



## INTELLECTUAL PROPERTY LITIGATION

## Expert Analysis

## Cancellation of US Trademarks Based On Misrepresentation of Source

The Lanham Act allows for the registration of trademarks in the United States and does not prohibit registration of a mark based solely on the prior registration of a similar mark in another jurisdiction. The Act does, however, provide for the cancellation of U.S. marks that misrepresent the source of the goods or services that are sold in connection with the U.S. mark. 15 U.S.C. §1064(3) (Section 14(3)). In *Belmora v. Bayer Consumer Care AG*, the U.S. Court of Appeals for the Fourth Circuit affirmed the Trademark Trial and Appeal Board's cancellation under Section 14(3) of Belmora's U.S. mark for its FLANAX pain-relief product sold in the United States, finding that "Belmora knew that the FLANAX mark was in use in Mexico [by Bayer] when it adopted the mark in the United States, copied Bayer's packaging, and 'repeatedly invoked' the reputation of Bayer's



By  
Eric Alan  
Stone



And  
Catherine  
Nyarady

product in its marketing materials." 987 F.3d 284, 299 (4th Cir. 2021).

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to uphold the Board's cancellation of Meenaxi's THUMS UP and LIMCA marks based on Coca-Cola's ownership of those marks in India and Coca-Cola's marketing in India of soft drinks bearing those names. *The Coca-Cola Co. v. Meenaxi Enter.,*

2021 WL 2681898 (T.T.A.B. June 28, 2021), appeal docketed, No. 2021-2209 (Fed. Cir.). The Federal Circuit's decision could affect the ability of foreign trademark owners to block others from registering the same marks in the United States and may create a circuit split if the Federal Circuit declines to apply *Belmora*. We report here on this case.

### The Lanham Act

Section 14(3) of the Lanham Act provides that any person who "believes that he is or will be damaged" by the registration of a mark may file a petition to cancel the registration of that mark, if "the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used." 15 U.S.C. §1064(3).

### The TTAB Decision

Coca-Cola owns trademarks for THUMS UP and LIMCA for soft drinks in India and markets soft drinks in India bearing those names. 2021 WL 2681898, at \*11. Meenaxi is a "pur-

ERIC ALAN STONE and CATHERINE NYARADY are litigation partners at Paul, Weiss, Rifkind, Wharton & Garrison. MICHAEL MILEA, an associate at the firm, assisted in the preparation of this column.

veyor of and distributor of food products' that are 'manufactured in India and distributed primarily to Indian grocers in the United States.'" Id. at \*13. Meenaxi owns the THUMS UP and LIMCA marks in the United States and sells soft drinks in the United States bearing those names. Id. at \*1. From 2012 to 2014 Meenaxi used THUMS UP logos that "strongly resemble[d]" those of Coca-Cola, and adopted the same "Taste the Thunder," tagline used by Coca-Cola to market THUMS UP. Id. at \*14, 15. Likewise, for approximately five years, Meenaxi used "a logo [for LIMCA] that strongly resemble[d] the one used by" Coca-Cola. Id. at \*16, 17.

Coca-Cola petitioned the TTAB to cancel the registration for Meenaxi's marks under Section 14(3) on the basis that Meenaxi "registered [Coca-Cola's] internationally famous THUMS UP and LIMCA marks in a blatant attempt to deceive United States consumers into believing that its soda products are the U.S. versions of the THUMS UP and LIMCA products sold by [Coca-Cola] in India." 2021 WL 2681898, at \* 1. Applying *Belmora*, the Board granted Coca-Cola's petition and cancelled the marks. Id. at \*19-21.

The Board first considered the threshold issue of whether Coca-Cola is entitled to a statutory cause of action, which "must be established in every inter partes case," and requires that "the plaintiff has a real interest in the matter, and is not a mere intermeddler." Id. at \*8. Analogizing the case to *Belmora*, the Board found that Coca-Cola "has a

direct commercial interest at stake." Id. at \*9. The Board explained that, "[j]ust as in *Belmora*, if [Meenaxi] in this case uses the THUMS UP and LIMCA marks 'to misrepresent to U.S. consumers the source of [Meenaxi's] products, it is [Coca-Cola] who loses the ability to control its reputation and thus suffers damage.'" Id. The Board also found that Coca-Cola "offers evidence that its products are sold by third-party importers in the United

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States," id., and that both marks had achieved a reputation in India that would extend to the United States such that they "likely would be familiar to much of the substantial Indian-American population in the United States," id. at \*12, 13.

As to the merits of Coca-Cola's misrepresentation of source claim, the Board explained that "the misrepresentation of source must involve

a respondent deliberately passing off its goods as those of another," and that the "respondent's use must be a blatant misuse of the mark ... in a manner calculated to trade on the goodwill and reputation of petitioner." Id. at \*10. The Board found that "the evidence demonstrates such blatant misuse by [Meenaxi], and paints the picture of [Meenaxi's] deliberate efforts to pass off its goods as those of" Coca-Cola. Id. at \*11.

For example, as to the THUMS UP mark, the Board found that Meenaxi's "activity with the marks went beyond mere selection of familiar famous marks from India. [Meenaxi] developed logos that strongly resemble those used by [Coca-Cola]," id. at \*14, and that Meenaxi's adoption of these logos "reflects an effort to dupe consumers in the United States who were familiar with [Coca-Cola's] THUMS UP cola from India into believing that [Meenaxi's] THUMS UP cola was the same drink," id. at \*15. The Board also "[did] not find credible" Meenaxi's explanation that it came up with its "Taste the Thunder" tagline "independently and was not aware that Coca-Cola used" that same tagline with its mark. Id. at \*15. According to the Board, "these implausible explanations of coincidence support instead of detract from a finding that [Meenaxi] intended to pass off its goods as" Coca-Cola's. Id.

The Board also found that, "[a]s in *Belmora*," Meenaxi's discontinuation of the copied logo and its abandonment of its application to trademark the tagline do "do not

undercut the misrepresentation of source claim ... ‘we do not view [Meenaxi’s] continued use of the copied packaging as essential’ to the misrepresentation of source claim, where Meenaxi “built its business on this heritage of misrepresentation, and [Coca-Cola] suffers damage today due to [Meenaxi’s] continued use of the identical ... mark on the same type of product, even though its packaging and marketing may have changed.” Id.

As to the LIMCA mark, the Board found that Meenaxi “was aware of” Coca-Cola’s product prior to Meenaxi’s naming of its product, and, “as with THUMS UP,” Meenaxi’s “activity with LIMCA went beyond mere selection of the famous name of a soda from India. [Meenaxi] developed a logo that strongly resembles the one used by” Coca-Cola. Id. at \*16.

The Board also found “significant” Meenaxi’s “broader pattern of copying the word marks and logos of others, particularly brands from India.” Id. at \*20. In particular, the Board found that Meenaxi “participated directly in a pattern of copying for use in the United States third-party marks with which [Meenaxi] was familiar from products in India, and a further pattern of creating similar logos, which pattern includes the marks at issue here.” Id. at \*19.

The Board thus concluded that the “record as a whole demonstrates [Meenaxi’s] intent to cause consumers exposed to [Meenaxi’s] use of the THUMS UP and LIMCA marks to draw the logical conclusion that [Meenaxi’s] products in the United

States are licensed or produced by the source of the same types of cola and lemon-lime soda sold under these marks for decades in India .... Ultimately [Meenaxi’s] activity constitutes exactly the type of ‘blatant misuse of ... mark[s] ... in a manner calculated to trade on the good will and reputation of’ others that is contemplated under the misrepresentation of source statute.” Id. at \*21.

### Federal Circuit Appeal

Meenaxi appealed to the Federal Circuit. On appeal, Meenaxi argues that “[i]n ordering the cancellation of Meenaxi’s U.S. registrations for the THUMS UP and LIMCA marks based on recognition Coca-Cola had established in such marks in India, the Board ignored the long-established territoriality principle that is fundamental to American trademark law. Recognized by the Supreme Court almost a century ago, the territoriality doctrine limits trademarks to a separate existence and goodwill in each country. As a result, Coca-Cola’s ownership of trademark rights in India does not extend to the United States market where Meenaxi was the first party to register and use the marks at issue.” 2021 WL 5494026, at \*10-11. Meenaxi further argues that, “[w]ith respect to Coca-Cola’s entitlement to a statutory cause of action, the Board followed the reasoning of the Fourth Circuit’s controversial and widely criticized decision in *[Belmora]*, which allowed a party to pursue a claim under section 14(3) based on alleged injury to its Mexican trademark. However, the *Belmora* Court

never even mentioned the territoriality principle in its decision and thus failed to consider the significant impact that doctrine has on the relevant analysis.” Id. As to the Board’s factual findings, Meenaxi argues that “Coca-Cola’s own description of the facts purportedly supporting the Board’s finding of a U.S. reputation reveals just how weak the evidence is .... [T]he only evidence that bears any possible relationship to the establishment of a U.S. reputation for Coca-Cola’s Indian brands is third-party importation of Coca-Cola’s beverages into the United States,” but “that evidence shows at most only isolated, de minimis sales [in the United States] that were not even authorized by Coca-Cola.” Meenaxi Reply Br. at 14, 17.

In response, Coca-Cola argues that “[a]ccording to Meenaxi, Section 14(3) ... requires a complainant to prove use in commerce in the United States in order to bring a misappropriation claim. Section 14(3) is not so limited. Meenaxi’s argument is contrary to the plain language of the statute, and this Court should decline Meenaxi’s request to read an additional requirement into the Lanham act where none exists.” Coca-Cola Br. at 5-6.

As of March 1, 2022, oral argument has not yet been scheduled.