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REPLENISHING THE INK OF THE POISON PEN: RESTRICTING THE SCOPE OF § 43(a) OF THE LANHAM ACT IN GARLAND CO. V. ECOLOGY ROOF SYSTEMS CORP.

I. INTRODUCTION

Can a single correspondence containing allegedly false information give rise to a violation of § 43(a) of the Lanham Act¹ as commercial advertising or promotion? On July 12, 1995, the U.S. District Court for the District of Kansas, ruling on a matter of first impression in the Tenth Circuit against a backdrop of split authority, said no.² The implications of this holding are quite extensive; businesses that rely on nontraditional advertising channels³ for commercial benefit will suffer due to the court's restrictive definition of the disputed language "commercial advertising or promotion."⁴

II. FACTUAL BACKGROUND

Garland involved two manufacturers of roofing materials who were competing for a project initiated by the Lawrence School District in Lawrence, Kansas.⁵ The plaintiff, The Garland Company, Incorporated (hereinafter *Garland*), alleged that the defendant, Ecology Roof Systems Corporation, (hereinafter *Ecology*) sent to Diamond Everly Roofing Contractors (hereinafter *Diamond Everly*), one of the contractors bidding on the project, a letter purporting to compare the characteristics of the roofing materials manufactured by the two companies.⁶ *Garland* contended that *Ecology's* letter contained false and misleading representations of fact concerning *Garland's* roofing materials in order to convince *Diamond Everly* to

¹ 15 U.S.C. § 1125 (1994).

² *Garland Co. v. Ecology Roof Sys. Corp.*, 895 F. Supp. 274, 36 U.S.P.Q.2d (BNA) 1563 (D. Kan. 1995).

³ For example, word-of-mouth as an advertising medium.

⁴ 15 U.S.C. § 1125(a)(1)(B) (Supp. V 1993).

⁵ *Garland*, 895 F. Supp. at 275.

⁶ *Id.*

use Ecology's products.⁷ Garland additionally alleged that Diamond Everly showed this letter and data to the Lawrence School District, and as a result the District elected to use the roofing materials manufactured by Ecology over those made by Garland, and awarded the building contract to Diamond Everly.⁸

Garland subsequently brought a claim against Ecology for an alleged violation of § 43(a) of the Lanham Act.⁹ Section 43(a) establishes a civil cause of action by which a person who believes that his goods or services have been misrepresented or falsely described "in commercial advertising or promotion" may bring suit against the perpetrator of the disparaging communication.¹⁰

In its motion to dismiss for failure to state a claim,¹¹ Ecology contended that the single correspondence that it sent to Diamond Everly did not meet the requirements of the "commercial advertising or promotion" provision of § 43(a), because the single correspondence did not constitute advertisement or promotion in the relevant industry.¹² Garland argued that since the letter containing the alleged misrepresentations and false information was delivered by Ecology to a consumer or buyer of Garland's materials, it satisfied the "commercial advertising or promotion" requirement of § 43(a).¹³ The United States district court, acknowledging that this

⁷ *Id.*

⁸ *Id.*

⁹ *Garland*, 895 F. Supp. at 275.

¹⁰ The applicable section provides:

(a) Civil Action. (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

...

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a)(1)(B) (Supp. V 1993).

¹¹ *Garland*, 895 F. Supp. at 275.

¹² *Garland*, 895 F. Supp. at 276. Defendant Ecology contended that since its letter had been sent to only *one* roofing contractor out of a *nationwide* roofing materials industry, its behavior was insufficient to satisfy this requirement. *Id.*

¹³ *Id.*

case presented an issue of first impression in the Tenth Circuit,¹⁴ declined to adopt Garland's position, and consequently granted Ecology's motion to dismiss by concluding that the single correspondence sent to Diamond Everly did not meet the "commercial advertising or promotion" requirement of § 43(a).¹⁵

III. THE COURT'S ANALYSIS

The court in *Garland* first engaged in statutory interpretation in an attempt to determine the precise meaning of the terms "commercial advertising or promotion" as contained in § 43(a) of the Lanham Act.¹⁶ After finding that neither term was specifically defined in the Act,¹⁷ the court then resorted to a dictionary¹⁸ to find definitions for the terms.

The court concluded that it was "apparent" that each concept carried with it "a notion of public dissemination of information which [went] beyond one isolated letter to a single potential customer."¹⁹ It noted that *Webster's Third New International Dictionary* defined "advertising" as "the action of calling something (as a commodity for sale, a service offered or desired) to the attention of the public [especially] by means of printed or broadcast paid announcements" and "the business or profession of designing and preparing advertisements for publication or broadcast."²⁰ *Webster's* went on to define the term "promotion" as "active furtherance of sale of merchandise through advertising or other publicity."²¹ Upon reading these definitions the court conceded that whereas it was easy to conclude that the definition of "advertising" carried with it the notion of public dissemination, this

¹⁴ *Id.* at 276.

¹⁵ *Id.* at 279.

¹⁶ *Garland*, 895 F. Supp. at 276. The court looked at the plain meaning of the statutory language, pursuant to the U.S. Supreme Court's decision in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985) ("Statutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose.").

¹⁷ *Garland*, 895 F. Supp. at 276.

¹⁸ *Id.* at 276 (citing WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY (1986)).

¹⁹ *Garland*, 895 F. Supp. at 276.

²⁰ *Id.* (quoting WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 31-32 (1986)).

²¹ *Id.* (quoting WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 1815 (1986)).

inference was not as easy to make with respect to the meaning of "promotion."²² Nevertheless, the court reached the conclusion that each term contemplated the idea of an organized campaign, or at least communications to a number of potential customers.²³ In other words, the court asserted that each term connoted communication beyond the scope of a single letter such as had been sent by Ecology to Diamond Everly.²⁴

Inasmuch as it had admitted that the plain meaning of the term "promotion" was less commonly established than that of the term "advertising,"²⁵ the court next attempted to ascertain Congress' intent behind its insertion of the word "promotion" by examining the legislative history of the Lanham Act.²⁶ It then declared, however, that the endeavor provided little insight, since the pertinent language, meaning the language encompassing the term "promotion," had been added in 1988 by an amendment to the Act for which Congress provided few clues.²⁷ Consequently, the court concluded that there was nothing in the statute or its legislative history to indicate that Congress had meant for the terms "advertising" and "promotion" to be any more broadly defined in the Lanham Act than had been suggested by *Webster's*.²⁸

Next, the court turned to the relevant case law for assistance. It found that decisions regarding the subject at hand were few, and further noted the absence of any appellate court opinion dealing squarely with the issue of whether a single communication could fall under § 43(a) of the Lanham Act.²⁹

Therefore, the court relied primarily on the reasoning of the district court in *Medical Graphics Corp. v. SensorMedics Corp.*³⁰ to reach its decision in favor of Ecology. The court in *Medical*

²² *Garland*, 895 F. Supp. at 276.

²³ *Id.*

²⁴ *Id.* at 276.

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Garland*, 895 F. Supp. at 276-77. The court concluded that an investigation of the legislative history shed little light regarding the insertion of the term "promotion" into the pertinent amendment, and furthermore, that it revealed little information with respect to the body of Lanham Act itself in defining the term.

²⁸ *Id.* at 277.

²⁹ *Id.*

³⁰ 872 F. Supp. 643, 33 U.S.P.Q.2d (BNA) 1751 (D. Minn. 1994).

Graphics had held that disparaging remarks made by the defendant via “marketing flashes”³¹ and other memoranda³² to the plaintiff’s then present and potential customers fell outside of the scope of the Lanham Act. The court more precisely found that the various representations at issue primarily consisted of statements made by one of a handful of sales representatives to an individual potential customer.³³ It accordingly denied plaintiff’s motion for a preliminary injunction.³⁴

The court in *Medical Graphics* first observed that although the defendant’s conduct fell outside the boundaries of a traditional advertising campaign, this fact would not necessarily defeat the plaintiff’s claim.³⁵ It then looked to the four-prong test used in *Gordon & Breach Science Publishers S.A. v. American Institute of Physics*³⁶ for guidance regarding whether defendant’s conduct could qualify as “commercial advertising or promotion” within the meaning of § 43(a). The factors used by that court were:

- (1) the representations must be commercial speech;
- (2) they must be made by a defendant who is in commercial competition with the plaintiff;
- (3) they must be made for the purpose of influencing customers to buy defendant’s goods or services; and
- (4) they must be disseminated sufficiently to the relevant purchasing public to constitute “advertising” or “promotion” within that industry.³⁷

³¹ These “marketing flashes,” which SensorMedics distributed to its own sales force, included information on the merchandise of both SensorMedics and its competitors. *Id.* at 644.

³² These memoranda contained remarks regarding plaintiff’s alleged troubles with the Food and Drug Administration, its alleged status as a German company masquerading as an American company, and other remarks concerning the quality of plaintiff’s products. *Id.* at 645-46.

³³ 872 F. Supp. at 650.

³⁴ *Id.* at 651.

³⁵ *Id.* at 650.

³⁶ 859 F. Supp. 1521, 32 U.S.P.Q.2d (BNA) 1705 (S.D.N.Y. 1994).

³⁷ *Garland*, 895 F. Supp. at 277 (citing *Gordon & Breach Science Publishers S.A. v. American Inst. of Physics*, 859 F. Supp. 1521, 1536 (S.D.N.Y. 1994)).

The court in the present case noted the *Medical Graphics*³⁸ court's discussion of the defendant's focus on the fourth prong of the *Gordon & Breach Science Publishers*³⁹ test. That court declared that the level of circulation required to constitute advertising and promotion would vary across industries and from case to case, and that both "advertising" and "promotion" included in their meanings a notion of the public dissemination of information.⁴⁰ Using its findings on the nature of the industry as a backdrop to the defendant's actions,⁴¹ the court then concluded that the statements made by the defendant about the plaintiff were not sufficiently disseminated to the public, and accordingly held that they would not be actionable as "commercial advertising or promotion."⁴² The court in *Garland* concluded that the reasoning of the *Medical Graphics* court was consistent with the plain meaning of the Lanham Act and applicable to the facts of the instant case.⁴³

The court in *Garland* further supported its holding through a policy-based rationale which argued that allowing a single correspondence to constitute a violation of the Lanham Act would permit courts to sweep within the scope of the Act any damaging comment made in a commercial context.⁴⁴ The court opined that § 43(a) did not contemplate such a broad incorporation, and accordingly the court maintained that future plaintiffs would continue to be protected from such allegedly disparaging communications through judicial redress via the common law torts of defamation, interference with contractual relationships, or interference with business

³⁸ 872 F. Supp. at 650.

³⁹ 859 F. Supp. at 1521.

⁴⁰ *Garland*, 895 F. Supp. at 277 (citing *Medical Graphics Corp.*, 872 F. Supp. at 650). Whereas the court in *Medical Graphics* provided no explanation for these conclusions, the *Garland* court may at least be commended for its more thorough search for a meaning of the terms "advertising" and "promotion." See *supra* notes 16-29 and accompanying text.

⁴¹ The court noted that "the potential market for the products at issue was large." *Medical Graphics Corp.*, 872 F. Supp. at 650. See *infra* note 87 and accompanying text for the *Garland* court's comparable finding.

⁴² *Medical Graphics Corp.*, 872 F. Supp. at 650.

⁴³ *Id.*

⁴⁴ *Garland*, 895 F. Supp. at 278; see also *American Needle & Novelty, Inc. v. Drew Pearson Mktg., Inc.*, 820 F. Supp. 1072, 1078, 27 U.S.P.Q.2d (BNA) 1059 (N.D. Ill. 1993) (holding single letter addressed to nonconsuming licensor regarding licensee's purported termination of distributorship agreement was not "commercial advertising and promotion" within meaning of Lanham Act).

expectancy or economic advantage beyond the advertising context.⁴⁵

Finally, the *Garland* court refused to adopt the reasoning of the district court in *Mobius Management Systems, Inc. v. Fourth Dimension Software, Inc.*,⁴⁶ which held that a single correspondence could constitute “commercial advertising or promotion” even though it had not been disseminated to the general public. That court also utilized the aforementioned *Gordon & Breach Science Publishers* test⁴⁷ and noted that the troublesome analysis came with the use of the fourth prong of the test.⁴⁸ According to the court in *Garland*, however, the court in *Mobius* concluded that the reason for Congress’ inclusion of the language “commercial advertising or promotion” in § 43 of the Lanham Act was only to ensure that the statute did not cover political, social, informational, or incidental representations as to a competitor’s product.⁴⁹ In other words, the *Mobius* court rejected the belief that the language was necessarily meant to supply a stringent standard requiring the presence of a traditional advertising campaign to constitute a § 43(a) violation. Nonetheless, the *Garland* court declined to adopt the *Mobius* court’s broad construction of the terms “commercial advertising or promotion,”⁵⁰ and consequently disagreed with that court’s position that because the letter was aimed directly at a purchaser, it could constitute sufficient dissemination.⁵¹

IV. EVOLUTION OF THE MODERN LANHAM ACT CLAIM FOR FALSE ADVERTISING

In 1954, the Third Circuit was the first to extend the Lanham Act to cover false advertising in 1954 in a case in which a plaintiff dressmaker successfully brought a claim against a competitor for

⁴⁵ *Garland*, 895 F. Supp. at 278.

⁴⁶ 880 F. Supp. 1005 (S.D.N.Y. 1994).

⁴⁷ See *supra* note 37 and accompanying text.

⁴⁸ *Mobius Management Sys.*, 880 F. Supp. at 1020. The *Mobius* court noted the difficulty of deciding whether the letter was disseminated sufficiently to the relevant purchasing public to constitute “advertising” or “promotion” within that industry.

⁴⁹ *Id.*

⁵⁰ See *supra* note 15 and accompanying text.

⁵¹ *Garland*, 895 F. Supp. at 279.

advertising an inferior dress but using a picture of plaintiff's dress.⁵² In a reversal of the decision of the trial court, it held that the Lanham Act prohibited unfair competition through false advertising. It likened the statutory tort to the common law tort of unfair competition.⁵³ For several years after that ruling, however, the tort of false advertising was limited to false claims made by an advertiser about his *own* products, and did not encompass disparaging remarks he made about the products of his competitor.⁵⁴ This narrow interpretation ended when a district court in Illinois held that it was illogical to exclude the latter category from falling under the coverage of the statute.⁵⁵ Congress agreed, and as part of the Trademark Law Revision Act of 1988⁵⁶ established a private cause of action for those damaged by misrepresentations or false statements made about their products or services by competitors.⁵⁷ This characteristic thus distinguished the statute from the common law tort previously in existence.⁵⁸ The Sixth Circuit has said:

Protecting consumers from false or misleading advertising . . . is an important goal of the statute and a laudable public policy to be served. . . . [C]ompetitors have the greatest interest in stopping

⁵² *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649, 102 U.S.P.Q. (BNA) 94 (3d Cir. 1954); see also Charles J. Walsh & Marc S. Klein, *From Dog Food to Prescription Drug Advertising: Litigating False Scientific Establishment Claims Under the Lanham Act*, 22 SETON HALL L. REV. 389, 409 (1992).

⁵³ *L'Aiglon Apparel*, 214 F.2d at 651. This comparison becomes ironic when the court in *Garland* refers to these torts as an alternative to the statutory tort.

⁵⁴ *Id.*

⁵⁵ *Skil Corp. v. Rockwell Int'l Corp.*, 375 F. Supp. 777, 183 U.S.P.Q. (BNA) 157 (N.D. Ill. 1974) (holding that competitor's false, misleading, deceptive and incomplete statements concerning plaintiff's products, causing plaintiff to suffer loss of customers and decline in goodwill stated cause of action whereby plaintiff could recover damages and equitable relief under Lanham Act).

⁵⁶ Pub. L. No. 100-667, § 132, 102 Stat. 3946 (1988) (codified at 15 U.S.C. § 1125(a)). It is more commonly referred to as § 43(a) of the Lanham Trademark Act.

⁵⁷ 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27.04 [1][b], at 27-37 (3d ed. 1995); see *infra* note 61 and accompanying text.

⁵⁸ The common law had extended protection only against advertisers' misrepresentations of their *own* products; see 3 MCCARTHY, *supra* note 57, at 27-36 (citing *Vidal Sassoon, Inc. v. Bristol-Myers Co.*, 661 F.2d 272, 213 U.S.P.Q. (BNA) 24 (2d Cir. 1981); *U-Haul Int'l, Inc. v. Jartran, Inc.* 681 F.2d 1159, 216 U.S.P.Q. (BNA) 1077 (9th Cir. 1982)).

misleading advertising, and a private cause of action under section 43(a) allows those parties with the greatest interest in enforcement, and in many situations with the greatest resources to devote to a lawsuit, to enforce the statute rigorously. Public policy, therefore, is indeed well served by permitting misrepresentation of quality claims to be actionable under section 43(a).⁵⁹

As McCarthy observed in his treatise on trademark law, Congress enacted § 43(a) to ensure the right of the consumer to be told the truth;⁶⁰ in other words, he wrote, Congress intended to allow a competitor to file suit “to stop the kind of unfair competition that consists of lying about goods or services, when it occurs in interstate commerce.”⁶¹

To prevail in a Lanham Act claim for false advertising, the modern plaintiff must show:

(1) that the defendant has made false or misleading statements . . . ; (2) that there is actual deception or at least a tendency to deceive a substantial portion of the intended audience; (3) that the deception is material in that it is likely to influence purchasing decisions; (4) that the advertised goods traveled in interstate commerce; and (5) that there is a likelihood of injury to the plaintiff in terms of declining sales, loss of good will, etc.⁶²

⁵⁹ 3 MCCARTHY, *supra* note 57, at 27-38 (citing *Coca-Cola Co. v. Procter & Gamble Co.*, 822 F.2d 28, 31, 3 U.S.P.Q.2d (BNA) 1364 (6th Cir. 1987)).

⁶⁰ *Id.*

⁶¹ *Id.* (citing *Skil Corp. v. Rockwell Int'l Corp.*, 375 F. Supp. 777, 784 (N.D. Ill. 1974)).

⁶² Walsh, *supra* note 52, at 413 (citing *U.S. Healthcare, Inc. v. Blue Cross*, 898 F.2d 914, 922-23 (3d Cir.), *cert. denied*, 111 S. Ct. 58 (1990) (quoting *Max Daetwyler Corp. v. Input Graphics, Inc.*, 545 F. Supp. 165, 171 (E.D. Pa. 1982))).

Congress made its intent to protect consumers from the effects of false advertising quite clear in the 1989 rewriting of § 43(a).⁶³

V. CASE LAW

The few courts that have attempted to resolve issues similar to those presented in *Garland* are split as to what they believe Congress intended through its inclusion of the terms “commercial advertising or promotion” within § 43(a) of the Lanham Act. The schism in the courts surrounds the quality and quantity of communications they believe those terms purport to encompass.

On one hand several courts have chosen to endow the terms “commercial advertising or promotion” with a very narrow meaning including only those communications associated with traditional advertising. For example, courts have limited the scope of § 43(a) by holding, similar to the instant case, that the ordinary meanings of the terms “advertising” and “promotion” indeed include the notion of public dissemination of information.⁶⁴

In those cases which adopted the narrow construction of the terms “commercial advertising or promotion,” the courts focused heavily upon the nature of the disputed communication. One court, which held that a letter sent by a licensee to its licensor’s officials regarding a purported termination of a distributorship agreement did not constitute a violation of § 43(a),⁶⁵ noted that the letter at issue had been addressed to a nonconsuming licensor.⁶⁶ That court maintained this type of correspondence was at the opposite pole of clearly definable media advertising containing specific

⁶³ 3 MCCARTHY, *supra* note 58, at 27-40. The statutory language “prohibits any false or misleading description or representation of fact which misrepresents the ‘nature, characteristics, qualities, or geographic origin’ of the advertiser’s goods, services or commercial activities or those of others.” *Id.* This detail is especially important to this Article’s forthcoming analysis.

⁶⁴ See, e.g., *Medical Graphics Corp. v. SensorMedics Corp.*, 872 F. Supp. 643 (D. Minn. 1994) (finding that defendant’s conduct did not fall within boundaries of traditional advertising campaign); *American Needle & Novelty, Inc. v. Drew Pearson Mktg., Inc.*, 820 F. Supp. 1072 (N.D. Ill. 1993) (finding that ordinary meanings of terms “advertising” and “promotion” include notion of public dissemination of information).

⁶⁵ *American Needle & Novelty, Inc. v. Drew Pearson Mktg., Inc.*, 820 F. Supp. 1072 (N.D. Ill. 1993).

⁶⁶ *Id.* at 1078. According to *American Needle*, this letter contained several false and defamatory statements regarding *American Needle’s* business methods. *Id.* at 1075.

verifiable or disprovable statements and given wide distribution in commerce.⁶⁷

On the other hand, other courts construe the terms "commercial advertising or promotion" more broadly so as to include a wider variety of communications under § 43(a). For instance, the Sixth Circuit in *Semco, Inc. v. Amcast, Inc.*, supported the proposition that to be actionable under the Lanham Act, commercial speech need not resemble a typical advertisement.⁶⁸ Moreover, a letter sent by a competitor to a single consumer constituted "commercial advertising or promotion" under the Lanham Act in *Mobius Management Systems, Inc. v. Fourth Dimension Software, Inc.*⁶⁹ Additionally, plaintiffs have prevailed when courts found that a memo designed to influence purchasing decisions,⁷⁰ a false representation regarding a patent infringement,⁷¹ and the limited circulation of a price agreement bulletin⁷² all raised viable Lanham Act claims. A federal district in Illinois, in *North Shore Medical Center, Ltd. v. Evanston Hospital Corp.*, has even declared that a defendant's argument that § 43(a) reached only those forms of misrepresentations which occur in commercial advertising was

⁶⁷ The court noted that the letter was "an isolated individualized written statement" *Id.*

⁶⁸ 52 F.3d 108, 34 U.S.P.Q.2d (BNA) 1635 (6th Cir. 1995) (holding that article in trade journal contained sufficient promotional material to constitute commercial advertising under § 43(a) of Lanham Act). The court in *Semco* cited *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60 (1983), for the aforementioned proposition regarding commercial speech. *Id.* at 112. In *Bolger*, the Supreme Court had observed that the combination of references to specific products and the economic motivation behind the publishing of such materials would constitute the existence of commercial speech. *Bolger*, 463 at 67 n.13; *accord*, *Radio Today, Inc. v. Westwood One, Inc.*, 684 F. Supp. 68 (S.D.N.Y. 1988) (finding that Lanham Act does not apply merely to advertising through traditional media channels, but to broad range of deceptive communications made in commercial context).

⁶⁹ *Mobius Management Sys., Inc. v. Fourth Dimension Software, Inc.*, 880 F. Supp. 1005 (S.D.N.Y. 1994); *National Artists Management Co. v. Weaving*, 769 F. Supp. 1224, 20 U.S.P.Q.2d (BNA) 1113 (S.D.N.Y. 1991) (holding statements made in context involving plugging of business services could be a claim under § 43(a)).

⁷⁰ *Williams Elecs., Inc. v. Bally Mfg. Corp.*, 568 F. Supp. 1274, 220 U.S.P.Q. (BNA) 1091 (N.D. Ill. 1983).

⁷¹ *Brandt Consol., Inc. v. Agrimar Corp.*, 801 F. Supp. 164, 24 U.S.P.Q.2d (BNA) 1341 (C.D. Ill. 1992).

⁷² *N.S. Meyer, Inc. v. Ira Green, Inc.*, 326 F. Supp. 338, 168 U.S.P.Q. (BNA) 632 (S.D.N.Y. 1971).

“without merit.”⁷³

Those courts which have adopted a broader interpretation of the terms “commercial advertising or promotion” have generally looked more at the *effects* of the communication on the intended audience than on the nature of the communication itself. A number have based rulings for the plaintiff on the *reasonably foreseeable impact* of the defendant’s conduct. For instance, the plaintiff prevailed in *Brandt Consolidated, Inc. v. Agrimar Corp.* because the court believed that the type of communication involved in the case was likely to have a direct and major impact in diverting sales from the plaintiff to the defendant.⁷⁴ Additionally, the court in *National Artists Management Co. v. Weaving* found for the plaintiff based on *actual* impact of the defendants’ conduct, which had resulted in defection of clients from the plaintiff’s agency.⁷⁵

Clearly, there exists a great difference in opinion among the courts which have dealt with this question. It appears that a court’s choice of focus within its analysis of the scope of § 43(a) is central to its conclusion. Plaintiffs have generally found more success when courts adopt a broader interpretation of “commercial advertising or promotion” by choosing to focus on the *effects* of the disputed communication, rather than on the character of the communication itself. The *Garland* court’s resolution of the issue is certainly illustrative of the veracity of this proposition.

VI. ANALYSIS

The author disagrees with the holding of *Garland Co. v. Ecology Roof Systems Corp.*, and proposes a broader reading of the terms “commercial advertising or promotion” than that adopted by the court. A look at the legislative history of § 43(a), along with an

⁷³ 1993 WL 141717, at *3 (N.D. Ill.). The court also declared that the Lanham Act has a broad remedial purpose and reaches a wide array of misrepresentations that a defendant makes about his own, or another’s, products or services.

⁷⁴ 801 F. Supp. 164, 174 (C.D. Ill. 1992); *Towers Fin. Corp. v. Dun & Bradstreet, Inc.*, 803 F. Supp. 820, 823 (S.D.N.Y. 1992) (upholding enjoinder of defendant’s conduct due to belief that offending report would cause irreparable harm to plaintiff upon release); *see also* N.S. Meyer, Inc. v. Ira Green, Inc., 326 F. Supp. 338, 342-43 (S.D.N.Y. 1971) (finding that defendant’s conduct would result in wholesale diversion of plaintiff’s customers to defendant).

⁷⁵ 769 F. Supp. 1224, 1234 (S.D.N.Y. 1991). The court concluded that the defendants’ word-of-mouth disparagement had been an effective “advertising campaign.”

examination of the court's flawed analysis concerning legislative history, statutory interpretation, and the value of alternate redress will demonstrate the error of the *Garland* court's ways.

A. LEGISLATIVE HISTORY OF SECTION 43(a)

One may first refer to the *Congressional Record* for support of a broader construction of the disputed language "commercial advertising or promotion." Whereas the court in *Garland* lamented the dearth of clues on the subject,⁷⁶ an examination of the Congressional debates concerning the adoption of the 1988 Amendments to the Lanham Act does in fact reveal some of the intent behind the insertion of the language "commercial advertising and promotion."⁷⁷ Although the Senate was skeptical of the inclusion of the language, at the insistence of the House, it let the language remain, maintaining that "the word 'commercial' [was] intended *only* to eliminate any possibility that [§ 43(a)] might be applied to political speech." (emphasis added).⁷⁸ Further reading of the debate reveals that Congress intended that "the 'commercial' language be applicable any time there [was] a representation relating to goods or services,"⁷⁹ in order to ensure the inclusion of nonprofit organizations under the Act.⁸⁰ In light of these Congressional declarations, a broader reading of the disputed language should be preferred and the conclusion reached that the "slippery slope" argument advanced by the court in *Garland* based on the reasoning of *American Needle* is without merit.⁸¹ "Commercial advertising or promotion" should be interpreted more liberally, which is consistent not only with Congressional intent, but also

⁷⁶ *Garland*, 895 F. Supp. at 276-77.

⁷⁷ See generally, Paul A. Batista, *A Revolution for the 1990s: Commercial Defamation, the Lanham Act and the Federal Courts*, N.Y. ST. B.J., July/Aug. 1992, at 14 (discussing new, broader framework for imposition of liability created via enactment of 1988 amendments to Lanham Act).

⁷⁸ 134 CONG. REC. S16,971-01 (daily ed. October 20, 1988) (statement of Sen. DeConcini).

⁷⁹ *Id.*

⁸⁰ *Id.*

⁸¹ *American Needle*, 820 F. Supp. at 1078. The court in *American Needle* expressed concern that to give the phrase "commercial advertising or promotion" a broader meaning would be to sweep within its ambit all disparaging speech made in the context of a commercial transaction. See *supra* note 44 and accompanying text.

with the Supreme Court's opinion in a pronouncement regarding the meaning of "commercial speech."⁸² The Court defined "commercial speech" as expression related solely to the economic interests of the speaker and its audience,⁸³ and this definition appears to encompass the communication at issue in the instant case.

B. CRITICISM OF THE COURT'S ANALYSIS

The distinctions drawn between the facts in *Garland* and in *Mobius Management Systems* by the *Garland* court reveal a significant flaw in its argument. The court in *Garland* noted that the disputed communication was "purely isolated, directed at one contractor at one job."⁸⁴ Recall the statement made by the court in reference to *Medical Graphics*,⁸⁵ the case which constituted its primary source of authority: the *Medical Graphics* court asserted *the level of circulation required to constitute advertising and promotion will vary from industry to industry and case to case.*⁸⁶ The *Garland* court in part justified its disagreement with the court in *Mobius* by attesting to the nationwide scope of the roofing materials industry.⁸⁷ It then improperly concluded that since the disputed communication reached only one contractor at one job it did not constitute "commercial advertising or promotion" within the meaning of the Lanham Act.

When a party focuses on winning the business of one particular client, and thus is dealing with an audience of one, it should be irrelevant that a nationwide group of other potential customers exists as well. These other customers may be appealed to subsequently in other focused and separate negotiations, at which time they will be considered the truly relevant audience. The court failed to see that a single letter to the one client with whom the

⁸² *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n*, 447 U.S. 557, 561 (1980) (holding unconstitutional regulation of New York Public Service Commission which banned promotional advertising by utility).

⁸³ *Id.*

⁸⁴ *Garland*, 895 F. Supp. at 279.

⁸⁵ 872 F. Supp. 643 (D. Minn. 1994).

⁸⁶ *Garland*, 895 F. Supp. at 277 (citing *Medical Graphics Corp.*, 872 F. Supp. at 650).

⁸⁷ *Id.* at 279.

advertiser is currently attempting to do business constitutes *one hundred per cent saturation* of the potential market at that particular time. To decide otherwise is to ignore the language of *Medical Graphics* which forecast that the required level of dissemination would vary from case to case. In this case, the contractor customer became the "target audience" at the time he received the letter containing the alleged misrepresentations. That letter effectively constituted a personalized advertising campaign directed to the contractor. Certainly the court in *Medical Graphics* would recognize that in *Garland* the sufficient level of dissemination had been achieved; after all, the communication was absolutely effective. Notwithstanding this point, it is important to recognize that the degree of ultimate impact of a disputed communication, although very important, is not the court's only consideration; however, as in this case, the letter's absolute success may serve as evidence of sufficient saturation of the relevant market at issue, a component which clearly plays a principal role in the court's analysis.

One may next observe the question-begging nature and the court's subsequent misapplication of the fourth prong of the *Gordon & Breach Science Publishers* test⁸⁸ in determining whether defendant's conduct constitutes "commercial advertising or promotion" under § 43(a). Remember the fourth prong as cited in *Garland*:

[The allegedly disparaging communication] must be disseminated sufficiently to the relevant purchasing public to constitute "advertising" or "promotion" within that industry.⁸⁹

First of all, the words "the relevant purchasing public" are open to interpretation. After all, that group which constitutes "the relevant purchasing public" will vary from transaction to transaction, a point stressed by the court in *Medical Graphics*, the

⁸⁸ 859 F. Supp. 1521 (S.D.N.Y. 1994). See *supra* notes 36-37 and accompanying text.

⁸⁹ *Gordon & Breach Science Publishers S.A. v. American Inst. of Physics*, 859 F. Supp. 1521 (S.D.N.Y. 1994).

Garland court's primary source of authority.⁹⁰ Moreover, one could easily argue that Ecology sent the allegedly disparaging letter to the relevant purchasing public, which was Diamond Everly. It was Diamond Everly's reading of the letter and its subsequent transmission to the Lawrence School District which led to the school district's choice of materials and choice of contractor. It should be apparent that *Garland* lost a customer as a direct result of the contents of that letter from Ecology.

In addition, the words "to constitute 'advertising' or 'promotion' within that industry" have a circular quality about them; in other words, they state a conclusory argument by setting a guideline which needs an explanation in and of itself. The court in *Gordon & Breach Science Publishers* does not give guidance as to what would be sufficient so as to constitute "advertising" or "promotion." That court's technique and choice of wording is akin to using a particular word in an attempt to define the same word. We still are left wondering what constitutes "advertising or promotion," as that court declined to give us a definition. Therefore, the *Gordon & Breach Science Publishers* test provides a shaky framework for analysis at best. Nevertheless, the court in *Garland* chose to gloss over this point, assuming that the allegedly disparaging letter had automatically failed the test. The court did so without actually examining what was being tested and without questioning the validity of the test at all.

Furthermore, the *Garland* court's belief that the nonconsuming status of the person who received the letter in *American Needle* was not critical to that court's analysis is unsound. The court in *Garland* treated this issue briefly in a footnote,⁹¹ as did the court in *Mobius*.⁹² The *Garland* court improperly suggested that although the facts in the case *American Needle & Novelty, Inc. v. Drew Pearson Marketing*⁹³ were "arguably distinguishable" from the facts of *Garland* in that *American Needle* involved a nonconsuming licensor rather than a consumer, that factor did not form the

⁹⁰ In fact, this notion helped lead the *Medical Graphics* court to its holding. See *supra* notes 41-43 and accompanying text.

⁹¹ *Garland*, 895 F. Supp. at 278 n.3.

⁹² *Mobius Management Sys. v. Fourth Dimension Software*, 880 F. Supp. 1005, 1020 (S.D.N.Y. 1994).

⁹³ 820 F. Supp. 1072 (N.D. Ill. 1993).

basis for the former court's reasoning. The *Garland* court explained that the conclusion in *American Needle* turned not on the fact that court believed the status of the person in receipt of the letter was the most important factor, but the fact that it believed that a private letter did not constitute "commercial advertising or promotion."⁹⁴ In fact, one will find upon reading the *American Needle* court's opinion that this interpretation is without merit. While that court indeed considered important the fact that only a single letter was involved, it clearly gave weight to the status of the licensor in reaching its decision, contrasting his position with retailers at a trade show, who are members of the purchasing public.⁹⁵

C. STATUTORY INTERPRETATION

When interpreting the plain language of the statute, one will observe that the disputed language contains a disjunctive, rather than a conjunctive, phrase. It reads "commercial advertising *or* promotion,"⁹⁶ not "commercial advertising *and* promotion." This is significant in light of the *Garland* court's admission that it was more difficult to assume the notion of public dissemination in the definition of the word "promotion" than in that of "advertising."⁹⁷ In fact, the Webster's definition of "promotion" is "active furtherance of sale of merchandise through advertising or other publicity."⁹⁸ One will note that the word "publicity" is included, but as part of a disjunctive phrase. This suggests that the meaning of the term "promotion" is broader than that of the term "advertising," and accordingly that one should not attempt to draw bright lines regarding its usage and interpretation, when it in fact may be

⁹⁴ *Id.*

⁹⁵ To quote the court, "the difference is that public dissemination of false information to retailers at a trade show would most likely constitute 'commercial advertising and promotion,' while a single letter privately addressed to a non-consuming licensor does not." 820 F. Supp. at 1078. The construction of this sentence gives no indication that the court considered any one factor to be controlling. In fact, "single letter," "privately addressed," and "nonconsuming licensor" all appear to have played a significant role in the court's final analysis.

⁹⁶ Lanham Act § 43(a).

⁹⁷ *Garland*, 895 F. Supp. at 276.

⁹⁸ *Id.* (quoting WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 1815 (1986)).

capable of more than one meaning. A single correspondence fits within this broad meaning.

It next becomes important to understand the definition of the word "advertising," which includes "calling something . . . to the attention of the public"⁹⁹ It is not clear, however, exactly to whom the term "public" refers. One need not immediately conclude that "public" refers to the general public. One might just as easily deduce that the term refers to the audience at hand. Application of this meaning of the term to the *Garland* case causes the consumer Diamond Everly to be inherently "public" because Diamond Everly is the particular targeted audience at hand. Consequently, if one were to adhere to the *Garland* court's line of reasoning, meaning its plain meaning approach¹⁰⁰ regarding the meaning of the phrase "commercial advertising or promotion," one could theoretically omit the concept of publicity or public dissemination from the definition of the language in contention.

The reasoning of the court in the aforementioned *Mobius Management Systems, Inc. v. Fourth Dimension Software, Inc.*¹⁰¹ deserves praise. That court held that a letter sent by a competitor to a single customer of the plaintiff could constitute "commercial advertising or promotion" within the meaning of § 43(a) of the Lanham Act even though the letter had not been disseminated to the general public. In doing so, the court placed emphasis on the fact that the letter had been presented directly to a company that was known to be in the market for the product of both parties, and that the letter was designed expressly to discourage the targeted company from purchasing the plaintiff's product and to buy the defendant's product instead.¹⁰² The company in receipt of the letter in that case comprised the true relevant purchasing public.¹⁰³ One could make the same argument with respect to the contractor Diamond Everly, and subsequently the Lawrence School District. Further, the court in *Mobius* declared that the "commercial advertising or promotion" requirement in the language of § 43(a) is meant to deny relief only in those cases where the dispar-

⁹⁹ *Id.* (quoting WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 31-32 (1986)).

¹⁰⁰ *Garland*, 895 F. Supp. at 276.

¹⁰¹ 880 F. Supp. 1005 (S.D.N.Y. 1994).

¹⁰² *Id.* at 1020, 1021.

¹⁰³ *Id.* at 1021.

aging remarks do not reach the people that mattered most under § 43(a) the Lanham Act—the consumers.¹⁰⁴ One could infer that the court in *Mobius* considered the effect on the purchasing “audience” to be a much more important factor than the nature of the communication, when that court made this determination regarding an alleged § 43(a) violation.

That method of analysis is a sensible way to evaluate situations such as those presented to the *Garland* court. The court in such a case should give weight to the effects of the communication on the consumer, which in this case is the contractor Diamond Everly, whereas the vehicle and mode of communication itself should receive little if any attention. To place such great emphasis on the proper definitions of the terms “commercial advertising or promotion” is to value form over substance and involves the use of artificial distinctions. When it does so the court looks less at the effect on the consumer and the consumer’s ability to know the truth and more at a formulaic method of decision which ignores commercial realities.¹⁰⁵ This formula ignores one of the aims of § 43(a), which is to protect the consumer.¹⁰⁶

D. VALUE OF ALTERNATE REDRESS

Furthermore, the court’s assertion that its decision does not eliminate the torts of defamation, interference with contractual relationships, or interference with business expectancy or economic advantage as remedies for this type of harm¹⁰⁷ is not convincing as a justification for denying the plaintiff’s claim for this type of disparaging communication. The existence of one remedy does not justify elimination of another for a similar harm. In several ways § 43(a) is more comprehensive than, for instance, the common law

¹⁰⁴ *Id.* at 1020.

¹⁰⁵ See Louis P. Petrich, *Preliminary Injunctions and Temporary Restraining Orders in Copyright and Trademark Infringement Cases: The Trademark Counterfeiting Act, in LITIGATING COPYRIGHT, TRADEMARK, AND UNFAIR COMPETITION CASES 1994*, 751 (PLI Patents, Copyright, Trademarks, and Literary Prop. Course Handbook Series No. G4-3925, 1994) (discussing role of consumer perception surveys to establish validity of false advertising claim).

¹⁰⁶ See *supra* notes 56-63 and accompanying text.

¹⁰⁷ *Garland*, 895 F. Supp. at 279.

tort of unfair competition; in fact, "such claims stand today on a much better footing than under the common law rules," says one prominent commentator.¹⁰⁸ He recognizes that the statute created a cause of action for an advertiser against its competitor if the competitor made false or misleading claims about the advertiser's product. The remedy at common law previously extended only to false or misleading claims about the competitor's *own* product.

In addition, a plaintiff situated as he was in *Garland* would not be able to obtain relief via a claim under the tort of interference with contractual relationships. In this case a contract had not yet been formed, nor had the parties (*Garland* and *Diamond Everly*) even entered into negotiations with one another, as the defendant's conduct in *Garland* prevented that from occurring. Therefore, there was no contract with which the defendant might have interfered.

Furthermore, a plaintiff such as *Garland* would fail in asserting a claim under the common law tort of interference with prospective advantage. Courts base liability in this context on a showing of malice, which might be difficult for a plaintiff such as *Garland* to prove.¹⁰⁹ A plaintiff will rarely prevail upon a showing of mere negligence on the part of the defendant; he might only have success if he can show there exists a special relationship between the parties, which *Garland* could not do.¹¹⁰

The above scenarios illustrate the problem that many plaintiffs will encounter—the common law will likely pose an obstacle in any given situation a plaintiff faces.

E. CONCLUSIONS

A narrow interpretation of the language "commercial advertising or promotion," as the court in *Garland* has implemented, will deprive advertisers of their right to redress for legitimate unfair competition claims resulting from competitor false advertising.

The court's ruling in *Garland* that a single correspondence does

¹⁰⁸ W. PAGE KEETON ET AL., PROSSER AND KEETON ON THE LAW OF TORTS § 130, at 1019 (5th ed. 1984).

¹⁰⁹ *Id.* at 1008.

¹¹⁰ *Id.*

not constitute “commercial advertising or promotion” under § 43 of the Lanham Act does not represent a real departure from existing case law, in view of the various cases which have held similarly. As the court in *Garland* observed, the case law is sparse and the courts are split as to the meaning accorded the language “commercial advertising or promotion.” Nevertheless, the holding of *Garland* extends an unrealistic doctrine that tends to ignore commercial actualities in order to protect and adhere to a rigid formula for determining whether certain communication constitutes “commercial advertising or promotion.”

The court’s analysis represents an ivory tower assessment of a commercial situation. The court has kept itself from recognizing real effects on a real business transaction, brought about by unfair business practices. It instead has elected to keep the availability of remedies to a limited number by refusing to innovate. For instance, “sufficient dissemination” of commercial materials, as illustrated through the holdings of several cases, is a relative concept. Accordingly, the court should recognize that to have an effect on a person’s business, a disparaging communication does not have to be distributed nationwide; it only needs to reach the consumer at hand. In the instant case it did and was absolutely effective.

The court’s holding in *Garland* will effectively penalize businesses whose competitors utilize nontraditional advertising channels and also will hurt the small businessman who is the victim of false advertising initiated by his fellow small-business competitor. Because the members of a smaller industry will presumably have access to fewer resources and consequently to the instrumentalities necessary to implement a traditional advertising campaign, communications among the competitors and customers could go unchecked because they do not fall under the formula promulgated under a restrictive holding such as the one in *Garland*. Similarly, the businessman whose competitor uses nontraditional promotional methods, such as pamphlet distribution to individual clients with each transaction, will also be harmed without redress under a statute presumably enacted to protect him from this very phenomenon.

Additionally, the small businessman engaged in interstate commerce who depends on word-of-mouth advertising for much of

his livelihood will be harmed by this type of holding. Disparagements about his products or services made by his competitor via a word-of-mouth “campaign” will harm him extensively, but he may not receive relief under § 43(a).

These observations indicate that a more effective type of analysis would start with an examination of the ends achieved by the communication in each case, rather than focusing on the means of communication itself. Otherwise, such a narrow interpretation of § 43(a) will effectively strip it of much of its protective power.

Finally, the court in *Garland* stated that the dual purposes of the Lanham Act were, as indicated by legislative history, to protect the public and to protect the trademark holder. This reference to the intent behind the enactment of such legislation is ironic, because through its opinion in favor of the defendant Ecology Roof Systems Corporation, the court has furthered neither objective.

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