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Meenaxi Enterprise, Inc. v. Coca-Cola Company
United States Court of Appeals for the Federal Circuit
Nos. 92063353, 92064398
Decided: June 29, 2022

Keywords: territoriality doctrine; territorial limits; trademark cancellation; international trademark; the Lanham Act; entitlement to a statutory cause of action to cancel a trademark; statutory standing

General: The territoriality doctrine does not apply to aspects of the Lanham Act in § 14(3) that are not concerned with the protection of trademark rights. Under § 14(3) of the Lanham Act, a cancellation challenge may be filed “by any person who believes that he is or will be damaged...by the registration of a mark.” Such causes of action “extend only to plaintiffs whose interest fall within the zone of interests protected by the law invoked,” which “requires an allegation of injury to a commercial interest in reputation or sales.” If a plaintiff does not sell a marked product in a particular country, then a third-party’s re-sale of that product in that particular country does not establish damage from lost sales. Further, reputational injury generally occurs when “deception of consumers causes them to withhold trade from the plaintiff.” Thus, if there are no lost sales and no evidence that a community is aware of the plaintiff’s marks, then there is no reputational injury.



I. Background & Facts

Coca-Cola began operating in India in 1950. Another company called Parle introduced Limca and Thumbs Up sodas in India in 1971 and 1977, respectively. Coca-Cola purchased Parle in 1993 and acquired the sodas and their Indian registrations at that time. Coca-Cola sells both sodas primarily in India and in other international markets, but not in the U.S. Since 2005, unauthorized third parties have re-sold the sodas in the U.S. by first purchasing them in India and then importing them to the U.S.

In 2011, the Indian High Court in Delhi found that the Limca mark was “well-known” in India. Three years later, the same court found that the Thumbs Up mark was “well-known” and “popular” in India. Coca-Cola began U.S. registration for the marks but ultimately abandoned the applications in 1987 and 1996.

Since 2008, Meenaxi, whose business model is to copy popular Indian brands and products to sell them to Indian-American consumers, has been selling non-Coca-Cola beverages to Indian grocery stores using the Thumbs Up and Limca marks. In 2012, Meenaxi applied for and was granted U.S. registrations for the Limca and Thumbs Up marks.

Coca-Cola brought claim to cancel the registrations under § 14(3) of the Lanham Act for misrepresentation of source. The Trademark Trial and Appeal Board (“the Board”) held in Coca-Cola’s favor and cancelled Meenaxi’s marks. Meenaxi appealed. The Federal Circuit Court reversed, concluding that Coca-Cola failed to establish a statutory cause of action based on lost sales or reputational injury.

II. Issues

- 1) Did Coca-Cola suffer lost sales or reputational injury within the United States from Meenaxi’s trademark registrations such that they have a cause of action to cancel Meenaxi’s registrations under § 14(3) of the Lanham Act (15 U.S.C. § 1064(3))?
- 2) Does a third-party’s re-sale of Coca-Cola’s international product in the United States establish lost sales by Coca-Cola in the United States?
- 3) Did Meenaxi’s use of the Coca-Cola marks on non-Coca-Cola products cause reputational injury to Coca-Cola?

III. Discussion

The Court based much of its opinion on the SCOTUS decision from *Lexmark International, Inc. v. Static Control Components, Inc.*, 572 U.S. 118 (2014).

The Court determined that, under § 14(3) of the Lanham Act, a cancellation challenge may be filed “by any person who believes that he is or will be damaged...by the registration of a mark.” Such causes of action “requires an allegation of injury to a commercial interest in reputation or sales.”

Here, Coca-Cola’s alleged damage was that Meenaxi used the registered marks to misrepresent the source of the goods (i.e. make Meenaxi beverages look like Coca-Cola beverages). Meenaxi first argued that Coca-Cola’s cause of action failed because of the territoriality principle (i.e. the principle that trademark rights are geographically limited). The court agreed that this principle is well-established in trademark law, but declined to apply it in this case because Coca-Cola was not claiming trademark rights to Thumbs Up and Limca marks; rather, Coca-Cola fought to cancel Meenaxi’s registration due to lost sales and reputational injury within the United States. Therefore,

because a cause of action under § 14(3) of the Lanham Act is not limited to the protection of trademark rights, and because Coca-Cola did not seek protection of the Thumbs Up and Limca marks, the Court declined to apply the territoriality principle.

Next, Meenaxi argued that Coca-Cola lacked a statutory cause of action because Meenaxi's activity did not cause lost sales in the United States, nor did it cause reputational injury to Coca-Cola in the United States.

As to lost sales, the Court held that the unauthorized sale of Coca-Cola's international products in the U.S. does not establish lost sales by Coca-Cola in the U.S. The Court noted that Coca-Cola presented no evidence that it sells or distributes Limca or Thumbs Up in the U.S. and that future plans to market the sodas in the U.S. cannot be the basis for a Lanham Act claim.

As to reputational injury, the Court noted that "a cognizable economic and reputational injury generally occurs when deception of consumers causes them to withhold trade from the plaintiff." The Court held that Coca-Cola failed to explain how its supposed reputational injury adversely affected its commercial interest other than to speculate that a consumer dissatisfied with Meenaxi's products might blame Coca-Cola. The Court pointed to Coca-Cola's lack of lost sales in the U.S. to support its conclusion.

Overall, the Court held that Coca-Cola had failed to present sufficient evidence that the Indian-American community was aware of the Thumbs Up and Limca marks so as to establish a Lanham Act cause of action. The Court disagreed with the Board's finding of reputational injury, noting that the Board based its finding on Coca-Cola's activity and reputation in India, which, the Court noted, does not establish its reputation in the U.S. The Court called the Board's conclusion "stereotyped speculation" and found no basis to assume that an American of Indian descent would be aware of brands in India. As such, the Court held that there was no evidence showing awareness of either mark in the United States. Further, the Court held that Meenaxi's copying of the foreign marks in and of itself is not evidence of awareness of a U.S. reputation.

IV. Conclusion and Takeaways

- 1) The reputation of Coca-Cola in India regarding its Thumbs Up and Limca products did not extend to the United States.
- 2) Without an established reputation in the United States, there could be no reputational injury to Coca-Cola so as to support a cause of action under § 14(3) of the Lanham Act.
- 3) There was no evidence of lost sales in the United States because Coca-Cola did not sell Thumbs Up or Limca in the United States and its future plans to do so were insufficient to establish damage from lost sales.
- 4) Without evidence of injury to a commercial interest in reputation or sales, Coca-Cola failed to establish a cause of action for cancellation of Meenaxi's marks under § 14(3) of the Lanham Act.
- 5) Meenaxi owns registrations for the marks in the U.S., while Coca-Cola has trademark rights for the same marks in India.