

INTELLECTUAL PROPERTY

Crocs' Cert Petition Sparks Lanham Act Circuit Split

By Catherine Nyarady and Crystal Parker

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For years, federal courts have been divided in their interpretation of Section 43(a)(1)(B) of the Lanham Act as it pertains to false advertising.

The Second, Sixth, and Ninth Circuits have held that, to be actionable, alleged misrepresentations must be directed to the tangible aspects of the nature, characteristics, or qualities of the good, while the Fourth Circuit has held that misrepresentations that are tied to the ideas embodied in the good, such as authorship, support valid claims.

The Federal Circuit recently appeared to join the Fourth Circuit in *Crocs, Inc. v. Effervescent, Inc.*, 119 F.4th 1 (Fed. Cir. 2024). In July, Crocs, Inc. filed a petition for a writ of certiorari asking the Supreme Court to resolve the circuit split.

Background

Section 43(a) of the Lanham Act permits claims for false advertising and false association.

Section 43(a)(1)(B) specifically allows claims against a party who “in commercial advertising or promotion, misrepresents the



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nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities[.]” 15 U.S.C. §1125 (a)(1)(B).

Parties have attempted to use this statute to assert claims against entities that improperly advertise that a product is patented, exclusive, or otherwise proprietary. Whether such a claim under the Lanham Act is valid has resulted in seemingly split rulings in different Courts of Appeals.

The Second, Sixth, and Ninth Circuits have held that false advertising statements that are directed towards intangibles such as authorship

or when a product is “proprietary” or “patented” are not valid claims under the statute.

However, the Fourth Circuit has taken the opposite view, allowing Section 43(a)(1)(B) claims to be directed towards misrepresentations of intangible attributes.

The Narrow Interpretation – The Second, Sixth, and Ninth Circuits

The Second, Sixth, and Ninth Circuits have each held that, for a claim to be brought under Section 43(a)(1)(B), the alleged misrepresentations must be directed to the tangible nature, characteristics, or qualities of the good and cannot be directed towards the intangible characteristics of a good,

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such as its authorship or copyright status.

A standard Section 43(a)(1)(B) claim directed to tangible qualities and permitted under the law in all Circuits could include, for example, misrepresentations regarding the material a steel knife is made from or the sharpness of the knife. See *Leatherman Tool Grp., Inc. v. Coast Cutlery Co.*, 823 F. Supp. 2d 1150, 1153 (D. Or. 2011).

In *Kehoe Component Sales Inc. v. Best Lighting Prods., Inc.*, the Sixth Circuit reversed the district court’s finding that a manufacturer of lighting products was liable for violating Section 43(a)(1)(B). 796 F.3d 576, at 589–90 (6th Cir. 2015).

In doing so, the court rejected the idea that misrepresentations as to what entity actually manufactured the products were actionable because a “misrepresentation about the

source of the ideas embodied in a tangible object (such as a misrepresentation about the author of a book or the designer of a widget) is not a misrepresentation about the nature, characteristics, or qualities of the object.”

The Ninth Circuit applied similar logic in affirming the district court’s 12(b)(6) dismissal of plaintiff’s Section 43(a)(1)(B) claim in *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137 (9th Cir. 2008).

There, defendant UAV Corp. was accused of sending letters to customers claiming that plaintiff Sybersound Records failed to obtain appropriate licenses for certain copyrighted karaoke recordings, which Sybersound alleged was a misrepresentation under Section 43(a)(1)(B) because the recordings were not copyrighted.

The Ninth Circuit found the allegations could not support a claim under Section 43(a)(1)(B), stating that “to avoid overlap between the Lanham and Copyright Acts, the nature, characteristics, and qualities of karaoke recordings under the Lanham Act are more properly construed to mean characteristics of the good itself, such as the original song and artist of the karaoke recording[.]”

The Second Circuit has also parsed what constitutes misrepresentations about the characteristics of a good in *Forschner Grp. v. Arrow Trading Co.*, 30 F.3d 348 (2d Cir. 1994). In *Forschner*, the Second Circuit vacated an injunction issued under Section 43(a)(1)(B) based on the allegedly misleading use of the phrase “Swiss Army knife.”

In reaching its decision, the Second Circuit found that the phrase “Swiss Army knife” was not actionable as a misrepresentation regarding geographic origin.

In holding, the court explained that a phrase is not “geographically descriptive within the meaning of the Lanham Act, unless the phrase, considered as a whole, is a designation of geographic origin,” a standard not met here.

The court found that “[t]he phrase Swiss Army knife cannot fairly be read to say ‘made in Switzerland’ so as to be geographically descriptive.”

The court also concluded that “Swiss Army” was not a misrepresentation regarding quality, finding that “the phrase cannot be deemed a representation of high quality solely because consumers associate high quality with Swiss companies and Swiss craftsmen.”

The Broad Interpretation The Fourth Circuit

The Fourth Circuit departed from these Second, Sixth, and Ninth Circuit holdings in *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697 (4th Cir. 2016), which involved Lanham Act claims for false advertising directed to use of the trademark FLANAX. Bayer owned the trademark for FLANAX in Mexico where it sold a naproxen sodium pain reliever under the FLANAX name.

Belmora owned the FLANAX trademark in the United States, where it sold a naproxen sodium pain reliever under the FLANAX name in similar packaging to that used by Bayer in Mexico, and made statements implying that its FLANAX product was the same product sold by Bayer.

Bayer accused Belmora of profiting off of FLANAX’s reputation as a trusted brand in Mexico and of using the FLANAX mark to deceive customers into thinking they were purchasing Bayer’s product.

In contrast to the narrow views adopted by the Second, Sixth, and Ninth Circuits, the Fourth Circuit found that the use of the FLANAX mark,

when combined with Belmora’s additional misrepresentations of the product, was actionable under Section 43(a)(1)(B) and vacated the district court’s dismissal of the claims.

The court cited representations beyond just use of the FLANAX mark that Belmora made, including that its product was “highly recognized [and] top-selling” and that customers “know, trust and prefer” the product.

The court found that “Belmora’s advertising misrepresents the *nature* of its FLANAX product in that Belmora implies that product is the same as consumers purchased in Mexico from [Bayer] and can now buy here.”

Recent Development – The Federal Circuit Sides with the Fourth Circuit

In Oct. 2024, the Federal Circuit sided with the Fourth Circuit’s interpretation of Section 43(a)(1)(B) in *Crocs, Inc. v. Effervescent, Inc.*, 119 F.4th 1 (Fed. Cir. 2024). The Federal Circuit was tasked with determining whether appellants’ claim that Crocs was engaging in false advertising was a valid counterclaim under Section 43(a)(1)(B).

Crocs had represented that its shoes were made with a material called “Croslite” that, according to its website, was patented, proprietary, and exclusive. The parties agreed that these were false statements, but disagreed regarding whether the false statements supported a cause of action under Section 43(a)(1)(B).

The Federal Circuit recognized in a footnote, citing cases including *Sybersound* and *Kehoe*, that “[v]arious courts have taken the approach that ‘nature, characteristics, [or] qualities’ in Section 43(a)(1)(B) relate to ‘the characteristics of the good itself,’ not intangibles involving the source of ideas embodied in a product, like product authorship.”

However, it distinguished the facts in *Crocs* from cases involving misrepresentations as to authorship and origin, holding that “[a] claim that a product is constructed of ‘patented’ material is not solely an expression of innovation and, hence, authorship.”

It also cited to promotional materials from Crocs regarding Croslite’s tangible benefits to Crocs’ shoes to conclude that “a cause of action arises from Section 43(a)(1)(B) where a party falsely claims that it possesses a patent on a product feature and advertises that product feature in a manner that causes customers to be misled about the nature, characteristics, or qualities of its product.”

In July, Crocs filed a petition for a writ of certiorari to address the circuit split. In its petition, Crocs argues that the Fourth and Federal Circuits’ holdings allow Section 43(a)(1)(B) claims to reach “misrepresentations about intangibles.” Brief for the Petitioner, *Crocs, Inc. v. Double Diamond Distribution, Ltd.* at 13 (July 18, 2025) (No. 25-75).

Crocs also argues that allowing such Section 43(a)(1)(B) claims enables false marking claims to be “artfully repackaged under the Lanham Act” which would circumvent “Congress’s careful limitations on suits for false marking in the Patent and Copyright Acts.”

The court in *Sybersound* expressed a similar concern, and Crocs argues that if that holding is not followed, competitors will be able to litigate copyright or patent claims without infringement of their own patents or copyrights.

Respondents argue that the facts here do not implicate a circuit split. Brief for Respondent, *Crocs, Inc. v. Double Diamond Distribution, Ltd.* at 14 (Aug. 21, 2025) (No. 25-75).

They assert that, in acknowledging *Kehoe* and *Sybersound* in a footnote, the Federal Circuit was not intending to split from the holdings in these circuits, but merely distinguishing them.

Respondents contend that the facts in this case, which included Crocs allegedly making misrepresentations that their shoes were not just patented but made of different material than their competitors’ shoes, clearly distinguishes this case from the other cases where merely authorship or copyright status was at issue. Brief for Respondents, *Crocs, Inc. v. Double Diamond Distribution, Ltd.* at 31–32 (Aug. 21, 2025) (No. 25-75).

Conclusion

The Second, Sixth, and Ninth Circuits’ interpretation of Section 43(a)(1)(B) requires false advertising misrepresentations to be explicitly tied to the “nature, characteristics, qualities, or geographic origin” of the good.

The Fourth Circuit, and now the Federal Circuit, appear to be taking a more expansive view of the statute. The Supreme Court has the opportunity to resolve this dispute, but it remains to be seen if it will grant Crocs’ petition.

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