

**UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT**

No. 18-2183(L)

(E.D. Va. No. 1:14-cv-847-CMH-JFA)

BELMORA LLC,
Plaintiff-Appellee

v.

BAYER CONSUMER CARE AG, *et al.*,
Defendants-Consolidated Plaintiffs-Appellants

v.

BELMORA LLC, *et al.*,
Consolidated Defendants-Appellees,

and

DOES, 1-10, inclusive,
Consolidated Defendants

APPELLEES' PETITION FOR REHEARING *EN BANC*

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**INTRODUCTION AND STATEMENT PURSUANT
TO FEDERAL RULE OF APPELLATE PROCEDURE
35(b) AND LOCAL RULE 40(b)**

This case is an ideal candidate for rehearing *en banc*. The Lanham Act lacks an express statute of limitations. In those circumstances, courts typically apply an analogous state law statute of limitations. The question presented here is whether the equitable doctrine of laches, and not an analogous state statute of limitations, singularly applies to claims brought under the Lanham Act. That question is vitally important because a clear, bright line rule will facilitate the purposes of the Lanham Act and provide much needed guidance to litigants.

The panel decision in this latest appeal, *Belmora LLC v. Bayer Consumer Care AG, et al.*, ___ F.3d ____, 2021 WL 329878 (4th Cir. Feb. 2, 2021) (Floyd, J., joined by Agee, J. and Thacker, J.) (“*Belmora IP*”), warrants *en banc* review for at least four reasons. First, the panel decision deepened an existing intra-circuit conflict on the question presented. Compare, e.g., *PBM Prods., LLC v. Mead Johnson & Co.*, 639 F.3d 111, 121 (4th Cir. 2011); *Lyons Partn., L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 796 (4th Cir. 2001), *abrogated on other grounds*, *Petrella v. MGM*, 572 U.S. 663, 576 n.12 (2014), *with Op*¹. at 12-15; *What-A-Burger of Virginia, Inc. v. Whataburger Inc. of Corpus Christi, Texas*, 357 F.3d 441, 449 (4th Cir. 2004). Second, the decision adds to the enormous inconsistency on this

¹ All references to the panel’s opinion dated February 2, 2021 is referred to herein as “Op. at __,” a copy of which is attached hereto.

question in other federal courts of appeals. Third, the question is of exceptional importance to Lanham Act litigants, and this current state of uncertainty is therefore not sustainable. And finally, the panel decision was wrong on the substance. Given these circumstances, rehearing *en banc* is more than warranted under Fed. R. App. P. 35 and Local Rule 40(b).

BACKGROUND

I. Factual and Procedural Background

This petition arises out of a suit brought by Bayer² alleging that Belmora LLC engaged in unfair competition in violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). *Op.* at 4. Since 2004, Belmora has sold naproxen sodium pain relievers in the United States under the name FLANAX, and since the 1970s, Bayer's Mexican affiliate has sold naproxen pain relievers in Mexico and Latin America under a Mexican trademark registration for "FLANAX." *Id.* at 4-5. Bayer does not own an American registration for the mark and does not sell FLANAX-branded pain relievers in the United States. *Id.* In 2005, the U.S. Patent and Trademark Office issued a registration to Belmora for the mark, over a competing application by Bayer. *Id.* at 6.

² Note that, consistent with the parties' prior briefing, as well as the panel's opinion, unless otherwise noted, "Bayer" refers to both the Swiss entity, Bayer Consumer Care AG ("BCC"), and its American sister company, Bayer Healthcare LLC ("BHC"). *Op.* at 5 n.1.

Then, in 2007, Bayer petitioned the U.S. Trademark Trial and Appeal Board (“TTAB”) to cancel Belmora’s registration, which it did in 2014. *Id.* The TTAB found that “Belmora (1) knew that the FLANAX mark was in use in Mexico when it adopted the mark in the United States, (2) copied Bayer’s packaging, and (3) ‘repeatedly invoked’ the reputation of Bayer’s product in its marketing materials.” *Id.* at 6-7. Nearly two months later, Bayer sued Belmora in the Central District of California. *Id.* at 7. Bayer’s “complaint asserted claims for false association and false advertising under § 43(a) of the Lanham Act,” along with three related state law claims. *Id.* “Meantime, Belmora sought review of the TTAB decision in the Eastern District of Virginia,” and the Central District of California accordingly transferred Bayer’s suit there and the claims were consolidated. *Id.* The district court had granted Belmora’s motion to dismiss Bayer’s claims and for judgement on the pleadings, but this Court vacated that dismissal and remanded for further proceedings. *Id.*

On remand, Belmora answered Bayer’s complaint and brought seven counterclaims. *Id.* at 7-8. Both parties moved for summary judgment. *Id.* at 8. Most relevant here, in response to Belmora’s motion, “Bayer argued that laches, not a statute of limitations, governed its § 43(a) claims” (Bayer also sought summary judgment on Belmora’s counterclaims and affirmance of the TTAB decision, while Belmora also argued that Bayer’s state-law claims were time-barred). *Id.* at 8. The

district court granted both parties' motions and, as to Belmora's motion, found that Bayer's claims were time-barred given that Bayer had missed the statute of limitations by nearly a decade on its § 43(a) claims. *Id.* The cross-appeal that led to the panel decision relevant here followed. *Id.*

II. The Panel Decision

The "primary issue" in this case was "whether a statute of limitations or some other timeliness rule applies to Bayer's § 43(a) claims." Op. at 12.³ Even though the panel recognized that the typical rule in the absence of an express federal limitations period is to apply an analogous state statute of limitations, *id.*, it held that laches, rather than a statute of limitations, "is the appropriate defense to § 43(a) claims." Op. at 13-14. It first found that "[t]he text of § 43(a) supports this conclusion," because damages and injunctive relief for § 43(a) violations are subject to equitable principles per the statute. Op. at 13.

Next, and more importantly here, the panel acknowledged a conflict between two published prior panel decisions and purported to apply the holding of the earlier decision, as required under *McMellon v. U.S.*, 387 F.3d 329, 333-224 (4th Cir. 2004) (*en banc*). Op. at 14 n.7. Specifically, the panel followed *What-A-Burger*, 357 F.3d

³ The panel first considered "which circuit's law guides [the] inquiry into whether Bayer's § 43(a) claims are time-barred," and held that Fourth Circuit law applied. Op. at 11-12. The court also vacated the district court's decision with respect to Bayer's state-law claims and affirmed the district court's grant of summary judgment with regard to Belmora's counterclaims. Op. at 16-24. Those issues are not presented in this petition.

at 449 (“Because the Lanham Act does not include a limitations period, courts use the doctrine of laches . . .”), instead of *PBM Prods.*, 639 F.3d at 121 (“The district court’s conclusion that the statute of limitations barred [defendant’s § 43(a)] claim . . . was proper.”). Because the panel found no “means of reconciling the two decisions,” it thought it was “bound to apply the principles correctly espoused in *What-A-Burger*,” and accordingly held that laches was the right metric, not a statute of limitations. Op. at 14.

Therefore, because the district court had instead found Bayer’s claims “barred by the most analogous state-law statute of limitations,” the panel held that the district court “judged the timeliness of Bayer’s § 43(a) claims under an incorrect legal standard,” and thus remanded for consideration under laches. Op. at 14.

This petition follows.

REASONS FOR GRANTING REHEARING

I. The Panel Decision Solidified an Intra-Circuit Conflict on This Issue.

The best reason for granting rehearing *en banc* here is that there is an acknowledged disagreement on the precise question presented among different panels of this Court—one of the enumerated reasons to grant *en banc* review under Fed. R. App. P. 35(b) and Local Rule 40(b).

Several decisions of this Court stand for the proposition that state law statutes of limitations apply to Lanham Act claims, and even §43(a) claims in particular, in

direct conflict to the panel decision here. For example, as the panel recognized, while the *PBM Products, LLC* court applied laches to one set of § 43(a) claims, it “disposed of a second set of § 43(a) claims as barred per se by the analogous state statute of limitations.” Op. at 14 (citing 639 F.3d at 121). The *PBM Products* panel held that “as courts have long held, it is proper to use the analogous state limitations period for Lanham Act suits because the Act provides no express statute of limitations.” 639 F.3d at 121. It went on to find a district court’s conclusion that the false advertising claims at issue were barred by an analogous state limitations period “proper.” *Id.*

There was, however, an even earlier on-point decision that the panel overlooked. *See Lyons*, 243 F.3d at 796-97.⁴ The *Lyons* panel correctly noted that “[w]hile the Lanham Act itself does not provide an express period of limitations for filing a trademark infringement claim, courts generally assume that Congress intended that courts ‘borrow’ a limitations period for a federal action at law from an analogous state law.” *Id.* at 796. The court first held that “the statute of limitations does not shield the defendant from liability for wrongful acts actually committed during the limitations period,” and applied that rule “equally to trademark infringement claims brought under the Lanham Act.” *Id.* at 797. But it also held

⁴ That *Lyons* dealt with a trademark infringement claim, rather than an unfair competition claim under § 43(a), is immaterial, as the panel concluded by relying on *What-A-Burger*, which is also an infringement case. Op. at 14, n.7.

that the plaintiff could not recover for claims that accrued outside the limitations period. *Id.* The court went on to also find that laches is not an appropriate vehicle through which to bar actions at law. *Id.* Given the above, it is clear that the *Lyons* panel thought that a statute of limitations was the appropriate test of timeliness for Lanham Act cases.⁵

On the other side are decisions applying the equitable doctrine of laches to Lanham Act cases. The panel decision identified *What-A-Burger* as the main case on this side of the conflict. *Op.* at 14 n.7. In *What-A-Burger*, the court stated that “laches generally applies in a trademark infringement action to preclude relief for an owner of a mark who had unreasonably slept on his rights.” 357 F.3d at 448. The court continued: “Because the Lanham Act does not include a limitations period, courts use the doctrine of laches to address the inequities created by a trademark owner who, despite having a colorable infringement claim, allows a competitor to develop its products around the mark and expand its business, only then to lower the litigation boom.” *Id.* at 449.

In addition to *What-A-Burger*, Bayer in its panel briefing identified a number of other cases in which “this Court has routinely applied laches, rather than a statute

⁵ In addition to these published opinions, see *Devil's Advocate, LLC v. Zurich Am. Ins. Co.*, 666 Fed. Appx. 256, 262 (4th Cir. 2016) (holding that the “Lanham Act, which governs Appellants’ trademark claims, does not specify a statute of limitations, but rather applies the analogous state law limitations period”).

of limitations, to analyze the timeliness of Lanham Act claims.” Appellants’ Br.⁶ 37-38. For example, in *Ray Commc'ns, Inc. v. Clear Channel Commc'ns, Inc.*, 673 F.3d 294, 300 (4th Cir. 2012), the panel noted that “[c]ourts apply laches to address the inequities created by a trademark owner who, despite having a colorable infringement claim, has unreasonably delayed in seeking redress to the detriment of the defendant.” Several other cases similarly considered laches arguments in the context of Lanham Act claims. *See, e.g., Resorts of Pinehurst, Inc. v. Pinehurst Nat. Corp.*, 148 F.3d 417, 423 (4th Cir. 1998) (considering, but denying, laches defense); *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455 (4th Cir. 1996) (same); *Brittingham v. Jenkins*, 914 F.2d 447, 456, 456-57 (4th Cir. 1990) (“this court has recognized that laches *may be* invoked as a defense against claims for damages in trademark infringement actions”) (emphasis added); *Skippy, Inc. v. CPC Int'l, Inc.*, 674 F.2d 209, 212 (4th Cir. 1982) (“Laches is a defense to claims for damages for trademark infringement and unfair competition.”).

Therefore, there is now a clear intra-circuit conflict *at least* between cases that applied a state statute of limitations and the panel decision here, and also a long-standing conflict between those cases that apply laches and those that apply a state statute of limitations. This Court should grant *en banc* review to straighten out the rule and eliminate this conflict.

⁶ All references to the Brief of Appellants Bayer Consumer AG and Bayer Healthcare LLC dated December 14, 2018 (Dkt. No. 24) appear herein as “Appellants’ Br. at ___.”

II. The Disarray on This Issue Among The Courts of Appeals Supports Rehearing *En Banc*.

Rehearing *en banc* is also warranted because the panel's holding that laches is the sole time bar to Lanham Act claims complicates existing confusion and inconsistency among the circuits on this issue.

Several other courts of appeals have properly applied analogous state statutes of limitations to Lanham Act claims. *See, e.g., Island Insteel Sys., Inc. v. Waters*, 296 F.3d 200, 204 (3d Cir. 2002) (“We hold that the cause of action under Virgin Islands law most analogous to a claim for trademark infringement under § 43(a) of the Lanham Act is the cause of action for deceptive trade practices in violation of 12A V.I.C. § 101 [which is subject to a two-year statute of limitations under Virgin Island law]”); *Beauty Time, Inc. v. VU Skin Sys., Inc.*, 118 F.3d 140, 143 (3d Cir. 1997) (“The Lanham Act contains no express statute of limitations and the general rule is that when a federal statute provides no limitations for suits, the court must look to the state statute of limitations for analogous types of actions. A claim for fraud under the Lanham Act conforms to this general rule.”); *Karl Storz Endoscopy Am., Inc. v. Surgical Techs., Inc.*, 285 F.3d 848, 857 (9th Cir. 2002) (“Storz’s Lanham Act claims are subject to a three-year statute of limitations which began to run upon Storz’s actual or constructive knowledge of the wrong.” (citing California statute of limitations)).

Other courts have ruled otherwise, finding that while state statutes of limitations are a factor or flip the presumption on laches, they are not themselves a separate defense. *See, e.g., Kehoe Component Sales Inc. v. Best Lighting Prod., Inc.*, 796 F.3d 576, 584-85 (6th Cir. 2015); *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 821 (7th Cir. 1999) (“whether a Lanham Act claim has been brought within the analogous state statute of limitations is not the sole indicator of whether laches may be applied in a particular case”); *Kason Indus., Inc. v. Component Hardware Grp., Inc.*, 120 F.3d 1199, 1203 (11th Cir. 1997) (“The Lanham Act does not contain a statute of limitations. However, in trademark cases this circuit has followed the Sixth Circuit, which applies the period for analogous state law claims as the touchstone for laches.”).

Indeed, the Third and Ninth Circuits appear internally inconsistent on this issue as well. *See Santana Prod., Inc. v. Bobrick Washroom Equip., Inc.*, 401 F.3d 123, 135 (3d Cir. 2005) (“It was proper for the District Court to use the most analogous statute of limitation as a guideline for determining whether the laches doctrine bars Santana’s claim instead of focusing solely on whether Santana brought its claims within the applicable statute of limitations period.”); *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 837 (9th Cir. 2002) (noting that “we have stated that § 43(a) borrows a state limitations period as a statute of limitations defense,” but finding that “it is uncertain whether Congress intended the statute of

limitations to be a separate defense,” but nonetheless finding that it “plays a significant role in determining the applicability of laches”).

At the very least, then, the chaos across the courts of appeals on this issue is another reason for this Court to issue a clear, authoritative position for the entire circuit to set an example for other courts. Instead, the panel decision here serves to only further muddy these already very murky waters.

III. The Issue Presented is One of Exceptional Importance.

Under Fed. R. App. P. 35(b)(1)(B) and Local Rule 40(b)(A)(iv), *en banc* review may be warranted if an issue of “exceptional importance” is presented. Such is the case here.

The application of an analogous state statute of limitations to directly bar Lanham Act claims would create a bright-line rule for all concerned, including plaintiffs, defendants, third-party competitors, and consumers. Requiring a rights holder to act within a specified period, without recourse to the highly subjective inquiry of “weighing equities,” facilitates the multiple remedial goals of the Lanham Act, including maximizing consumer choice and providing competitive marketplaces. If a rights holder has a legitimate claim, it has every reason to act promptly within the statutory period and is not harmed by a limitation on its right to sue. And for defendants, the certainty that comes with a statute of limitations protection, rather than the fluffy laches standard, can lead to a sense of finality and

allow the entity to continue its business without fear of suit, which prevents vexatious litigation and benefits consumers by placing more competitive options in the marketplace.

Any change in the availability of a statute of limitations defense to Lanham Act claims in this Circuit, then, could have significant repercussions for all Lanham Act constituents. But worst of all is this current state of uncertainty, as it leaves entities that operate within this Circuit without any clear guidance about when it might be subject to suit. For this reason, this Court should grant *en banc* review.

IV. The Panel Decision Was Wrong.

Here, this petition highlights just some of the substantive problems with the panel's approach that Belmora would address *en banc*.

First, the panel may have relied on the wrong circuit precedent in reaching its decision because it is not obvious that cases like *What-A-Burger* raising infringement claims should necessarily govern here. Since the panel appeared to treat all Lanham Act claims as the same with regard to whether laches or a statute of limitations applies, Op. at 14 n.7, Belmora here has pointed to the myriad of conflicting decisions on that broader question of whether to apply one or the other to claims arising under the Lanham Act generally. However, there may be reason to be more skeptical of the sole use of laches in § 43(a) claims than in infringement cases.

As the *What-A-Burger* panel noted, “[u]nder the Lanham Act, the owner of a registered mark may not be able to enjoin an infringing use of its mark where ‘equitable principles, including *laches*, estoppel, and acquiescence,’ prohibit him from doing so.” 357 F.3d at 447 (quoting 15 U.S.C. § 1115(b)(9) (emphasis added)). That express statutory language leaving infringement claims open to laches is not attached to § 43(a) claims, and so the statutory hook for applying laches over a statute of limitations is weaker. The only text the panel pointed to for supporting its position is that § 43(a) claims are “subject to the principles of equity.” Op. at 13 (citing 15 U.S.C. § 1117(a); *see also id.* § 1116(a)). That may be so. But that language does nothing more than make clear that equitable principles are applicable, not that they are the *exclusive* defenses available. So while the best approach is to apply state statutes of limitation to all Lanham Act claims, there is also reason to think that the panel’s decision was particularly wrong as to this § 43(a) claim.

Second, analogous state statutes of limitations are an appropriate measure of timeliness in § 43(a) cases.

Again, it should be made clear that borrowing from analogous state statutes of limitations is the norm. *DelCostello v. Int’l Bhd. of Teamsters*, 462 U.S. 151, 158 (1983). There should therefore be some good reason to deviate from that background principle against which Congress legislates. As the Supreme Court noted in *DelCostello*, courts should consider whether “state statutes of limitations

[are] unsatisfactory vehicles for the enforcement of federal law.” 462 U.S. at 161. And the Court has made clear that it is a “closely circumscribed exception to the general rule.” *Reed v. United Transp. Union*, 488 U.S. 319, 324 (1989).

The only reason proffered here that a state statute of limitations might be “unsatisfactory” is the “equitable character of § 43(a) actions.” Op. at 13 (citations omitted). However, despite the fact that § 43(a) claims are subject to equitable principles, damages are still available for violations of § 43(a), *see* 15 U.S.C. § 1117(a), and indeed Bayer asked for such damages in its operative complaint here. Compl. at 13-14, *Bayer v. Belmora*, No. 14-cv-00884 (GBL) (JFA), Dkt. No. 1. At the very least, “§ 43(a) cannot be characterized as purely equitable; for example, certain trademark infringement actions trigger a Seventh Amendment right to a jury trial, which pertains to actions at law.” *Jarrow*, 304 F.3d at 836 n.5 (citing *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 477-78 (1962)). Given that this is not an entirely equitable claim, the equitable “character” of the claim is not a very persuasive reason to deviate from the long-standing background principles at play here.

Therefore, *Belmora* asks that the typical rule be applied here. There is no good reason to deviate from that usual rule upon which Congress relies, but there is all the reason to follow it. Should this Court grant *en banc* review and find that a statute of limitations applies to the Lanham Act claims at issue here, it will clarify a messy doctrine for future litigants and provide the stability for plaintiffs, defendants,

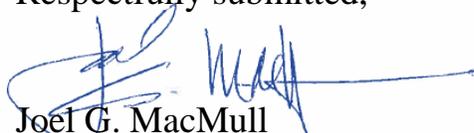
third-party competitors, and consumers that comes with the use of statutes of limitation over an equitable weighing of factors. Moreover, such a decision will guide other courts of appeals as they wade through this issue themselves.

CONCLUSION

For the foregoing reasons, rehearing *en banc* should be granted.

Dated: March 2, 2021

Respectfully submitted,



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CERTIFICATE OF SERVICE

I, Joel G. MacMull, a member of the Bar of this Court, hereby certify that on March 2, 2021, I caused to be electronically filed the foregoing “Appellee’s Petition For Rehearing En Banc” with the Clerk of the Court for the United States Court of Appeals for the Fourth Circuit using the appellate CM/ECF system. I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

/s/ Joel G. MacMull

PUBLISHED

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 18-2183

BELMORA LLC,

Plaintiff – Appellee,

v.

BAYER CONSUMER CARE AG, a Swiss Corporation; BAYER HEALTHCARE LLC,
a Delaware Limited Liability Company,

Defendants – Consolidated Plaintiffs – Appellants,

v.

BELMORA LLC, a Virginia Limited Liability Company; JAMIE BELCASTRO, an
individual,

Consolidated Defendants – Appellees,

and

DOES, 1 – 10, inclusive,

Consolidated Defendants.

UNITED STATES OF AMERICA

Amicus Supporting Appellant.

No. 18-2232

BELMORA LLC,

Plaintiff – Appellant,

v.

BAYER CONSUMER CARE AG, a Swiss Corporation; BAYER HEALTHCARE LLC,
a Delaware Limited Liability Company,

Defendants – Consolidated Plaintiffs – Appellees,

v.

BELMORA LLC, a Virginia Limited Liability Company; JAMIE BELCASTRO, an
individual,

Consolidated Defendants – Appellants,

and

DOES, 1 – 10, inclusive,

Consolidated Defendants.

Appeals from the United States District Court for the Eastern District of Virginia, at
Alexandria. Claude M. Hilton, Senior District Judge. (1:14-cv-00847-CMH-JFA)

Argued: October 26, 2020

Decided: February 2, 2021

Before AGEE, FLOYD, and THACKER, Circuit Judges.

Affirmed in part, vacated in part, and remanded with instructions by published opinion.
Judge Floyd wrote the opinion, in which Judge Agee and Judge Thacker joined.

ARGUED: Jessica Andrea Ekhoﬀ, PATTISHALL, MCAULIFFE, NEWBURY, HILLIARD & GERALDSON LLP, Chicago, Illinois, for Appellants/Cross-Appellees. Lewis Yelin, UNITED STATES DEPARTMENT OF JUSTICE, Washington, D.C., for Amicus United States of America. Joel Geoffrey MacMull, MANDELBAUM SALSBURG, PC, New York, New York; Ronald David Coleman, DHILLON LAW GROUP, New York, New York, for Appellees/Cross-Appellants. **ON BRIEF:** Phillip Barengolts, Bradley L. Cohn, PATTISHALL, MCAULIFFE, NEWBURY, HILLIARD & GERALDSON LLP, Chicago, Illinois; Robert J. Shaughnessy, WILLIAMS & CONNOLLY LLP, Washington, D.C., for Appellants/Cross-Appellees. Craig C. Reilly, LAW OFFICES OF CRAIG C. REILLY, Alexandria, Virginia, for Appellees/Cross-Appellants. Joseph H. Hunt, Assistant Attorney General, Mark R. Freeman, Civil Division, UNITED STATES DEPARTMENT OF JUSTICE, Washington, D.C.; Thomas S. Krause, Solicitor, Christina J. Hieber, Associate Solicitor, Mary Beth Walker, Associate Solicitor, Benjamin T. Hickman, Associate Solicitor, UNITED STATES PATENT AND TRADEMARK OFFICE, Alexandria, Virginia; G. Zachary Terwilliger, United States Attorney, OFFICE OF THE UNITED STATES ATTORNEY, Alexandria, Virginia, for Amicus United States of America.

FLOYD, Circuit Judge:

This appeal arises out of an action brought by Bayer Consumer Care AG (Bayer) alleging that Belmora LLC (Belmora) engaged in unfair competition in violation of § 43(a) of the Lanham Act. The district court held that Bayer's § 43(a) claims were time-barred. Because the Lanham Act does not include a limitations period for § 43(a) claims, the district court borrowed the statute of limitations from the most analogous state law, declining to apply the equitable doctrine of laches to those claims.

For the reasons set forth below, we conclude that laches, rather than a statute of limitations, is the appropriate defense to Bayer's § 43(a) claims. We also conclude that the district court failed to consider whether Bayer's related state-law claims were subject to tolling. Accordingly, we vacate the district court's judgment on Bayer's § 43(a) and related state-law claims and remand for further proceedings consistent with this opinion. We affirm the district court's judgment in all other respects.

I.

A.

Since the 1970s, Bayer's Mexican affiliate has sold naproxen sodium pain relievers under the trademark "FLANAX" in Mexico and other parts of Latin America. Bayer, a Swiss entity, owns a Mexican registration for the FLANAX mark.¹ Bayer neither owns an

¹ Bayer's Mexican affiliate, which is not a party to this case, distributes FLANAX in that country through a licensing agreement with Bayer.

American registration for the mark nor sells pain relievers under the FLANAX name in the United States. Rather, Bayer's American sister company, Bayer Healthcare LLC (BHC), sells naproxen sodium pain relievers in the United States under the "ALEVE" name.²

Bayer's FLANAX is a top-selling pain reliever in Mexico. The drug is therefore well known among consumers in the United States who have spent time in Mexico and other parts of Latin America.

Given the familiarity with FLANAX among a large subset of consumers in the United States, Belmora saw an opportunity to sell naproxen sodium pain relievers under the FLANAX name to American consumers. To that end, Belmora began selling naproxen sodium pain relievers under the FLANAX name in the United States in 2004.

Belmora's early marketing materials targeted Hispanic American consumers familiar with FLANAX. Belmora's founder, Jamie Belcastro, described the company's business model as "provid[ing] a user-friendly menu of . . . drug products for common ailments to U.S. residents of Hispanic background." J.A. 85. Belmora also associated its FLANAX pain relievers with Bayer's FLANAX sold in Mexico. For example, a telemarketer script identified Belmora as "the direct producers of FLANAX" in the United States and described its product as "a very well-known medical product in the Latino

² BHC is also a party to this case. Bayer and BHC are separate entities asserting slightly different claims. But because any distinction between the two entities is irrelevant to our analysis in this opinion, we refer to Bayer and BHC collectively as "Bayer," unless otherwise noted.

American market [that is] sold successfully in Mexico.” J.A. 94. Belmora’s packaging used a color scheme, font size, and typeface similar to Bayer’s FLANAX packaging.

On October 6, 2003, Belmora petitioned the U.S. Patent and Trademark Office (PTO) to register the FLANAX mark. On February 27, 2004, Bayer filed a competing application with the PTO to register the mark.³ The PTO published Belmora’s application for opposition on August 3, 2004. On September 19, 2004, the PTO sent a letter to Bayer suspending its application, citing Belmora’s earlier application. The PTO issued the registration to Belmora on February 1, 2005.

On June 29, 2007, Bayer petitioned the U.S. Trademark Trial and Appeal Board (TTAB) to cancel Belmora’s registration. Bayer’s petition sought cancellation under § 14(3) of the Lanham Act, alleging that Belmora misrepresented the source of its goods bearing the FLANAX mark.⁴ The parties litigated the matter before the TTAB for nearly seven years. On April 17, 2014, the TTAB granted Bayer’s petition and canceled Belmora’s registration. The TTAB concluded that the evidence “readily establish[ed] blatant misuse of the FLANAX mark [by Belmora] in a manner calculated to trade in the United States on the reputation and goodwill of [Bayer’s] mark created by its use in Mexico.” J.A. 90. Specifically, the TTAB found that Belmora (1) knew that the FLANAX mark was in use in Mexico when it adopted the mark in the United States, (2) copied

³ In actuality, Bayer’s predecessor-in-interest filed the application. Bayer acquired the rights to the mark in September 2005.

⁴ Bayer’s cancellation petition also asserted the following claims: (1) likelihood of confusion under § 2(d) of the Lanham Act, (2) a claim under Article *6bis* of the Paris Convention, and (3) fraud. The TTAB dismissed those claims with prejudice.

Bayer's packaging, and (3) "repeatedly invoked" the reputation of Bayer's product in its marketing materials. J.A. 91–93.

B.

On June 9, 2014—less than two months after the TTAB issued its ruling—Bayer sued Belmora in the Central District of California. The complaint asserted claims for false association and false advertising under § 43(a) of the Lanham Act. The complaint also asserted three related claims under California law for unfair competition and false advertising.⁵

Meanwhile, Belmora sought review of the TTAB decision in the Eastern District of Virginia pursuant to 15 U.S.C. § 1071(b). The Central District of California transferred Bayer's suit to the Eastern District of Virginia pursuant to 28 U.S.C. § 1404(a), where it was consolidated with Belmora's action. Belmora moved to dismiss Bayer's § 43(a) claims under Federal Rule of Civil Procedure 12(b)(6) and moved for judgment on the pleadings as to Bayer's § 14(3) claim litigated in the TTAB proceedings. The district court granted Belmora's motion. Bayer appealed.

We vacated the district court's dismissal and remanded for further proceedings. *Belmora LLC v. Bayer Consumer Care AG (Belmora I)*, 819 F.3d 697, 715 (4th Cir. 2016), *cert. denied*, 137 S. Ct. 1202 (2017). On remand, Belmora filed an answer to Bayer's

⁵ BHC joined Bayer as a plaintiff in the Central District of California action. Bayer alone brought the § 43(a) false association claim. Both Bayer and BHC brought the § 43(a) false advertising claim and the state-law claims.

complaint and brought seven counterclaims. Both parties moved for summary judgment. Bayer sought summary judgment on each of Belmora's counterclaims and affirmance of the TTAB decision. Belmora sought summary judgment on Bayer's § 43(a) and related state-law claims, arguing that those claims were barred by the statute of limitations and laches. In response to Belmora's motion, Bayer argued that laches, not a statute of limitations, governed its § 43(a) claims. Bayer also argued that its state-law claims were subject to tolling.

The district court granted both parties' motions. As to Belmora's motion, the court concluded that Bayer's claims were time-barred, reasoning that Bayer had "misse[d] the statute of limitations by almost a decade" on its § 43(a) claims, implicitly rejecting Bayer's laches arguments. J.A. 888. The district court further concluded that Bayer's state-law claims were time-barred but did not address Bayer's contention that its cancellation petition with the TTAB tolled those claims. As to Bayer's motion, the district court concluded that Belmora failed to marshal evidence to support each of its counterclaims. This cross-appeal followed.

II.

We review the district court's summary judgment rulings de novo. *Synergistic Int'l, LLC v. Korman*, 470 F.3d 162, 170 (4th Cir. 2006). "Summary judgment is appropriate when there is no genuine issue of material fact and the moving party is entitled to judgment

as a matter of law.” *Ray Cmmc’ns, Inc. v. Clear Channel Commc’ns, Inc.*, 673 F.3d 294, 299 (4th Cir. 2012) (citing Fed. R. Civ. P. 56(a)).

Because the district court “disposed of cross-motions for summary judgment, ‘we consider each motion separately on its own merits to determine whether either of the parties deserves judgment as a matter of law.’” *Defenders of Wildlife v. N.C. Dep’t of Transp.*, 762 F.3d 374, 392 (4th Cir. 2014) (quoting *Bacon v. City of Richmond*, 475 F.3d 633, 638 (4th Cir. 2007)). “In considering each motion, we ‘resolve all factual disputes and any competing, rational inferences in the light most favorable to the party opposing that motion.’” *Id.* (quoting *Rossignol v. Voorhaar*, 316 F.3d 516, 523 (4th Cir. 2003)).

III.

On appeal, Bayer contends that the district court erred in concluding that its § 43(a) and related state-law claims were time-barred. In its cross-appeal, Belmora argues that the district court erred in holding that its counterclaims failed as a matter of law. Belmora also contends that the district court erred in affirming the TTAB decision.

A.

We begin with Bayer’s claims under § 43(a) of the Lanham Act. “While much of the Lanham Act addresses the registration, use, and infringement of trademarks and related marks, § 43(a) . . . goes beyond trademark protection.” *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28–29 (2003). That provision “sets forth unfair competition causes of action for false association and false advertising.” *Belmora I*, 819 F.3d at 706;

see also Advanced Res. Int'l, Inc. v. Tri-Star Petrol. Co., 4 F.3d 327, 334 (4th Cir. 1993) (“The typical § 43(a) Lanham Act claim is brought by a plaintiff who is in competition with the defendant, and charges the defendant with using a mark . . . so similar to that of the plaintiff’s that the public may be confused as to the source of the good or service.”). Here, Bayer asserts that Belmora’s use of the FLANAX mark in the United States amounts to false association and false advertising in violation of § 43(a).

Because the Lanham Act does not contain an explicit limitations period for § 43(a) claims, the district court “follow[ed] the traditional practice of borrowing the most analogous statute of limitations from state law.” J.A. 887. The district court concluded that the statute of limitations began running on Bayer’s claims as early as September 19, 2004—the date on which the PTO suspended Bayer’s competing application to register the FLANAX mark. And because Bayer filed its complaint in the Central District of California in June 2014, the district court held that Bayer “misse[d] the statute of limitations by almost a decade.” J.A. 888. Bayer contends that the district court erred by reading a limitations period into the Lanham Act where none exists for § 43(a) claims. Bayer argues that laches, rather than a statute of limitations, is the appropriate defense to its claims.

1.

Before proceeding further, we pause to clarify which circuit’s law guides our inquiry into whether Bayer’s § 43(a) claims are time-barred. Bayer’s claims arrived in the Eastern District of Virginia following a transfer of venue from the Central District of California

pursuant to 28 U.S.C. § 1404(a). Accordingly, both parties invite us to apply the law of the transferor court—here, the law of the Ninth Circuit—to resolve the matter.

A transfer under § 1404(a) from one federal district court to another results in nothing more than “a change of courtrooms.” *Van Dusen v. Barrack*, 376 U.S. 612, 639 (1964). Thus, in diversity cases, the transferee court applies the state law that the transferor court would have applied absent the transfer. *Id.* Otherwise, “initiating a transfer under § 1404(a) [would] change[] the state law applicable to a diversity case,” *Ferens v. John Deere Co.*, 494 U.S. 516, 526 (1990), which would violate the federalism principles underlying *Erie Railroad Co. v. Tompkins*, 304 U.S. 64 (1938).

That rationale collapses in federal question cases that require a transferee court to do nothing more than interpret federal law. Unlike state law, federal law is a “single body of law,” which each federal court “has an obligation to . . . independently” interpret. *In re Korean Air Lines Disaster of Sept. 1, 1983*, 829 F.2d 1171, 1175–76 (D.C. Cir. 1987), *aff’d on other grounds sub nom. Chan v. Korean Air Lines, Ltd.*, 490 U.S. 122 (1989) (quoting *H.L. Green Co. v. MacMahon*, 312 F.2d 650, 652 (2d Cir. 1962)). And “every Circuit . . . has concluded that when one district court transfers a case to another, the norm is that the transferee court applies its own Circuit’s cases on the meaning of federal law.” *AER Advisors, Inc. v. Fidelity Brokerage Servs., LLC*, 921 F.3d 282, 288 (1st Cir. 2019); *accord Bradley v. United States*, 161 F.3d 777, 782 n.4 (4th Cir. 1998) (declining to “apply the law of another circuit simply because the case was transferred from the other circuit”).

This appeal requires us to decide whether to apply a statute of limitations borrowed from the most analogous state law or instead some other “timeliness rule[] drawn from

federal law” to claims under § 43(a) of the Lanham Act, which does not expressly contain a limitations period for those claims. *DelCostello v. Int’l B’hood of Teamsters*, 462 U.S. 151, 162 (1983). Whether to read a limitations period into a federal law is a garden-variety question of federal statutory interpretation. *See Menowitz v. Brown*, 991 F.2d 36, 40 (2d Cir. 1993) (per curiam) (“Whether or not courts apply a state limitations period to a federal claim, ‘the choice of a limitations period for a federal cause of action is itself a question of federal law.’” (quoting *DelCostello*, 462 U.S. at 159 n.13)). Because § 43(a) is part of a single body of federal law, we apply Fourth Circuit law to interpret it.

2.

We turn to the primary issue raised in this appeal: whether a statute of limitations or some other timeliness rule applies to Bayer’s § 43(a) claims. *See* 15 U.S.C. § 1125(a). “As is often the case in federal law,” the Lanham Act does not expressly incorporate a limitations period for § 43(a) claims. *DelCostello*, 462 U.S. at 158.⁶ In the absence of an express limitations period, we typically hold “that Congress intended that the courts apply the most closely analogous statute of limitations under state law.” *Id.* But “state statutes of limitations can be unsatisfactory vehicles for the enforcement of federal law.” *Id.* at 161; *see also Reed v. United Transp. Union*, 488 U.S. 319, 324 (1989) (describing the “closely circumscribed exception to the general rule that statutes of limitations are to be

⁶ Unlike § 43(a) claims, infringement claims are expressly subject to “equitable principles, including laches, estoppel, and acquiescence.” 15 U.S.C. § 1115(b)(9); *see Ray Commc’ns, Inc.*, 673 F.3d at 300 (applying laches to an infringement claim).

borrowed from state law”). In those circumstances, courts “decline[] to borrow state statutes” and “instead use[] timeliness rules drawn from federal law—either express limitations periods from related federal statutes, or such alternatives as laches.” *DelCostello*, 462 U.S. at 162.

We conclude that § 43(a) is one such federal law for which a state statute of limitations would be an unsatisfactory vehicle for enforcement. Rather, the affirmative defense of laches, which applies to claims that are equitable in nature, *see White v. Daniel*, 909 F.2d 99, 102 (4th Cir. 1990), “provides a closer analogy than available state statutes,” *DelCostello*, 462 U.S. at 172.

The text of § 43(a) supports this conclusion. *See Broughman v. Carver*, 624 F.3d 670, 675 (4th Cir. 2010) (“Because Congress’ intent ‘can most easily be seen in the text of the Acts it promulgates,’ we begin with an examination of the statute’s ‘plain text.’” (quoting *United States v. Wills*, 234 F.3d 174, 178 (4th Cir. 2000))). The Lanham Act provides that § 43(a) claims for damages are “subject to the principles of equity,” 15 U.S.C. § 1117(a), and that courts may grant injunctive relief to remedy § 43(a) violations “according to the principles of equity,” *id.* § 1116(a). Other circuits have similarly emphasized “the equitable character of § 43(a) actions” in applying a laches defense to § 43(a) claims. *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 836–37 (9th Cir. 2002); *see Santana Prods., Inc. v. Bobrick Washroom Equip., Inc.*, 401 F.3d 123, 135 (3d Cir. 2005); *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 822 (7th Cir. 1999).

Accordingly, considering “the federal policies at stake and the practicalities of litigation,” *Reed*, 488 U.S. at 324 (quoting *DelCostello*, 462 U.S. at 172), we hold that

laches is the appropriate defense to § 43(a) claims. Laches is “an equitable defense” that “is distinct from the statute of limitations.” *Jarrow*, 304 F.3d at 835. Laches “generally applies to preclude relief for a plaintiff who has unreasonably ‘slept’ on his rights.” *PBM Prods., LLC v. Mead Johnson & Co.*, 639 F.3d 111, 121 (4th Cir. 2011) (applying laches to a § 43(a) claim).⁷

The district court held that Bayer’s § 43(a) claims were barred by the most analogous state-law statute of limitations. The district court therefore judged the timeliness of Bayer’s § 43(a) claims under an incorrect legal standard. Accordingly, we vacate the portion of the district court’s order granting summary judgment on Bayer’s § 43(a) claims and remand for the court to determine whether those claims are barred by laches and to make any further factual findings necessary to support that determination. *See White*, 909

⁷ In addition to properly applying laches to a set of § 43(a) claims, the *PBM Products, LLC* court disposed of a second set of § 43(a) claims as barred per se by the analogous state statute of limitations. 639 F.3d at 121. That determination directly conflicts with a prior precedential decision of this Court, which acknowledged that Lanham Act claims are not controlled by any statute of limitations. *See What-A-Burger of Va., Inc. v. Whataburger, Inc. of Corpus Christi, Tx.*, 357 F.3d 441, 449 (4th Cir. 2004) (“Because the Lanham Act does not include a limitations period, courts use the doctrine of laches to address the inequities created by a trademark owner who, despite having a colorable infringement claim, allows a competitor to develop its products around the mark and expand its business, only then to lower the litigation boom.”). While *What-A-Burger* dealt with an infringement claim, as we have explained above, the text of § 43(a) similarly does not allow courts to borrow a state statute of limitations to bar a plaintiff’s claims. Without any other means of reconciling the two decisions, we are bound to apply the principles correctly espoused in *What-A-Burger*. *See McMellon v. United States*, 387 F.3d 329, 333–34 (4th Cir. 2004) (en banc) (“[W]hen there is an irreconcilable conflict between opinions issued by three-judge panels of this court, the first case to decide the issue is the one that must be followed, unless and until it is overruled by this court sitting en banc or by the Supreme Court.”).

F.2d at 102 (observing that a laches finding “depends upon the particular circumstances of the case”).

3.

On remand, the statute of limitations from the most analogous state law will continue to play an important role in the district court’s laches analysis. Laches is presumed to bar § 43(a) claims filed outside the analogous limitations period. *See PBM Prods., LLC*, 639 F.3d at 121; *accord Jarrow*, 304 F.3d at 837; *Hot Wax, Inc.*, 191 F.3d at 822. But “whether a Lanham Act claim has been brought within the analogous state statute of limitations is not the sole indicator of whether laches may be applied in a particular case.” *Hot Wax, Inc.*, 191 F.3d at 821–22.

Should the district court conclude that the presumption applies to Bayer’s § 43(a) claims, the district court should consider the following factors to determine if Bayer can overcome the presumption: (1) whether Bayer knew of Belmora’s adverse use of the FLANAX mark, (2) whether Bayer’s delay in challenging that use “was inexcusable or unreasonable,” and (3) whether Belmora “has been unduly prejudiced” by Bayer’s delay. *See Ray Commc’ns, Inc.*, 673 F.3d at 300.⁸

⁸ In addition to applying the statute-of-limitations presumption as a threshold inquiry, other circuits also import the presumption into the analysis of the laches factors. *See, e.g., Jarrow*, 304 F.3d at 838–39 (observing that “[t]he reasonableness of the plaintiff’s delay is considered in light of the time allotted by the analogous limitations period”). But doing so inappropriately double counts the presumption. We therefore

B.

In addition to its § 43(a) claims, Bayer brought unfair competition and false advertising claims under California law. At summary judgment, Bayer argued that the filing of its cancellation petition with the TTAB tolled the statute of limitations applicable to those claims.⁹ The district court held that Bayer's state-law claims were time-barred but never addressed Bayer's tolling arguments or made any factual findings to determine whether Bayer's claims were subject to tolling. Thus, the absence of fact-finding on the tolling question by the district court deprives us of the ability to conduct appellate review on the current record. Accordingly, we vacate the portion of the district court's order granting summary judgment on Bayer's state-law claims and remand for the district court to determine in the first instance whether those claims are subject to tolling and to make any further factual findings necessary to support that determination.

C.

We next turn to Belmora's seven counterclaims. Belmora brought the following counterclaims against Bayer: (1) trademark infringement in violation of §§ 15 and 33(b) of the Lanham Act, (2) common-law trademark infringement, (3) unfair competition and false

conclude that the district court should apply the factors independent of the presumption in order to determine if the presumption can be rebutted.

⁹ Bayer invokes "two distinct types of tolling: (1) tolling based on Bayer's filing of the petition to cancel Belmora's FLANAX registration[] and (2) equitable tolling under California law." Bayer Resp. Br. at 11–12. Given the absence of fact-finding below, we do not reach the merits of either theory of tolling.

designation of origin in violation of § 43(a) of the Lanham Act and common law, (4) importation of unauthorized goods in violation of § 526 of the Tariff Act of 1930, (5) importation of infringing goods in violation of § 42 of the Lanham Act, (6) monopolization in violation of § 2 of the Sherman Act, and (7) tortious interference with contract or prospective economic advantage. The district court concluded that Belmora failed to offer evidence to support each of its counterclaims. We have little difficulty affirming that conclusion.

1.

We begin with Belmora's first five counterclaims, which seek to hold Bayer liable for secondary trademark infringement. Belmora contends that Bayer's Mexican FLANAX product has unlawfully crossed the border and is available for sale in the so-called "gray market" in the United States. *See* Belmora Opening Br. at 50–55. Belmora seeks to hold Bayer liable for allegedly turning a blind eye to the unlawful importation and sale of its product. Each of these five counterclaims rests on a slightly different factual and legal basis, but Belmora's theory of liability rises and falls on its ability to prove that Bayer (1) "intentionally induce[d] another to infringe" Belmora's mark or (2) "continue[d] to supply its product to one whom it kn[ew] or ha[d] reason to know [was] engaging in trademark infringement." *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982).

The district court concluded that Belmora failed to show that Bayer "has induced others to sell [FLANAX] in the U.S., or that it has continued to supply the product to a party with knowledge or reason to know that party was selling it in the U.S." J.A. 892.

The district court further concluded that “Belmora has no evidence linking Bayer to the importation of Mexican FLANAX into the U.S.,” and that Belmora failed to marshal any evidence showing “when, how, where, or what Bayer allegedly imported, or to whom it provided assistance.” J.A. 892–93. On appeal, Belmora argues that it introduced sufficient evidence showing that Bayer was “willfully blind” to the unlawful sale and importation of its Mexican product in the United States. Belmora Opening Br. at 52–55. We disagree.

Given the widespread availability of Bayer’s FLANAX product in Mexico, it is small wonder that the product has occasionally made its way across the border. Like the district court, we conclude that Belmora has offered no evidence to show that Bayer had anything to do with the importation or sales of its Mexican FLANAX product in the United States. Nor has Belmora shown that Bayer was willfully blind to the unlawful importation and sales of FLANAX. In support of its argument, Belmora cites to the deposition testimony of Bayer’s Rule 30(b)(6) witness denying knowledge of the unlawful importation and sales of FLANAX or of a policy to combat the problem. But that testimony does not suffice to create a genuine dispute on the issue of Bayer’s willful blindness. *See Louis Vuitton S.A. v. Lee*, 875 F.2d 584, 590 (7th Cir. 1989) (describing willful blindness as a “fail[ure] to inquire further” for fear “of what the inquiry would yield”); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 252 (1986) (holding that “[t]he mere existence of a scintilla of evidence” is insufficient to survive summary judgment). Accordingly, we affirm the district court’s grant of summary judgment to Bayer on Belmora’s first five counterclaims.

2.

In its sixth counterclaim, Belmora alleges that Bayer violated § 2 of the Sherman Act by allegedly using its monopoly power to exert pressure on Bionpharma Inc. (Bionpharma)—the sole authorized source of naproxen sodium liquidgels with whom Bayer has an exclusivity agreement—not to sell naproxen sodium liquidgels to Belmora. To succeed on its § 2 claim, Belmora must show “(1) that [Bayer] possesses monopoly power in the relevant market and (2) that [Bayer] willfully acquired or maintained that power ‘as distinguished from growth or development as a consequence of a superior product, business acumen, or historic accident.’” *Cavalier Tel., LLC v. Verizon Va., Inc.*, 330 F.3d 176, 183 (4th Cir. 2003) (quoting *Eastman Kodak Co. v. Image Tech. Servs., Inc.*, 504 U.S. 451, 481 (1992)). The district court concluded that Belmora failed to offer sufficient evidence establishing a relevant product market.

“Proof of a relevant market is a threshold for a Sherman Act § 2 claim.” *Consul, Ltd. v. Transco Energy Co.*, 805 F.2d 490, 493 (4th Cir. 1986). Belmora “bears the burden of proof on the issue of the relevant product and geographic markets.” *Satellite Television & Associated Res., Inc. v. Cont’l Cablevision of Va., Inc.*, 714 F.2d 351, 355 (4th Cir. 1983). Belmora defines the relevant product market as one for “branded naproxen sodium.” J.A. 292–93. To support its definition of the relevant product market, Belmora proffered the report and testimony of Gordon Rausser, Ph.D., its expert witness on economic and antitrust matters.

We agree with the district court that Rausser’s report does not adequately establish a relevant product market. *See Mil. Servs. Realty, Inc. v. Realty Consultants of Va., Ltd.*,

823 F.2d 829, 832 (4th Cir. 1987) (affirming the district court’s grant of summary judgment when the plaintiff’s expert did not “adequately identify the relevant market”). Critically, Rausser’s report does not opine that “branded naproxen sodium” constitutes a relevant product market. Rausser admitted during his deposition that he did not “identify the relevant market that Bayer . . . allegedly monopolized or threatened to monopolize.” J.A. 364. We therefore affirm the district court’s grant of summary judgment to Bayer on Belmora’s sixth counterclaim.

3.

Belmora’s final counterclaim alleges tortious interference with contract or prospective economic advantage. As with Belmora’s sixth counterclaim, the seventh counterclaim rests on Belmora’s allegation that Bayer allegedly abused its market power through its exclusivity agreement with Bionpharma and pressured Bionpharma not to sell naproxen sodium liquidgels to Belmora. Belmora contends that it was unable to obtain the liquidgels as a result and, consequently, lost out on opportunities to fill orders with potential retail customers.

To succeed on a claim for tortious interference with contract or prospective economic advantage, Belmora must show (1) “the existence of a business relationship or expectancy, with a probability of future economic benefit,” (2) that Bayer had “knowledge of the relationship or expectancy,” (3) “that it was reasonably certain that absent intentional misconduct, [Belmora] would have continued in the relationship or realized the expectancy,” and (4) “that [Belmora] suffered damages from the interference.” *Com.*

Funding Corp. v. Worldwide Sec. Servs. Corp., 249 F.3d 204, 213 (4th Cir. 2001) (applying Virginia law). The district court concluded that the seventh counterclaim “fail[ed] for a few reasons,” finding “no evidence that Bayer knew about the supposed orders, or was aware of Belmora’s interest in entering the naproxen sodium liquidgel category.” J.A. 896.

We agree. Belmora has failed to show that Bayer knew of Belmora’s business expectancy at the time it engaged in the alleged interfering conduct—here, when it entered into the exclusivity agreement with Bionpharma. Bayer entered into that agreement in late 2016. And Belmora did not begin discussing sales with potential retail customers until 2017. Belmora cannot establish that Bayer knew of Belmora’s retail orders when it engaged in the allegedly interfering conduct, because Bayer entered into the exclusivity agreement with Bionpharma *before* Belmora began discussing orders with potential retail customers. Belmora therefore has failed to offer evidence establishing that Bayer had knowledge of its business expectancy. Accordingly, we affirm the district court’s grant of summary judgment to Bayer on Belmora’s seventh counterclaim.

D.

Finally, we turn to Belmora’s § 1071(b) challenge to the TTAB decision. The TTAB ordered the cancellation of Belmora’s registration, ruling that Belmora misrepresented the source of its goods in violation of § 14(3) of the Lanham Act. The TTAB found that Belmora knew that the FLANAX mark was in use in Mexico when it adopted the mark in the United States, copied Bayer’s packaging, and “repeatedly invoked” the reputation of Bayer’s product in its marketing materials. J.A. 91–93. Belmora

submitted new evidence before the district court not previously submitted before the TTAB, but the court concluded that Belmora's new evidence did not bear on any disputed factual questions. The court therefore affirmed the TTAB decision under the deferential substantial evidence standard of review. Belmora argues that the district court erred by failing to conduct a de novo review of the entire record.

We recently considered the appropriate standard of review governing § 1071(b) actions in *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150 (4th Cir. 2014). In that case, we explained that a district court in a § 1071(b) action “reviews the record de novo and acts as the finder of fact.” *Id.* at 155. And although the parties may admit the PTO record, “the parties have an unrestricted right to submit further evidence as long as it is admissible under the Federal Rules of Evidence and Civil Procedure.” *Id.* Accordingly, “where new evidence is presented to the district court on a disputed fact question,” the district court must conduct a de novo review of the entire record, including the evidence before the TTAB and any new evidence submitted by a party. *Kappos v. Hyatt*, 566 U.S. 431, 444 (2012) (explaining that a district court “cannot meaningfully defer to the PTO’s factual findings if the PTO considered a different set of facts”).¹⁰

Thus, we have rejected an “impermissible hybrid review” in § 1071(b) actions when a party submits new evidence not previously presented to the TTAB. *Swatch AG*, 739 F.3d at 156. In *Swatch AG*, the district court purported to apply a “unique standard of review,”

¹⁰ In contrast, when no new evidence is submitted, “the district court must apply the court/agency standard of review to [the PTO’s] fact finding.” *Hyatt v. Kappos*, 625 F.3d 1320, 1334 (Fed. Cir. 2010) (en banc), *aff’d and remanded*, 566 U.S. 431 (2012).

acting in part as an appellate body” and sitting in a “dual capacity.” *Id.* at 156. We held that the district court’s standard of review was “in tension with the statute and directly conflict[ed] with the requirements of *Kappos*.” *Id.* We nonetheless affirmed the district court’s conclusion, holding that “there [were] more than sufficient facts recited in its opinion to support its findings.” *Id.*

So too here. To succeed on its § 14(3) claim, Bayer was required to show “blatant misuse of the mark by [Belmora] in a manner calculated to trade on the goodwill and reputation of [Bayer].” *Otto Int’l Inc. v. Otto Kern GmbH*, 83 U.S.P.Q.2d 1861, 1863 (T.T.A.B. 2007); *see also Belmora I*, 819 F.3d at 714 (noting that a § 14(3) “[p]etitioner must establish that the ‘registrant deliberately sought to pass off its goods as those of [the] petitioner’” (quoting 3 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 20:30 (4th ed. 2002))). The district court began by reciting the TTAB’s findings that Belmora knew that the FLANAX mark was in use in Mexico when it adopted the mark in the United States, copied Bayer’s packaging, and “repeatedly invoked” the reputation of Bayer’s product in its marketing materials. J.A. 91–93. The district court further found that Belmora failed to submit “any credible new evidence” showing that (1) Belmora’s founder “was unaware of Bayer’s Mexican FLANAX when he adopted the mark for his own company,” (2) the FLANAX packaging used by Bayer and Belmora “did not actually look the way the [TTAB] said [it] did,” or (3) the “numerous examples” of the use of Bayer’s “goodwill” by Belmora “were never published or used.” J.A. 897.

The above facts in the district court’s opinion support its conclusion that Belmora’s use of the FLANAX mark violated § 14(3). While the district court purported to apply an

“impermissible hybrid review,” *Swatch AG*, 739 F.3d at 156, the court recited sufficient facts showing that Belmora “blatant[ly] misuse[d]” the mark “in a manner calculated to trade on [Bayer’s] goodwill and reputation,” *Otto Int’l Inc.*, 83 U.S.P.Q.2d at 1863. Accordingly, we affirm the district court’s grant of summary judgment to Bayer on its request for affirmance of the TTAB decision.

IV.

For the foregoing reasons, we affirm the district court’s grant of summary judgment in Bayer’s favor on Belmora’s counterclaims and its affirmance of the TTAB decision. We vacate the district court’s grant of summary judgment in Belmora’s favor on Bayer’s § 43(a) and related state-law claims. We remand the matter to the district court to determine in the first instance whether Bayer’s § 43(a) claims are barred by laches and whether Bayer’s related state-law claims are subject to tolling.

*AFFIRMED IN PART, VACATED IN PART,
AND REMANDED WITH INSTRUCTIONS*