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Fourth Circuit La(t)ches On to Timeliness of § 43(a) Lanham Act Claims

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The Fourth Circuit recently overturned a district court's decision to apply an analogous state law statute of limitations to bar a claim for false advertising under § 43(a) of the Lanham Act. In doing so, the Court held that because § 43(a) claims are "equitable in nature," laches is the applicable timeliness rule, rather than a state law's statute of limitations. *Belmora LLC v. Bayer Consumer Care AG*, No. 18-2183 (4th Cir. Feb 2, 2021).

Plaintiff Bayer owns a Mexican registration for the mark "Flanax" and sells naproxen pain relievers under that name in Mexico and various parts of Latin America. After Bayer registered the "Flanax" mark in Latin America, defendant Belmora began selling naproxen pain relievers under the same name in the United States. Following a 7-year battle before the U.S. Trademark Trial and Appeal Board (TTAB), Bayer successfully blocked Belmora's registration of the trademark FLANAX in the United States.

Two months later, Bayer sued Belmora for false advertising and false association under § 43(a) of the Lanham Act based on Belmora's use of the "Flanax" name in the United States. The district court granted summary judgment in favor of Belmora, concluding Bayer's claims were barred by the analogous state law statute of limitations.

On appeal, the Fourth Circuit held the district court erred in applying a statute of limitations analysis to Bayer's § 43(a) claim. The Court observed that the Lanham Act does not expressly incorporate a limitations period. In the absence of express limitations periods, it would normally be appropriate for courts to apply the most closely analogous statute of limitations under state law. However, because § 43(a) claims are equitable in nature, the Court found a state statute of limitations would be "an unsatisfactory vehicle for enforcement." Instead, the Court held the equitable defense of laches was more appropriate. This holding is consistent with the laws of the Third, Seventh, and Ninth Circuits, which also apply laches to § 43(a) claims.

However, this ruling does not render state statutes of limitations irrelevant to § 43(a). Rather, they "continue to play an important role" in the laches analyses because § 43(a) claims filed outside the limitations period are presumed to be barred by laches. To determine whether this presumption has been overcome courts must look at several factors—as applied to this case, "(1) whether Bayer knew of Belmora's adverse use of the FLANAX mark, (2) whether Bayer's delay in challenging the use was inexcusable or unreasonable," and (3) whether Belmora "has been unduly prejudiced" by Bayer's delay.

The Fourth Circuit's decision brings it in line with other Circuits that have held that, under certain circumstances, a false advertising or trademark plaintiff may not be barred from asserting its claims under § 43(a), despite lengthy delays in filing suit. Watch this space for further developments.

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