

US: TRADE MARKS



**Katten Muchin Rosenman
LLP**
New York

Karen Artz Ash



*and
Bret J Danow*

Misrepresentation of source claims

Owners of marks that are well-known outside the United States may find that an American company has attempted to take advantage of the renown of the foreign mark by obtaining a trade mark registration for such mark in the United States. While Article 6(bis) of the Paris Convention provides the owner of a famous foreign trade mark with a basis for asserting and sustaining a claim of priority in the US over a US registrant, this provision does not provide a basis for cancelling a US registration absent use of the mark in the US.

In April, however, the US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) issued a precedential decision which extends the ability of the owner of a mark that is famous internationally but not used in the US to enforce rights in their marks. In *Bayer Consumer Care AG v Belmora LLC*, the TTAB granted Bayer's petition to cancel Belmora's Registration for the Flanax mark based upon a misrepresentation of source in accordance with Section 14(3) of the Trademark Act even though Bayer was not using, nor had any intention to use, the Flanax mark in the US.

The evidence in *Bayer* showed that Bayer's Mexican affiliate had been distributing a naproxen sodium-based analgesic under the Flanax mark in Mexico since 1976 and that Flanax is the top selling pain reliever in Mexico. However, Bayer does not use the Flanax mark in the US and, instead, markets its naproxen sodium-based analgesic in the US under the Aleve mark.

The respondent, Belmora, adopted the Flanax mark in connection with a naproxen sodium-based analgesic that it sold and marketed towards the Hispanic community. The evidence further established that the initial packaging used by Belmora copied the logo and colour scheme used by Bayer for its

Flanax product in Mexico and repeatedly invoked the reputation of Bayer's Flanax mark when marketing its products in the US.

Belmora attacked Bayer's standing to bring the cancellation proceedings, arguing that Bayer does not own a US registration for the Flanax mark, has not used the Flanax mark in the US and had no plans to use the mark in the US. The TTAB rejected these arguments, stating that "if respondent is using the FLANAX mark in the US to misrepresent to US consumers the source of respondent's products as petitioner's Mexican products, it is petitioner who loses the ability to control its reputation and thus suffers damage". Integral to this analysis was the TTAB's finding that given the size of the Mexican population in the US, the "reputation of the Mexican FLANAX mark does not stop at the Mexican border".

Having held that Bayer had standing to pursue the cancellation, the TTAB turned to its analysis of Section 14(3) which provides that a party may cancel a registration for a mark if the mark "is being used by, or with the permission of, the respondent so as to misrepresent the source of the goods or services on or in connection with which the mark is used". In doing so, the TTAB held that the evidence established blatant misuse of the Flanax mark by Belmora in a manner calculated to trade on the goodwill and reputation of Bayer. Therefore, the TTAB ordered the cancellation of Belmora's Registration for the mark Flanax.

Although typically the ability to claim rights in a trade mark in the US requires that the mark actually be in use in the US, the TTAB's decision in *Bayer* indicates that there may be an alternate basis that can be pursued when a foreign trade mark owner that does not use its mark in the US seeks to assert rights in its mark. On the other hand, the standard to satisfy a claim of misrepresentation of source is fairly difficult, as it requires that the petitioner show that the respondent took steps to deliberately pass off its goods as those of petitioner. Therefore, a successful claim of misrepresentation of source will be very fact dependent.