham Act.”); *Control Solutions, LLC v. Oshkosh Corp.*, 2011 U.S. Dist. LEXIS 32894, at *12 (N.D. Ill. Mar. 28, 2011) (“in person ‘sales pitch’ is not commercial advertising under the Act”); *Mut. Pharm. Co. v. Watson Pharm., Inc.*, 2009 U.S. Dist. LEXIS 107880, at *11 (C.D. Cal. Oct. 19, 2009) (applying four-factor test for determining whether defendant engaged in commercial advertising or promotion); *White Mule Co. v. ATC Leasing Co. LLC*, 540 F. Supp. 2d 869 (D. Ohio 2008) (dismissing Section 43(a)(1)(B) claim because commercial representation was not made in advertising or promotion); *Junction Solutions, LLC v. MBS Dev, Inc.*, 2007 U.S. Dist. LEXIS 86953, at *17 (N.D. Ill. Nov. 20, 2007) (Dismissing “claim that Junction made false

From a First Amendment perspective, these differences are irrelevant. A false or misleading statement about a product is no more protected by the First Amendment if it is made to prospective customers at a trade show than if it is more widely disseminated in an advertisement.³²

Skil element 1 also fails to reflect a change in Section 43(a) with respect to statements about geographic origin. Pre-1989 Section 43(a) provided a cause of action regarding “a false designation of origin . . . [to] any person doing business in the locality falsely indicated as that of origin or the region in which said locality is situated” and said nothing about misleading designations of origin.³³ Descriptions and representations regarding geographic origin—both false and misleading—today are the subject of Section 43(a)(1)(B), which confers standing on “any person who believes that he or she is or likely to be damaged by such act.”³⁴

Misrepresentations about geographic origin stand on the same footing as misrepresentations about other characteristics or qualities of a product or service. Indeed, the reference to

statements to . . . a major potential business partner of MBS [because] . . . statements must be made in commercial advertising or promotion.”); *Chamilia, LLC v. Pandora Jewelry, LLC*, 2007 U.S. Dist. LEXIS 71246, at *21-28 (S.D.N.Y. Sep. 24, 2007) (granting defendant’s motion for summary judgment because representations made at trade show were not made in advertising or promotion); *Conditioned Ocular Enhancement, Inc. v. Bonaventura*, 458 F. Supp. 2d 704, 710 (N.D. Ill. 2006) (“The Seventh Circuit has explicitly stated that letters sent to customers do not come within the scope of § 43(a)(1)(B)—which is limited to false or misleading “commercial advertising or promotion” and does not cover all deceitful business practices.”).

32. For a striking example of the extent to which the statutory language has distorted Congress’s original intent, see Jean Wegman Burns, *Confused Jurisprudence: False Advertising Under The Lanham Act*, 79 B.U. L. Rev. 807, 882-83 (1999) (Proposing an approach under which “courts will answer the question of whether a claim was made in ‘advertising or promotion’ as part of the materiality inquiry. A court will first determine the identity of the relevant ‘customers.’ Once the relevant purchaser groups are identified, the question becomes whether the claim was disseminated to an extent that it was material, as defined above, to a significant number of these consumers.”). This proposal strangely links commercial speech and materiality to dissemination of the speech.

33. Despite its subsequent expansion to include trademark infringement, this part of Section 43(a) originally was intended to address false designations of geographic origin. See, e.g., Walter Derenberg, *Federal Unfair Competition Law at the End of the First Decade of the Lanham Act: Prologue or Epilogue?*, 32 N.Y.U. L. Rev. 1029, 1037-38 (1957).

34. See 3 Gilson LaLonde, *supra* note 5, § 11.06 [1] at 11-159 to 11-160 (“The [1989] amendments to Section 43(a) removed a geographic restriction on the class of plaintiff who may bring actions under Section 43(a). The old version created two classes of persons who could bring actions: (a) any person doing business in the locality falsely indicated as that or origin or in the region in which said locality is situated, and (b) any person who believed that he was or was likely to be damaged by use of a false description or representation. By definition, class (a) was very limited. The action brought by those persons had to be predicated on a false designation of *geographic* origin, and they had to be doing business in the locality or region that was falsely indicated.”) (original emphasis).

geographic origin arguably is superfluous because geographic origin can be considered a characteristic or quality of a product or service.³⁵ Perhaps because *Skil* element 1 ignores the “nature,” “characteristics” and “qualities” of goods or services, few courts consider whether those additions to the statute limit pre-1989 Section 43(a), which referred without qualification to “goods or services.” It is an open question whether certain prohibited misrepresentations actually violate Section 43(a)(1)(B).³⁶

Although it has been said that “the law of . . . product disparagement became federalized” when Section 43(a) was amended to include statements about a plaintiff’s product,³⁷ the elements of a product disparagement claim and a Section 43(a)(1)(B) claim differ.³⁸ Among the differences are *Skil* element 1 (false *or misleading* statement of fact about the plaintiff’s *or defendant’s* product or service) and product disparagement element 2 (false *and disparaging* statement of fact about the product or service of the *plaintiff*).

It serves no useful purpose to apply the elements of a product disparagement claim in a Section 43(a)(1)(B) action involving a statement about the plaintiff’s, but not the defendant’s product or service. And courts in Section 43(a)(1)(B) comparative advertising cases would, absurdly, have to apply or choose between two different standards because comparative claims refer to both parties’ products or services. *Skil* element 1 is silent on these issues.

B. Deception

Skil element 2 is redundant. Reflecting the terms of Section 43(a)(1)(B), element 1 addresses “false” and “misleading” descriptions and representations of fact. These often are referred

35. The leading treatise nevertheless treats descriptions and representations regarding geographic origin separately from those regarding the nature, characteristics or qualities of goods and services. Compare 5 McCarthy, *supra* note 16, § 27:49 with §§ 27:50 to 27:58. This may suggest that the principles of law applicable to the latter category of cases, including methods of proof, do not apply when the case involves a statement about geographic origin.

36. Vidal Sassoon, Inc. v. Bristol-Meyers Co., 661 F.2d 272, 278 (2d Cir. 1981) (pre-1989 Section 43(a) prohibited misrepresentation about how product was tested); McKenney & Long, *supra* note 16, § 6:13, at 6-83 to 6-102 (identifying a host of prohibited misrepresentations).

37. 5 McCarthy, *supra* note 16, § 27:93, at 27-218. See also 2 Gilson LaLonde, *supra* note 5, § 7.02[2], at 7-11 (“[T]rade disparagement became actionable under Section 43(a).”).

38. U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia, 898 F.2d 914 (3d Cir. 1990) (distinguishing between post-amendment Section 43(a)(1)(B) and product disparagement claims); 5 McCarthy, *supra* note 16, §§ 27:91, 27:99; 2 Gilson LaLonde, *supra* note 5, § 7.02 [6][b], at 7-46 (“The extension of Section 43(a) to trade disparagement . . . will require courts to fashion a new body of federal trade disparagement law. . . . The amended Section is sufficiently specific that courts should not need to go far beyond it.”).

to as literally false³⁹ and impliedly (implicitly) false statements respectively.⁴⁰ Literally false and impliedly false (misleading) statements necessarily deceive because they depart from the facts. In the words of the statute, they actually “misrepresent[] the nature, characteristics, qualities, or geographic origin of . . . goods [or] services.”⁴¹

The plaintiff establishes element 1 by proving deception, namely, by showing that a statement departs from the facts.⁴² The plaintiff establishes that a statement is literally false by proving that the statement (i) is unambiguous and (ii) departs from the facts.⁴³ Where the statement is ambiguous because it reasonably is

39. “A literally false message may be either explicit or conveyed by necessary implication.” *PBM Prods., LLC v. Mead Johnson & Co.*, 639 F.3d 111, 120 (4th Cir. 2011), quoting *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 586-87 (3d Cir. 2002). *Accord* *Time Warner Cable v. DirecTV, Inc.*, 497 F.3d 144, 158 (2d Cir. 2007).

40. *Time Warner Cable, Inc. v. DirecTV, Inc.*, 497 F.3d 144, 153 (2d Cir. 2007) (discussing literal and implied falsity); *Cashmere & Camel Hair Mfgs. Institute v. Saks Fifth Ave.*, 284 F.3d 302, 311 (1st Cir. 2002) (distinguishing between “literally false and implicitly false” claims); *Pamlab LLC v. Seton Pharmaceuticals, LLC*, 97 U.S.P.Q.2d 1475 (S.D.N.Y. 2010) (citing authority); *LG Electronics U.S.A., Inc. v. Whirlpool Corp.*, 661 F. Supp. 2d 940, 948 (N.D. Ill. 2009) (“Federal false advertising claims generally fall into two categories: literal falsity and implied falsity.”).

41. 15 U.S.C. § 1125(a)(1)(B). The word “false” is taken from the Latin “fallere,” which means “to deceive.” *The American Heritage College Dictionary* 492 (3d ed. 1997). “Deception” is defined as “the use of deceit” and “deceit,” in turn, as “falseness.” *Id.* at 358-59. “Deceive” is a synonym for “mislead.” *Id.* at 358, 872. And “misrepresent” means “[to] give an incorrect or misleading representation of.” *Id.* at 872. *See also* *Guidance Endodontics, LLC v. Dentsply Int’l, Inc.*, 708 F. Supp. 2d 1209, 1239 (D.N.M. 2010) (“[T]he statement must be literally false—meaning ‘[u]ntrue,’ *Black’s Law Dictionary* at 677 (9th ed. 2009).”).

42. *U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia*, 898 F.2d 914, 922 (3d Cir. 1990) (“[T]he court first determines what message is conveyed. . . . After determining the message conveyed, the court must decide whether it is false or misleading.”) (citing authority), and cases cited at notes 43-47, *infra*.

43. *PBM Prods., LLC v. Mead Johnson & Co.*, 639 F.3d 111, 120 (4th Cir. 2011), quoting *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 586 (3d Cir. 2002) (“In analyzing whether an advertisement or product name is literally false, a court must determine, first, the unambiguous claims made by the advertisement or product name, and second, whether those claims are false.”); *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1312 (11th Cir. 2010) (“Having determined the meaning of the statements, we turn to the district court’s finding that the statements were literally false.”); *Time Warner Cable, Inc. v. DirecTV, Inc.*, 497 F.3d 144, 153 (2d Cir. 2007) (“[P]laintiffs alleging a literal falsehood are claiming that a statement, on its face, conflicts with reality, a claim best supported by comparing the statement itself with the reality it purports to describe.”); *Clorox Co., P.R. v. Procter & Gamble Co.*, 228 F.3d 24, 34 (1st Cir. 2000) (“[A] factfinder must determine the claim conveyed [and] . . . then evaluate whether that claim is false.”); *Turbon Int’l, Inc. v. Hewlett-Packard Co.*, 769 F. Supp. 2d 262, 268 (S.D.N.Y. 2011) (defendant failed “to provide a basis to compare the challenged statements [regarding after-market cartridges] with the ‘reality’ of after-market cartridges.”); *PHA Lighting Design, Inc. v. Kosheluk*, 2010 U.S. Dist. LEXIS 30752, at * (N.D. Ga. Mar. 30, 2010) (citing authority); *Green Bullion Financial Services, LLC v. Money4Gold Holdings, Inc.*, 639 F. Supp. 2d 1356, 1366 (S.D. Fla. 2009) (citing authority); *Bracco Diagnostics, Inc.*

subject to more than one interpretation,⁴⁴ the plaintiff establishes that the statement is impliedly false (misleading) by proving, (i) usually through a consumer survey,⁴⁵ what the statement means to a substantial segment⁴⁶ of its intended audience⁴⁷ and (ii) that this meaning departs from the facts.⁴⁸

v. Amersham Health, Inc., 627 F. Supp. 2d 384, 466-67 (D.N.J. 2009) (“The first step in analyzing whether GEH’s . . . claims are literally false requires the Court to determine the unambiguous claims used in GEH’s advertising. . . . Second, the Court must determine if the unambiguous statements are literally false.”).

44. *Time Warner Cable, Inc. v. DirecTV, Inc.*, 497 F.3d 144, 158 (2d Cir. 2007) (If a statement is “susceptible to more than one reasonable interpretation . . . [t]here may still be a ‘basis for a claim that the advertisement is misleading.’”); *Clorox Co., P.R. v. Procter & Gamble Commercial Co.*, 228 F.3d 24, 35-36 (1st Cir. 2000) (“[A] factfinder might conclude that the message conveyed by a particular advertisement remains so balanced between several plausible meanings that the claim made by the advertisement is too uncertain to serve as the basis of a literal falsity claim, though even in that case it could still form the basis for a claim that the advertisement is misleading.”); *Municipal Revenue Serv., Inc. v. Xspand, Inc.*, 700 F. Supp. 2d 692, 703 (M.D. Pa. 2010) (“[S]ince Xspand’s marketing statement is reasonably susceptible to the interpretation suggested by Xspand . . . the statement is not ‘unambiguous’ and cannot therefore be literally false.”), citing *Novartis Consumer Health, Inc. v. Johnson & Johnson Merck Consumer Pharms. Co.*, 290 F.3d 578, 586 (3d Cir. 2002); *Fair Isaac Corp. v. Experian Info. Solutions, Inc.*, 645 F. Supp. 2d 734, 762 (D. Minn. 2009) (“[T]he statements are susceptible of more than one reasonable interpretation and, therefore, cannot be literally false.”); 2 *Gilson LaLonde*, *supra* note 5, § 7.02[6][b] at 7-38 (“A description or representation is ‘misleading’ when the consuming public is shown to be confused by the advertisement’s ambiguous message.”).

45. Although evidence of consumer reaction is “usually in the form of market research or consumer surveys,” 5 *McCarthy*, *supra* note 16, § 27:55, at 27-113, on occasion other types of evidence may suffice. *See, e.g.*, *Merck Eprova AG v. Gnosis Bioreserach*, 2011 U.S. Dist. LEXIS 30683, at *12-13 (S.D.N.Y. Mar. 17, 2011) (discussing use of testimony where intended audience for alleged misrepresentation is small); *Mut. Pharm. Co. v. Watson Pharm., Inc.*, 2009 U.S. Dist. LEXIS 107880, at *10 (C.D. Cal. Oct. 19, 2009) (“[A]t the preliminary injunction stage, ‘full blown consumer surveys or market research are not an absolute prerequisite.”), quoting *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1247 (11th Cir. 2002).

46. Fifteen percent or more typically is considered substantial. *Collegesource, Inc. v. Academyone, Inc.*, 2011 U.S. Dist. LEXIS 43684 at *19 (E.D. Pa. Apr. 22, 2011), citing *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 594 (3d Cir. 2002) (“[S]urvey evidence demonstrating that 15% of the respondents were misled.”) and other authority; *Merisant Co. v. McNeil Nutritionals, LLC*, 515 F. Supp. 2d 509, 526 (E.D. Pa. 2007) (“15% is almost always deemed sufficient”) (citing authority).

47. *Time Warner Cable, Inc. v. DirecTV, Inc.*, 497 F.3d 144, 158 (2d Cir. 2007) (If a statement is “susceptible to more than one reasonable interpretation . . . the district court must look at consumer data to determine what ‘the person to whom the advertisement is addressed find[s] to be the message.’”); *Clorox Co., P.R. v. Procter & Gamble Co.*, 228 F.3d 24, 37 (1st Cir. 2000) (“In deciding whether a message is ‘misleading,’ the message conveyed is discerned by ‘public reaction.’”); *Pom Wonderful LLC v. Coca-Cola Co.*, 727 F. Supp. 2d 849, 868 (C.D. Cal. 2010), citing *Johnson & Johnson-Merck Consumer Pharms. Co. v. Smithkline Beecham Corp.*, 960 F.2d 294, 297-98 (2d Cir. 1992) (Plaintiff must show that “a statistically significant part of the commercial audience holds the false belief allegedly communicated by the challenged advertisement.”); *L.G. Elecs. U.S.A., Inc. v. Whirlpool Corp.*, 661 F. Supp. 2d 940, 950 (N.D. Ill. 2009) (“[B]efore a court can consider the truth or falsity of an advertisement’s message, ‘it must first determine what message was actually

With respect to a glass cleaner that contains no wax, the statement “contains wax” is literally false and “Glass Wax” impliedly false (misleading) if glass cleaner purchasers in sufficient numbers understand “Glass Wax” to mean the cleaner contains wax. In neither case is there a need to prove deception as an independent element of the plaintiff’s claim.⁴⁹ Statements are false or misleading precisely because they cause “public deception.”⁵⁰

Weil’s inclusion of deception as an independent element of a Section 43(a) claim reflects his misreading of the *Gold Seal* case. The issue before the *Gold Seal* court was whether “Glass Wax,” as applied to a glass cleaner without wax, were “words tending falsely to describe [defendant’s] product.”⁵¹ In deciding that the plaintiff had failed to prove this, the court pointed to the absence of evidence that “any substantial number of reasonable consumers were misled or likely to be misled [by the words ‘Glass Wax’] as to the nature of the product.”⁵² Rather than see this as one plaintiff’s failure to prove implied falsity, Weil urged all plaintiffs to prove

conveyed to the viewing audience.”); *Mut. Pharm. Co. v. Watson Pharms., Inc.*, 2009 U.S. Dist. LEXIS 107880, at *10 (C.D. Cal. Oct. 19, 2009) (citing authority).

48. *Buetow v. A.L.S. Enters., Inc.*, 2011 U.S. App. LEXIS 17126, at *15-16 (8th Cir. Aug. 11, 2011) (discussing expert testimony); *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 476 (D.N.J. 2009), quoting *Astrazeneca LP v. Tap Pharm. Prods., Inc.*, 444 F. Supp. 2d 278, 295 (D. Del. 2006) (“Where a plaintiff cannot show that a claim is literally false . . . it must show that the advertisement conveyed an impliedly false message that was misleading to consumers.”) (citing authority).

49. The duplicative nature of elements 1 and 2 is illustrated by cases such as *Aristotle International, Inc. v. NGP Software, Inc.*, 714 F. Supp. 2d 1, 7, 9 (D.D.C. 2010) (discussion of deception repeats standards set out in discussion of falsity); *CKE Rest. v. Jack In The Box, Inc.*, 494 F. Supp. 2d 1139, 1143 (C.D. Cal. 2007) (“To establish the first and second prongs, Plaintiffs isolate two statements within the challenged commercials.”); *Ideal Instruments, Inc. v. Rivard Instruments, Inc.*, 479 F. Supp. 2d 968, 990 (N.D. Iowa 2007) (“For much the same reason that Rivard has little or no chance of proving a false statement by Ideal [element 1], Rivard has little or no chance of proving that Ideal’s statements . . . actually deceived or had the tendency to deceive a substantial segment of its audience . . . (second element).”); *Century 21-Re/Max Real Estate v. Re/Max South County*, 882 F. Supp. 915, 922 (C.D. Cal. 1994) (“To establish elements one and two, a plaintiff can show either 1) that the challenged advertisement is ‘literally false’ or 2) while the advertisement is literally true, it is ‘likely to mislead or confuse consumers.’”), quoting *Johnson and Johnson * Merck Consumer Pharms. Co. v. SmithKline Beecham Corp.*, 960 F.2d 294, 297 (2d Cir. 1992). See also cases cited at notes 179-83, *infra*.

50. *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 112 (2d Cir. 2010), quoting *Johnson & Johnson-Merck Consumer Pharms. Co. v. Smithkline Beecham Corp.*, 960 F.2d 294, 298 (2d Cir. 1992). See also Rebecca Tushnet, *Running the Gamut from A to B: Federal Trademark and False Advertising Law*, 159 U. Pa. L. Rev. 1305, 1307 (2010) (“[T]hey are the same claim from the consumer’s standpoint.”).

51. *Gold Seal Co. v. Wicks*, 129 F. Supp. 928, 938 (D.D.C. 1955).

52. *Id.* at 940.

that “the defendant’s advertisement is in fact false”⁵³ and that “it actually deceives or has the tendency to deceive a substantial segment of its audience.”⁵⁴

Following Weil’s lead today requires plaintiffs to prove that “defendant has made false or misleading statements as to his own product or another’s” (element 1) and that “there is actual deception or at least a tendency to deceive a substantial portion of the intended audience” (element 2). This suggests that there are four categories of statements: a false statement that actually deceives; a false statement that has a tendency to create substantial deception; a misleading statement that actually deceives; and a misleading statement that has a tendency to create substantial deception. There are two: a statement is false or misleading.⁵⁵ Each statement deceives because it conveys—to all reasonable members or to a substantial segment of its intended audience—a message that departs from the facts.

C. Materiality

1. Requiring Materiality

The materiality requirement also reflects Weil’s reading of *Gold Seal*. According to Weil, the district court dismissed the plaintiff’s claim in part because it “did not find the designation deceptive in the material sense that it made any difference to purchasers of the product.”⁵⁶ Weil, in turn, maintained that if a “plaintiff is to prevail . . . he must be prepared to make a strong showing . . . that such deception is material, in the sense that it is likely to make a difference in the purchasing decision.”⁵⁷

A less likely rationale can be seen in the article’s title—*Protectability of Trademark Values Against Comparative Advertising*—and Weil’s development of that theme. Weil urged that “an advertiser who lays claim to performance characteristics which make his product more desirable than those of his competitors enhances his own trademark at the expense and diminution of theirs.”⁵⁸ Such an advertiser arguably is making a

53. Element 1 would better have been “defendant’s description or representation is in fact false.”

54. Weil’s discussion of deception was not a model of clarity. Phrases such as “deceptive in the material sense” do not distinguish clearly between deception and materiality. And in discussing Section 43(a), he highlighted a statement from *Gold Seal* that addressed Section 2(a). See Weil, *supra* note 2, 44 Cal. L. Rev. at 536.

55. See Section 43(a)(1)(B) and element 1 of the *Skil* and McCarthy standards, *supra* notes 18-19.

56. Weil, *supra* note 2, 44 Cal. L. Rev. at 536.

57. *Id.* at 536-37.

58. *Id.* at 527.

material claim, namely, one that is likely to influence purchasing decisions.

As a rationale for a materiality requirement, this would be questionable today. Weil may have found the connection between trademarks and advertising helpful, or even necessary, in explaining to a skeptical audience why Section 43(a) banned false claims made in advertising. Section 43(a)(1)(B) stands on its own apart from the so-called trademark prong of Section 43(a)(1)(A). And Section 43(a)(1)(B) claims are not invariably brought by direct competitors, which Weil's trademark-based rationale contemplates.

A materiality requirement nevertheless was a reasonable gloss on pre-1989 Section 43(a) and remains so in cases brought under Section 43(a)(1)(B). Plaintiffs should be entitled to challenge false or misleading statements of fact about products and services that are likely to influence purchasing decisions and discouraged from litigating the truth of statements that are unlikely to affect consumer behavior and thus plaintiffs' commercial interests. Consumers, in turn, have an interest in being shielded from misrepresentations that are likely to affect their buying decisions.

2. Defining Materiality

a. Weil's View Today

In Weil's view, a statement was material if it was "likely to make a difference in the purchasing decision."⁵⁹ Although he did not elaborate, he suggested that virtually any false statement a party took the trouble to make about its product might well be material:

[O]nce falsity of an advertising claim is established . . . the courts might readily reason that an advertiser can hardly be expected to expend large sums of money to publicize a representation unless he believes that it will lead to sales of his product.⁶⁰

Weil's formulation—if not his expansive interpretation—remains a fixture of the *Skil* elements.

Despite the reference to a "likely" effect on purchasing decisions, it has been reported that "most courts will require that the representation be 'material' in the sense that it *would have some impact on* purchasing decisions;"⁶¹ that "[f]or a

59. *Id.* at 537.

60. *Id.*

61. 5 McCarthy, *supra* note 16, § 27:24, at 27-46 n.1 (emphasis added). *See also id.* at 27-73 to 27-74.

misrepresentation to be actionable, consumers must find the claim to be material—that is, it *must affect* the consumer’s purchasing decisions;⁶² and that “[m]aterial advertising claims are those which *attract* a customer or otherwise *affect* his choice.”⁶³ Clarification is in order because a likely and an actual effect on consumer choice present different burdens of proof.⁶⁴

Weil’s “likely” effect standard equates materiality with any effect on purchasing decisions—however small—that is likely to occur. Although arguably promoting strict truth in advertising, it bans misrepresentations that are likely to have even a negligible effect on purchasing decisions. If the likely effect of misrepresentations is to be weighted, the courts must adopt a further standard such as a likely effect on a “significant number of” purchasing decisions,⁶⁵ a likely “substantial” effect on purchasing decisions,⁶⁶ or a likely effect on “some” purchasing decisions.⁶⁷

That the courts have not done so is clear from the cases as illustrated by the Restatement (Third) of Unfair Competition. In setting out what actually may be two standards—“significant number” and “substantial” effect⁶⁸—the Restatement cites no supporting case law.⁶⁹ Rather, “[o]n the requirement that the representation substantially influence the purchasing decision,” it points to “similar rules in Restatement, Second, Torts § 546, Comment b; Restatement, Second, Contracts § 167, Comment a.”⁷⁰

62. 2 Gilson LaLonde, *supra* note 5, § 7.02 [6][b][i][B] at 7-50 (emphasis added).

63. Callmann, *supra* note 16, § 5:27 at 1 (emphasis added).

64. Cashmere & Camel Mfrs. Inst. v. Saks Fifth Ave., 284 F.3d 302, 313 (1st Cir. 2002) (“[I]t is important to reiterate . . . that plaintiffs are not required to present evidence that defendants’ misrepresentation actually influenced consumers’ purchasing decisions, but that it was *likely* to influence them.”) (original emphasis); Restatement (Third) of Unfair Competition § 3, cmt. b at 38 (1995) (addressing whether consumers are “likely to attach importance to the representation in determining whether to engage in a proposed transaction” and stating that it is not “necessary to demonstrate that purchasers would have acted differently in the absence of the representation”).

65. Restatement (Third) of Unfair Competition § 3 cmt. b at 38 (“If a significant number of prospective purchasers are likely to attach importance to the representation in determining whether to engage in a proposed transaction, the representation is material.”).

66. *Id.* (“It is sufficient if the representation is likely to influence prospective purchasers to some substantial degree.”).

67. Callmann, *supra* note 16, § 5:27 at 1. This standard misreads Restatement (Third) of Unfair Competition § 3 cmt. b.

68. *Supra* notes 65-66. Influencing a “significant number” of prospective purchasers and influencing prospective purchasers to “some substantial degree” may be different standards. *Cf. In re Spirits International, N.V.*, 563 F.3d 1347 (Fed. Cir. 2007) (addressing materiality in the context of Lanham Act § 2(e)(3)). This case is discussed further in Part III.C.2.c., *infra*.

69. Restatement (Third) of Unfair Competition cmt. b Reporters’ Notes at 44.

70. *Id.* It is not the case that “[w]hen *materiality* has to be proven under the Lanham Act, it usually must be shown that the claim at issue likely would affect purchase decisions

b. Inherent Quality or Characteristic

Some courts, including the Second Circuit in particular, associate materiality with an “inherent quality or characteristic” of goods or services. That is a tenuous—and dubious—connection.

Decided before *Gold Seal* and Weil’s discussion of that case, *Samson Crane Co. v. Union National Sales, Inc.*⁷¹ did not address materiality, much less create a “presumption . . . that claims were material if they related to the inherent nature or quality of the subject goods or services.”⁷² In *Samson Crane*, the plaintiff alleged that the defendant operated a retail store “under the name ‘I.A.M.’ or ‘I.A.M. District Lodge 38 Clothing Project’ in order to represent to the public that the store is being operated by defendant unions or for their benefit” and that this violated Lanham Act Section 43(a) and Federal Trade Commission Act Section 5.⁷³

The court granted a motion to dismiss the Lanham Act claim because the plaintiff did not allege that the complained of conduct occurred in commerce and because it failed to state a claim. Regarding the second ground, the court said:

[T]he false representations of which plaintiff complains are not such as fall within the scope of Section 43(a) of the Lanham Act. . . . “[A]ny false description or representation” [must] . . . describe or represent, not any fact, but the goods or services in connection with which the description or representation is used. . . . The deceitful practices of which plaintiff here complains involve no false description or representation of the goods themselves or false designation of origin.⁷⁴

The reference to the “nature [or] quality” of the goods appeared in the succeeding sentence as part of the phrase “nature, quality, or origin of the goods”:

All that is alleged is conduct by which members of the public are led to purchase clothing at a certain retail store not because they have been *deceived* in any way as to the *nature, quality, or origin of the goods* offered for sale there, but because they have been led to *a false belief that by such*

of a significant percentage of the intended audience.” Richard J. Leighton, *Materiality and Puffery in Lanham Act False Advertising Cases: The Proofs, Presumptions, Pretexts*, 94 TMR 585, 586 (2004) (emphasis added). See also *SkyDive Arizona, Inc. v. Quattrocchi*, 2009 U.S. Dist. LEXIS 128418, at *89 (D. Ariz. Feb. 2, 2009) (confusing surveys regarding the meaning of a statement with surveys regarding the materiality of a statement).

71. 87 F. Supp. 218 (D. Mass. 1949), *aff’d per curiam*, 180 F.2d 896 (1st Cir. 1950).

72. Leighton, *supra* note 70, at 593.

73. 87 F. Supp. at 220-21.

74. *Id.* at 221-22 (emphasis added).

*purchases they would be conferring a financial benefit upon a labor organization to which they were disposed to give their support.*⁷⁵

The *Samson Crane* court distinguished between deceptive statements that are made about goods or services and deceptive statements that are not, between deceptive statements that describe or represent “not any fact, but the goods or services in connection with which the description or representation is used.” This came straight from the statute, which addressed statements made “in connection with any goods or services.” Although a deceptive statement about goods or services should have more influence on purchaser choice than a deceptive statement about some other fact, a potential effect on purchaser choice is not why *Samson Crane* said the statement must be about goods or services.

Twenty-five years after *Samson Crane* was decided, the district court in *Fur Information & Fashion Council, Inc. v. E. F. Timme & Sons, Inc.*⁷⁶ dismissed a Section 43(a) claim in which the plaintiff contended that the defendant’s advertisements “carried the false implication that buying defendant’s products would save tigers and leopards from being killed for use of their fur in garments.”⁷⁷ In affirming, the Second Circuit said that Section 43(a) “was intended to apply only to misrepresentations relating to the inherent qualities of defendant’s own goods.”⁷⁸ As support, it cited *Samson Crane* although that case did not refer to the “inherent” qualities of goods.⁷⁹ It went on to observe:

*From a reading of the statute itself, it seems quite obvious that its purpose was to prevent false descriptions of the goods being offered. . . . [I]n enacting Section 43(a), Congress could hardly have intended to flood the federal courts with claims that an advertiser had misrepresented the social desirability of its products or disparaged the ecological sensitivity of its competitors.*⁸⁰

In *Vidal Sassoon, Inc. v. Bristol-Myers, Co.*, the Second Circuit ruled that “[w]hile we recognize that § 43(a) encompasses only misrepresentations with reference to the “inherent quality or characteristic” of the defendant’s product, see *Fur Information &*

75. *Id.* at 222 (emphasis added).

76. 501 F.2d 1048 (2d Cir. 1974).

77. *Id.* at 1049.

78. *Id.* at 1051.

79. *Id.* The Second Circuit also cited *Bernard Foods Industries, Inc. v. Dietene Co.*, 415 F.2d 1279, 1283 (7th Cir. 1969), for the proposition that “misrepresentations [must] relate not to defendant’s product but to that manufactured by the plaintiff.”

80. *Fur Info.*, 501 F.2d at 1051-52 (emphasis added).

Fashion Council, Inc. v. E. F. Timme & Son, Inc., the plaintiff's claim concerning the methodology used to test the defendant's product met that standard.⁸¹ Without mentioning materiality, the Second Circuit cited *Vidal Sassoon in Coca-Cola Co. v. Tropicana Products, Inc.* for the proposition that Section 43(a) is intended to "eliminate misrepresentations with reference to the inherent quality or characteristic of another's product."⁸² It did so again in *National Ass'n of Pharmaceutical Manufacturers. v. Ayerst Laboratories*,⁸³ where it also said that a Sherman Act Section 2 claim, not a Section 43(a) claim, requires that the alleged misrepresentation be "clearly material."⁸⁴

These pre-1989 cases cannot fairly be read as equating an inherent quality or characteristic of goods or services with materiality. Even to attempt to do so, one must ascribe to the word "inherent" a meaning that does not appear in the Second Circuit cases and ignore that these cases can be traced back to *Samson Crane*, which did not use the word "inherent" at all. Like *Samson Crane* before it, *Fur Information & Fashion* concerned a claim that was not made about goods or services. *Vidal Sassoon* held that a claim about how goods are tested is a claim about the goods themselves within the meaning in *Fur Information & Fashion*. *Coca-Cola* and *National Ass'n of Pharmaceutical Manufacturers* cited *Vidal Sassoon* without discussing Section 43(a) materiality.

Whether a description or representation is made about a product and whether it is material are different issues. An automaker that claims "We care about the environment—and you" is not making a description or representation about its cars within the meaning of Section 43(a)(1)(B). A Section 43(a)(1)(B) claim is made by an automaker that claims "Our cars deliver 40 mpg" or "Our cars come without ashtrays." Whether those descriptions or representations are material depends on several factors including why consumers buy cars and, in particular, whether they are likely to care about gas mileage or the availability of ashtrays in the car they plan to buy.

It was in *National Basketball Ass'n v. Motorola, Inc.*⁸⁵ (the *NBA* case) that the Second Circuit equated an inherent quality or characteristic of goods or services with materiality. Addressing the plaintiff's Section 43(a)(1)(B) claim, the court observed that "in addition to proving falsity, the plaintiff must also show that the defendants 'misrepresented an 'inherent quality or characteristic'"

81. 661 F.2d 272, 278 (2d Cir. 1981).

82. 690 F.2d 312, 318 (2d Cir. 1982).

83. 850 F.2d 904, 917 (2d Cir. 1988).

84. *Id.* at 916.

85. 105 F.3d 841 (2d Cir. 1997).

of the product.”⁸⁶ It immediately went on to state that “[t]his requirement is essentially one of materiality, a term explicitly used in other circuits.”⁸⁷ It cited as support not its own decisions, but cases from other circuits that list materiality among the *Skil* elements without mentioning the inherent quality or characteristic of goods or services.⁸⁸

Cases decided since *NBA* have done little to clarify the meaning of materiality. Some confuse the materiality requirement with how that requirement can be met.⁸⁹ Others continue to equate materiality with an inherent quality or characteristic of goods or services.⁹⁰ This assumes that statements about all other qualities or characteristics of goods or services are unlikely to have any effect on purchasing decisions although that is not so.⁹¹ Seats are

86. *Id.* at 855, citing *National Ass’n of Pharm. Mfrs. v. Ayerst Labs.*, 850 F.2d 904, 917 (2d Cir. 1988), and quoting *Vidal Sassoon, Inc. v. Bristol-Myers Co.*, 661 F.2d 272, 278 (2d Cir. 1981).

87. *Id.*

88. *American Tel. & Tel. Co. v. Winback and Conserve Program, Inc.*, 42 F.3d 1421, 1428, n.9 (3d Cir. 1994); *Alpo Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 964 (D.C. Cir. 1990); *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488, 1500 (5th Cir. 1990). As one of Motorola’s attorneys, I can say that the connection drawn by the Second Circuit was not made in briefing the NBA’s cross-appeal from dismissal of its Section 43(a)(1)(B) claim, which received very little attention in what was chiefly a copyright and common law misappropriation case. See 2 McCarthy, *supra* note 16, § 10:62.10, at 10-171 (“In a groundbreaking decision in 1997, the Second Circuit held that while the *INS v. AP* misappropriation tort survives copyright preemption, the tort must be carefully pleaded so as not to conflict with federal copyright law.”).

89. *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1319 (11th Cir. 2010) (“A plaintiff may demonstrate this [materiality] by showing that the ‘defendants misrepresented an inherent quantity or characteristic of the product.’”), quoting *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1250 (11th Cir. 2002); *CJ Products LLC v. Snuggly Plushez LLC*, 2011 U.S. Dist. LEXIS 94811, at *26 (S.D.N.Y. Aug. 22, 2011) (“As Seen On TV does . . . pertain to an inherent feature of the product.”); *1524948 Alberta Ltd. v. Lee*, 2011 U.S. Dist. LEXIS 77365, at *15 (N.D. Ga. July 19, 2011), citing *Cashmere & Camel Hair Mfrs. v. Saks Fifth Avenue*, 284 F.3d 302, 311-12 (1st Cir. 2002) (“One method of establishing materiality involves showing that the false or misleading statement relates to an ‘inherent quality or characteristic’ of the product.”); *Atlanta Allergy & Asthma Clinics, P.A. v. Allergy & Asthma of Atlanta, LLC*, 685 F. Supp. 2d 1360, 1380 (N.D. Ga. 2010) (“A plaintiff may establish materiality by proving that ‘the defendants misrepresented an inherent quality or characteristic of the product.’”); *Sunlight Saunas, Inc. v. Sundance Sauna, Inc.*, 427 F. Supp. 2d 1032, 1060 (D. Kan. 2006) (survey evidence regarding materiality not needed where challenged claim addressed inherent characteristics of product).

90. *Osmose, Inc. v. Viance, LLC*, 612 F. 3d 1298, 1250 (11th Cir. 2010) (safety and efficacy of product are inherent qualities or characteristics); *L. & J.G. Stickley, Inc. v. Cosser*, 255 Fed. Appx. 541, 543 (2d Cir. 2007) (To be “material [a statement] must ‘misrepresent[] an inherent quality or characteristic of the product.’”).

91. Bruce P. Keller, *How Do You Spell Relief? Private Regulation of Advertising Under Section 43(a) of the Lanham Act*, 75 TMR 227, 238 (1985) (“[T]he inherent characteristic requirement . . . is . . . an illogical and superfluous method of limiting section 43(a) claims. If a misrepresentation is sufficiently material, purchasing decisions will necessarily be influenced by the misleading statement.”).

an inherent characteristic of a car. The type of the material that covers them is not. To be marketable, cars need seats. The seats need not be covered in leather. Still, automakers advertise the availability of leather-covered seats and car buyers are influenced by the availability of this non-essential product feature.

Tying materiality to an inherent quality or characteristic of a product or service differs from deciding whether a statement about a product or service is actionable.⁹² The latter issue, which *NBA* did not address, concerns the relationship between an “inherent quality or characteristic” and “nature, characteristics, qualities, or geographic origin.”⁹³ There is no good reason to depart from the language of the statute. Because it does so, the inherent quality or characteristic paradigm calls into question the viability of pre-1989 cases such as *Fur Information & Fashion*, *Vidal Sassoon*, *Coca-Cola*, and *National Ass’n of Pharmaceutical Manufacturers*, ignores Section 43(a)(1)(B)’s reference to “geographic origin,” and blurs two different issues.⁹⁴

c. Section 2(e)(3) Materiality

Materiality is an element of the test for whether a mark is primarily geographically deceptively misdescriptive:

[T]he PTO must deny registration under § 1052(e)(3) if (1) the primary significance of the mark is a generally known geographic location, (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place, and (3) the misrepresentation was a material factor in the consumer’s decision.⁹⁵

92. *Salon Fad v. L’Oreal USA, Inc.*, 2011 U.S. Dist. LEXIS 2233, at * 78 (S.D.N.Y. Jan. 10, 2011) (distinguishing between the two issues).

93. *Compare Société des Hotels Meridien v. LaSalle Hotel Operating Partnership*, 380 F.3d 126, 132 (2d Cir. 2004) (apparently equating statutory language and “inherent quality or characteristic” while not addressing materiality), *with B. Sanfield, Inc. v. Finlay Fine Jewelry Corp.*, 857 F. Supp. 1241, 1245-46 (N.D. Ill. 1994) (distinguishing between statutory language and “inherent quality or characteristic” of goods or services as used in pre-*NBA* cases). The issue necessarily was not addressed in pre-1989 cases, including *Fur Info. & Fashion*, *Vidal Sassoon*, *Coca-Cola*, and *National Ass’n of Pharm. Mfrs.*, because they were decided before the statute was amended.

94. 5 McCarthy, *supra* note 16, § 27:64, at 27-140 (“The Second Circuit . . . requirement [in *Vidal Sassoon* and *Coca-Cola*] that the misrepresentation must be one as to the ‘inherent quality or characteristic’ of the goods . . . is a reformulation of the need for the misrepresentation to be ‘material.’”); 2 Gilson LaLonde, *supra* note 5, § 7.02 [6][b], at 7-53 (stating that the Second Circuit’s pre-1989 cases “apparently developed this [inherent quality or characteristic] test as its version of the materiality analysis.”).

95. *In re California Innovations, Inc.*, 329 F.3d 1334, 1341 (Fed. Cir. 2003). It is beyond the scope of this paper to compare the three-element Section 2(e)(3) test and the five-element Section 43(a)(1)(B) test. That they differ is plain. For example, a coined term such

The Federal Circuit has said that “in order to establish a prima facie case of materiality there must be some indication that a substantial portion of the relevant consumers would be materially influenced in the decision to purchase the product or service by the geographic meaning of the mark.”⁹⁶ This circular test holds that a misrepresentation is material if a substantial portion of the relevant consumers are “materially influenced” by it. And the court arrived at this test by confusing elements 2 and 3 of a Section 43(a)(1)(B) claim⁹⁷ and misreading the Restatement (Third) of Unfair Competition.⁹⁸

3. Proving Materiality

a. Motivation, Reliance, and Concern

Proving that a misrepresentation is material raises at least three issues. These are: 1) consumer motivation, which typically considers the importance of the product or service feature to which a misrepresentation is directed; 2) consumer reliance, which considers how a misrepresentation is used; and 3) consumer concern, which considers the extent to which a misrepresentation departs from the facts.

The first issue typically⁹⁹ reflects the importance of the product or service feature that is misrepresented.¹⁰⁰ An automaker

as LOCH-A-MOOR for whiskey presumably would be entitled to registration as a trademark under Section 2(e)(3) if the evidence showed that the primary significance of the mark is not a generally known geographic location. By contrast, in *Scotch Whiskey Ass'n v. Consolidated Distilled Products*, 210 U.S.P.Q. 639, 643 (N.D. Ill. 1981), the court ruled that LOCH-A-MOOR violated Section 43(a) because it was “likely to mislead purchasers and potential purchasers . . . to believe LOCH-A-MOOR to be a product of Scotland.”

96. *In re Spirits Int'l, N.V.*, 563 F.3d 1347, 1356-57 (Fed. Cir. 2009).

97. *Id.* at 1355. *See also* *Guantanamo Cigars Co. v. Corporacion Habana, S.A.*, 729 F. Supp. 2d 246, 254 (D.D.C. 2010) (“To satisfy the *materiality* requirement, a substantial portion of relevant consumers must be likely to be *deceived*.”) (emphasis added).

98. The court neglected the reference in Restatement (Third) of Unfair Competition § 32 cmt. b. to Section 14, Illustration 3, which is taken from the *Gold Seal* case. *See* Restatement (Third) of Unfair Competition § 14 at 138. Neither *Gold Seal* nor *Weil* included a proportionality requirement for materiality. *Weil* urged that plaintiffs prove there is a “tendency to deceive a substantial segment of [the advertisement’s] intended audience.” *Weil, supra* note 2, 44 Cal. L. Rev. at 536.

99. For an exception, see *Alpo Petfoods, Inc. v. Ralston Purina Co.*, 720 F. Supp. 194, 209 (D.D.C. 1989) (“There is ample evidence that Ralston’s CHD claims are material. The extensive planning of the campaign, the considerable prepublication review of the ‘effectiveness’ of the claims, Ralston’s own enthusiastic support of the campaign and its evaluation of the success of the campaign clearly evidence this finding.”), *rev’d in part on other grounds*, 913 F.2d 958 (D.C. Cir. 1990).

100. *Hackett v. Hackett Miller Co., Inc.*, 2011 U.S. Dist. LEXIS 101485, at *17 (D. Nev. Sept. 8, 2011) (“This is like choosing your hotel based on it having an award-winning booking system; Who cares?”); *Trident Prods. & Servs., LLC v. Canadian Soilless Wholesale, Ltd.*, 2011 U.S. LEXIS 78337, at *10 (E.D. Va. July 19, 2011) (claim of product exclusivity is

might misrepresent the crash test results, gas mileage, trunk capacity, or rear leg room of its own or another automaker's cars. Misrepresenting crash test results or gas mileage will have a greater effect on purchasing decisions than misrepresenting trunk capacity or rear leg room because crash test results and gas mileage are more important features of a car than the other two features.

Proof regarding the importance of a product feature may range from an unsound presumption that almost any misrepresentation of fact made in marketing a product is important¹⁰¹ to “[c]onsumer survey evidence [regarding] whether an allegedly false statement is material.”¹⁰² Between those extremes, courts may find that certain types of product features unquestionably are important,¹⁰³ consider witness testimony regarding a feature's importance,¹⁰⁴ and favor such evidence over a materiality survey.¹⁰⁵

“likely to influence the purchasing decision”); *Dow Corning Corp. v. Jie Xiao*, 2011 U.S. Dist. LEXIS 54619, at *30 (E.D. Mich. May 20, 2011) (“[A] statement to the affect [sic] that Defendants are in possession of proprietary Dow Corning technology could influence an actual purchaser.”); *Salon Fad v. L’Oreal USA, Inc.*, 2011 U.S. Dist. LEXIS 2233, at *18 (S.D.N.Y. Jan. 10, 2011) (“[T]he claim that the defendants’ products are sold only in salons goes directly to a highly relevant aspect of the product.”); *IDT Telecom, Inc. v. CVT Prepaid Solutions, Inc.*, 2009 U.S. Dist. LEXIS 120355, at *27-28 (D.N.J. Dec. 28, 2009) (“advertisements go so clearly to the purpose of the product”); 2 *Gilson LaLonde*, *supra* note 5, § 7.02[6][b] at 7-51 (addressing significance of misrepresentations regarding exclusive manufacture and price).

101. Weil all but endorsed this approach. *See Weil*, *supra* note 2, 44 Cal. L. Rev. at 538. Some courts illogically presume that literally false statements necessarily are material. *See notes 186-87, infra*.

102. *Castrol Inc. v. Pennzoil Co.*, 987 F.2d 939, 954 (3d Cir. 1993) (Ruth, dissenting). *See also 2 Gilson LaLonde*, *supra* note 5, § 7.02(6)(b) at 7-50 to 7-51 (“In close cases, courts should probably insist upon consumer surveys or testimony by industry experts to determine whether potential purchasers of a certain type of product would rely upon a representation in making purchasing decisions.”); cases cited at notes 106-108, *infra*.

103. *Osrose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1250 (11th Cir. 2010) (safety and efficacy of product); *IDT Telecom, Inc. v. CVT Prepaid Solutions, Inc.*, 2009 U.S. Dist. LEXIS 120355, at *27-28 (D.N.J. Dec. 28, 2009) (“advertisements go so clearly to the purpose of the product”); *Sunlight Saunas, Inc. v. Sundance Sauna, Inc.*, 427 F. Supp. 2d 1032, 1060 (D. Kan. 2006); 2 *Gilson LaLonde*, *supra* note 5, § 7.02[6][b] at 7-51 (exclusive manufacture and price); *Leighton*, *supra* note 70, at 594-95.

104. *U.S. Pharm. Corp. v. Trigen Labs., Inc.*, 2011 U.S. Dist. LEXIS 13637, at *25 (N.D. Ga. Jan. 27, 2011); *Skydive Arizona, Inc. v. Quattrocchi*, 2009 U.S. Dist. LEXIS 128418, at *89 (D. Ariz. Feb. 2, 2009); *Healthport Corp. v. Tanita Corp. of Am.*, 563 F. Supp. 2d 1169, 1180 (D. Or. 2008) (“Tanita submitted testimony from health professionals who stated that they seek the most accurate equipment for determining body composition and that claims that a metabolic analyzer is the most accurate or the only one patented for accuracy would influence their purchasing decisions.”).

105. *IDT Telecom, Inc. v. CVT Prepaid Solutions, Inc.*, 2009 U.S. Dist. LEXIS 120355, at *27-28 (D.N.J. Dec. 28, 2009) (declining to rely on survey evidence regarding materiality because statements in the “advertisements go so clearly to the purpose of the product”); *Rexall Sundown, Inc. v. Perrigo Co.*, 651 F. Supp. 2d 9, 39 (E.D.N.Y. 2009) (“[A] survey’s inability to find evidence that any confusion influenced the purchasing decision does not

Survey cases do not agree on how to assess the importance of a product feature. One approach considers the effect of the challenged advertisement. A reasonable objection is that this does “not establish whether the offending language in the ad affected purchasing decisions—it shows at most that the ad as a whole affects the decisions.”¹⁰⁶ A more commonly used technique determines the percentage of respondents who consider a product feature important.¹⁰⁷ A related approach addresses how important consumers consider a product feature to be.¹⁰⁸

Although intuitively reasonable as far as they go, the last two techniques ignore how a misrepresentation is used and the extent to which it departs from the facts. The same can be said of any

require a finding of immateriality as a matter of law . . . [and] does not mean that materiality cannot be proven by other means.”).

106. *Century 21-Re/Max Real Estate v. Re/Max South County*, 882 F. Supp. 915, 924 (C.D. Cal. 1994). *See also Astrazeneca LP v. TAP Pharm. Prods., Inc.*, 444 F. Supp. 2d 278 (D. Del. 2006) (rejecting use of closed ended questions concerning whether challenged advertisement would make consumers more or less likely to buy the product). A test-control survey model presumably would address this concern. *See generally* Diamond, Reference Manual on Scientific Evidence 229, 256-60 (2d ed. 2000).

107. The cases have not settled on the percentage of respondents who must hold this view. *See JTH Tax, Inc. v. H&R Block Eastern Tax Servs.*, 28 Fed. Appx. 207, 214 (4th Cir. 2002) (“21.7% of those surveyed . . . indicated that use of the phrase ‘refund amount’ would be more effective than use of the term ‘loan’”); *TrafficSchool.com, Inc. v. EDriver, Inc.*, 633 F. Supp. 2d 1063, 1080 (C.D. Cal. 2008) (“[S]urvey found that 67% of potential consumers consider ‘recommended by the DMV’ to be an important factor in their decision as to which traffic school to choose.”), *aff’d in pertinent part*, 2011 U.S. App. LEXIS 15536 (9th Cir. July 28, 2011); *Alpo Petfoods, Inc. v. Ralston Purina Co.*, 720 F. Supp. 194, 211 (D.D.C. 1989) (“Consumer survey studies . . . revealed that over eighty percent of those who viewed the commercial found the . . . claim important in making their Puppy Food purchases.”), *rev’d in part on other grounds*, 913 F.2d 958 (D.C. Cir. 1990); *Rexall Sundown, Inc. v. Perrigo Co.*, 651 F. Supp. 2d 9, 38 n.11 (E.D.N.Y. 2009) (“Survey found that ‘[o]f those exposed to the claim, 55% thought the product would be better, compared with 38% among those not exposed to the . . . claim.’”); *Sanderson Farms, Inc. v. Tyson Foods, Inc.*, 547 F. Supp. 2d 491, 508 (D. Md. 2008) (“Nine out of ten consumers considered it important to have antibiotic-free chicken.”); *CKE Rest. v. Jack In The Box, Inc.*, 494 F. Supp. 2d 1139, 1145 (C.D. Cal. 2007) (“Plaintiffs’ survey indicates that 17% of consumers were less likely to buy hamburgers made with Angus beef . . . [and] that 14% of consumers were more likely to buy hamburgers made with Angus beef.”).

108. *Pom Wonderful LLC v. Orange Juice USA, Inc.*, 769 F. Supp. 2d 188 (S.D.N.Y. 2011) (Respondents rated product attributes “on a spectrum ranging from ‘Not at all important’ to ‘Very important.’”); *Munchkin, Inc. v. Playtex Prods., LLC*, 2011 U.S. Dist. LEXIS 58800, at *35-36 (C.D. Cal. Apr. 11, 2011) (Survey showed that “odor control is the primary attribute purchasers look to in deciding whether to buy a diaper pail.”); *Aristotle Int’l, Inc. v. NGP Software, Inc.*, 714 F. Supp. 2d 1, 9 (D.D.C. 2010) (defendant urged that plaintiff’s surveys showed consumers did not regard partisanship as a “primary reason” or “important factor” in choosing a software vendor); *Campagnolo S.R.L. v. Full Speed Ahead*, 2010 U.S. Dist. LEXIS 46176, at *27 (W.D. Wash. May 11, 2010) (survey showed that product features at issue were the “first, second, and fourth most important characteristics consumers consider when purchasing a crankset”); *Sanderson Farms, Inc. v. Tyson Foods, Inc.*, 547 F. Supp. 2d 491, 508 (D. Md. 2008) (“[A] claim of antibiotic-free chicken is the second most important claim that consumers looked for when shopping for chicken.”).

evidence regarding materiality that focuses solely on the importance of a product feature. The inherent quality or characteristic paradigm in particular suffers from this weakness. The materiality of a misrepresentation will not invariably be “self-evident’ because the advertisements attack[] an inherent quality [of the product].”¹⁰⁹

How a misrepresentation is used affects whether consumers are likely to rely on the misrepresentation. The court in one case concluded that “because there is no evidence that a potential consumer could view the offending video jacket prior to purchase, any deception relating to advertisement of the video must be immaterial.”¹¹⁰ In another, by contrast, the court observed that the plaintiff “has provided evidence that clients relied on . . . NAMI’s sales teams representations about compliance rates in electing to contract with NAMI.”¹¹¹ Courts also consider whether consumers

109. *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1318 (11th Cir. 2010). *See also* *Merck Eprova AG v. Gnosis S.P.A.*, 2011 U.S. Dist. LEXIS 30683, at *13-14 (S.D.N.Y. Mar. 17, 2011) (applying inherent quality and characteristic test *and* considering how challenged claim was used); *accord*, *Brooks v. Topps Co., Inc.*, 2007 U.S. Dist. LEXIS 94036, at *24-25 (S.D.N.Y. Dec. 21, 2007).

110. *Rice v. Fox Broad. Co.*, 333 F.3d 1170, 1181 (9th Cir. 2003). *See also* *Allen Organ Co. v. Galanti Organ Builders Inc.*, 798 F. Supp. 1162 (N.D. Ill. 1992), *aff’d*, 995 F.2d 215 (3d Cir. 1993) (misrepresentations in promotional brochures immaterial because brochures had little effect on decision to buy expensive product); *Suntree Technologies, Inc. v. Ecosense Int’l, Inc.*, 2011 U.S. Dist. LEXIS 78642, at *37-38 (M.D. Fla. July 20, 2011) (“Bids for projects are mainly determined by the price of the overall bid, . . . and decisions about which specific products will be used on these types of projects are made by engineers who look at product specifications, not advertisements.”); *Champion Labs., Inc. v. Parker-Hannifin Corp.*, 2011 U.S. Dist. LEXIS 52853, at *45 n.23 (E.D. Cal. May 17, 2011) (“Statements made inside the product’s packaging, available to consumers only after the purchase has been made, do not affect the choice to purchase, that choice having been made at an earlier point.”); *Merck Eprova AG v. Gnosis Bioresearch S.A.*, 2011 U.S. Dist. LEXIS 30683, at *13 (S.D.N.Y. Mar. 17, 2011) (“Defendants argue that ‘industry custom and practice is to test raw ingredients independently prior to finalizing a purchase’ and therefore any alleged incorrect labeling could not affect purchasing decisions.”); *U.S. Pharm. Corp. v. Trigen Labs, Inc.*, 2011 U.S. Dist. LEXIS 13637, at *25 (N.D. Ga. Jan. 27, 2011) (challenged statements immaterial in light of way purchasing decisions were made); *Rainworks Ltd. v. Mill-Rose Co.*, 609 F. Supp. 2d 732, 741 (N.D. Ohio 2009) (“Mill-Rose has shown that it only packed and shipped GPI’s permits to GPI’s customers after the purchase had already been made. A genuine issue is created, therefore, as to whether or not markings on the packaging likely and materially influenced purchasing decisions.”).

111. *Insignia Sys., Inc. v. News Am. Mktg. In Store, Inc.*, 661 F. Supp. 2d 1039, 1066-67 (D. Minn. 2009). *See also* *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1319 (11th Cir. 2010) (“[T]he heavy reliance on [plaintiffs] independence and reputation enhances the likelihood that misrepresentations would influence purchasing decisions.”); *Munchkin, Inc. v. Playtex Products, LLC*, 2011 U.S. Dist. LEXIS 58800, at *36 (C.D. Cal. Apr. 11, 2011) (“63% of diaper pail consumers changed their decision after seeing the product [with a sticker bearing the challenged claim] on the shelf (importance of in-store marketing); and . . . the average number of diaper pails per household is typically one (limited market share and added importance of marketing.”).

are likely to notice a misrepresentation as it is used on a package or in an advertisement.¹¹²

Whether consumers would be likely to care about the misrepresentation if they knew the facts involves the extent to which the misrepresentation departs from the facts. A misrepresentation about a product feature (gas mileage) can vary from significant (claiming 30 mpg for a car that delivers 20 mpg) to inconsequential (claiming 21 mpg for a car that delivers 20 mpg). At some point, the departure may be so small that it would not be “likely to influence the purchasing decision”¹¹³ even if the facts were known. Exactly where to draw that line is unclear.¹¹⁴

The courts have not addressed the relationship among consumer motivation, reliance, and concern. If the issues are mutually exclusive, the plaintiff must prove all three. To successfully challenge a misrepresentation about a car, a plaintiff must show that the misrepresentation addresses a product feature of concern to consumers (e.g., gas mileage), that consumers rely (or are likely to rely) on the misrepresentation in light of the way it is used (e.g., prominently in a television advertisement), and that the misrepresentation departs from the facts to a non-trivial degree (e.g., claiming 25 mpg for a car that delivers 20 mpg).

There arguably is a relationship among the issues. For example, a misrepresentation about a very important product feature might be material even if the misrepresentation departs less from the facts than a misrepresentation about a feature that consumers do not consider as important. Or a court might hesitate to conclude that consumers will not rely on a misrepresentation if the misrepresentation concerns a very important product feature

112. *Rexall Sundown, Inc. v. Perrigo Co.*, 651 F. Supp. 2d 9, 30 (S.D.N.Y. 2009) (location of challenged statements on packaging was relevant to whether statements were material to consumer purchasing decisions); *Brooks v. Topps Co., Inc.*, 2007 U.S. Dist. LEXIS 94036, at *25 (S.D.N.Y. Dec. 21, 2007) (“[T]he miniscule font in the footnote makes it highly unlikely that it would attract customers’ attention.”).

113. *Borden, Inc. v. Kraft, Inc.*, 224 U.S.P.Q. 811, 819 (N.D. Ill. 1984) (claim that cheese slice contained 5 ounces of milk was not a material misrepresentation where slice contained 4.6 ounces) (citing authority). *See also* *U.S. Pharm. Corp. v. Trigen Labs, Inc.*, 2011 U.S. Dist. LEXIS 13637, at *37 (N.D. Ga. Jan. 27, 2011) (“USPC has failed to prove . . . that the presence or absence of a small amount of oil soluble acid ester has a material effect on purchasing decisions.”); *Pom Wonderful LLC v. Welch Foods, Inc.*, 737 F. Supp. 2d 1105 (C.D. Cal. 2010) (false claim that product contained “100% Pomegranate Juice” was not material where product contained only trace amounts of another juice); *Haan Crafts Corp. v. Chitwood*, 683 F. Supp. 1234, 1241 (N.D. Ind. 1988) (false claim not material where defendant’s product was only slightly smaller than advertised and plaintiff “offered no proof that its customers prefer a slightly larger product”).

114. In another context, courts hold that even minor differences between domestic goods and parallel imports can be material. *See, e.g., Societe des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633 (1st Cir. 1992).

because of the greater risk that misinformation about the feature poses to consumers.

Considering fewer than all the issues can lead to anomalous results. A court might conclude, for example, that consumers are likely to be influenced by a minor inaccuracy about an important product feature if it considers only issue 1, by a gross departure from the facts about an unimportant product feature if it considers only issue 3, or by a meaningful departure from the facts about an important product feature on which consumers do not actually rely if it ignores issue 2.

The courts also have paid little attention to whether a plaintiff must demonstrate actual consumer motivation, reliance, and concern or their likelihood, which tracks the materiality test itself. The courts do not make clear whether they are evaluating actual or likely consumer motivation when they consider a product feature's importance. They typically consider whether consumers actually rely on a misrepresentation and whether consumers would be likely to notice a misrepresentation on a product or in an advertisement. Absent contrary evidence, they generally infer that consumers would be unlikely to care about a misrepresentation that departs from the facts to a trivial degree.

The trier of fact ideally would ask whether consumers are likely to be motivated by a misrepresentation regarding a product feature, likely to rely on the misrepresentation, and likely to care about the misrepresentation's departure from the facts. The plaintiff, in turn, would introduce evidence from which the trier of fact could infer that consumers are likely to behave in these ways.

Likely Consumer Behavior	Inferential Evidence
Motivation to buy product	Importance of misrepresented product feature
Reliance on misrepresentation	Use of misrepresentation
Concern about misrepresentation's departure from the facts	Degree of departure from the facts

The plaintiff would not need to prove that consumers actually are motivated by a misrepresentation, actually rely on a misrepresentation, or actually care about a misrepresentation's departure from the facts.

b. Meaning and Materiality

Although it has been observed that the "materiality of a representation, like its meaning, must be determined from the

perspective of the audience to whom it is directed,”¹¹⁵ the inquiries differ. What a statement actually means to consumers differs from whether a statement is likely to influence their buying decisions. The courts conclude that a literally false statement conveys one inaccurate message to all reasonable members of its intended audience and that an impliedly false (misleading) statement conveys an inaccurate message to a substantial segment of its intended audience. In addressing materiality, the courts consider whether a false or misleading statement is likely to affect the intended audience’s decisions to buy.

Proof regarding a statement’s meaning varies with the statement’s clarity. The meaning of a statement may be explicit, necessarily implied, or implied. Evidence of consumer reaction typically is required to ascertain the meaning of a statement that allegedly is implied. Whether a statement is material turns on proof regarding the importance of the product feature to which the statement is directed, how the statement is used, and the extent to which the statement departs from the facts. Consumer reaction evidence sometimes is introduced on the first issue, but not on the second or the third.

D. Use in Commerce

Skil element 4 is the one element Weil did not propose and the one least disputed in litigation. It reflects pre-1989 Section 43(a), which referred to use of a false description or representation in connection with goods or services and “caus[ing] such goods or services to enter into commerce.” Section 43(a)(1)(B) refers instead to the “use[] in commerce [of] . . . any . . . false or misleading description of fact, or false or misleading representation of fact” in connection with goods and services.¹¹⁶ Given how most products and services are marketed, retaining *Skil* element 4 may be largely a harmless error.¹¹⁷ Still, the elements of a Section 43(a)(1)(B) claim should reflect the current statute, not the one it replaced.

115. Restatement (Third) of Unfair Competition § 3 cmt. b at 38. See also cases regarding deception and materiality in Part III.F.3, *infra*.

116. See *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 n.3 (9th Cir. 1997) (noting this change); *TrafficSchool.com, Inc. v. EDriver, Inc.*, 633 F. Supp. 1063, 1074 (C.D. Cal. 2008) (“Defendants placed their statement in interstate commerce, and therefore the fourth element is satisfied.”).

117. But see 5 McCarthy, *supra* note 16, §§ 27:47, at 27-101 to 27-103.

E. Likely and Actual Injury

1. Beyond Weil's Trademark Model

Weil's proposal regarding likely and actual injury departed from pre-1989 Section 43(a):

Weil	Statute
the plaintiff has been or is likely to be injured as the result of the foregoing, either by direct diversion of sales from himself to the falsely advertising competitor, or by lessening of the goodwill that his own product enjoys with the buying public	the plaintiff believes that he is or is likely to be damaged by the use of any such false description or representation

Weil's trademark model accounts for his reference to diverted sales and loss of goodwill. Weil maintained that a false claim would increase sales of the defendant's product largely "at the expense of competitors" by which he meant direct competitors.¹¹⁸ He also reasoned that the value of the plaintiff's trademark, which he said "is but the symbol and repository of the product's good will," would be diminished by a direct competitor's false claim about its own product because the value of the competitor's trademark would increase at the expense of the plaintiff's trademark.¹¹⁹

Weil's zero sum approach and focus on a single situation—the effect of a direct competitor's false statement about its own product—do not address other types of cases with which the courts have been or may be presented under Section 43(a)(1)(B). These include misrepresentations about a plaintiff's product, which were not considered actionable in Weil's day, as well as misrepresentations made by indirect competitors and non-competitors of a plaintiff. Weil did not discuss how plaintiffs can prove they are likely to be or have been injured and he did not address consumer concerns.

Weil's trademark model also effectively equated diverted sales and loss of goodwill because it addressed only claims made by direct competitors and assumed that a misrepresentation always increases the goodwill symbolized by a defendant's mark at the expense of the goodwill symbolized by a plaintiff's mark.

118. Weil, *supra* note 2, 44 Cal. L. Rev. at 537.

119. *Id.* at 527.

Misrepresentations that identify a plaintiff's product or service by name are more likely to harm the plaintiff's goodwill than those that do not. Although likely to divert some sales, misrepresentations that refer only to a defendant's product or service are likely to have little or no effect on the plaintiff's goodwill.

The prospect of diverted sales and harm to goodwill attributable to a misrepresentation is not as straightforward as Weil's trademark model, but not as daunting as the courts have made it. In addressing a plaintiff's standing to bring suit, courts would do well to focus on the competitive proximity of the parties in suit, the nature of the defendant's misrepresentation, and consumer concerns. In failing to do this, they have needlessly complicated the standing inquiry while ignoring the twin objectives of Section 43(a)(1)(B).

2. Likely Injury

a. Plaintiff's Likely Injury

Provided a misrepresentation is material, it is likely to injure a plaintiff if it is made (1) about the plaintiff's product¹²⁰ or the type of product the plaintiff markets or (2) by the plaintiff's direct or indirect competitor (a) in a comparison of the parties' products or the type of products the parties' market or (b) about the defendant's product or the type of product the defendant markets. This reflects the parties' proximity in the marketplace and the nature of the misrepresentation, which may be made by:

- | | | | |
|----|----|------------------------|--|
| 1. | a. | a direct competitor | about a plaintiff's product |
| | b. | an indirect competitor | about a plaintiff's product |
| | c. | a non-competitor | about a plaintiff's product |
| | d. | a direct competitor | about the type of product
a plaintiff markets |
| | e. | an indirect competitor | about the type of product
a plaintiff markets |
| | f. | a non-competitor | about the type of product
a plaintiff markets |
| 2. | a. | a direct competitor | in a comparative ad that
names a plaintiff's
product |

120. The references to "product" are intended to include "services" as well.

- | | | |
|-------|------------------------|---|
| b. | a direct competitor | in a comparative ad that addresses the type of product a plaintiff markets |
| c. | an indirect competitor | in a comparative ad that names a plaintiff's product |
| d. | an indirect competitor | in a comparative ad that addresses the type of product a plaintiff markets ¹²¹ |
| 3. a. | a direct competitor | about a defendant's product |
| b. | a direct competitor | about the type of product a defendant markets |
| c. | an indirect competitor | about a defendant's product |
| d. | an indirect competitor | about the type of product a defendant markets |
| e. | a non-competitor | about a defendant's product |
| f. | a non-competitor | about the type of product a defendant markets |

Category 1 and category 2 misrepresentations are likely to injure the plaintiff. The same can be said about category 3a–3d misrepresentations, although the likelihood of injury is somewhat attenuated. Category 3e–3f misrepresentations are unlikely to injure the plaintiff at all. Rail line A, which serves the same route as air shuttle B, might (i) claim that B's planes have 20 inches of leg room when they have 30 inches (category 1b) or (ii) urge travelers to "Come 'Fly' With Us. Our Seats Have 30 Inches of Leg Room" when they have 20 inches (category 3c). The first misrepresentation is more likely to harm B's ticket sales, and certainly its goodwill, than the second because the first misrepresentation targets B's services and the second addresses A's own services. A category 3e misrepresentation (our glass cleaner contains wax) is unlikely to harm B at all.

A category 1 misrepresentation targets the plaintiff's product, alone or as one of several named products (categories 1a–1c), or

121. A non-competitor cannot reasonably be expected to make a comparative claim.

the kind of product the plaintiff markets without mentioning any product by name (categories 1d–1f). Such misrepresentations are likely to harm the plaintiff whether they are made by a direct competitor, an indirect competitor or a non-competitor. An American automaker's sales and reputation are likely to suffer from false claims that (i) its compact cars or (ii) all American compact cars failed a United States government crash test whether the claim is made by a rival German automaker (category 1a or 1d, respectively), a rail line that competes indirectly with the American automaker by providing a transportation alternative (category 1b or 1e), or a malicious blogger that does not compete with the American automaker at all (category 1c or 1f).

The likelihood of injury caused by comparative claims declines as the misrepresentation moves from category 2a to category 2d because of the parties' proximity and the extent to which the misrepresentation targets the plaintiff. Japanese automaker A, which markets cars in the United States, might misrepresent that it is cheaper to drive its sedan between two cities than it is to drive that route in American sedan B (category 2a), to drive that route in any American-made sedan (category 2b), to travel that route on rail line C (category 2c) or to travel that route by rail (category 2d). The category 2a misrepresentation, which targets a director competitor's product by name, is likely to harm B by tarnishing its reputation and diverting sales to B's direct competitor A. The category 2d misrepresentation, which refers to a group of indirect competitors without singling out any one in particular, is less likely to harm any particular rail line including rail line C. The likelihood of injury in categories 2b and 2c cases falls between these extremes.

A category 3 misrepresentation can be made by a direct competitor, an indirect competitor, or a non-competitor of a plaintiff about a defendant's own product. Air shuttle A might confront a category 3a misrepresentation made by air shuttle B (B's plane seats have 30 inches of leg room), or a category 3c misrepresentation made by rail line C (C's train seats have 30 inches of leg room), or a category 3e misrepresentation made by a glass cleaner company (its glass cleaner contains wax). The category 3a misrepresentation made by direct competitor B is more likely to harm A than the category 3c misrepresentation made by indirect competitor C because B's gain is more likely to be A's loss. The category 3e misrepresentation is unlikely to harm A at all.

In theory, a category 3 misrepresentation can be made by a direct competitor, an indirect competitor or a non-competitor of a plaintiff about the type of product a defendant markets without naming the defendant's product. American automaker A might confront a category 3b misrepresentation made by a Korean automaker (all Korean sedans sold in the United States get at

least 40 mpg), or a category 3d misrepresentation made by a rail line (all rail lines have quiet cars), or a category 3f misrepresentation made by a glass cleaner company (all glass cleaners contain wax). The category 3b misrepresentation is more likely to harm A than the category 3d misrepresentation, and the category 3f misrepresentation is unlikely to harm A at all. Such claims will be rare because a party typically advertises its own product or service, not the type of product or service that it markets in competition with others.¹²²

b. Court Confusion and Conflicting Tests

Some courts have alluded to these issues without placing them in an organized framework. The Second Circuit, for example, has said that “we have tended to require a more substantial showing [of likely harm] where . . . the defendant’s advertisements do not draw direct comparisons between [the parties’ products].”¹²³ Such thinking does not distinguish among different types of comparative claims (categories 2a–2d). More importantly, it does not recognize that certain non-comparative claims are likely to cause considerable harm (category 1) whereas others are likely to cause some harm (categories 3a–3d) or no harm at all (categories 3e–3f).

Cases that distinguish between competitor and non-competitor misrepresentations—many of which predate 1989¹²⁴—overlook misrepresentations about a plaintiff’s product (categories 1a–1c) and the type of product the plaintiff markets (categories 1d–1f), which have been actionable since the statute was amended. A false claim that car A failed a government crash test is likely to harm automaker A whether it is made by automaker B or by a malicious blogger. Under existing rules, automaker A would likely have more difficulty establishing standing to challenge the claim if it is made by the blogger because automaker A and the blogger do not compete.

Many courts dutifully recite *Skil* element 5 while setting out a different standard as well. They are the *Conte* balancing test (which looks to Congressional intent, the likelihood that the plaintiff will suffer injury and other issues); the reasonable basis or reasonable interest test (which focuses on the reasonableness of

122. An industry trade association might advertise a type of product or service for the benefit of all parties who practice that trade.

123. *Famous Horse, Inc. v. 5th Ave. Photo Inc.*, 624 F.3d 106, 117 (2d Cir. 2010) (Livingston, J., concurring in part and dissenting in part), quoting *Ortho Pharm. Corp. v. Cosprophar, Inc.*, 32 F.3d 690, 694 (2d Cir. 1994). See also *Aviva Sports, Inc. v. Fingerhut Direct Mktg., Inc.*, 2011 U.S. Dist. LEXIS 69821 (D. Minn. June 27, 2011) (discussing Second, Eighth, and Ninth Circuit law); *Healthport Corp. v. Tanita Corp. of Am.*, 563 F. Supp. 2d 1169, 1180 (D. Or. 2008) (discussing Second and Ninth Circuit law).

124. See cases collected in 5 McCarthy, *supra* note 16, §§ 27:28, 27:29, 27:31, 27:32.

the plaintiff's belief that it is likely to be injured by the defendant's misrepresentation); and the categorical approach (which limits standing to the defendant's direct competitors).¹²⁵ These tests are at odds with *Skil* element 5 and each other. They burden the courts as well as the parties to litigation¹²⁶ and ignore consumer concerns.¹²⁷

The Third Circuit set out one standard in *Conte*, where the issue was whether a "putative class of *retail sellers* of motor oil and other engine lubricants that purportedly compete with . . . [an] engine lubricant *manufactured* by Appellees" had standing to challenge an allegedly false claim made by certain manufacturers about their own products.¹²⁸ As part of an exhaustive discussion of constitutional and prudential standing, the court applied a five-factor test in deciding that the plaintiffs could not bring suit.¹²⁹

Although the outcome is sound, the *Conte* standard is overkill. The likelihood of injury to a plaintiff in a Section 43(a)(1)(B) case turns on the competitive proximity of the parties in suit and the nature of the defendant's misrepresentation. This discrete inquiry is not informed by plumbing the depths of the Constitution and, as the *Conte* court did, importing a broad test for prudential standing from antitrust law.¹³⁰

In category 1 and category 2 cases, material misrepresentations are likely to cause the type of commercial injury Section 43(a)(1)(B) is intended to prevent. The same can be said about category 3a–3b misrepresentations and to a lesser extent about

125. Gerald P. Meyer, *Standing Out: A Commonsense Approach To Standing For False Advertising Suits Under Lanham Act Section 43(a)*, 2009 U. Ill. L. Rev. 295, 302-10; Diane Taing, *Competition for Standing: Defining the Commercial Plaintiff Under Section 43(a) of the Lanham Act*, 16 Geo. Mason L. Rev. 493, 499-507 (2009); Peter S. Massaro, III, *Filtering Through a Mess: A Proposal to Reduce the Confusion Surrounding the Requirements for Standing in False Advertising Claims Brought Under Section 43(a) of the Lanham Act*, 65 Wash. & Lee L. Rev. 1673, 1692-96 (2008); Gregory Appar, *Prudential Standing Limitations on Lanham Act False Advertising Claims*, 76 Fordham L. Rev. 2389, 2403-21 (2008).

126. See, e.g., *Aviva Sports, Inc. v. Fingerhut Direct Mktg., Inc.*, 2011 U.S. Dist. LEXIS 68722 (D. Minn. June 27, 2011) (applying all three tests), and cases at note 131, *infra*.

127. Proposals to clarify the law typically have ignored consumer concerns and have done little to simplify matters. See Meyer, *supra* note 125, at 326-38 (advocating new three element test); Massaro, *supra* note 125, at 1703-04 (advocating one existing test when the parties are direct competitors and two other tests when they are not); Appar, *supra* note 125, at 2421-28 (advocating one existing test unless parties are direct competitors). It is difficult to see how the *Conte* standard "strikes the proper balance between promoting consumer welfare and discouraging the dissemination of truthful [sic] information through advertising." Taing, *supra* note 125, at 515.

128. *Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 223 (3d Cir. 1998) (emphasis added).

129. *Id.* at 233.

130. Tushnet, *supra* note 50, at 1325 (criticizing *Conte* because "antitrust does not have the same aim as false advertising law.").

category 3c–3d misrepresentations, but not about category 3e–3f misrepresentations. Given Section 43(a)(1)(B)'s particular focus, the courts need not find facts regarding five other factors to decide who should and should not be entitled to sue. When they do, the process, the outcome or both can be questioned. In five cases involving misrepresentations made by the plaintiffs' direct competitors about their own products or services, the courts exhaustively explored standing and found it lacking three times although the likelihood of injury to the plaintiffs in these category 3a cases should be plain.¹³¹

The *Conte* standard also neglects consumer concerns. The *Conte* court could have come out where it did and accommodated consumer concerns by recognizing that the plaintiffs (retailers) were challenging a misrepresentation made by non-competitors (manufacturers) about the non-competitors' own products. Although a group of retailers could not challenge this category 3e misrepresentation, it could be challenged by the manufacturer of a product that competes directly (category 3a) or indirectly (category 3c) with the manufacturer making the misrepresentation.

The Third Circuit set out yet another test in *Warner Lambert* when it stated that “the statute demands only proof providing a reasonable basis for the belief that the plaintiff is likely to be damaged as a result of the false advertising.’ A showing of a reasonable belief of injury will usually be sufficient to establish a reasonable likelihood of injury under § 43(a).”¹³² This standard justifiably requires a plaintiff to have more than a subjective belief that it is likely to be injured while granting the plaintiff considerable freedom in proving likely injury. That freedom comes at a high price, namely, considerable uncertainty.¹³³ And the reasonable basis test fails to rationalize when a private party may challenge a misrepresentation on behalf of consumers.

131. *Compare* Huggins Realty, Inc. v. Turner & Co., Ltd., 634 F.3d 787 (5th Cir. 2011) (standing), and Night Vision Sys., LLC v. Night Vision Depot, Inc., 2011 U.S. Dist. LEXIS 99542 (E.D. Pa. Sept. 2, 2011) (standing), with Phoenix of Broward, Inc. v. McDonald's Corp., 489 F.3d 1156 (11th Cir. 2007) (no standing), Aviva Sports, Inc. v. Fingerhut Direct Mktg., Inc., 2011 U.S. Dist. LEXIS 68722 (D. Minn. June 27, 2011) (no standing), and Vexcon Chems., Inc. v. Curecrete Chem. Co., 2008 U.S. Dist. LEXIS 25835 (E.D. Pa. Mar. 28, 2008) (no standing). See also Parker v. Viacom Int'l, Inc., 605 F. Supp. 2d 659, 663-65 (E.D. Pa. 2009); Wellness Publ'g v. Barefoot, 2008 U.S. Dist. LEXIS 1514, at *40-41 (D.N.J. Jan. 9, 2008).

132. 204 F.3d at 95-96. See also Famous Horse, Inc. v. 5th Ave. Photo Inc., 624 F.3d 106, 113 (2d Cir. 2010) (“[P]laintiff must demonstrate (1) a reasonable interest to be protected against the alleged false advertising and (2) a reasonable basis for believing that the interest is likely to be damaged by the alleged false advertising.”).

133. Taing, *supra* note 125, at 502 (“[I]n neither case [applying the reasonable interest standard] did the courts articulate a clear standard as to what constitutes a ‘reasonable interest.’”); Massaro, *supra* note 125, at 1693-94 (discussing confusion among the circuits).

The categorical approach is simpler to apply than the *Conte* and reasonable basis tests, and typically “leads to clear holdings that hinge solely on whether the plaintiff and defendant are in actual competition with each other.”¹³⁴ But it unduly limits standing because it focuses on whether the plaintiff and the defendant are direct competitors. This leaves the plaintiffs without recourse in other cases they are entitled to bring (categories 1b–1c, 1e–1f, 2c–2d and 3c–3d). It also ignores consumer concerns, which arise whether or not the parties compete directly in the marketplace.

Not all types of misrepresentations are likely to be made with equal frequency. Parties are apt to tout their own products by name (categories 3a, 3c, 3e) or to compare them to the products of direct competitors (categories 2a–2b) or to a lesser degree indirect competitors (categories 2c–2d). Wishing to promote their own products, parties may shy away from making misrepresentations that simply attack the products of others (category 1). Given the costs and uncertainty of litigation, plaintiffs may elect to challenge the misrepresentations that are most likely to cause them harm (categories 1, 2, and 3a).

None of this justifies the current patchwork of tests for determining when a party may bring a Section 43(a)(1)(B) claim. The *Conte*, reasonable basis, and categorical tests conflict with *Skil* element 5 and each other. Applying the *Conte* and reasonable basis tests across the board requires courts to engage in extensive fact finding even when a plaintiff plainly has standing (e.g., a party compares its product to the product of a direct competitor) or plainly lacks standing (e.g., a non-competitor of the plaintiff describes its own product). The categorical approach serves the plaintiff well only when the defendant is a direct competitor. And all four tests ignore consumer concerns.

c. Consumer and Commercial Concerns

Focusing exclusively on a plaintiff’s concerns overlooks that “Congressional policy appears to encourage commercial firms to act as the fabled ‘vicarious avenger’ of consumer rights.”¹³⁵ There is

134. Meyer, *supra* note 25, at 313.

135. 5 McCarthy, *supra* note 16, § 27:31, at 27-61. See also *Healthport Corp. v. Tanita Corp. of Am.*, 563 F. Supp. 2d 1169, 1181 (D. Or. 2008) (discussing the “the additional rationale underlying section 43(a)—consumer protection”), quoting *Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F. 2d 197, 210 (9th Cir. 1989); 5 McCarthy, *supra* note 16, § 27:25, at 27-47 to 27-48 (discussing Congressional intent); Robert S. Saunders, *Replacing Skepticism: An Economic Justification for Competitors’ Actions for False Advertising Under Section 43(a) of the Lanham Act*, 77 Va. L. Rev. 563, 577 (1991) (“[C]ourts grant competitors’ suits not so much to defend the rights or competitors as to attempt to attain for consumers a marketplace free of deception.”) (citing authority). *Contrast Sandoz Pharm. Corp. v.*

an inherent tension between this goal and the statutory requirement that a plaintiff have reason to believe it is or is likely to be damaged.¹³⁶ From a consumer perspective, the likelihood that a misrepresentation will harm a party is irrelevant, except perhaps to the extent it encourages the party to sue.¹³⁷ The courts have not articulated a standard that takes into account both the interest consumers have in not being deceived by material misrepresentations of fact and the degree of injury such misrepresentations are likely to cause a plaintiff.

Consumers are concerned with the truth of material statements of fact about a product or service they wish to purchase. A private party is concerned with the truth of such statements if an untruth is likely to harm the party's commercial interests. Consumer and private party concerns merge when a material misrepresentation falls into categories 1 through 3d.¹³⁸ In category 3e–3f cases, a private party is unlikely to be injured. But consumers are safeguarded because a different party can challenge a defendant's claim as a category 3a–3d misrepresentation.¹³⁹

Richardson-Vicks, Inc., 902 F.2d 222, 230 (3d Cir. 1990) (“A competitor in a Lanham Act suit does not act as a “vicarious avenger” of the public's right to be protected against false advertising.”).

136. See *B. Sanfield, Inc. v. Finlay Fine Jewelry Corp.*, 258 F.3d 578, 582 (7th Cir. 2001) (“Sanfield fancies itself a private attorney general, but it has not been appointed to that office, and as a private litigant must show injury.”); 5 McCarthy, *supra* note 16, § 27:25, at 27-47 (“The Congressional goal of Lanham Act § 43(a) is to protect consumers from deception caused by both trademark infringement and false advertising. However, the paradox is that consumers do not have standing to invoke the protections of § 43(a).”).

137. For example, a material misrepresentation harms consumers whether it is made about plaintiff's product by a direct competitor (category 1a) or about a non-competitor's own product (category 3e) although the likely harm to plaintiff varies from considerable to non-existent.

138. Cf. *Healthport Corp. v. Tanita Corp. of Am.*, 563 F. Supp. 2d 1169, 1181 (D. Or. 2008) (“[B]ecause of the possibility that competitor may suffer future injury, as well as the additional rationale underlying section 43(a)—consumer protection—a competitor need not prove injury when suing to enjoin conduct that violates section 43(a).”), quoting *Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F. 2d 197, 210 (9th Cir. 1989); 5 McCarthy, *supra* note 16, § 27:31, at 27-61 (“Since § 43(a) was passed to protect consumers as well as competitors, the courts are not and should not be reluctant to allow a commercial plaintiff to obtain an injunction even where the likelihood of probable impact on the plaintiff may be subtle and slight.”); Taing, *supra* note 125, at 512-14 (“False advertising harms the consumer when he or she makes a purchase in reliance on a company's misrepresentation. . . . [C]ourts should adopt a rule which excludes parties [from challenging false claims] based on whether the commercial interests are de minimis or exceedingly indirect.”).

139. Although an automaker may not challenge a company's claim that its own glass cleaner contains wax (category 3e), another glass cleaner producer (category 3a) or the maker of an all purpose cleaner (category 3c) may do so. An automaker also should not have standing to challenge a glass cleaner company's claim that all glass cleaners contain wax (category 3f). And a rival glass cleaner company has little incentive to challenge such a claim (category 3b) if wax in a glass cleaner is a benefit to consumers. But a company that

A plaintiff may challenge on behalf of itself and consumers a material misrepresentation that is made (A) about the plaintiff's product or the type of product the plaintiff markets or (B) by the plaintiff's direct or indirect competitor (1) in a comparison of the parties' products or the type of products the parties' market or (2) about the defendant's product or the type of product the defendant markets. Case A incorporates category 1 misrepresentations, case B1 category 2 misrepresentations, and case B2 misrepresentations that fall into categories 3a through 3d.

It will be apparent whether a defendant is addressing the plaintiff's product by name or by type, comparing products, or addressing its own product by name or by type. It typically will be clear whether the parties are direct competitors or non-competitors. Whether the parties compete indirectly may be harder to determine in some cases. That discrete inquiry is a far cry from the vagueness of *Skil* element 5, the complexity of the *Conte* and reasonable basis tests, and the categorical approach's unduly narrow focus. And none of these four tests reconciles the interest that commercial parties and consumers share in a marketplace where material misrepresentations about products and services are banned.

Critics of Section 43(a)(1)(B) view the relationship between commercial and consumer concerns differently. They assume that only competitors make false and misleading statements about products and services and posit that commercial and consumer interests diverge.¹⁴⁰ This approach reflects a marked skepticism regarding the utility of private Section 43(a)(1)(B) actions,¹⁴¹ if not

competes indirectly by marketing a multi-purpose cleaner, suited to glass and other surfaces, may wish to challenge the claim (category 3d).

140. See, e.g., Burns, *supra* note 32, at 834-35, 876 ("If avoidance of competitor injury remains the primary purpose, even after the addition of section 43(a)(1)(B), then the courts need not necessarily require that a plaintiff rival show injury to buyers in all cases. If buyer welfare is the touchstone of section 43(a)(1)(B), however, then the courts should require a competitor plaintiff to show that his injury coincides with the harm suffered by the consuming public. . . . While a dual-purpose approach is appealing in that it seems inclusive of all interests, it is doomed to fail."); Lillian R. BeVier, *Competitor Suits for False Advertising Under Section 43(a) of the Lanham Act: A Puzzle in the Law of Deception*, 78 Va. L. Rev. 1, 3 (1992) ("[C]ompetitors' incentives to sue are not correlated with the likelihood of consumer harm.").

141. Burns, *supra* note 32, at 808 ("[Section 43(a)(1)(B)] affords a competitor a federal cause of action for attacking a rival, often over a minor incident that caused little or no consumer injury."); BeVier, *supra* note 140, at 2-3 ("[Although the] accusation of false representation, because it implies fraud and bad faith, gives rise to the impression that the issues in section 43(a) cases are morally significant and that competitors suing their rivals under section 43(a) should be lauded as avenging angels who protect consumers from being victimized by shysters and help to keep the competitive process pure, . . . section 43(a) cases deal with a threat to consumer welfare that is systematically trivial."). For a critique of this consumer-centric approach, see Lee Goldman, *The World's Best Article on Competitive Suits for False Advertising*, 45 Fla. L. Rev. 487 (1993).

nostalgia for a time now passed¹⁴² when consumer standing seemed one possible interpretation of the statute's reference to "any person who believes that he or she is likely to be damaged."¹⁴³ Useful or not,¹⁴⁴ Section 43(a)(1)(B) litigation has increased¹⁴⁵ and shows no signs of abating any time soon.¹⁴⁶ Inasmuch as these often expensive and time-consuming¹⁴⁷ actions will continue to be brought, sound guidelines regarding who may bring them have value.

d. Trademark Standing Compared

Section 43(a)(1)(B) standing can be likened to the approach implicitly taken in trademark infringement actions, although those actions differ from Section 43(a)(1)(B) actions in certain respects. A defendant's use of a trademark is in effect a material misrepresentation regarding the likely source or sponsor of the defendant's product, which a plaintiff may challenge if it stands in proximity to the defendant. This proximity exists when a plaintiff

142. Richard A. De Sevo, *Consumer Standing Under Section 43(a)—An Issue Whose Time Has Passed*, 88 TMR 1 (1998) (reviewing debate about whether Section 43(a)(1)(B) does and should confer standing on consumers).

143. See, e.g., Tawnya Wojciechowski, *Letting Consumers Stand on Their Own: An Argument for Congressional Action Regarding Consumer Standing for False Advertising Under Lanham Act Section 43(a)*, 24 SW. U. L. Rev. 213, 216 (1994) ("[W]hen competitors use the mechanisms available under section 43(a) to protect their competitive interests, they may not likewise be protecting the public or consumer interests to the extent necessitated under section 43(a). . . . Congressional attention is needed to amend the Lanham Act's section 43(a) standing provision so that it is clear consumers have a right to sue for false advertising.").

144. Compare Robert S. Saunders, *Replacing Skepticism: An Economic Justification for Competitors' Action for False Advertising Under Section 43(a) of the Lanham Act*, 77 Va. L. Rev. 563 (1991), with Jeffrey P. Singdahlsen, *The Risk of Chill: A Cost of the Standards Governing The Regulation of False Advertising Under Section 43(a) of the Lanham Act*, 77 Va. L. Rev. 339 (1991).

145. See, e.g., Apgar, *supra* note 125, at 2399 ("[S]ection 43(a) became a 'much-used and potent statute' and the 'favored legal tool for advertisers . . . who felt that a competitor was engaging in false advertising.'"); Keller, *supra* note 91, at 228 ("In the opinion of many practitioners, the ability of one business to challenge another's advertising under Section 43(a) is most significant development in advertising regulation in the past ten years.").

146. See, e.g., *In A Battle For Turf, Sears Revs Up The Riding Mower*, N.Y. Times, March 18, 2011 (reporting on the rapid rise of advertising that targets competitors by name); *Best Soup Ever? Suits Over Ads Demand Proof*, N.Y. Times, November 21, 2009 (reporting on the increase of Lanham Act § 43(a)(1)(B) litigation).

147. *American Home Prods. Corp. v. Johnson & Johnson*, 654 F. Supp. 568, 571-72 (S.D.N.Y. 1987) ("Small nations have fought for their very survival with less resources and resourcefulness than these antagonists have brought to their epic struggle."); Burns, *supra* note 32, at 842 n.149 (1999) (collecting cases).

has rights in a trademark that consumers consider confusingly similar to a defendant's trademark.¹⁴⁸

Standing Element	Section 43(a)(1)(B)	Trademark Infringement
Misrepresentation	Material description or representation of fact about the nature, characteristics, qualities or geographic origin of a plaintiff's or defendant's product that departs from the facts	The plaintiff is the likely source or sponsor of the defendant's product
Proximity	Parties compete directly or indirectly or non-competitor misrepresents a plaintiff's product or the type of product the plaintiff markets	Parties use confusingly similar trademarks

In a trademark infringement action, a plaintiff need not prove materiality and likely injury as independent elements of its claim. A defendant's use of a trademark that is confusingly similar to a plaintiff's trademark is presumed to be a material misrepresentation of fact about the defendant's product that is likely to injure the plaintiff.¹⁴⁹ A plaintiff's interest merges with consumer concerns when the defendant uses a trademark that consumers consider confusingly similar to the plaintiff's

148. Although proximity does not depend on the extent to which the parties compete, the parties' competitive relationship will influence the type of confusion to which defendant's trademark is likely to give rise:

<u>Competition</u>	<u>Category</u>	<u>Likely Confusion</u>
Direct	3a	Source
Indirect	3c	Source or sponsorship
None	3e	Sponsorship

149. This presumption applies even when the parties do not compete (category 3e) because the defendant's representation that the plaintiff probably sponsors the defendant's product is likely to injure the plaintiff. To this extent, the defendant's use of a trademark that is confusingly similar to a non-competitor's trademark differs from other types of category 3e misrepresentations, which are unlikely to injure the plaintiff.

trademark. Those interests diverge when the plaintiff lacks rights in a trademark or when the trademark in which it has rights is not confusingly similar to the defendant's trademark. Another plaintiff may challenge, on behalf of itself and consumers, a defendant's use of a trademark that is confusingly similar to its own.

3. Actual Injury

Despite Section 43(a)(1)(B)'s reference to a belief that the plaintiff "is . . . damaged" by a defendant's conduct, actual injury is not properly a standing issue. Requiring proof of actual injury as an element of the plaintiff's underlying claim ignores the plaintiff's right to seek injunctive relief, which may be awarded upon proof that the plaintiff is likely to be injured even if no such injury has occurred. Proof of actual injury, by contrast, addresses the impact a misrepresentation has had on the plaintiff. Such evidence ordinarily will be unavailable when the plaintiff brings suit. Particularly if the plaintiff prevails quickly, it might not become available.¹⁵⁰

Consumer concerns align with the plaintiff's interests when the plaintiff is likely to be injured by a misrepresentation. This permits the plaintiff to challenge a material misrepresentation on behalf of itself and consumers without having to demonstrate that the misrepresentation actually has injured the plaintiff. Whether the plaintiff's business actually has been harmed by a misrepresentation is of concern to the plaintiff, not consumers, and affects the plaintiff's right to relief, not its standing to assert a claim in the first instance.

Although advocates of consumer standing and others¹⁵¹ maintain that consumers actually are injured when they spend money in reliance on a misrepresentation, this harm differs from the harm that is inflicted on the plaintiff in the form of lost sales or diminished reputation. The courts have concluded that Congress did not intend to confer Section 43(a)(1)(B) standing on consumers.¹⁵² They have not embraced individual Section 43(a)(1)(B) consumer suits seeking to recover the often modest cost of a product or a service or Section 43(a)(1)(B) actions seeking damages on behalf of an injured consumer class.

150. In the rare case where plaintiff seeks only damages for past injury and fails to prove that it is entitled to such relief, it confuses the law to base the denial of relief on a lack of standing to bring suit. *See Enzymotec Ltd. v. NBTV, Inc.*, 754 F.Supp. 2d 527 (E.D.N.Y. 2010) (denying monetary damages after tortured discussion of reasonable basis standing test).

151. *See, e.g., Taing, supra* note 125, at 512 ("False advertising harms the consumer when he or she makes a purchase in reliance on a company's misrepresentation.").

152. *See, e.g., De Sevo, supra* note 142, at 1.

F. Confusion Regarding Deception

Courts have struggled with the meaning of *Skil* element 2. And they often misapprehend the relationship between that element and falsity, materiality, and the right to relief. This has resulted in unhelpful and contradictory rules regarding what a plaintiff must prove. One court has characterized certain of these rules as “elaborate and intricate statutory requirements.”¹⁵³ Elaborate and intricate they often are. Statutory they are not. Nothing in Section 43(a)(1)(B) requires a plaintiff to prove, as an independent element of its claim, that a description or representation actually deceives or has a tendency to deceive a substantial segment of its intended audience. That construct, which dates from Weil’s misreading of *Gold Seal*, has helped to hide the statutory requirements—set out by the *Potato Chip* court and *McCarthy*, but ignored by the courts—beneath a tarnished gloss that obscures what should be a clear picture.

1. Deception and a Tendency to Deceive

Weil did not explain what he meant by “actually deceives or has the tendency to deceive a substantial segment of its audience,” how he arrived at this dual standard, when proof of one part will suffice and when it will not, or how a plaintiff can establish one part or the other. His proposal undoubtedly reflects the statement in *Gold Seal* that the plaintiff failed to prove “any substantial number of reasonable consumers were misled or likely to be misled as to the nature of the product.”¹⁵⁴ Particularly if that is so, the standard would require proof that a substantial segment of the audience actually was deceived or that a substantial segment of the audience would tend to be deceived. Alternatively, the standard could be read to require proof that some unspecified segment of the audience actually was deceived or that a substantial segment of the audience would tend to be deceived.

The courts have not addressed these issues. They instead have distinguished between literally false and impliedly false (misleading) statements,¹⁵⁵ dispensed with consumer reaction evidence in the first class of cases,¹⁵⁶ and disagreed about the

153. *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave.*, 284 F.3d 302, 311 (1st Cir. 2002).

154. *Gold Seal Co. v. Wicks*, 129 F. Supp. 928, 940 (D.D.C. 1955).

155. *See, e.g.*, *Time Warner Cable, Inc. v. DirectTV, Inc.*, 497 F.3d 144, 153 (2d Cir. 2007) (discussing literal and implied falsity); *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave.*, 284 F.3d 302, 311 (1st Cir. 2002) (distinguishing between “literally false or implicitly false” claims).

156. *See, e.g.*, *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 112 (2d Cir. 2010) (“Where an advertising claim is literally false, ‘the court may enjoin the use of the claim without

standard of proof in the second. “There is debate among the circuits regarding the extent of movant’s burden. Some circuits require that the movant prove that the ads *actually* deceive consumers . . . while others are satisfied with proof that the ads have a *tendency* to deceive consumers.”¹⁵⁷

There is no place in Section 43(a)(1)(B) jurisprudence for the notion that a false or misleading description or representation of fact has a tendency to deceive consumers. Unlike Section 43(a)(1)(A) which proscribes conduct that is *likely* to cause confusion, Section 43(a)(1)(B) does not—and logically cannot—refer to misrepresentations that have a *tendency* to deceive. False and misleading descriptions and representations of fact necessarily deceive because they actually misrepresent the nature, characteristics, qualities, or geographic origin of products or services, and they are not misrepresentations unless they do so. If a statement (“contains wax” or “Glass Wax”) about a product (glass cleaner) conveys a message (the cleaner contains wax) to its intended audience (glass cleaner purchasers), that statement is either accurate (because the cleaner contains wax) or inaccurate (because the cleaner does not contain wax). The statement does not tend to convey this message because it actually does so, and the cleaner does not tend to contain wax.

The trier of fact in a trademark infringement action infers from evidence regarding a number of factors, including the presence or absence of actual confusion, whether a defendant’s trademark is likely to cause confusion. There is no *Polaroid*-like list of evidentiary factors to which the trier of fact can turn in deciding whether a statement has a so-called tendency to deceive a substantial segment of its intended audience regarding the nature of a product. The trier of fact decides whether a defendant is making—not whether it is likely to make—a misrepresentation and does so by considering whether the defendant’s representation departs from the facts.

The courts typically rely on evidence of consumer reaction when a statement is alleged to have a tendency to deceive.¹⁵⁸ Such

reference to the advertisement’s impact on the buying public.”); *Deston Therapeutics LLC v. Trigen Labs. Inc.*, 723 F. Supp. 2d 665, 674 (D. Del. 2010), citing *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 586 (3d Cir. 2002).

157. *Johnson & Johnson Vision Care, Inc. v. 1-800-Contacts, Inc.*, 299 F.3d 1242, 1247 n.3 (11th Cir. 2002) (emphasis in original).

158. See, e.g., *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 586, 590-95 (3d Cir. 2002) (discussing use of survey to establish that statement has “tendency to deceive consumers”); *Cboss, Inc. v. Zerbonia*, 2010 U.S. Dist. LEXIS 103173, at *28 (N.D. Ohio Sept. 29, 2010) (requiring “evidence demonstrating that consumers were misled to satisfy the lower standard of a ‘tendency to deceive consumers’”); *Spiel Assocs., Inc. v. Gateway Bookbinding Sys., Ltd.*, 2010 U.S. Dist. LEXIS

evidence is not “less proof [than is required to show] actual deception.”¹⁵⁹ If anything, it is more.¹⁶⁰ And it does not establish that a statement has a tendency to deceive its intended audience. It shows what an ambiguous statement, which reasonably is subject to more than one interpretation, means to the statement’s intended audience. The plaintiff also must show that this meaning departs from the facts.

When not requiring consumer reaction evidence concerning a statement’s so-called tendency to deceive consumers, courts demand it to show whether a statement “has misled, confused or deceived” consumers¹⁶¹ or when a statement is said to be “true but misleading,”¹⁶² “misleading or ambiguous,”¹⁶³ “ambiguous or true but misleading,”¹⁶⁴ “likely to mislead,”¹⁶⁵ “likely to confuse or mislead,”¹⁶⁶ “likely to deceive or confuse,”¹⁶⁷ or “implicitly conveys a false impression, is misleading in context, or is likely to deceive

13167, at *30 (E.D.N.Y. Feb. 10, 2010) (“[A] plaintiff must demonstrate, by extrinsic evidence, that the challenged [advertisements] tend to mislead or confuse consumers.”), quoting *Johnson & Johnson-Merck Consumer Pharms. Co. v. SmithKline Beecham Corp.*, 960 F.2d 294, 297 (2d Cir. 1992).

159. *Pizza Hut, Inc. v. Papa John’s Int’l, Inc.*, 227 F.3d 489, 497 (5th Cir. 2000).

160. Literal falsehoods are shown to be deceptive without evidence of consumer reaction. *See* cases at note 43, *supra*. And many courts presume that a literally false statement causes actual deception. *See* notes 179-83, *infra*. *See also* Tushnet, *supra* note 50, at 24 (“False advertising law has maintained a formal distinction between implicit and explicit falsity. In cases of implicit falsity, the plaintiff must prove consumer deception with consumer perception evidence, which almost necessarily means an expensive, hotly contested survey.”).

161. *Hansen Beverage Co. v. Vital Pharm., Inc.*, 2010 U.S. Dist. LEXIS 40990, at *9 (S.D. Cal. Apr. 27, 2010) (citing authority).

162. *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1318 (11th Cir. 2010); *PHA Lighting Design, Inc. v. Kosheluk*, 2010 U.S. Dist. LEXIS 30752, at *19 (N.D. Ga. March 30, 2010) (“literally true but misleading”).

163. *Forest Grp., Inc. v. Bon Tool Co.*, 2008 U.S. Dist. LEXIS 57134, at *23 (S.D. Tex. July 28, 2008), citing *IQ Prods. Co. v. Pennzoil Prods. Co.*, 305 F.3d 368, 375 (5th Cir. 2002).

164. *Clock Spring, L.P. v. Wrapmaster, Inc.*, 560 F.3d 1317, 1320 (Fed. Cir. 2009). *Accord* *Process Controls Int’l, Inc. v. Emerson Process Mgmt.*, 753 F. Supp. 2d 912, 929 (E.D. Mo. 2010), citing *United Indus. Corp. v. Clorox Co.*, 140 F.3d 1175, 1180 (8th Cir. 1998); *Kinetic Concepts, Inc. v. Bluesky Med. Corp.*, 2006 U.S. Dist. LEXIS 60187, at *5 (W.D. Tex. Aug. 11, 2006), citing *Pizza Hut v. Papa John’s Int’l*, 227 F.3d 489, 497 (5th Cir. 2000).

165. *Aristotle Int’l, Inc. v. NGP Software, Inc.*, 714 F. Supp. 2d 1, 7 (D.D.C. 2010) (citing authority).

166. *CertainTeed Corp. v. Seattle Roof Brokers*, 2010 U.S. Dist. LEXIS 64410, at *21 (W.D. Wash. June 28, 2010). *Accord* *Campagnolo S.R.L. v. Full Speed Ahead, Inc.*, 2010 U.S. Dist. LEXIS 46176, at *18 (W.D. Wash. May 11, 2010) (citing authority); *Procter & Gamble Co. v. Ultreo, Inc.*, 574 F. Supp. 2d 339, 344 (S.D.N.Y. 2008) (citing authority).

167. *Pom Wonderful LLC v. Coca-Cola Co.*, 727 F. Supp. 2d 849, 861 (C.D. Cal. 2010) (citing authority).

consumers.”¹⁶⁸ The Third Circuit, for example, has articulated a variety of standards, requiring a plaintiff to establish that the “public was misled”¹⁶⁹ or that the challenged statement “left a false impression,”¹⁷⁰ is “deceptive or misleading,”¹⁷¹ is “likely to mislead and confuse,”¹⁷² or is “literally true or ambiguous with the tendency to deceive consumers.”¹⁷³

These many standards are at odds with Section 43(a)(1)(B) and each other. This unsettled state of affairs contrasts starkly with the view that one standard—likely confusion—governs Section 43(a)(1)(A) and other trademark infringement actions.¹⁷⁴ Section 43(a)(1)(B) prohibits false and misleading statements of fact. These statements actually misrepresent the nature, characteristics, qualities, or geographic origin of goods or services by departing from the facts. Ambiguous and misleading statements are not properly grouped together and distinguished from literally false statements because Section 43(a)(1)(B) prohibits ambiguous statements only if they are shown to be misleading. Nor should ambiguous and true statements be contrasted with misleading statements.¹⁷⁵ An ambiguous statement may or may not be misleading. A true statement is not.

2. Deception and Falsity

Courts often misapprehend the relationship between deception and falsity. The First Circuit, for example, has said that a plaintiff must prove deception even when a defendant concedes that it has violated the statute by making a false or misleading statement of fact:

168. *Intertape Polymer Corp. v. Inspired Techs., Inc.*, 725 F. Supp. 2d 1319, 1333 (M.D. Fla. 2010) (citing authority). *Accord* *Schering-Plough Healthcare Prods., Inc. v. Schwarz Pharma, Inc.*, 547 F. Supp. 2d 939, 942 (E.D. Wisc. 2008), *aff'd*, 586 F.3d 500 (7th Cir. 2009).

169. *Warner-Lambert Co. v. Breathasure, Inc.*, 204 F.3d 87, 92 (3d Cir. 2000).

170. *U.S. Healthcare, Inc. v. U.S. Health Care Sys.*, 898 F.2d 914, 922 (3d Cir. 1990).

171. *Johnson & Johnson-Merck Consumer Pharms. Co. v. Rhone-Poulenc Rorer Pharms., Inc.*, 19 F.3d 125, 129 (3d Cir. 1994).

172. *Castrol Inc. v. Pennzoil Co.*, 987 F.2d 939, 943 (3d Cir. 1993).

173. *Santana Prods. Inc. v. Bobrick Washroom Equip., Inc.*, 401 F.3d 123, 136 (3d Cir. 2004), citing *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 586 (3d Cir. 2002).

174. 15 U.S.C. § 1125(a)(1)(A) (prohibiting certain conduct that is “likely to cause confusion, or to cause mistake, or to deceive”); 15 U.S.C. § 1114(1)(a) (prohibiting use of a mark that is “likely to cause confusion, or to cause mistake, or to deceive”); 4 McCarthy, *supra* note 16, § 23:1, at 23-7 (“Likelihood of confusion is the basic test of both common law trademark infringement and federal statutory trademark infringement.”).

175. Courts refer to “true” statements when they mean statements that “might be true” because the statements reasonably have more than one meaning. Those are ambiguous statements.

[Although] defendants concede that they have made a false or misleading statement of fact . . . [t]he next element of a false advertising claim under the Lanham Act requires plaintiffs to present evidence that the alleged misrepresentation deceived a substantial portion of the consuming public.¹⁷⁶

The Eleventh Circuit similarly has said:

The classification of an advertisement as literally false or true but misleading [element 1] affects the movant's burden with respect to the element [2] of consumer deception. If the court deems an advertisement to be literally false, then the movant is not required to present evidence of consumer deception. If, on the other hand, the court deems the advertisement to be true but misleading, then the movant is required to present evidence of deception.¹⁷⁷

Like Weil's misreading of *Gold Seal*, this confuses how to prove element 1 with a requirement that the plaintiff also prove element 2. There can be no *a priori* "classification" of an advertisement, or of a statement in an advertisement, as false or misleading, and the trier of fact cannot "deem" a statement false or misleading in the absence of evidence. Whether or not a statement is false or misleading is a matter of proof, required by element 1 of a Section 43(a)(1)(B) claim. It is not the case that "[i]f the statement is shown to be misleading . . . the plaintiff must demonstrate actual deception through direct evidence of consumer reaction to the advertising."¹⁷⁸ The statement is shown to be misleading *by* demonstrating deception with evidence that establishes what a statement means and that this meaning departs from the facts.

Facing two elements where one would do, courts have developed unhelpful and contradictory rules concerning the relationship between them. It has been said that "[b]ecause Plaintiff has demonstrated the literal falsity of several of Defendant's advertisements, there is no need to prove that they actually deceived any customer. The second element is

176. *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave.*, 284 F.3d 302, 311-13 (1st Cir. 2002).

177. *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1318-19 (11th Cir. 2010). *Accord Intertape Polymer Corp. v. Inspired Techns., Inc.*, 725 F. Supp. 2d 1319, 1333 (M.D. Fla. 2010) (If "an advertisement is 'misleading' . . . plaintiff must demonstrate that consumers were actually deceived.") (citing authority); *Skydive Arizona, Inc. v. Quattrocchi*, 2009 U.S. Dist. LEXIS 128418, at *85 (D. Ariz. Feb. 2, 2009) (citing authority).

178. *Bridal Expo, Inc. v. Florestein*, 2009 U.S. Dist. LEXIS 7388, at *19-20 (S.D. Tex. Feb. 3, 2009), citing *IQ Prods. Co. v. Pennzoil Prods. Co.*, 305 F.3d 368, 375 (5th Cir. 2002). *See also Am. Council of Certified Podiatric Physicians & Surgeons v. Am. Bd. of Podiatric Surgery, Inc.*, 185 F.3d 606, 614 (6th Cir. 1999) ("Where statements are . . . *deceptive* . . . a violation can only be established by proof of actual *deception*." (emphasis added)).

satisfied.”¹⁷⁹ Other decisions state that upon proof of literal falsity “under element two, deception or capacity for deception is presumed.”¹⁸⁰ In the view of some courts, “the burden falls on Defendants to rebut the accompanying presumption that consumers were actually deceived.”¹⁸¹ Other courts have gone so far as to say that proof of literal falsity establishes two¹⁸² or all¹⁸³ of the elements of a plaintiff’s claim.

179. *Green Bullion Fin. Servs., LLC v. Money4Gold Holdings, Inc.*, 639 F. Supp. 2d 1356, 1366 (S.D. Fla. 2009), citing *Johnson & Johnson Vision Care, Inc. v. 1-800-Contacts, Inc.*, 299 F.3d 1242, 1247 (11th Cir. 2002). *Accord* *Schering-Plough Healthcare Prods., Inc. v. Schwarz Pharma, Inc.*, 547 F. Supp. 2d 939, 942 (E.D. Wis. 2008) (“When the statement in question is actually false, the plaintiff need not show that the statement either actually deceived customers or was likely to do so.”), *aff’d*, 586 F.3d 500 (7th Cir. 2009); *Guidance Endodontics, LLC v. Dentsply Int’l, Inc.*, 708 F. Supp. 2d 1209, 1239-40 (D. N. Mex. 2010) (“[I]f the statement is proved to be literally false, a violation may be established without evidence of consumer deception.”) (citing authority); *Atlanta Allergy & Asthma Clinics, P.A. v. Allergy & Asthma of Atlanta, LLC*, 685 F. Supp. 2d 1360, 1380 (N.D. Ga. 2010) (“[O]nce a court deems an advertisement to be literally false, evidence of consumer deception is not necessary.”) (citing authority); *CertainTeed Corp. v. Seattle Roof Brokers*, 2010 U.S. Dist. LEXIS 64410, at *20 (W.D. Wash. June 10, 2010) (“Proof that an advertisement actually deceived a substantial segment of its audience is necessary only where the statement is merely misleading, rather than false.”) (citing authority).

180. *PHA Lighting Design, Inc. v. Kosheluk*, 2010 U.S. Dist. LEXIS 30752, at *19 (N.D. Ga. March 30, 2010) (citing authority). *Accord* *Clock Spring, L.P. v. Wrapmaster, Inc.*, 560 F.3d 1317, 1329 (Fed. Cir. 2009); *Soaring Helmet Corp. v. Nanal, Inc.*, 2011 U.S. Dist. LEXIS 262, at * 95 (W.D. Wash. Jan. 3, 2011) (“[A] finding that the advertisement was literally or facially false leads to a presumption of consumer deception.”) (citing authority); *Pamlab LLC v. Seton Pharms., LLC*, 97 U.S.P.Q.2d 1475 (S.D.N.Y. 2010); *Innovation Ventures, LLC v. N.V.E., Inc.*, 747 F. Supp. 2d 853, 861 (E.D. Mich. 2010), citing *Am. Council of Certified Podiatric Physicians & Surgeons v. Am. Bd. of Podiatric Surgery, Inc.*, 185 F.3d 606, 613 (6th Cir. 1999); *Campagnolo S.R.L. v. Full Speed Ahead, Inc.*, 2010 U.S. District LEXIS 46176, at *24 (W.D. Wash. May 11, 2010), citing, *inter alia*, *Time Warner Cable, Inc. v. DirectTV, Inc.*, 497 F.3d 144, 153 (2d Cir. 2007) (“When an advertisement is shown to be literally or facially false, consumer deception is presumed.”); *Forest Grp., Inc. v. Bon Tool Co.*, 2008 U.S. Dist. LEXIS 57134, at *23 (S.D. Tex. July 28, 2008) (“Because the statements were false, rather than merely misleading or ambiguous, the Court assumes consumer deception without evidence on this issue.”), citing *IQ Prods. Co. v. Pennzoil Prods. Co.*, 305 F.3d 368, 375 (5th Cir. 2002). *But see* *Sam’s Riverside, Inc. v. Intercon Solutions, Inc.*, 2011 U.S. Dist. LEXIS 62280, at *55-66 (S.D. Iowa June 10, 2011) (rejecting presumption and citing authority).

181. *SkyDive Arizona, Inc. v. Quattrocchi*, 2009 U.S. Dist. LEXIS 128418, at *86-87 (D. Ariz. Feb. 2, 2009). *Accord* *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 477 (D.N.J. 2009). A finding that a statement is literally false cannot be rebutted because the finding can be made only after the court has considered both the plaintiff’s and the defendant’s evidence. The plaintiff bears the burden of proving element 1 in light of all the evidence presented by the parties. This burden does not shift to the defendant even if the plaintiff challenges an establishment claim. *See* *Munchkin, Inc. v. Playtex Prods., LLC*, 2011 U.S. Dist. LEXIS 58800, at *29 (C.D. Cal. Apr. 11, 2011); 5 McCarthy, *supra* note 16, § 27:62, at 27-129 (“plaintiff always bears the burden of proving falsity”).

182. *Flowserve Corp. v. Hallmark Pump Co.*, 98 U.S.P.Q.2d 1979, 1986 (S.D. Tex. 2011) (“Materiality and deception are generally presumed if an advertisement is literally false.”); *Nat’l Prods., Inc. v. Gamber-Johnson LLC*, 699 F. Supp. 2d 1232, 1237 (W.D. Wash. 2010) (“[L]iterally false advertisements create a presumption of deception and reliance.”); *Bracco*

These standards are at odds with each other and Section 43(a)(1)(B), which is satisfied when a plaintiff proves that a defendant has made a false or misleading statement of fact. And in presuming that only literally false statements deceive consumers, the courts characterize misleading statements as the lesser of two evils¹⁸⁴ when they are “equally as objectionable as those which are literally false.”¹⁸⁵ Whether a statement is alleged to be literally false or impliedly false (misleading), the plaintiff must prove and may not presume what the statement means to consumers and that this meaning departs from the facts.

3. Deception and Materiality

Some courts blur the distinction between deception and the further requirement that the deception be material. An example is *In re Spirits International, N.V.*, where the Federal Circuit said that the “courts have . . . recognized a proportionality requirement for *materiality* in [Section 43(a)(1)(B)] false advertising cases, requiring that a substantial portion of the audience be *deceived*.”¹⁸⁶

Diagnostics, Inc. v. Amersham Health, Inc., 627 F. Supp. 2d 384, 478 (D.N.J. 2009) (presuming both deception and materiality). *See also* *Healthport Corp. v. Tanita Corp. of America*, 563 F. Supp. 2d 1169, 1180 (D. Or. 2008) (literally false statement was deceptive because it was material).

183. *Schering-Plough Healthcare Prods., Inc. v. Neutrogena Corp.*, 2010 U.S. Dist. LEXIS 71003, at *2-8 (D. Del. July 15, 2010) (“[O]nce plaintiff proves literal falsity of an advertisement, the court may presume all other elements of the § 43(a) claim.”). That plainly is not so because element 1 does not establish elements 3-5.

184. *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1308 (11th Cir. 2010) (There is a “distinction between literally false and merely misleading statements.”); *Cboss, Inc. v. Zerbonia*, 2010 U.S. Dist. LEXIS 103173, at *28 (N.D. Ohio Sept. 29, 2010) (“lower standard of a ‘tendency to deceive consumers’”); *Forest Grp., Inc. v. Bon Tool Co.*, 2008 U.S. Dist. LEXIS 57134, at *23 (S.D. Tex. July 29, 2010) (“Because the statements were false, rather than merely misleading . . . , the Court assumes consumer deception.”); *CertainTeed Corp. v. Seattle Roof Brokers*, 2010 U.S. Dist. LEXIS 64410, at *20 (W.D. Wash. June 10, 2010) (“Proof that an advertisement actually deceived a substantial segment of its audience is necessary only where the statement is merely misleading, rather than false.”) (citing authority).

185. 2 *Gilson LaLonde*, *supra* note 5, § 7.2[6][b] at 7-38. *See also* *B. Sanfield, Inc. v. Finlay Fine Jewelry Corp.*, 857 F. Supp. 1241, 1244 (N.D. Ill. 1994) (Section 43(a)(1)(B) “applies with equal force to . . . statements which are literally false . . . [and] statements . . . which convey a false impression or are misleading in context.”)

186. 563 F.3d at 1355 (emphasis added). *See also* *Am. Counsel of Certified Physician & Surgeons v. Am. Bd. of Podiatric Surgery, Inc.*, 185 F.3d 606, 613 (6th Cir. 1999) (characterizing element 3 as the “deception element” which “asks whether the defendant’s misstatements caused the consumer to be deceived”); *Basil Action Network v. Int’l Ass’n of Elecs. Recyclers*, 2011 U.S. Dist. LEXIS 70189, at *20 (W.D. Wash. June 7, 2011) (Statement is misleading if it is “significant in a way that matters to consumers.”); *U.S. Pharm. Corp. v. Trigen Labs., Inc., LLC*, 2011 U.S. Dist. LEXIS 13637, at *24-25 (N.D. Ga. Jan. 27, 2011) (blurring deception and materiality); *Aristotle Int’l, Inc. v. NGP Software, Inc.*, 714 F. Supp. 2d 1, 14 (D.D.C. 2010) (“[c]onflating the deception and materiality elements”); *Kinetic Concepts, Inc. v. Bluesky Med. Corp.*, 2006 U.S. Dist. LEXIS 60187, at

The Fifth Circuit in *Pizza Hut, Inc. v. Papa John's Int'l, Inc.* observed:

With respect to *materiality*, when the statements of fact at issue are shown to be literally false, the plaintiff need not introduce evidence on the issue of the impact the statements had on consumers. . . . On the other hand, if the statements at issue are either ambiguous or true but misleading, the plaintiff must present evidence of actual *deception*.¹⁸⁷

The Eleventh Circuit took issue with this approach in *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*:

The district court appears to have conflated the element of consumer deception with the element of materiality. Such conflation is not without precedent; it appears that the Fifth Circuit blurred the boundary between the two elements in its recent Pizza Hut decision. To the extent that the Fifth Circuit decision marks a circuit split, we stand with the First and Second Circuits, concluding that the plaintiff must establish materiality even when a defendant's advertisement has been found literally false.¹⁸⁸

That represents the better view. Both literally false and impliedly false (misleading) claims violate the statute. Further, deception and materiality are different issues. Whether a challenged claim deceives consumers turns on whether its meaning departs from the facts. Whether a deceptive claim is material turns on a different set of proofs regarding the importance of the product feature that is misrepresented, how the

*5 (W.D. Tex. Aug. 11, 2006) ("Materiality is demonstrated by evidence of actual deception, a tendency to influence consumers' purchasing decisions.").

187. *Pizza Hut, Inc. v. Papa John's Int'l, Inc.*, 227 F.3d 489, 497 (5th Cir. 2000) (emphasis added). See also *Soaring Helmet Corp. v. Naval, Inc.*, 2011 U.S. Dist. LEXIS 262, at *18 (W.D. Wash. Jan. 3, 2011) ("[A] finding that the advertisement was literally or facially false leads to a presumption of . . . materiality."); *Nat'l Prods., Inc. v. Gamber-Johnson LLC*, 699 F. Supp. 2d 1232, 1237 (W.D. Wash. 2010) ("[L]iterally false advertisements create a presumption of . . . reliance."); *Pamlab LLC v. Seton Pharms., LLC*, 97 U.S.P.Q.2d 1475, 1480 (S.D.N.Y. 2010) ("Once a statement is determined to be false, the information contained in the statement is presumed to be material."); *Schering-Plough Healthcare Prods., Inc. v. Neutrogena Corp.*, 2010 U.S. Dist. LEXIS 71003, at *2-8 (D. Del. July 15, 2010) (ruling that plaintiff need not prove a literally false statement is material because "consumer reaction is immaterial when the asserted advertisement is literally false").

188. 299 F.3d 1242, 1250-51 (11th Cir. 2002). See also *Atlanta Allergy & Asthma Clinic, P.A. v. Allergy & Asthma of Atlanta, LLC*, 685 F. Supp. 2d 1360, 1380 (N.D. Ga. 2010) ("If court [sic] finds that the defendant's advertisement is literally false, the plaintiff still must establish materiality.") (citing authority); *Campagnolo S.R.L. v. Full Speed Ahead, Inc.*, 2010 U.S. Dist. Lexis 46176, at *27 (W.D. Wash. May 11, 2010); *PHA Lighting Design, Inc. v. Kosheluk*, 2010 U.S. Dist. LEXIS 30752, at *22 (N.D. Ga. March 30, 2010) ("The presence of a false statement alone does not prove materiality.").

claim is used, and the extent to which the claim departs from the facts.

4. Deception and Degree

A false statement conveys an inaccurate message to all reasonable members of its intended audience. A misleading statement conveys an inaccurate message to a substantial segment of that group. Taking a page from trademark infringement law, the courts generally agree that fifteen percent or more is a substantial segment of consumers. There is a quantitative difference between the degree of actual deception in these two cases. There is not a qualitative distinction between actual deception in one case and a tendency to deceive in the other.

The distinction between false and misleading misrepresentations arguably is artificial. Whether a misrepresentation is labeled false or misleading, it violates Section 43(a)(1)(B) because its meaning departs from the facts. What distinguishes false from misleading statements are the degree to which consumers attribute to the statement a meaning that departs from the facts and how the plaintiff establishes the statement's meaning. False statements deceive a higher percentage of their intended audience than misleading statements. And survey evidence generally is required to establish the meaning of an allegedly misleading statement.

The labels that courts employ—explicitly false, necessarily false, and impliedly false (misleading)—do not reflect these differences. The issue is (i) whether a statement's intended audience reasonably can ascribe to it only one, inaccurate meaning or (ii) if that audience reasonably can ascribe more than one meaning to a statement, whether a substantial segment of that audience ascribes to it an inaccurate meaning.

Statement	Reasonable Interpretations	Audience Attribution	Survey Required
False (explicit)	One	All reasonable members	No
False (necessarily implied)	One	All reasonable members	No
False (implied), i.e., misleading	More than one	Substantial segment	Yes

Put another way, a statement is false (whether explicitly, necessarily or impliedly) if it deceives at least a substantial

segment of its intended avoidance. How the plaintiff proves this depends on whether the statement reasonably is subject to one or more than one interpretation.

Reasonable Interpretations	Survey Required to Ascertain Meaning
One	No
More than one	Yes

The threshold inquiry—whether the statement reasonably is subject to one or more than one meaning—is a question of fact, which in turn dictates the type of evidence a plaintiff must introduce to establish the statement’s meaning.¹⁸⁹

Although explicitly false, necessarily false, and impliedly false (misleading) statements may be viewed on a continuum that reflects their clarity, the law draws a bright line between false and misleading statements. This explicitly-impliedly false divide, which dictates whether a plaintiff must submit evidence of consumer reaction to a statement, has been questioned.¹⁹⁰ In another view, the notion that a statement’s meaning necessarily can be implied is an unwarranted departure from the need for such evidence.¹⁹¹

As with many legal categories that seek to impose order—the distinction between suggestive and descriptive terms comes to mind—it may be difficult to decide into which category a statement falls. The issue ultimately is whether a plaintiff has met its burden of proving what a statement means. Because the courts do

189. See *Clorox Co., P.R. v. Proctor & Gamble Commercial Co.*, 228 F.3d 24, 35-36 (1st Cir. 2000) (“[A] factfinder might conclude that the message conveyed by a particular advertisement remains so balanced between several plausible meanings that the claim made by the advertisement is too uncertain to serve as the basis of a literal falsity claim, though even in that case it could still form the basis for a claim that the advertisement is misleading.”); *Mun. Revenue Serv., Inc. v. Xspand, Inc.*, 700 F. Supp. 2d 692, 703 M.D. Pa. 2010) (“[S]ince Xspand’s marketing statement is reasonably susceptible to the interpretation suggested by Xspand . . . the statement is not ‘unambiguous’ and cannot therefore be literally false.”), citing *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 586 (3d Cir. 2002). See also other cases cited at notes 43-44, 47, *supra*. Compare *Buetow v. A.L.S. Enters., Inc.*, 2011 U.S. App. LEXIS 17126, at *14-15 n.5 (8th Cir. Aug. 18, 2011) (“There is some disagreement whether literal falsity is a question of fact or a question of law for the court. . . . The issue is perplexing because consumer confusion is a fact intensive issue, but whether a contract or statute is unambiguous is normally a question of law for the court.”).

190. Tushnet, *supra* note 50, at 13-29 (criticizing “doctrinal rigidity of the explicit [false], implicitly [false] divide”).

191. Richard J. Leighton, *Literal Falsity by Necessary Implication: Presuming Deceptions Without Evidence in Lanham Act False Advertising Cases*, 97 TMR 1286, 1287 (2007) (characterizing necessary falsity as a means by which courts avoid “contested perception surveys”).

categorize statements and opposing parties may view statements differently, a plaintiff may elect to pursue some cases in the alternative.¹⁹² Failure to do so can doom a claim if the trier of fact concludes that the defendant's statement reasonably is subject to more than one interpretation and the plaintiff has not submitted evidence of consumer reaction to the statement.¹⁹³

The degree to which a statement actually deceives consumers has no bearing on a plaintiff's underlying claim. The plaintiff may pursue the claim and satisfy element 1 whether a statement is false or misleading, and a false statement is no more likely than a misleading statement to be material or to be used in commerce. The degree of deception also should not affect the plaintiff's right to recover monetary damages because consumer deception differs from the plaintiff's injury. The universal consumer deception caused by a false—as opposed to a misleading—statement arguably does weigh in favor of granting injunctive relief because injunctions address consumer as well as plaintiff concerns and some preliminary injunction tests require courts to take account of the public interest.

5. Deception and Relief

A plaintiff that proves or shows that it is likely to prove the elements of a Section 43(a)(1)(B) claim may apply to the court for relief.¹⁹⁴ This typically requires plaintiff to submit additional evidence regarding its right to the relief it seeks.¹⁹⁵ The right to relief does not turn on proof regarding one element of the underlying claim, much less a redundant element that purports to address whether a statement actually deceives or has a tendency to deceive consumers. The courts nevertheless have muddied the legal landscape by focusing on that element.

192. *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578 (3d Cir. 2002) (considering evidence that challenged statement was either literally or impliedly false); *accord*, *LG Elecs. U.S.A., Inc. v. Whirlpool Corp.*, 661 F. Supp. 2d 940 (N.D. Ill. 2009).

193. *Munchkin, Inc. v. Playtex Prods. LLC*, 2011 U.S. Dist. LEXIS 58800, at *34-35 (C.D. Cal. Apr. 11, 2011) (“Playtex did not discuss, nor provide any evidence of, consumer deception, because it contended that it had demonstrated the literal falsity of Munchkin’s statement.”). *Accord* *Empire Today, LLC v. Nat’l Floors Direct, Inc.*, 2011 U.S. Dist. LEXIS 59264, at *59-60 (D. Mass. June 2, 2011); *Collegesource, Inc. v. Academyone, Inc.*, 2011 U.S. Dist. LEXIS 43684, at *25 (E.D. Pa. Apr. 22, 2011); *Mun. Revenue Serv., Inc. v. Xspand, Inc.*, 700 F. Supp. 2d 692 (M.D. Pa. 2010); *Bridal Expo, Inc. v. Florestein*, 2009 U.S. Dist. LEXIS 7388 (S.D. Tex. Feb. 3, 2009).

194. *See* 15 U.S.C. §§ 1116-1117; *Nat’l Prods. v. Gamber-Johnson LLC*, 734 F. Supp. 2d 1160, 1171-72 (W.D. Wash. 2010) (discussing relief in Section 43(a)(1)(B) cases); *accord*, *Healthport Corp. v. Tanita Corp. of Am.*, 563 F. Supp. 2d 1169, 1180 (D. Or. 2008).

195. For example, a plaintiff seeking punitive damages must make a different showing from one seeking a preliminary injunction.

a. Permanent Injunctions and Monetary Damages

(1) Deception and Damage

The *Gold Seal* court did not tie permanent injunctive relief to evidence that a statement has a tendency to deceive a substantial segment of its intended audience and monetary relief to proof of actual deception. The court denied an injunction because “Johnson . . . has not established that as a competitor it is or is likely to be damaged by any false description or representation,” and it denied “an accounting for profits and damages [because] Johnson’s attempt to analogize Section 43(a) to a libel action, making proof of actual damages unnecessary, is totally without support in law or reason. Pecuniary recovery must be individualized, and loss of sales must be shown.”¹⁹⁶

It did not take long for courts to misread the decision. In *Parkway Baking Co. v. Freihofer Baking Co.*, the Third Circuit cited *Gold Seal* for the proposition that a “plaintiff in order to make out a cause of action for damages under Section 43(a) must show not only that the defendant’s advertisement is false but also that this falsification actually deceives a portion of the buying public”¹⁹⁷ and stated that “[i]n cases of injunction, however, there seems to be no requirement that purchasers actually be deceived, but only that the false advertisements have a tendency to deceive.”¹⁹⁸

Courts continue to cite *Parkway Baking*,¹⁹⁹ and they routinely distinguish between actual deception and a tendency to deceive in addressing a Section 43(a)(1)(B) plaintiff’s right to monetary

196. *Gold Seal Co. v. Wicks*, 129 F. Supp. 928, 940 (D.D.C. 1955). The distinction between monetary damages and injunctive relief cannot reasonably be explained by the court’s statement that Johnson “has not shown damage or likelihood of damage due to the fact that any substantial number of reasonable customers were misled or likely to be misled.” *Id.* The statement must be read in context. Even standing alone, the statement at most equates proof of “damages” with proof that consumers were “misled” and proof of the “likelihood of damage” with proof that consumers were “likely to be misled.” It does not say that monetary damages are appropriate in the first case and injunctive relief appropriate in the second. On the contrary, the court denied such relief for entirely different reasons.

197. 255 F.2d 641, 648 (3d Cir. 1958) (emphasis added). The court also cited *Bechik Products, Inc. v. Federal Silk Mills, Inc.*, 135 F. Supp. 570, 579 (D. Md. 1955), which did not address the relationship between deception and damages.

198. *Parkway Baking Co.*, 255 F.2d at 649 (emphasis added).

199. See, e.g., *Warner-Lambert Co. v. Breathasure, Inc.*, 204 F.3d 87, 92 (3d Cir. 2000); *Municipal Revenue Serv., Inc. v. Xspand, Inc.*, 700 F. Supp. 2d 692, 716 (M.D. Pa. 2010); *IDT Telecom, Inc. v. CVT Prepaid Solutions, Inc.*, 2009 U.S. Dist LEXIS 120355, at *21 (D.N.J. Dec. 28, 2009); *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 480 (D.N.J. 2009).

damages and injunctive relief.²⁰⁰ For example, the court in *Cboss, Inc. v. Ralph R. Zerbonia* stated:

A plaintiff seeking monetary damages must either show that a statement “is literally false or that it is true yet misleading or confusing,” *i.e.*, actual deception. Whereas, a more lenient standard applies when a plaintiff seeks injunctive relief: “[I]njunctive relief may be obtained by showing *only* that the defendant’s representations about its product have a *tendency to deceive consumers. . .*” (Emphasis added). Although in order to satisfy this more lenient standard, a “plaintiff need not present [evidence] demonstrating actual deception, it must present evidence of some sort demonstrating that consumers were misled.” For statements that are literally false, no evidence that consumers were misled is required for recovery of monetary damages or injunctive relief, *i.e.*, the literally false statements give rise to a presumption of actual deception.²⁰¹

This amalgam of misconceptions departs from any sensible reading of Section 43(a)(1)(B)’s ban on false and misleading descriptions and representations of fact and the right to relief once such a claim is made out:

The statute does not proscribe “representations about [defendant’s] product [that] have a tendency to deceive consumers.”

A court cannot require “evidence . . . demonstrating that consumers were misled” and dispense with evidence “demonstrating actual deception” because consumers are misled only when they are deceived.

Proof that a statement “is literally false or . . . misleading” establishes element 1 of plaintiff’s claim, not plaintiff’s right to monetary damages.

Maintaining that only “literally false statements give rise to a presumption of actual deception” ignores that both literally false and misleading statements cause actual deception.

A presumption of consumer deception does not show that plaintiff is entitled to “monetary damages or injunctive relief”

200. 5 McCarthy, *supra* note 16, § 27:55, at 27-111 n.1 (“Likely or actual deception proof depends on whether plaintiff seeks an injunction or money damages.”); 2 Gilson LaLonde, *supra* note 5, § 7.02[7] at 7-90 to 7-91 (“Where only injunctive relief is sought, plaintiff need not prove that purchasers are actually deceived, but only that false advertisements, for example, have a tendency to deceive. By contrast, to establish an action for damages, most courts require that the falsification *actually* deceives a portion of the purchasing public.”).

201. 2010 U.S. Dist. LEXIS 103173, at *12-13 (N.D. Ohio Sept. 29, 2010), citing *Am. Council of Certified Podiatric Physicians and Surgeons v. Am. Bd. of Podiatric Surgery*, 185 F.3d 606 (6th Cir. 1999).

because consumer deception differs from actual and likely injury to plaintiff.

The difference between likely and actual *damage* (*harm/injury*) may affect the right to injunctive relief and monetary damages. “In cases of deceptive marketing . . . a prevailing plaintiff is ordinarily awarded injunctive relief to protect both the plaintiff and the public from the likelihood of future *harm*.”²⁰² “An award of damages is designed to compensate the plaintiff for *proven pecuniary loss*, and the burden is on the plaintiff to establish *the fact* and amount of *such loss*.”²⁰³ Accordingly, “‘courts require a heightened level of proof of *injury* in order to recover money damages.’ . . . [A] plaintiff seeking monetary rather than injunctive relief must show ‘actual *damages* rather than a mere tendency to be *damaged*.’”²⁰⁴

The same type of distinction cannot be made between actual consumer deception and a tendency to deceive consumers in a Section 43(a)(1)(B) case. Because the statute proscribes only statements that deceive consumers by departing from the facts, a party may not seek relief for a statement that has a tendency to depart from the facts.²⁰⁵ Indeed, it is hard to fathom what such a statement might be. Moreover, proof of consumer deception differs from proof that the deception is likely to injure or actually has injured the plaintiff.²⁰⁶ A misrepresentation deceives consumers

202. Restatement (Third) of Unfair Competition § 35 cmt. b at 362 (1995) (emphasis added).

203. Restatement (Third) of Unfair Competition § 36 cmt. c at 379 (1995) (emphasis added).

204. *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 480 (D.N.J. 2009) (citing authority) (emphasis added). *Accord* *Empire Today, LLC v. Nat'l Floors Direct, Inc.*, 2011 U.S. Dist. LEXIS 59264, at *60 (D. Mass. June 2, 2011) (“[P]laintiff must prove a causal connection between the alleged misrepresentations and the harm sustained.”) (citing authority); *Rainbow Play Sys., Inc. v. Backyard Adventures, Inc.*, 2009 U.S. Dist. LEXIS 93623, at *18 (D.S.D. Sep. 28, 2009) (“To recover money damages for false advertising under the Lanham Act, a plaintiff must prove both actual damages and a causal link between a defendant’s violations and those damages.”) (citing authority); *Wyatt Tech. Corp. v. Malvern Instruments Corp.*, 2009 U.S. Dist. LEXIS 66097, at *47 (C.D. Cal. Jul. 29, 2009) (citing authority); *Imig, Inc. v. Electrolux Home Care Prods., Ltd.*, 2008 U.S. Dist. LEXIS 25478, at *57-61 (E.D.N.Y. Mar. 31, 2008) (distinguishing between injunctive and monetary damages); *Hipsaver Co., Inc. v. J.T. Posey Co.*, 490 F. Supp. 2d 55, 67 (D. Mass. 2007) (“[I]n order for a plaintiff seeking money damages to prove causation, ‘the aggrieved party must demonstrate that the false advertisement actually harmed its business. A precise showing is not required, and a diversion of sales, for example, would suffice.’”), quoting *Cashmere & Camel Hair Mfrs. v. Saks Fifth Ave.*, 284 F.3d 302, 318 (1st Cir. 2002).

205. Even consumer harm, to the extent it is relevant to injunctive relief, arises out of the actual deception that a false or misleading statement causes by departing from the facts.

206. *B. Sanfield, Inc. v. Finlay Fine Jewelry Corp.*, 258 F.3d 578, 581 (7th Cir. 2001) (distinguishing between deception and injury); *Nat'l Prods., Inc. v. Gamber-Johnson LLC*, 699 F. Supp. 2d 1232, 1241 (W.D. Wash. 2010) (“[T]he consumer deception element and the

because it departs from the facts. A plaintiff's likely injury by contrast depends on evidence regarding the competitive proximity of the parties in suit and the nature of the challenged misrepresentation. Proof of actual injury establishes what effect the misrepresentation has had on the plaintiff.

Consumer deception occurs apart from likely or actual injury to a plaintiff in a Section 43(a)(1)(B) case. Applied to a glass cleaner without wax, the claim "contains wax" deceives consumers. Whether that deception is material and, thus, likely to influence consumer behavior depends on further proof regarding why consumers buy glass cleaners and how the claim is used. If the deception is material, it is likely to injure another glass cleaner producer, but not an automaker. And whether the glass cleaner producer can prove that it actually has been injured is another matter entirely.

(2) Relief

A successful Section 43(a)(1)(B) plaintiff ordinarily should be entitled to a permanent injunction to prevent the defendant from continuing to misrepresent the nature, characteristics, qualities, or geographic origin of a product or service. An injunction benefits the plaintiff, which otherwise would likely continue to be harmed by the misrepresentation, and consumers, who otherwise would likely continue to be deceived by it. Equitable considerations may weigh against granting an injunction to a successful plaintiff. And the Lanham Act provides that courts "shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent violation under Subsection (a) . . . of section 1125 of this title."²⁰⁷

"There is a great deal of semantic confusion in the opinions dealing with the award of monetary recovery for . . . unfair competition."²⁰⁸ Contrary to certain cases,²⁰⁹ a defendant's

injury element are separate.") (citing authority); *Skydive Arizona, Inc. v. Quattrocchi*, 2009 U.S. Dist. LEXIS 128418, at *90 (D. Ariz. Feb. 2, 2009) ("In a suit for damages under Section 43(a), [] actual evidence of some injury *resulting from the deception* is an element of the plaintiff's case."), quoting *Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F.2d 197, 210 (9th Cir. 1989) (original emphasis); *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 482 (D.N.J. 2009) ("[L]iteral falsity, without more, is insufficient to support an award of money damages to compensate for marketplace injury.") (citing authority).

207. 15 U.S.C. § 1116(a). *See also* *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006) (setting out four-factor test to determine when permanent injunction relief is warranted).

208. 5 McCarthy, *supra* note 16, § 30:57, at 30-138.1.

209. *Ethicon Endo-Surgery, Inc. v. Hologic, Inc.*, 689 F. Supp. 2d 929, 943 (S.D. Ohio 2010) (applying presumption where comparative advertisement targeted plaintiff's product by name but not where comparative ad referred to competing products generally) (citing authority). *See also* cases collected in 5 McCarthy, *supra* note 16, § 27:42, at 27-91 to 27-92

intention to deceive consumers does not presumptively entitle a plaintiff to monetary damages as compensation for actual losses in a Section 43(a)(1)(B) case. Deception, whether proven or presumed from proof of intent, is inherent in the notion that a statement is false or misleading, not proof that the deception has damaged the plaintiff.²¹⁰ Whether an intentionally bad actor should disgorge profits in a Section 43(a)(1)(B) case raises a different issue. Proof of intent to deceive, which goes beyond the elements of the plaintiff's underlying claim, arguably may support such an award.²¹¹

In considering a request for monetary damages allegedly caused by a false or misleading description or representation of fact, it is unhelpful to draw a parallel between Section 43(a)(1)(A) and Section 43(a)(1)(B) cases²¹² because those claims differ.²¹³ A

(discussing presumption in both comparative and non-comparative advertisements). Even in the case of a comparative advertisement, pecuniary loss cannot reasonably be presumed from an intent to deceive absent proof (or a further presumption) that the intended deception is material.

210. This is so even if deception is viewed as a separate element of plaintiff's claim.

211. See 15 U.S.C. § 1117(a) (awards "subject to the principles of equity"); *Nat'l Prods. Inc. v. Gamber-Johnson LLC*, 734 F. Supp. 2d 1160 (W.D. Wash. 2010) (distinguishing plaintiff's damages from defendant's profits and discussing role of intent); *accord*, *Hansen Beverage Co. v. Vital Pharm., Inc.*, 2010 U.S. Dist. LEXIS 79218, at *27-29 (S.D. Cal. Aug. 3, 2010); *accord*, *Imig, Inc. v. Electrolux Home Care Prods., Ltd.*, 2008 U.S. Dist. LEXIS 25478, at *59-64 (E.D.N.Y. Mar. 31, 2008).

212. *Resources Developers, Inc. v. Statute of Liberty–Ellis Island Found., Inc.*, 926 F.2d 134, 139 (2d Cir. 1991) ("When a plaintiff seeks money damages in either a product infringement case or a false advertising case asserted under section 43(a), the plaintiff must introduce evidence of actual consumer confusion. This requirement must be distinguished from cases brought under the Lanham Act in which only injunctive relief is sought; in those cases the plaintiff need only prove a likelihood of confusion among consumers.") (citing authority); *Decorative Ctr. of Houston, L.P. v. Direct Response Publ'ns, Inc.*, 264 F. Supp. 2d 535, 552 (S.D. Tex. 2003) (equating 5-element test with test for false designation of origin).

213. *Mun. Revenue Serv., Inc. v. Xspand, Inc.*, 700 F. Supp. 2d 692, 717 (M.D. Pa. 2010) (distinguishing between Section 43(a)(1)(A) and Section 43(a)(1)(B) under Third Circuit law); *Brosnan v. Tradeline Solutions, Inc.*, 2009 U.S. Dist. LEXIS 48262, at *10-11 (N.D. Cal. June 5, 2009) (distinguishing between Section 43(a)(1)(A) and Section 43(a)(1)(B) under Ninth Circuit law); *Tripledge Prods., Inc. v. Whitney Res., Ltd.*, 735 F. Supp. 1154, 1161 (S.D.N.Y. 1990) (trademark infringement and false advertising claims are "subject to distinct analyses" in the Second Circuit); 2 *Gilson LaLonde*, *supra* note 5, § 7.02[3] at 7-13 ("[C]ourts have applied the requirements of (1)(A) to trademark infringement cases and the rules of (1)(B) to false or misleading claims in advertisements."); George Russell Thill, *The 1988 Trademark Law Revision Act: Damage Awards for False Advertising and Consumer Standing Under Section 43(a)—Congress Drops the Ball Twice*, 6 *DePaul Bus. L.J.* 361, 371-72 (1994) ("Although . . . the Act's remedy provisions apply to section 43(a) violations, the policies underlying both trademark infringement and false advertising suggest that such an approach is faulty. . . . Trademark infringement and false advertising differ in many respects [including] the amount of damage that is actually imposed upon the aggrieved party."); Arthur Best, *Monetary Damages for False Advertising*, 49 *U. Pitt. L. Rev.* 1, 13 (1987) ("Trademark precedents ought not to be imported into the realm of advertising cases for a number of reasons."); Garrett J. Waltzer, *Monetary Relief for False Advertising Claims Arising Under Section 43(a) of the Lanham Act*, 34 *UCLA L. Rev.* 953, 970 (1987)

Section 43(a)(1)(A) claim—typically trademark or service mark infringement—concerns a representation about the relationship between two parties’ products or services, namely, that a plaintiff is the likely source or sponsor of a defendant’s product or service. Section 43(a)(1)(B) refers more broadly to representations about the nature, characteristics, qualities, or geographic origin of products and services. In keeping with Section 43(a)(1)(A)’s narrower focus, the plaintiff need not prove that the representation actually deceives consumers, is material to their purchasing decisions, or is likely to injure the plaintiff.²¹⁴

Section 43(a)(1)(A) prohibits a representation about a product or service, and the harm it presumptively causes the plaintiff, when the representation is likely to cause the type of confusion that Section 43(a)(1)(A) prohibits.²¹⁵ If the plaintiff goes beyond the elements of its claim and proves that the representation actually has caused this type of confusion, that evidence arguably may support a monetary damages award. The theory is that some confused consumers undoubtedly purchased the defendant’s product in lieu of the plaintiff’s product.²¹⁶

Section 43(a)(1)(B), by contrast, says nothing about likely confusion or deception. To make out a Section 43(a)(1)(B) claim, a plaintiff must prove that the defendant has made a false or misleading statement. The statement necessarily deceives consumers by misrepresenting facts about a product or service. To recover monetary damages, a Section 43(a)(1)(B) plaintiff—like a Section 43(a)(1)(A) plaintiff—should introduce evidence beyond the elements of its claim from which a trier of fact reasonably can conclude that the statement has damaged the plaintiff.

("[T]rademark infringement and false advertising are distinct torts, which require distinct frameworks for analyzing claims for monetary relief.")

214. *Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 381 (2d Cir. 2005) (“To succeed in a Lanham Act suit for trademark infringement, a plaintiff . . . must prove that its mark is entitled to protection and . . . the defendant’s use of its own mark will likely cause confusion with plaintiff’s mark.”).

215. 15 U.S.C. § 1125(a)(1)(A).

216. How well this presumption holds up in practice when the parties are not direct competitors, or when the confusion concerns sponsorship rather than the origin of a product, is beyond the scope of this paper.

	43(a)(1)(A)	43(a)(1)(B)
Statutory requirement for liability	False designation of origin . . . which is <i>likely</i> to cause confusion, or to cause mistake, or to deceive as to . . . affiliation, connection, or association	False or misleading description . . . or . . . representation of fact . . . which . . . <i>misrepresents</i> the nature, characteristics, qualities, or geographic origin of . . . goods, services, or commercial activities
Proof of statutory requirement	<i>Polaroid</i> factors	Evidence regarding whether description or representation <i>actually</i> deceives by <i>actually</i> misrepresenting (departing from) the facts
Proof of monetary damages	Actual consumer deception attributable to false designation of origin	Damage attributable to false or misleading description or representation

Absent such additional evidence, a successful Section 43(a)(1)(B) plaintiff always would be entitled to monetary damages because element 1 requires proof that a statement caused actual deception by departing from the facts. Even if there are reasons to ease the burden plaintiffs face in establishing the right to monetary damages in Section 43(a)(1)(B) cases,²¹⁷ actual consumer deception caused by a statement's departure from the facts does not establish a plaintiff's right to that relief.

The consumer surveys on which courts often rely²¹⁸ do not support an award of monetary damages in a Section 43(a)(1)(B) case. Unlike a Section 43(a)(1)(A) survey that may support an inference of lost sales by documenting consumer confusion regarding the source or sponsorship of a product or service, a Section 43(a)(1)(B) survey shows what a statement means to consumers. Only when this consumer understanding is shown to be contrary to the facts can the statement be regarded as misleading in violation of Section 43(a)(1)(B).

217. Compare, e.g., Thill, *supra* note 213, at 361, with Best, *supra* note 213 at 1.

218. See, e.g., cases collected in 5 McCarthy, *supra* note 16, § 27:42, at 27-90 to 27-91.

Even if those two steps are conflated, Section 43(a)(1)(B) surveys do not establish a plaintiff's entitlement to monetary damages. Evidence that a misrepresentation deceives consumers does not prove that the deception has damaged the plaintiff. Moreover, a plaintiff that successfully challenges a misleading statement would be entitled to monetary damages because it has introduced survey evidence in support of its underlying claim while a plaintiff that successfully challenges a literally false statement would not. That is anomalous on its face.

It also ignores that a literally false statement deceives all reasonable members of its intended audience and a misleading statement deceives only a substantial segment of that audience. If consumer deception is to be linked to plaintiff injury despite the difference between deception and injury, a literally false statement is more apt to harm the plaintiff than a misleading statement. Current thinking stands this proposition on its head by holding that proof of deception among a substantial segment—as little as fifteen percent—of a statement's intended audience is evidence of plaintiff injury, although deception among all reasonable members of that audience is not.

b. Preliminary Injunctions

Confusion regarding deception also appears in cases involving requests for preliminary injunctive relief. For example, in *North American Medical Corp. v. Axiom Worldwide, Inc.*, the Eleventh Circuit stated that “we may only sustain the preliminary injunction as it pertains to literally false statements, as opposed to those that are merely misleading. . . . Even if the statements are misleading (but not false), which would satisfy the first element, the second element would remain unsatisfied at this stage, and a preliminary injunction would be inappropriate.”²¹⁹ This overlooks that both false and misleading statements actually deceive consumers because they depart from the facts and that a statement cannot be misleading unless it deceives consumers by departing from the facts.

Tying preliminary injunctive relief to an element of the plaintiff's underlying claim begs the question the courts ought to address: when is a plaintiff entitled to a preliminary injunction in

219. 522 F.3d 1211, 1225 n.11 (11th Cir. 2008). See also *Coca-Cola v. Tropicana Prods., Inc.*, 690 F.2d 312, 316-18 (2d Cir. 1982) (finding plaintiff was likely to succeed on the merits of its claim because a competitor's advertisement was *literally false* and was likely to suffer irreparable harm because survey evidence purportedly showed the advertisement was *misleading*); *Sanderson Farms, Inc. v. Tyson Foods, Inc.*, 547 F. Supp. 2d 491, 503-05, 507-08 (D. Md. 2008) (finding that plaintiff was likely to prove its claim and that deception establishes irreparable harm).

a Section 43(a)(1)(B) case? Preliminary injunctive relief is an extraordinary remedy, not awarded as a matter of course.²²⁰ The plaintiff must, at a minimum, establish a likelihood of success on the merits of its claim and irreparable harm, and may well have to address the balance of hardships between the parties, the public interest, preservation of the *status quo*, and other equitable considerations.²²¹ The plaintiff does not satisfy any of these requirements by showing that it likely will prove that the challenged claim deceives or tends to deceive consumers.

There is further confusion regarding irreparable harm. Although some courts recognize that *Skil* element 5 and irreparable harm are different standards,²²² others equate or confuse the two.²²³ Under the latter approach, the plaintiff generally will be entitled to a preliminary injunction whenever it shows that it is likely to succeed on the merits of its claim because the claim includes element 5.²²⁴ In comparative advertising cases,

220. *Mazurek v. Armstrong*, 520 U.S. 968 (1997); *Munchkin, Inc. v. Playtex Prods., LLC*, 2011 U.S. Dist. LEXIS 58800, at *6-7 (C.D. Cal. Apr. 11, 2011) (denying preliminary injunction in Section 43(a)(1)(B) case) (citing authority).

221. *Compare* *Mut. Pharm. Co. v. Watson Pharms., Inc.*, 2009 U.S. Dist. LEXIS 107880, at *15 (C.D. Cal. Oct. 19, 2009) (denying preliminary injunction in Section 43(a)(1)(B) case where plaintiff had unclean hands), and *accord*, *Stokely-Van Camp v. Coca-Cola Co.*, 646 F. Supp. 2d 510, 532-34 (S.D.N.Y. 2009), with *Paradise Canyon, LLC v. Integra Invs., LLC*, 2008 U.S. Dist. LEXIS 37494, at *13-15 (D. Nev. Mar. 18, 2008) (rejecting unclean hands defense). See also *Vienna Beef, Ltd. v. Red Hot Chicago, Inc.*, 2011 U.S. Dist. LEXIS 67412, at *13-14 (N.D. Ill. June 21, 2011) (denying TRO); *Hansen Beverage Co. v. Vital Pharm., Inc.*, 2008 U.S. Dist. LEXIS 105447, at *17-18 (S.D. Cal. Dec. 30, 2008) (denying preliminary injunction that would upset *status quo* in Section 43(a)(1)(B) case where plaintiff delayed in seeking relief).

222. *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 595 (3d Cir. 2002) (“[T]he standard for evaluating whether a plaintiff seeking a preliminary injunction will suffer irreparable harm if the injunction is not issued . . . differs from the standing requirement and injury element for a Lanham Act claim.”).

223. *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1319-20 (11th Cir. 2010); *Time Warner Cable, Inc. v. DirecTV*, 497 F.3d 144, 161-62 (2d Cir. 2007) (discussing “‘Lanham Act standing requirements’” in deciding whether plaintiff suffered irreparable harm); *Sanderson Farms, Inc. v. Tyson Foods, Inc.*, 547 F. Supp. 2d 491, 508 (D. Md. 2008) (“The fifth element will likely be met for the same reasons this Court found that Plaintiffs are likely to suffer irreparable harm in the absence of a preliminary injunction.”); *Ideal Instruments, Inc. v. Rivard Instruments, Inc.*, 479 F. Supp. 2d 968, 992 (N.D. Iowa 2007) (“For essentially the same reasons that the court found it was highly unlikely that Rivard could prove either the first, second, or fifth elements . . . the court finds that Rivard cannot establish the ‘irreparable harm’ factor.”).

224. Preliminary injunctive relief may turn on additional factors, such as the balance of hardships between the parties and the public interest. However, once likely success and, in turn, irreparable harm are established, it may be difficult to show that defendant’s interest outweighs plaintiff’s interest and that the public will not benefit from an injunction that temporarily ends deceptive conduct. See *Falcon Stainless, Inc. v. Rino Cos., Inc.*, 2008 U.S. Dist. LEXIS 102442, at *21-24 (C.D. Cal. Dec. 9, 2008) (these factors favored preliminary injunction where plaintiff proved likelihood of success and irreparable harm), *aff’d*, 360 Fed. Appx. 825 (9th Cir. 2009); *United Indus. Corp. v. Clorox Co.*, 140 F.3d 1175, 1183-84 (8th

some courts presume that both false and misleading statements cause irreparable harm²²⁵ while others apply the presumption in cases involving literally false statements²²⁶ but not misleading statements.²²⁷ Such presumptions may be suspect in the wake of *eBay*²²⁸ and because they take no account of misrepresentations about the plaintiff's product, which can be at least as likely to cause injury as comparative claims.

G. The “False Advertising” Misnomer

Weil proposed as the first element of a Section 43(a) claim that “the defendant’s advertisement is in fact false” although *Chamberlain*, *Gold Seal*, and *L’Aiglon* addressed the language of Section 43(a), which did not refer to advertising, and *Gold Seal* involved use of the “Glass Wax” name on a product as well as in advertising.²²⁹ And courts commonly characterize a Section 43(a)(1)(B) claim as “a Lanham Act false advertising claim.”²³⁰

Cir. 1998) (these factors did not favor preliminary injunction where plaintiff failed to prove likelihood of success and irreparable harm).

225. *Stokely-Van Camp, Inc. v. Coca-Cola Co.*, 646 F. Supp. 2d 510, 530 (S.D.N.Y. 2009), citing *McNeilab, Inc. v. Am. Home Prods. Corp.*, 848 F.2d 34, 38 (2d Cir. 1988) (drawing an analogy to trademark infringement cases in which “irreparable harm is presumed”).

226. *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1320 (11th Cir. 2010); *Procter & Gamble Co. v. Ultreo, Inc.*, 574 F. Supp. 2d 339, 346 (S.D.N.Y. 2008), citing *Castrol, Inc. v. Quaker State Corp.*, 977 F.2d 57, 62 (2d Cir. 1992).

227. Although false and misleading statements equally violate the statute, a court might be more inclined to enjoin a false statement (which deceives all reasonable members of its intended audience) than a misleading statement (which deceives as few as 15% of that audience).

228. *Osmose, Inc. v. Viance, LLC*, 612 F.3d at 1320 (questioning viability of such presumptions in the wake of *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006)); *Reckitt Benckiser Inc. v. Motomeo Ltd.*, 760 F. Supp. 2d 446 (S.D.N.Y. 2011).

229. See *supra* note 7. *L’Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649 (3d Cir. 1954) (Section 43(a) prohibits using photograph of plaintiff’s dress to advertise defendant’s inferior dress). In *L’Aiglon*, the court observed that “[p]erhaps this statutory tort [Section 43(a)] bears closest resemblance to the . . . tort of false advertising to the detriment of a competitor, as formulated by the American Law Institute out of materials of the evolving common law of unfair competition,” but otherwise distinguished the common law cause of action from Section 43(a) in no uncertain terms. 214 F.2d at 650-51.

230. *Famous Horse v. 5th Ave. Photo Inc.*, 624 F.3d 106, 112 (2d Cir. 2010). *Accord Pom Wonderful LLC v. Coca-Cola Co.*, 727 F. Supp. 2d 849, 861 (C.D. Cal. 2010) (“false advertising claims under the Lanham Act”); *Deston Therapeutics LLC v. Trigen Labs., Inc.*, 723 F. Supp. 2d 665, 672-73 (D. Del. 2010) (“false advertising claim under Lanham Act”); *Guidance Endodontics, LLC v. Dentsply Int’l, Inc.*, 708 F. Supp. 2d 1209, 1239 (D.N. Mex. 2010) (“false advertising under the Lanham Act”); *Aristotle Int’l, Inc. v. NGP Software, Inc.*, 714 F. Supp. 2d 1, 7 (D.D.C. 2010) (“Lanham Act false advertising claim”); *Cboss v. Zerbonia*, 2010 U.S. Dist. LEXIS 103173, at *2 (N.D. Ohio Sept. 29, 2010) (“false advertising pursuant to the Lanham Act”); *Campagnolo S.R.L. v. Full Speed Ahead, Inc.*, 2010 U.S. Dist. LEXIS 46176, at *17 (W.D. Wash. May 11, 2010) (“elements of a Lanham Act § 43(a)

This is a misnomer. Section 43(a)(1)(B) does not prohibit false advertising. It proscribes the use of descriptions and representations of fact. These may be misleading as well as false, and they need not appear in advertising. Attending to the statutory language clarifies which statements are actionable, the adequacy of a plaintiff's allegations, how the trier of fact addresses the plaintiff's claim, how the plaintiff proves its claim, and what relief a court will award.

1. Actionable Statements

a. Believable Inaccurate Statements of Fact

It often is said that actionable statements are specific and measurable statements of fact capable of being proven true or false.²³¹ That does not go quite far enough. Even if a statement of fact (“Our cars ride on a cloud”) is specific, measurable, and untrue, it is not actionable if it is unbelievable. It also is not the case that “[p]uffery and statements of fact are mutually exclusive.”²³² So-called puffery or puffing may be either a statement of opinion or an exaggerated statement of fact.²³³ A statement of opinion is not actionable because it is not a statement of fact²³⁴ whether it is believable (“You’ll love how our cars ride”) or unbelievable (“You’ll love how our cars ride on a cloud”). An exaggerated statement of fact (“Our cars ride on a cloud”) is not actionable because it is unbelievable²³⁵ even if it also is inaccurate.

false advertising claim”). *But see* Parker v. Viacom Int’l, Inc., 605 F. Supp. 2d 659, 663-64 (E.D. Pa. 2009) (“false and misleading advertising claim under the Lanham Act”).

231. Time Warner Cable, Inc. v. DirecTV, 497 F.3d 144, 159 (2d Cir. 2007); ZL Techs., Inc. v. Gartner, Inc., 2009 U.S. Dist. LEXIS 102681, at *14 (N.D. Cal. Nov. 4, 2009) (citing authority); Dyson, Inc. v. Oreck Corp., 2009 U.S. Dist. LEXIS 19097, at 19 (E.D. La. Mar. 4, 2009) (citing authority).

232. Am. Italian Pasta Co. v. New World Pasta Co., 371 F.3d 387, 391 (8th Cir. 2004). *Accord* Guidance Endodontics, LLC v. Dentsply Int’l, Inc., 708 F. Supp. 2d 1209, 1241 (D.N.M. 2010) (“[I]f a statement is ‘mere puffery,’ it cannot constitute a statement of fact.”); David A. Hoffman, *The Best Puffery Article Ever*, 91 Iowa L. Rev. 1395, 1447 (2006) (“Puffery and statements of fact are mutually exclusive.”).

233. Time Warner Cable, Inc. v. DirecTV, 497 F.3d 144, 160 (2d Cir. 2007) (“[P]uffery can come in at least two different forms . . . ‘a mere expression of opinion’ . . . [and] ‘an exaggerated, blustering, and boastful statement upon which no reasonable buyer would be justified in relying.’”); Intertape Polymer Corp. v. Inspired Techs., Inc., 725, F. Supp. 2d 1319, 1333 (M.D. Fla. 2010) (citing authority).

234. Spiel Assocs., Inc. v. Gateway Bookbinding Sys., Ltd., 2010 U.S. Dist. LEXIS 13167, at *30-31 (E.D.N.Y. Feb. 16, 2010) (citing authority).

235. Time Warner Cable, Inc. v. DirecTV, Inc., 497 F.3d 144, 159 (2d Cir. 2007) (“[I]f a visual representation is so grossly exaggerated that no reasonable buyer would take it at face value, there is no danger of consumer deception and hence, no basis for a false advertising claim.”); U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia, 898 F.2d 914, 922 (3d Cir. 1990) (Puffery “is not deceptive for no one would rely on its exaggerated

The relationship between actionable and non-actionable statements is a function of three variables: whether a statement is one of fact or opinion, whether a statement of fact is believable, and whether a statement of fact is accurate. Section 43(a)(1)(B) prohibits only believable inaccurate statements of fact:

**Actionable
Statement of Fact**

Believable inaccurate
statement of fact

“Our cars have a new
suspension” if the suspension
is not new

**Non-Actionable
Statement of Fact**

Believable accurate statement
of fact

“Our cars have a new
suspension” if the suspension
is new

Non-Actionable Puffery

Unbelievable accurate
statement of fact

“Our cars feature a DLNA
enabled sound system”

Unbelievable inaccurate
statement of fact

“Our cars ride on a cloud”²³⁶

Believable statement of opinion

“You’ll love how our cars ride”

Unbelievable statement of
opinion

“You’ll love how our cars ride
on a cloud”

There is no need to characterize the last four types of statements as puffery. Statements can as readily and more simply be considered actionable or non-actionable:

claims.”); *Spiel Assoc., Inc. v. Gateway Bookbinding Sys., Ltd.*, 2010 U.S. Dist. LEXIS 13167, at *30-31 (E.D.N.Y. Feb. 16, 2010) (If the statement is puffery “the audience for the statement cannot be deceived by it.”) (citing authority).

236. An unbelievable statement of fact (“Our cars ride on a cloud”) typically will be inaccurate as well. Consumers may fail to believe an accurate statement of fact if the fact (DLNA technology) is beyond their common knowledge. However, marketers have little incentive to invest time and money in accurate but incredible statements of fact about their products when they equally can make accurate and credible statements that enhance their products’ appeal.

Actionable

Believable inaccurate statement of fact

“Our cars have a new suspension” if the suspension is not new

Non-Actionable

Believable accurate statement of fact

“Our cars have a new suspension” if the suspension is new

Unbelievable statement of fact (whether accurate or inaccurate)

“Our cars feature a DLNA enabled sound system”

“Our cars ride on a cloud”

Statement of opinion (whether believable or unbelievable)

“You’ll love how our cars ride”

“You’ll love how our cars ride on a cloud”

A statement is one of fact if it conveys information about reality that can be proven true or false.²³⁷ It differs from a statement of opinion, which is a belief or conclusion that cannot be proven true or false.²³⁸ A statement of fact is believable if reasonable consumers would credit the statement.²³⁹ A believable statement of fact is false or misleading if it is inaccurate, i.e., if it departs from the facts.

Accuracy is a two-part inquiry, which concerns a statement’s meaning and the relationship between that meaning and the facts:

False

Meaning of unambiguous statement is shared by all reasonable members of its intended audience

Meaning departs from the facts

Misleading

Meaning of ambiguous statement is shared by substantial segment of its intended audience

Meaning departs from the facts

237. American Heritage College Dictionary 489 (3d ed. 1997) (defining “fact” as “[i]nformation presented as objectively real. 2. A real occurrence; an event . . . 3.a. Something having real, demonstrable existence. b. The quality of being real or actual”).

238. *Id.* at 957 (defining “opinion” as a “belief or conclusion held with confidence, but not substantiated by positive knowledge or proof”). *See also* cases at note 234, *supra*.

239. *Id.* at 125 (defining “believe” as “[t]o credit with veracity”). This is not a standard the courts apply because they focus on whether a statement of fact is puffery. It has been observed nevertheless that “[p]uffery can consist of grossly exaggerated advertising claims such as blustering or boasting upon which no reasonable buyer would rely.” 5 McCarthy, *supra* note 16, § 27:38, at 27-29.

The first part of the inquiry raises two questions: Is the statement unambiguous? What does the statement mean? Those two questions merge when a statement is allegedly false. In deciding that a statement is unambiguous, the trier of fact necessarily determines what the statement means and does so without considering survey evidence regarding how the statement's intended audience reacts to the statement. When a statement is allegedly misleading, the trier of fact first determines whether the statement is unambiguous. If the answer is no, it ascertains the statement's meaning and typically does so by considering survey evidence regarding how the statement's intended audience reacts to the statement. The second part of the inquiry—whether the statement's meaning departs from the facts—is the same in both cases.

b. The Puffery Problem

Puffery is a “non-actionable third category of statements,”²⁴⁰ not one side of a puffery-materiality coin.²⁴¹ Statements in this third category are not actionable because they fall outside the scope of element 1, not because they are immaterial within the meaning of element 3. A statement of opinion (“You’ll love how the new Ford Focus handles”) may well influence consumer choice, particularly if it is made by a celebrity endorser. Whether or not it does so is irrelevant because Section 43(a)(1)(B) proscribes only statements of fact. Whether a statement of fact is believable (“Our cars have a new suspension”) or unbelievable (“Our cars ride on a cloud”) turns on whether consumers would credit the statement, not on whether the statement is material.

Consumer belief is an element 1 issue. It differs from consumer reliance, which is an element 3 issue. It confuses matters to maintain that puffery “is not deceptive for no one would rely on its exaggerated claims,”²⁴² that “the common denominator for all puffing [is that] the claim is not one on which a substantial

240. *Process Controls Int’l, Inc. v. Emerson Process Mgmt.*, 753 F. Supp. 2d 912, 929 (E.D. Mo. 2010), citing *United Indus. Corp. v. Clorox Co.*, 140 F.3d 1175, 1180 (8th Cir. 1998).

241. Richard J. Leighton, *Making Puffery Determinations in Lanham Act False Advertising Cases: Surveys, Dictionaries, Judicial Edicts and Materiality Tests*, 95 TMR 615, 617 (“[P]uffery is a sales pitch that obviously is not material.”); Leighton, *supra* note 70, at 587 (“If materiality is heads on the judicial referee’s coin, then puffery is tails. . . . The courts . . . find a claim to be mere puffery when it obviously is *not* material to reasonable potential purchasers.”) (original emphasis); Burns, *supra* note 32, at 883 (“A prime reason for excluding opinion, puffing, and non-fact culpability is that buyers do not rely on them in making purchasing decisions. . . . Therefore, in applying the materiality test outlined above, courts will often answer the fact/non-fact query as well.”).

242. *U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia*, 898 F.2d 914, 922 (3d Cir. 1990).

portion of the reasonable members of the intended audience would rely as a statement of material fact,²⁴³ or that “with puffing, courts assume that purchasers are not likely to rely on the statements.”²⁴⁴

Any relationship between elements 1 and 3 concerns consumer motivation, not consumer reliance. Both concrete (car gas mileage) and intangible (luxury car caché) product attributes are characteristics or qualities of a car (element 1) that are likely to influence purchasing decisions (element 3). If there is an impediment to challenging misrepresentations about intangible product attributes despite their materiality, it lies in the element 1 requirement that a misrepresentation be a specific and measurable description or representation of fact (car gas mileage) and not an unquantifiable expression of product desirability (luxury car caché).

Although puffery is not actionable because it does not give rise to a Section 43(a)(1)(B) claim, it frequently is referred to as a “defense in false-advertising cases.”²⁴⁵ Characterizing puffery as a defense may suggest that the defendant bears the burden of proving that the challenged statement is not actionable. The plaintiff must plead and prove that the challenged statement is a false or misleading description or representation of fact.²⁴⁶ If the plaintiff fails to do so, it has not made out one element of a Section 43(a)(1)(B) claim and the defendant need not offer up any defense to the claim.²⁴⁷

Puffery is a defense only in the sense that a defendant can move to dismiss a claim if the plaintiff alleges that something other than a false or misleading description or representation of fact violates the statute. The defense is provided by

243. Leighton, *supra* note 70, at 620.

244. Burns, *supra* note 32, at 868-69.

245. David A. Hoffman, *The Best Puffery Article Ever*, 91 Iowa L. Rev. 1395, 1402 (2002). *Accord* Time Warner Cable, Inc. v. DirecTV, 497 F.3d 144, 160 (2d Cir. 2007) (“[T]he District Court erred in rejecting DIRECTV’s puffing defense.”); 5 McCarthy, *supra* note 16, § 27:38 (discussing “puffing defense”); 2 Gilson LaLonde, *supra* note 5, § 7.02[6][b] at 7-34.3 (The court will “consider possible defenses, including whether . . . a reasonable consumer would believe the claim was . . . puffing.”).

246. *Process Controls Int’l, Inc. v. Emerson Process Mgmt.*, 753 F. Supp. 2d 912, 930 (E.D. Mo. 2010) (“[N]one of the statements [plaintiff] points to are non-actionable puffery, because they all are specific, measurable claims.”). Even where plaintiff challenges an establishment claim, it “has the burden of proof.” *Munchkin, Inc. v. Playtex Prods., LLC*, 2011 U.S. Dist. LEXIS 58800, at *29 (C.D. Cal. Apr. 11, 2011).

247. See Sarah Samuelson, *True or False: The Expanding “False by Necessary Implication” Doctrine in Lanham Act False Advertising, and How a Revitalized Puffery Defense Can Solve This Problem*, 30 Cardozo L. Rev. 317, 344 (2008) (Proposing “structure [that] will incorporate puffery into the court’s true/false analysis, making it a threshold element of the inquiry rather than a defense.”).

Fed. R. Civ. P. 12(b)(6) and 12(c), which apply to any claim that is not adequately pled, not merely Section 43(a)(1)(B) claims.²⁴⁸ If the plaintiff challenges puffery, the defendant can move for summary judgment.²⁴⁹ That is not a defense to the plaintiff's claim, but a procedural means for disposing of a claim that fails as a matter of law.

The law would be more clear if courts did away with the notions that all non-actionable statements are puffery, that statements of fact and puffery are mutually exclusive, that puffery is a non-material statement, and that puffery is a defense to a Section 43(a)(1)(B) claim. Section 43(a)(1)(B) entitles a plaintiff to challenge only a believable inaccurate statement of fact. The plaintiff may not challenge an unbelievable or accurate statement of fact or a statement of opinion. Whether a statement is actionable within the meaning of element 1 and whether it is material within the meaning of element 3 are different issues. And puffery is not a defense to a Section 43(a)(1)(B) claim.

2. Pleading a Claim

A plaintiff must identify the descriptions and representations it contends are false or misleading.²⁵⁰ In granting a motion to dismiss, one court declined to consider three of four allegedly false statements in a brochure because the complaint did not single

248. *Cornelius v. DeLuca*, 709 F. Supp. 2d 1003, 1020 (D. Idaho 2010) (“Both statements . . . are puffery. Without a description or representations of fact, there can be no false advertising.”); *TYR Sport Inc. v. Warnaco Swimwear Inc.*, 679 F. Supp. 2d 1120, 1137 (C.D. Cal. 2009) (“All of TYR’s allegations here amount to mere puffery, save for one.”); *Parker v. Learn The Skills Corp.*, 530 F. Supp. 2d 661, 679 (D. Del. 2008) (The challenged claims are “personal opinions regarding plaintiff, rather than false and misleading statements regarding defendants’ products or plaintiff’s products. . . . Accordingly, as pled, the amended complaint fails to state a claim.”); *Paradise Canyon, LLC v. Integra Invs., LLC*, 2008 U.S. Dist. LEXIS 37494, at *9 (D. Nev. Mar. 18, 2008) (“Integra’s advertisements are not puffery. . . . Paradise Canyon has sufficiently alleged a claim for false advertising.”).

249. *Guidance Endodontics, LLC v. Dentsply Int’l, Inc.*, 708 F. Supp. 2d 1209, 1241 (D.N.M. 2010) (Granting summary judgment because “if a statement is ‘mere puffery,’ it cannot constitute a statement of fact and therefore cannot serve as the basis for a false advertising claim under the Lanham Act.”); *Autodesk, Inc. v. Dassault Systemes Solidworks Corp.*, 685 F. Supp. 2d 1001, 1019 (N.D. Cal. 2009) (“[D]efendant’s motion for summary judgment on the ground that statements one and three are non-actionable puffery is denied with respect to statement one and granted with respect to statement three.”); *Fair Isaac Corp. v. Experian Info. Solutions, Inc.*, 645 F. Supp. 2d 734, 763 (D. Minn. 2009) (“[T]he statements are . . . ‘puffery’ or ‘puffing,’ which is not actionable under the Lanham Act. . . . Fair Isaac’s claims . . . fail as a matter of law. Defendants are therefore entitled to summary judgment.”).

250. 2 *Gilson LaLonde*, *supra* note 5, § 7.02[6][b] at 7-40 to 7-41 (discussing specificity of allegations in Section 43(a)(1)(B) cases); *accord*, *McKenney & Long*, *supra* note 16, § 6:3 at 6-34 to 6-36.

them out.²⁵¹ And other cases illustrate the importance of pleading a claim with particularity.²⁵² Identifying the challenged descriptions or representations takes account of Section 43(a)(1)(B) itself and gives the defendant and the court notice of what the plaintiff considers objectionable about the defendant's advertisement or other commercial material, and it provides an early opportunity to assess whether the plaintiff's claim should proceed. Alleging that the defendant has engaged in false advertising, or that the defendant's advertisement is false, does not.

3. Addressing a Claim

In addressing whether a description or representation violates Section 43(a)(1)(B), the trier of fact must consider how a defendant is using the description or representation in an advertisement or other commercial material. The statute does not prohibit descriptions or representations in a vacuum or the use of commercial materials that lack an offending description or representation.

Although this may seem obvious, it is overlooked with surprising regularity. Courts sometimes consider statements standing alone,²⁵³ and they rarely acknowledge that the way a

251. *Monilisa Collection, Inc. v. Clarke Prods., Inc.*, 2011 U.S. Dist. LEXIS 78665, at *8-9 (M.D. Fla. July 20, 2011).

252. *McNeilab, Inc. v. Am. Home Prods. Corp.*, 848 F.2d 34, 36 (2d Cir. 1988) (“McNeil charged the slogans [in the commercials] would mislead and confuse consumers.”); *Architectural Mailboxes, LLC v. Epock Design, Inc.*, 2011 U.S. Dist. LEXIS 46180, at *14-15 (S.D. Cal. Apr. 28, 2011) (denying motion to dismiss); *Process Controls Int’l, Inc. v. Emerson Process Mgmt.*, 753 F. Supp. 2d 912 (E.D. Mo. 2010); *Yumul v. Smart Balance, Inc.*, 733 F. Supp. 2d 1117 (C.D. Cal. 2010); *Deston Therapeutics LLC v. Unigen Pharms, Inc.*, 723 F. Supp. 2d 665 (D. Del. 2010) (Defendants urged plaintiffs had “not adequately alleged that Defendants made a false statement.”); *PHA Lighting Design, Inc. v. Kosheluk*, 2010 U.S. Dist. LEXIS 30752, at *18-19 (N.D. Ga. Mar. 30, 2010) (“Plaintiff alleges that the statement [in defendant’s brochures] is false.”); *Perrin & Nissen Ltd. v. SAS Grp. Inc.*, 2009 U.S. Dist. LEXIS 60506, at *28 (S.D.N.Y. Mar. 27, 2009) (“On the face of the complaint, plaintiff has stated a claim for false advertising by alleging that the video contains a misleading representation about a material quality of the product.”); *Healthpoint, Ltd. v. Allen Pharm., LLC*, 2008 U.S. Dist. LEXIS 20971, at *20 (W.D. Tex. Mar. 18, 2008), quoting *Mylan Labs. v. Matkar*, 7 F.3d 1130, 1139 (4th Cir. 1993) (“In order to state a proper claim for relief under Section 43(a) of the Lanham Act, [plaintiff] was required to point to *some* claim or representation that is reasonably clear from the face of the defendants’ advertising or package inserts.”) (original emphasis); *Rexall Sundown, Inc. v. Perrigo Co.*, 651 F. Supp. 2d 9, 21 (S.D.N.Y. 2008); *Axcan Scandipharm Inc. v. Ethex Corp.*, 585 F. Supp. 2d 1067, 1082 (D. Minn. 2007).

253. See, e.g., *Pizza Hut, Inc. v. Papa John’s Int’l, Inc.*, 227 F.3d 489, 498-99 (5th Cir. 2000) (considering one phrase in context and another “standing alone”).

statement is used can determine whether it is so-called puffery.²⁵⁴ At best they recognize that “[i]n reviewing allegedly false and misleading statements, courts are to read the statements . . . in context.”²⁵⁵ More often they say that a statement may be “misleading in context,”²⁵⁶ that a court must look to context in “determining whether a statement is “literally false,”²⁵⁷ or that a “court must look to the advertisement as a whole.”²⁵⁸

The reference to “context” in these cases is a distraction. Courts can best address a plaintiff’s claim by consulting the statute, which prohibits the “use” of descriptions and representations, not descriptions or representations “in context.” Characterizing “use” as “context” is unnecessary and unhelpful. In addressing whether an allegedly false or misleading description or representation is actionable, courts need only consider but may not ignore how the description or representation is used.

How a defendant uses a description or representation raises at least two issues. One is the nature of the materials in which the description or representation appears. Section 43(a)(1)(B) refers to the use of descriptions and representations in “promotion” as well

254. *But see* Am. Italian Pasta Co. v. New World Pasta Co., 371 F.3d 387, 392-93 (8th Cir. 2004) (considering whether phrase in context was puffery); *accord*, Hackett v. Hackett Miller Co., Inc., 2011 U.S. Dist. LEXIS 101485, at *13-14 (D. Nev. Sept. 8, 2011).

255. Schering-Plough Healthcare Prods., Inc. v. Schwarz Pharma, Inc., 547 F. Supp. 2d 939, 943 (E.D. Wis. 2008), *aff’d*, 586 F.3d 500 (7th Cir. 2009). *Accord* Osmose, Inc. v. Viance, LLC, 612 F.3d 1298, 1308 (11th Cir. 2010) (“[C]ourts ‘must analyze the message conveyed in full context.’”); L-7 Designs, Inc. v. Old Navy, LLC, 2010 U.S. Dist. LEXIS 3709, at *29 (S.D.N.Y. Jan. 19, 2010); Bridal Expo, Inc. v. van Florestein, 2009 U.S. Dist. LEXIS 7388, at *17 (S.D. Tex. Feb. 3, 2009) (citing authority).

256. Pom Wonderful LLC v. Coca-Cola Co., 727 F. Supp. 2d 849, 868 (C.D. Cal. 2010). *Accord* Intertype Polymer Corp. v. Inspired Techs., Inc., 725 F. Supp. 2d 1319, 1333 (M.D. Fla. 2010) (citing authority); LG Elecs. U.S.A., Inc. v. Whirlpool Corp., 661 F. Supp. 2d 940, 948 (N.D. Ill. 2009) (citing authority); Axcan Scandipharm Inc. v. Ethex Corp., 585 F. Supp. 2d 1067, 1082 (D. Minn. 2007) (citing authority).

257. Process Controls Int’l, Inc. v. Emerson Process Mgmt., 753 F. Supp. 2d 912, 929 (E.D. Mo. 2010) (citing authority). *Accord* Time Warner Cable, Inc. v. DirecTV, Inc., 497 F.3d 144, 158 (2d Cir. 2007); Nat’l Prods., Inc. v. Gamber-Johnson LLC, 699 F. Supp. 2d 1232, 1237 (W.D. Wash. 2010) (citing authority); Cboss, Inc. v. Zerbonia, 2010 U.S. Dist. LEXIS 103173, at *15-16 (N.D. Ohio Sept. 29, 2010) (citing authority); Hansen Beverage Co. v. Vital Pharm., Inc., 2010 U.S. Dist. LEXIS 40990, at *8 (S.D. Cal. Apr. 27, 2010) (citing authority); TrafficSchool.Com, Inc. v. EDriver, Inc., 633 F. Supp. 2d 1063, 1074 (C.D. Cal. 2008) (citing authority); Hipsaver Co., Inc. v. Posey Co., 490 F. Supp. 2d 55, 66 (D. Mass. 2007) (citing authority); Ideal Instruments, Inc. v. Rivard Instruments, Inc., 479 F. Supp. 2d 968, 989 (D. Iowa 2007) (citing authority).

258. PHA Lighting Design, Inc. v. Kosheluk, 2010 U.S. Dist. LEXIS 30752, at *20 (N.D. Ga. Mar. 30, 2010). *See also* Procter & Gamble Co. v. Ultreo, Inc., 574 F. Supp. 2d 339, 345 (S.D.N.Y. 2008). That takes out of context what the Second Circuit said in *Time Warner Cable, Inc. v. DirecTV, Inc.*, 497 F.3d 144, 158 (2d Cir. 2007) (“[D]istrict court evaluating whether an advertisement is literally false ‘must analyze the message conveyed in full context,’ i.e., it ‘must consider the advertisement in its entirety and not . . . engage in disputatious dissection.’”).

as “advertising.” Descriptions and representations are made in different types of materials²⁵⁹ including on products, labels, or packaging,²⁶⁰ and the nature of these materials can affect whether use of a description or representation is false or misleading.²⁶¹

A second consideration is the wording and design of the materials in which the description or representation is used. Standing alone, “contains wax” appears to be literally false, “Glass Wax” ambiguous, and “cleans best” so-called puffery as applied to a glass cleaner without wax. Certain of these perceptions change when the statements are used in an advertisement, which features a chart comparing the performance of “Glass Wax” cleaner to other glass cleaners and reads:

TRY NEW “GLASS WAX”!

IT SIMPLY CLEANS BEST

Contains wax? Not this new glass cleaner.

But it protects so well you might think it does.

“Contains wax” does not convey the message that the cleaner contains wax because “contains wax” is framed as a question to which the advertisement says the answer is no. Owing to the comparative chart, “cleans best” is a specific factual claim capable of being verified, not the manufacturer’s opinion about how well its product performs or an exaggerated claim of general product

259. *Podiatrist Ass’n, Inc. v. La Cruz Azul de Puerto Rico, Inc.*, 332 F.3d 6, 19 (1st Cir. 2003) (Section 43(a)(1)(B) “covers more than classic advertising campaigns”). *Accord* *Reckitt Benckiser Inc. v. Motomeo Ltd.*, 760 F. Supp. 2d 446, 455 (S.D.N.Y. 2011) (citing authority); *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 456 (D.N.J. 2009) (citing authority).

260. *Schering-Plough Healthcare Prods., Inc. v. Schwarz Pharma, Inc.*, 547 F. Supp. 2d 939, 943 (E.D. Wisc. 2008) (bottle label), *aff’d*, 586 F.3d 500 (7th Cir. 2009); *Deston Therapeutics LLC v. Trigen Labs, Inc.*, 723 F. Supp. 2d 665 (D. Del. 2010) (labels and package inserts) (citing authority); *Schering-Plough Healthcare Prods., Inc. v. Neutrogena Corp.*, 2010 U.S. Dist. LEXIS 48744, at *10 (D. Del. May 18, 2010) (“[D]efendant’s labeling . . . [was] literally false.”); *Merisant Co. v. McNeil Nutritionals, LLC*, 515 F. Supp. 2d 509, 525 (E.D. Pa. 2007) (statement may be “impliedly false on a product package”); *McKenney & Long, supra* note 16, § 6:13 at 6-70 (2010) (“Section 43(a) prohibits false advertising in the form of . . . statements on . . . a product.”).

261. *Schering-Plough*, 547 F. Supp. 2d at 943 (“[C]ontext can often be important in discerning the message conveyed and this is particularly true where, as here, the target of the advertising is not the consuming public but a more well informed and sophisticated audience.”), *aff’d*, 586 F.3d 500 (7th Cir. 2009); *accord*, *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 476 (D.N.J. 2009), citing *Sandoz Pharms. Corp. v. Richardson-Vicks, Inc.*, 902 F.2d 222, 229 (3d Cir. 1990); 2 *Gilson LaLonde, supra* note 5, § 7.02[6][b] at 7-40 (“In trade advertising, advertisers appeal . . . to wholesalers and retail sellers, who may be more sophisticated and better informed about the product than the general public.”). *See also* *Procter & Gamble Co. v. Ultreo, Inc.*, 574 F. Supp. 2d 339, 342 (S.D.N.Y. 2008) (“Ultreo makes a series of claims in their advertising, website, infomercial, retail presentations, labeling on the Ultreo box, and presentations to dental professionals.”).

superiority that no reasonable consumer would credit. The meaning of “Glass Wax” remains ambiguous.

Statement	Actionable Alone	Actionable As Used
Contains wax	Yes. Believable and inaccurate fact statement.	No. Believable and accurate fact statement.
Cleans best	No. Opinion or unbelievable fact statement.	Believable and possibly inaccurate fact statement.
Glass Wax	Believable and possibly inaccurate fact statement.	Believable and possibly inaccurate fact statement. ²⁶²

Whether a statement is one of fact or opinion and whether a statement of fact is believable turn on the type of statement a defendant is making. The trier of fact can decide those issues without considering evidence of consumer reaction to the particular statement at issue. The accuracy of a particular statement concerns its meaning and whether that meaning departs from the facts. The trier of fact need not consider consumer reaction evidence to determine the meaning of an unambiguous believable statement of fact. It typically must consider consumer reaction evidence to determine the meaning of an ambiguous believable statement of fact. Only then can it decide whether the statement departs from the facts.

Issue	Survey Required
Believability of statement	No
Statement of fact or opinion	No
Meaning of unambiguous statement	No
Meaning of ambiguous statement	Yes

262. The “Glass Wax” name probably is less ambiguous when used in the advertisement than it is standing alone. But it remains unclear whether a substantial segment (as few as 15%) of consumers would understand “Glass Wax” to mean the cleaner contains wax. Some percentage of consumers reasonably could focus on the “Glass Wax” name and “It Simply Cleans Best” particularly if those words dominate the advertisement, and overlook the body of the advertisement, which explains in smaller type that the product does not contain wax.

4. Proving a Claim

Addressing how the challenged statement is used, rather than considering whether an advertisement is false, affects how, if at all, a plaintiff will go about proving a claim.²⁶³ Advertisements for a glass cleaner without wax might read:

Case A	Case B	Case C
TRY NEW “GLASS WAX”!	TRY NEW “GLASS WAX”!	TRY NEW “GLASS WAX”!
IT SIMPLY CLEANS BEST	IT SIMPLY CLEANS BEST	IT SIMPLY CLEANS BEST
	The only glass cleaner that contains wax and other additives to protect while it cleans.	Contains wax? Not this new glass cleaner. But it protects so well you might think it does.

The plaintiff in case B should be able to show that the use of “contains wax” is literally false. The same cannot be said about use of those words in case C. The plaintiff in all three cases would need a survey to establish whether use of the ambiguous “Glass Wax” name causes consumers in sufficient numbers to believe that the cleaner contains wax. A court nevertheless might be tempted to forego a survey in cases B and C. Like many temptations, this “I know it when I see it” approach can lead one astray. The court is deciding what effect other words in the advertisements necessarily have on consumer understanding of the “Glass Wax” name. That differs from evidence regarding how consumers actually react to the “Glass Wax” name as it is used in the advertisements.

It also may be tempting to equate the use of a statement in an advertisement (“contains wax”) with the advertisement itself (“New ‘Glass Wax’ cleaner contains wax”) or to view “New ‘Glass Wax’ cleaner contains wax” as a statement used in an advertisement. In practice, few advertisements are as straightforward as this simple example. Most will contain statements or graphics, or both, with which the plaintiff has no

263. *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 476 (D.N.J. 2009) (Defendant urged that plaintiff “failed to identify the allegedly ‘misleading’ nature of any accused advertisement with specificity in its survey.”); *Sanderson Farms, Inc. v. Tyson Foods, Inc.*, 547 F. Supp. 2d 491, 498-503 (D. Md. 2000) (surveys used to ascertain meaning of claims made in advertising).

quarrel,²⁶⁴ requiring the plaintiff to focus on use of the statement that it considers objectionable.

In even a simple case, challenging the use of a statement in an advertisement and challenging the advertisement may be very different exercises. Confronting an advertisement for a glass cleaner without wax—“Try new ‘Glass Wax’. You’ll love how it cleans *and* protects”—a plaintiff might show through a survey that a substantial segment of the advertisement’s intended audience believes (i) the advertisement conveys the message that the product contains wax or (ii) the use of “Glass Wax” in particular conveys this message.

The plaintiff in the first case has proved that the advertisement misleads but has not shown why it does so. Reasons could be use of the “Glass Wax” name, the reference to “cleans *and* protects” or use of the name and those words together. Although the advertisement misleads, the defendant might remain free to place a new advertisement—“Try new ‘Glass Wax’. You’ll love how it works”—and thereby require the plaintiff to challenge that advertisement in a new action.²⁶⁵ The plaintiff in the second case has proved that use of the “Glass Wax” name misleads. The burden arguably may shift to the defendant to prove that it can use “Glass Wax” in a way that does not do so.²⁶⁶ Absent such proof, the defendant effectively may be prohibited from advertising its cleaner at all unless it changes the offending name.

5. Awarding Relief

Proof that use of a statement in an advertisement violates the statute bears on the scope of injunctive relief that a court will award. Because injunctions may not be vague²⁶⁷ or overly broad,²⁶⁸

264. Burns, *supra* note 32, at 865 (“[M]ost advertisements convey a number of messages, some of which may be true and helpful to consumers, but some of which may not.”).

265. PBM Products, LLC v. Mead Johnson & Co., 639 F.3d 111, 128 (4th Cir. 2011) (“If the injunction were limited to the mailer and did not enjoin the false claims made therein, Mead Johnson would be free to use false statements in future advertisements.”).

266. Home Box Office v. Showtime/The Movie Channel, 832 F.2d 1311, 1315-16 (2d Cir. 1987) (defendant bears heavy burden of showing that its altered materials do not violate Lanham Act); Johnson & Johnson-Merck Consumer Pharms. Co. v. Proctor & Gamble Co., 285 F. Supp. 2d 389, 393 (S.D.N.Y. 2003) (false representation not cured by disclaimer), *aff’d*, 90 Fed. Appx. 8 (2d Cir. 2003); *accord*, Bracco Diagnostics, Inc. v. Amersham Health, Inc., 627 F. Supp. 2d 384, 464 (D.N.J. 2009) (citing authority).

267. Fed. R. Civ. P. 65(d)(1) (“Every order granting an injunction . . . must . . . state its terms specifically . . . and describe in reasonable detail . . . the act or acts restrained.”).

268. PBM Products, LLC v. Mead Johnson & Co., 639 F.3d 111, 128 (4th Cir. 2011) (“It is well established that injunctive relief should be no more burdensome to the defendant than necessary to provide complete relief to plaintiffs.”); *accord*, Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co., 290 F.3d 578, 598 (3d Cir. 2002);

such relief will focus on continued use of the offending statement.²⁶⁹ The injunction may go beyond use of the statement in a particular advertisement precisely because the offending statement has been identified.²⁷⁰ The defendant may continue to make any truthful statements that appear in the advertisement because use of the statement, not use of the advertisement apart from the statement, has been banned.²⁷¹

IV. REPLACING *SKIL*: BACK TO THE FUTURE

In 1974, the *Skil* and *Potato Chip* decisions offered two visions of the future. Nearly forty years later, *Skil* dominates the Section 43(a)(1)(B) legal landscape and the *Potato Chip* case is all but forgotten. Also ignored is McCarthy's statement of the elements of a Section 43(a)(1)(B) claim. This Part explores how the law might have looked, and could look going forward, but for the influence Weil exerted on it through *Skil*.

A. Elements of a Claim

In a Section 43(a)(1)(B) action, the plaintiff must plead and prove that:

1. the defendant is using a
 - a. false or misleading

ALPO Petfoods, Inc. v. Ralston Purina Co., 913 F.2d 958, 972 (D.C. Cir. 1990) (“The law requires that courts tailor injunctions to the harm that they address.”).

269. *PBM Prods., LLC*, 639 F.3d at 128 (“[T]he district court enjoined the two express claims made in the mailer.”); *L. & J G. Stickley, Inc. v. Cosser*, 255 Fed. App. 541, 543 (2d Cir. 2007); *Novartis Consumer Health, Inc.*, 290 F.3d at 598. *See also* *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 476 (D.N.J. 2009) (Survey “results cannot be applied to . . . statements not tested.”).

270. *PBM Prods., LLC*, 639 F.3d at 128 (“If the injunction were limited to the mailer and did not enjoin the false claims made therein, Mead Johnson would be free to use false statements in future advertisements.”); *L. & J G. Stickley, Inc. v. Cosser*, 255 Fed. App. 541, 543 (2d Cir. 2007) (enjoining any false or misleading “uses of or references to the name, furniture polish, furniture polish formula, and/or furniture finishing business of ‘Stickley’ or ‘L. & J. G. Stickley.’”); *Novartis Consumer Health, Inc.*, 290 F.3d at 598-99 (Enjoining defendant from using offending name and from “otherwise claiming’ in its packaging, advertising, or promotional materials that MNTS is specially formulated for nighttime heartburn, provides all-night relief, or possesses a strength that correlates with greater efficacy.”). *But see* *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 476 (D.N.J. 2009) (Survey “results cannot be applied to . . . statements in media other than those surveyed.”) (citing authority).

271. *TrafficSchool, Inc. v. EDriver Inc.*, 2011 U.S. App. LEXIS 15536, at *18-21 (9th Cir. July 28, 2011) (tailoring injunction to facilitate continued use of truthful representations). It is difficult to see how “[o]ne of the problems with the Lanham Act standards is that they focus on the one message that is claimed to be false or misleading. This approach fails to give any value to the numerous other truthful messages that will be lost as well.” Jeffrey P. Singdahlsen, *The Risk of Chill: A Cost of the Standards Governing the Regulation of False Advertising Under Section 43(a) of the Lanham Act*, 77 Va. L. Rev. 339 n.39 (1991).

- b. description or representation of fact concerning
 - c. the nature, characteristics, qualities or geographic origin of
 - d. the plaintiff's or defendant's product or service which is
2. material
 3. commercial
 4. used in commerce
 5. likely to damage the plaintiff.

1. Falsity

A plaintiff must prove that the defendant is using (a) a false or misleading (b) description or representation (statement) of fact. To do so, the plaintiff must show that as used by the defendant the challenged statement is:

1. one of fact, not opinion, because it conveys information that can be verified,
2. believable because reasonable members of its intended audience would credit the statement, and
3. inaccurate because it departs from the facts.

Facts 1 and 2 concern the type of statement the defendant is using. Fact 3 concerns whether a particular statement is accurate or inaccurate. Accuracy is a two-part inquiry that requires a plaintiff to prove what a statement means and that this meaning departs from the facts. The meaning of a statement may be clear (unambiguous) because the statement reasonably is subject to only one interpretation or unclear (ambiguous) because the statement reasonably is subject to more than one interpretation. How the statement is used affects whether it is clear or unclear and what it means. Use concerns the type of material in which the statement appears as well as the material's wording and design.

In proving that a statement is false, a plaintiff simultaneously proves that the statement is clear and what the statement means without introducing evidence of consumer reaction to the statement. In proving that a statement is misleading, the plaintiff proves that the statement is unclear and, then, what the statement means by introducing in most cases evidence of consumer reaction to the statement. Whether the statement is clear or unclear, the plaintiff also must prove that the statement departs from the facts. Proof that a statement is false means all reasonable members of the statement's intended audience attribute to the statement a meaning that departs from the facts. Proof that a statement is misleading means that a substantial

segment of that group attributes to the statement a meaning that departs from the facts. The courts generally agree that fifteen percent or more is a substantial segment of consumers.

Statements need not be labeled “puffery” because puffery is a statement of opinion (excluded from fact 1) or an unbelievable statement of fact (excluded from fact 2). Also unnecessary are the labels courts use to gauge the clarity of statements that depart from the facts (fact 3). Clear statements that depart from the facts currently are characterized as literally false, explicitly false, explicitly literally false, facially false, necessarily false, false by necessary implication, or literally false by necessary implication. Unclear statements to which a substantial segment of the statement’s intended audience ascribes a meaning that departs from the facts currently are characterized as impliedly false, implicitly false, or misleading.

In addition to facts 1 through 3, a plaintiff must prove that the challenged statement (c) concerns the nature, characteristics, qualities, or geographic origin of a product or service. Certain cases that require the statement be made about an inherent quality or characteristic of a product or service are at odds with the statute. Unlike pre-1989 Section 43(a), Section 43(a)(1)(B) treats misrepresentations about geographic origin in the same way it does misrepresentations about other characteristics or qualities of a product or service. The plaintiff also must prove that the challenged statement (d) concerns the plaintiff’s or defendant’s product or service. The courts should apply one standard whether a misrepresentation is made about the plaintiff’s product or service, about the defendant’s product or service, or in a comparison of the parties’ products or services.

2. Materiality

Skil element 3 rightly recognizes that a misrepresentation must be likely to influence purchasing decisions. What it fails to do is set a standard regarding how significant the likely effect must be. The higher the standard, the greater the plaintiff’s burden of proof will be. Restatement (Third) of Unfair Competition § 3 cmt. b states that “[i]f a significant number of prospective purchasers are likely to attach importance to the representation in determining whether to engage in a proposed transaction, the representation is material. . . . It is sufficient if the representation is likely to influence prospective purchasers to some substantial degree.” Courts rarely, if ever, consider this issue in Section 43(a)(1)(B) cases.

In setting a materiality standard, the courts should distinguish between a statement’s materiality and its meaning. Whether a statement is material—because it is likely to have a substantial effect on or to influence a significant number of

relevant consumer choices—differs from whether relevant consumers necessarily understand the meaning of a false statement and from whether a substantial segment of relevant consumers understands the meaning of a misleading statement.

The materiality standard—wherever it is set—will differ from how a plaintiff goes about meeting the standard in a given case. Proving that a misrepresentation is material raises at least three issues. These are consumer motivation, consumer reliance, and consumer concern. Consumer motivation usually turns on evidence regarding the importance of the product or service feature that is misrepresented, consumer reliance on how the misrepresentation is used, and consumer concern on the extent to which the misrepresentation departs from the facts. In keeping with the materiality standard, courts should decide whether consumers are likely to be motivated by, likely to rely on, and likely to care about a misrepresentation, not whether they actually do so.

The inherent quality or characteristic paradigm ignores issues 2 and 3. And by equating materiality with only select qualities and characteristics of a product or service, it assumes that misrepresentations about all other qualities and characteristics are unlikely to have any effect on buying decisions, although that is not the case. The materiality standard applied in Section 2(e)(3) cases is unhelpful in Section 43(a)(1)(B) cases and for that matter in Section 2(e)(3) cases as well.

3. Commercial Use

The requirement that a false or misleading description or representation of fact be “commercial” is reflected in the statutory reference to misrepresentations made “in commercial advertising or promotion.” The problem with reading the statute literally is two-fold. First, courts rightly apply Section 43(a)(1)(B) to statements that appear in commercial materials other than advertising and promotion including on products, labels, or packaging. Second, the statutory language was included to distinguish between prohibited commercial misrepresentations and speech that is protected by the First Amendment. Because some courts focus instead on whether a challenged misrepresentation is made in advertising or promotion, they hold that certain types of commercial misrepresentations of fact about products and services are beyond the reach of Section 43(a)(1)(B). Addressing whether a misrepresentation is commercial, rather than whether it is made in advertising or promotion, helps to frame the inquiry in keeping with Congress’s intent.

4. Use in Commerce

Element 4 reflects the language of Section 43(a)(1)(B), which addresses the “use[] in commerce [of] . . . any . . . false or misleading description of fact, or false or misleading representation of fact” in connection with goods and services, and not the language of pre-1989 Section 43(a) which referred to “caus[ing] . . . goods or services to enter into commerce.”

5. Likely Damage

Section 43(a)(1)(B) provides a cause of action to “any person who believes that he or she is or is likely to be damaged by” the conduct that the statute proscribes. In two respects, this language should not be read literally when deciding whether the plaintiff has standing to sue. First, the plaintiff may not simply plead and prove that it believes it is likely to be damaged by the defendant’s misrepresentation because a subjective belief is not evidence of likely injury. Second, the plaintiff need not plead and prove as an element of its underlying claim that it actually has been damaged by the defendant’s misrepresentation.

The plaintiff may challenge on behalf of itself and consumers a material misrepresentation that is made (A) about the plaintiff’s product or the type of product the plaintiff markets or (B) by the plaintiff’s direct or indirect competitor (1) in a comparison of the parties’ products or the type of products the parties’ market or (2) about the defendant’s product or the type of product the defendant markets. It will be apparent whether the defendant is addressing the plaintiff’s product by name or by type, comparing products, or addressing its own product by name or by type. It typically will be clear whether the parties are direct competitors or non-competitors. Whether the parties compete indirectly may be harder to determine in some cases. But that discrete inquiry is a far cry from the confusion caused by existing tests.

B. Deception

Actual deception or a tendency to deceive a substantial segment of a statement’s intended audience is not an independent element of a Section 43(a)(1)(B) claim or a predictor of a plaintiff’s right to relief. Deception is inherent in the notion that a statement is false or misleading because it departs from the facts, not proof that the deception has damaged the plaintiff. And the statute does not proscribe statements that have a tendency to depart from the facts.

Dispensing with *Skil*’s redundant deception element helps to dispel certain misconceptions including the notions that:

- A court may categorize a statement as false or misleading without considering evidence.
- A false statement is a more serious violation of the statute than a misleading statement.
- Consumers are deceived by a false statement, but not by a misleading statement.
- Consumers are presumed to be deceived by a false statement, but not by a misleading statement.
- This presumption is rebuttable.
- A false statement invariably is material.
- Proof that a statement is false establishes all the elements of a plaintiff's claim.
- Evidence of consumer reaction is needed when a court has concluded that a statement has a tendency to deceive, is true but misleading, or is likely to mislead, deceive, or confuse consumers.
- There is no difference between ambiguous and misleading statements.
- There is no difference between ambiguous and true statements.
- Evidence of consumer reaction regarding a statement's meaning proves that the statement deceives consumers.
- Evidence of consumer reaction regarding a statement's meaning proves that the statement tends to deceive consumers.
- Courts must consider how a statement is used only when the statement allegedly is false.
- Courts must consider how a statement is used only when the statement allegedly is misleading.
- A plaintiff is entitled to a permanent injunction when a statement tends to deceive consumers.
- A plaintiff is entitled to compensatory monetary damages when a statement deceives consumers.

C. Relief

The elements of a plaintiff's underlying claim differ from its right to relief. A plaintiff that proves or shows that it is likely to prove the elements of a Section 43(a)(1)(B) claim may apply to the court for relief, including the remedies set out in Sections 34 and 35. A successful Section 43(a)(1)(B) plaintiff ordinarily should be entitled to a permanent injunction to prevent the defendant from continuing to misrepresent the nature, characteristics, qualities, or geographic origin of a product or service. An injunction benefits the

plaintiff, which otherwise is likely to continue to be harmed by the misrepresentation, and consumers, who otherwise are likely to continue to be deceived by it. A court reasonably might consider a false statement a greater threat to consumers than a misleading statement. Equitable considerations may weigh against granting a permanent injunction in a particular case.

To prove that it is entitled to monetary damages as compensation for past damage, a plaintiff must prove that a defendant's misrepresentation actually caused it to be damaged by, for example, causing actual pecuniary loss. Whether the plaintiff is entitled to other forms of monetary relief, such as the profits by which the defendant has been unjustly enriched or treble damages, will turn on other evidence. This may include proof regarding the defendant's intent to deceive consumers and other principles of equity in accordance with the Lanham Act's remedial provisions. Proof that a challenged statement deceives consumers by departing from the facts shows that the statement is false or misleading, not that the statement has damaged the plaintiff.

To prove that it is entitled to a preliminary injunction, a plaintiff must address the traditional requirements for such relief. These are a likelihood of success on the merits and irreparable injury and also may include the balance of hardships between the parties, the public interest, preservation of the *status quo*, and other equitable considerations. Courts should distinguish between irreparable injury and any single element of the plaintiff's underlying claim, including the plaintiff's likely injury. Absent a distinction between irreparable and likely injury, preliminary injunctive relief often will be awarded as a matter of course if the plaintiff shows that it is likely to succeed on the merits of its claim because likely injury is an element of the claim. If the courts decide that plaintiff and consumer interests justify such an approach, they should do so knowingly, not because they confuse irreparable injury with the plaintiff's standing to bring suit.

V. CONCLUSION

Gilbert Weil championed Section 43(a) as a vehicle for challenging false statements made about a party's own product or service at a time when almost no court in the country shared that view of the law. In doing so, he broke new ground. He also misread the *Gold Seal* case and proposed an injury model adapted from trademark law which, although not unreasonable at the time, does not withstand scrutiny today.

The law failed for years to advance toward the goal Weil predicted it one day would reach. When the courts began to move in that direction, they followed one path Weil had laid out although he envisioned them taking a different, simpler route. Writing today, Weil might well agree that many courts have lost

their way. Nothing in *Vidal Sassoon*, where he appeared for the defendant, suggests that he urged upon the Second Circuit the four-factor test he had proposed as a temporary measure twenty-five years earlier. And Section 43(a)(1)(B) differs from the statute he addressed.

This paper has examined what Weil's article did and failed to do on its own and through *Skil*, what the courts have said since that case was decided, and what they have neglected to say or have misunderstood. It proposes one view of the future by looking critically at the past. And it invites debate about where the law should go from here long after Weil set it on a course that courts have followed, sometimes blindly, to this day.
