

1 IN THE SUPREME COURT OF THE UNITED STATES

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3 LEXMARK INTERNATIONAL, INC., :

4 Petitioner : No. 12-873

5 v. :

6 STATIC CONTROL COMPONENTS, INC. :

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8 Washington, D.C.

9 Tuesday, December 3, 2013

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11 The above-entitled matter came on for oral
12 argument before the Supreme Court of the United States
13 at 11:14 a.m.

14 APPEARANCES:

15 STEVEN B. LOY, ESQ., Lexington, Kentucky; on behalf of
16 Petitioner.

17 JAMESON R. JONES, ESQ., Denver, Colorado; on behalf of
18 Respondent.

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1 P R O C E E D I N G S

2 (11:14 a.m.)

3 CHIEF JUSTICE ROBERTS: We will hear
4 argument next this morning in Case 12-873, Lexmark
5 International v. Static Control Components.

6 Mr. Loy.

7 ORAL ARGUMENT OF STEVEN B. LOY

8 ON BEHALF OF THE PETITIONER

9 MR. LOY: Mr. Chief Justice, and may it
10 please the Court:

11 The standing trust for antitrust adopted by
12 this Court 30 years ago in AGC is the appropriate test
13 to give effect to Congress's intent under the Lanham
14 Act, and this is for three reasons.

15 First, the plain text of the Lanham Act at
16 Section 45 states that the intent of that Act is to
17 protect commercial actors against unfair competition.
18 Competition generally is the focus of both antitrust
19 statutes and the Lanham Act, and any test that this
20 Court adopts should be tied to that statutory intent
21 section.

22 Second, the history in the common law of
23 both antitrust statutes and the Lanham Act are similar.
24 In fact, in the Lanham Act context, the common law was
25 more specific and more direct than it was under the

1 antitrust statutes.

2 And, finally, each of the five --

3 JUSTICE SCALIA: The Lanham Act goes well
4 beyond the common law, doesn't it?

5 MR. LOY: The -- the Lanham Act provides
6 some causes of action that are beyond the common law.
7 We think the prudential standing considerations that
8 were in place at common law or at least should guide the
9 Court in determining what Congress intended to do by
10 it --

11 JUSTICE SCALIA: Okay. But that would be a
12 lot stronger if -- if you said the Lanham Act merely, as
13 the Sherman Act was supposed to have done, merely
14 adopted the common law. The Lanham Act doesn't merely
15 adopt the common law. It goes well beyond it.

16 MR. LOY: I think there are two components
17 to the common law and -- and we'll -- and I'll talk now
18 about the most general component, and that are
19 considerations of proximate cause and foreseeability
20 that were in place when the Sherman and Tate Acts were
21 enacted.

22 Those are general propositions that apply
23 to -- to any, at least, Federal statutory cause of
24 action and would also apply then to the Lanham Act. And
25 the AGC factors address those prudential standing

1 requirements about specifically asking about proximate
2 cause factors.

3 The very first question that AGC asks is:
4 Is this the type of injury Congress intended to address?
5 It's a logical question and should be asked
6 appropriately in any Federal statutory cause of action.

7 The second factor --

8 JUSTICE SOTOMAYOR: Tell me why the answer
9 to that question doesn't end this case here? You're
10 disparaging the goods of a person. You're saying that
11 it's illegal to use that person's products. It seems to
12 me that's the essence of the Lanham Act, as it's now
13 written.

14 MR. LOY: Two points. First, we can talk
15 about the -- the alleged false advertisements in this
16 case. The first alleged false advertisement by Lexmark
17 was to Lexmark's customers, saying that you're bound by
18 this or use restriction on our cartridges. That
19 advertisement does not mention Static Control at all.

20 The second alleged false --

21 JUSTICE SCALIA: It doesn't mention what at
22 all? It doesn't --

23 MR. LOY: It does not mention Static Control
24 at all, the Respondent.

25 The second alleged misrepresentation were

1 letters written to remanufacturers, saying to the
2 remanufacturers, if you remanufacture -- remanufacture
3 our cartridges, you will violate our rights, including
4 if you use Static Control's products to do it.

5 Beyond that, though, the question of target
6 is not a test. It's a conclusion. And, in AGC, this
7 Court, in the antitrust context, rejected a test for
8 antitrust standing called the target area test. In
9 Conte Brothers, the Third Circuit decision that first
10 adopted the AGC test in the Lanham Act also did not
11 adopt a target area test.

12 And so, for that reason, we think the
13 factors that AGC lays out are the appropriate factors to
14 determine antitrust standing in any given case.

15 JUSTICE ALITO: I -- I assume you would
16 agree that the manufacturer of the cartridges that
17 compete with Lexmark would have standing here.

18 MR. LOY: And, in fact, in this case, they
19 did have standing. And one of the remanufacturers
20 asserted a false advertising claim against Lexmark
21 related to the Prebate program.

22 JUSTICE ALITO: But it's not a very big step
23 from the manufacturer of the cartridge that competes to
24 the manufacturer of the chip, which is really the
25 essential component of -- or an essential component of

1 the cartridge that competes.

2 MR. LOY: Well, we -- we think it is. And
3 wherever the Court draws the line on standing, whoever
4 is just on the other side of the line is always going to
5 think that it's too narrow.

6 Our cartridges, for instance, they do have
7 microchips on them. We do not sell the microchips.
8 Static Control does not sell cartridges. Those
9 cartridges also have resin, they have labels, they have
10 toner, they come in boxes.

11 If we allow one of many parts suppliers,
12 like Static, in the remanufacturing industry, to have
13 standing --

14 JUSTICE GINSBURG: Well, then you could --
15 you could sue them for infringing on your patent or
16 whatever intellectual property protection you have. But
17 here is an entrepreneur that says, we make a product,
18 and Lexmark is disparaging our product. It is
19 essentially trying to get us out of this line of
20 business.

21 Certainly, if you just read the words of the
22 Lanham Act, this is allegedly false advertising, and the
23 false advertiser shall be liable to any person who
24 believes he or she is likely to be damaged by such an
25 act.

1 That -- that legislation seems to envision a
2 very broad standing, certainly enough to encompass the
3 person who is -- whose product is being disparaged.

4 MR. LOY: Certainly, the Lanham Act uses the
5 any person language and that language is no different,
6 though, than the any person language appears in the
7 antitrust statutes and in RICO, both instances in which
8 this Court adopted AGC tests to determine standing.

9 The one difference -- the one difference is
10 the Lanham Act, unlike the antitrust statutes, at
11 Section 45, specifically states its intent as to protect
12 commercial actors against unfair competition.

13 JUSTICE BREYER: Suppose you have the --
14 shouldn't a supplier have standing to sue the competitor
15 of the firm to which he supplies, where the alleged
16 liable or slander or whatever it is, is directly about
17 what the supplier supplies?

18 The example, make it clearer. Suppose that
19 Bailey's sells ice cream sundaes, and the defendant has
20 said the chocolate sauce in Bailey's ice cream sundaes
21 is poisonous. Now, the chocolate sauce does not compete
22 with the defendant because he's an ice cream parlor,
23 but, nonetheless, he is directly affected by the
24 statement that he is suing about.

25 He is, therefore, different from the other

1 suppliers who might have supplied Bailey's with
2 cushions, heat, electricity. But shouldn't at least
3 that supplier of chocolate sauce have the standing to
4 bring a claim against the ice cream parlor that
5 competes with Bailey?

6 MR. LOY: That supplier may very well have
7 standing to bring a State law claim for defamation.

8 JUSTICE BREYER: Why not -- why not in this
9 Lanham Act suit, why shouldn't the chocolate sauce
10 supplier have standing? He is directly victimized by --
11 he has not just lost sales, but the comment is about
12 him.

13 MR. LOY: We believe to give intent to
14 Section 45, which states that the purpose is unfair
15 competition, standing under the Lanham Act is going to
16 be a narrow, focused inquiry.

17 And if you -- using the cartridge example as an
18 example, if a supplier of microchips, who is one of many
19 suppliers in the market for microchips, has standing,
20 then couldn't the person who prints the label that sells
21 to remanufacturers by saying, well, if Lexmark hadn't
22 made these statements to you, you would have refilled
23 more cartridges, and we could have sold more labels.

24 JUSTICE BREYER: Well, the answer to your
25 question, if you're asking, is no, because the person

1 who supplies labels is totally -- the statement that is
2 sued about has nothing to do with labels. So the people
3 who have nothing to do with the statement wouldn't have
4 standing.

5 But my -- do you remember my question?

6 MR. LOY: I do.

7 JUSTICE BREYER: All right. Well, why
8 shouldn't that person who is talked about in the
9 statement have standing? A clear distinction. Not
10 every supplier could sue.

11 MR. LOY: We think Lanham Act does and
12 should have a narrow standing requirement. And in the
13 false advertising context, it would be unusual -- Conte
14 Brothers pointed out that there might be situations
15 where a noncompetitor has standing, but that it's going
16 to be an unusual situation.

17 JUSTICE KAGAN: Mr. Loy, can I ask you what
18 you think this standing doctrine is all about in a
19 context like this? You said before -- you said to
20 give -- to effect Congress' intent in passing Section
21 43. Is that what we're trying to do here?

22 MR. LOY: I think so. I think under --
23 under any standing analysis or test, one of the
24 questions ought to be, what was Congress' intent?

25 JUSTICE KAGAN: Well, one of the questions.

1 Why isn't that the only question that we ought to be
2 concerned with in a case like this? Congress creates a
3 right of action, and it seems to me that the normal
4 thing that we ought to do and do do in most contexts is
5 just say, you know, what's the scope of that right of
6 action?

7 And -- and certainly we could take into
8 account Congress' purposes in interpreting the scope of
9 that right of action. But that would be the question.

10 MR. LOY: That should always be a question.
11 I would point out there are only two tests that have
12 been identified that even ask that question in the
13 Lanham Act, and that is the AGC test that we propose and
14 the categorical test that we propose in the alternative,
15 because it categorically requires direct competition.

16 None of the other tests that have been
17 identified ask that question, and it should be
18 asked in every inquiry.

19 JUSTICE KAGAN: I guess, if that's the
20 question, the AGC test strikes me as not the answer to
21 that question. I mean, we don't usually say what was
22 Congress' intent, how broad did Congress mean for this
23 cause of action to go, and then sort of devise a
24 five-part test with a lot of things that aren't
25 mentioned in the statute.

1 MR. LOY: I think that the -- this Court's
2 decision in Holmes, and I believe it was the concurrence
3 by Justice Scalia, identified the proximate cause
4 factors as part of any standing analysis. And I think
5 that's what AGC was getting at when it adopted factors 2
6 through 5, is these are proximate cause type injuries,
7 plus, as AGC noted, we want to make it judicially
8 manageable, which is a legitimate prudential standing
9 concern because one of the prudential background
10 considerations is whether -- the prohibition on
11 litigating generalized grievances.

12 So a test that looks at those proximate
13 cause factors, which are part of, we think, a standing
14 analysis in any statutory scheme, is appropriate, and it
15 ensures that the plaintiff and the defendant are in
16 close proximity to one another.

17 JUSTICE SOTOMAYOR: Except there are two
18 remedies under this statute, injunctive relief and
19 damages. And to the extent that proximate cause always
20 limits the recovery on damages, it doesn't limit
21 injunctive relief issues.

22 And so the question is, why should we be
23 reading into a statute a limitation against bringing any
24 action based on your proximate cause point when there
25 are other remedies in this statute?

1 MR. LOY: And just as there are injunctive
2 remedies available in the antitrust statute and in this
3 Court's decision in Cargill, I think, in a footnote, the
4 Court noted that, if all you have is an injunctive
5 request under antitrust statutes, some of those factors
6 may not be relevant.

7 For instance, duplicative damages, risk of
8 apportionment issues would not -- Your Honor is
9 correct - be relevant.

10 JUSTICE SCALIA: But proximate cause? What
11 about proximate cause? Do you agree that -- that
12 there's no proximate cause analysis when what is at
13 issue is an injunction?

14 MR. LOY: No. What we were saying is some
15 of the factors that AGC identifies, such as --

16 JUSTICE SCALIA: Answer my question. Yes or
17 no? Do you agree with what Justice Sotomayor said --

18 MR. LOY: No --

19 JUSTICE SCALIA: Because --

20 MR. LOY: I think it is likely still
21 appropriate in an injunctive analysis to look at the
22 proximity of the plaintiff and the defendant. I think
23 that is a legitimate inquiry. I think some of the
24 damage factors for AGC are not going to be applicable in
25 the injunctive analysis, and that's what we do in

1 antitrust --

2 JUSTICE GINSBURG: Explain to me why -- we
3 are talking in abstract terms. Here is a manufacturer
4 that says, my product is being disparaged by the
5 defendant -- my product, not someone else's -- the
6 result is that I am losing business.

7 Why do we need anything more than that under
8 the Lanham Act, which makes false advertising -- gives a
9 claim for false advertising to somebody who's been hurt
10 by it?

11 MR. LOY: Again, there -- there very well
12 could be State law remedies available to plaintiffs who
13 do not have standing under the Lanham Act.

14 JUSTICE GINSBURG: But I'm not asking about
15 State law remedies. I'm looking at this statute, and
16 your interpretation seems to stray very far from what
17 the statute -- this section of the statute says.

18 MR. LOY: We --

19 JUSTICE GINSBURG: And if you just read this
20 section, would you agree that -- what is the party --
21 SCC is someone who has been injured, damaged, by the
22 false advertising?

23 MR. LOY: We agree they make that
24 Article III allegation. But in the Lanham Act, where we
25 think it's -- the one thing that is clear under the

1 Lanham Act is there is prudential standing
2 consideration, and Congress has not expressly negated
3 those.

4 So the question is what test to apply. We
5 think the Lanham Act is a limited, focused statutory
6 remedy. It's not a Federal tort of misrepresentation.
7 It's not a Federal tort of deceit. The purpose of
8 this -- of the statute expressly is to protect
9 commercial actors against unfair competition, not
10 against unfair trade practices.

11 And so to -- to use the -- or take advantage
12 of the Federal courts in the Lanham Act, which has
13 potential for treble damages and attorneys fees, we
14 think it's a narrow class of plaintiffs. Particularly,
15 unlike the antitrust context, there's no intent
16 requirement under the Lanham Act.

17 One could be liable for damages under the
18 Lanham Act for an innocent misrepresentation, one that
19 they thought, at the time, was truthful, which would
20 argue, perhaps, for more limited standing than either --
21 than even the antitrust statutes because there is an
22 intent element under the antitrust statutes. And so the
23 standing should be more limited in this situation.

24 Again, it's a -- it's a narrow, focused
25 statutory remedy. And unlike RICO, unlike Sherman,

1 unlike Clayton, there's an intent section, which we
2 think guides the courts or should guide the courts on
3 which test to adopt.

4 And, again, the only two --

5 JUSTICE GINSBURG: Is there any question
6 here that there was an intent on the part of Lexmark to
7 stop the Static Control company from making these
8 microchips?

9 MR. LOY: Well, again, on the alleged facts
10 of this case --

11 JUSTICE GINSBURG: Yes. That's what we
12 have -- and we have to deal with the complaint and
13 have to assume that that's true. What the complaint
14 alleges is that Static was making a product and Lexmark
15 was disparaging it and not by happenstance, but quite
16 deliberately.

17 MR. LOY: We would disagree with that
18 characterization of -- of their counterclaim. Again,
19 their -- the advertisements here were directed to the
20 remanufacturers, who are indirect competitors of
21 Lexmark, and was telling them --

22 JUSTICE GINSBURG: And the -- the
23 directive -- the letter said don't buy Static Control's
24 product because, if you do, you're in jeopardy of being
25 a contributory infringer.

1 MR. LOY: What it first says to the
2 remanufacturers is that if you remanufacture our
3 cartridge -- our Prebate cartridges, generally, you
4 infringe our rights. But you will also infringe those
5 rights, if you use Static Control's products to do it.

6 But merely because one is a target, we do
7 not believe it necessarily translates into standing. It
8 did not translate into standing in the AGC case; the
9 union was the target, and this Court, nevertheless,
10 denied standing.

11 The Fifth Circuit decision, the Procter &
12 Gamble decision, which involved Procter & Gamble and
13 Amway; there, the parties were actually competitors.
14 And because of the nature of the statements that -- that
15 Procter & Gamble allegedly made about compensation to
16 Amway's distributors and how they get distributors,
17 there, they were actually direct competitors, and
18 standing was not provided, which, again, we think just
19 reinforces that this is a narrow statutory remedy.

20 The -- the -- couple points about the zone
21 of interest test, which was advocated by Static in -- in
22 their brief. That is certainly a general prudential
23 background consideration. We think it would apply along
24 with prohibition on -- on generalized grievances and
25 asserting rights of third parties.

1 But, here, it merely asked the question. We
2 think AGC provides the answer to that question. And the
3 zone of interest has been largely used in the APA
4 context, and it's -- it's appropriate in -- in that
5 context. There's a two-step inquiry under the APA.

6 First, the APA itself is a procedural act,
7 but, then, you have to go to the underlying substantive
8 statute to determine who a party is -- what party is
9 agreeing. The zone of interest, therefore, has to
10 administer hundreds, if not thousands, of very different
11 federal substantive statutes, and so some flexibility
12 needs to be inherent in -- in that test.

13 If such a test were employed, we think, in
14 the Lanham Act, we could lead to over-enforcement, which
15 has its own set of harms. We don't think you want to
16 deter companies from putting even truthful information
17 into the marketplace, for fear of facing lawsuits by
18 remote parts suppliers.

19 And -- and so, in this instance, we think
20 the AGC test itself provides the answer to the question
21 of what is in -- in the zone of interest.

22 JUSTICE SOTOMAYOR: So what's wrong --
23 what's wrong with the tests adopted by three circuits,
24 the reasonable interest test?

25 MR. LOY: We think it suffers from, in this

1 instance -- because, here, we have -- we have the Lanham
2 Act. We can tailor a -- a standing test to the Lanham
3 Act. Reasonable interest suffers, we think, from
4 the same flaws in this context, as would the zone of
5 interest test.

6 It's no more than Article III standing.
7 Anybody that can plead a reasonable interest in the
8 subject matter of the -- of the advertisement and a
9 reasonable basis for believing that interest is harmed,
10 then that's no more than Article III standing
11 requirement.

12 And we do, in this case, believe that there
13 is universal recognition that there should be prudential
14 standing requirements in the Lanham Act and provides
15 little guidance to courts below and, therefore, could
16 lead to inconsistent results.

17 JUSTICE KAGAN: Mr. -- Mr. Loy, you said
18 there's universal recognition that there should be
19 prudential standing requirements in the Lanham Act.
20 When should there be prudential standing requirements in
21 a statutory right of action?

22 In other words, Congress passes lots of
23 statutory rights of action. And let's say that almost
24 never, never does Congress talk about prudential
25 standing one way or the other.

1 Do you think that, every time Congress
2 passes a right of action, the courts are supposed to
3 engage in a kind of free-form inquiry about what kind of
4 prudential standing rule should apply to that particular
5 right of action?

6 MR. LOY: We think, in any federal statutory
7 cause of action, prudential standing requirements are
8 presumed. Given Section 45 here, we believe that the
9 Lanham Act clearly does have prudential standing
10 requirements.

11 This Court in Bennett, in looking at the
12 Endangered Species Act, at least the stand-alone
13 citizenry portion of it, I believe determined that
14 Congress eschewed prudential standing requirements there
15 because the -- the subject matter of the Act was the
16 environment, something that I think the Court noted
17 everybody has an interest in and -- and want to
18 encourage private attorney generals to pursue those
19 causes of action.

20 And, in that situation, there was a right of
21 first refusal for the government to first bring the
22 lawsuit before a private suit could be brought. So
23 there are times when prudential standing requirements
24 have been done away with by Congress.

25 JUSTICE KAGAN: And -- and you just sort of

1 know them when you see them, or it's a reaction to what
2 are perceived to be very broad statutes or -- you know,
3 when -- when do we know that we should be off on a
4 prudential standing jag?

5 MR. LOY: I think -- I think that the -- the
6 first place you look is at the text of the statute
7 itself. To the extent that there are situations where
8 legislative history might speak to intent -- and I think
9 Clarke says, let's look at that.

10 In this situation, the 1946 Act and the
11 Senate report that accompanied it said, this is the
12 purpose to -- this is the end to which this statute was
13 directed, and it identified fair competition and the
14 prevention of diversion of goodwill from one to the
15 other.

16 JUSTICE ALITO: Maybe the answer is
17 when we just can't believe that Congress really meant
18 the literal words of the statute to be interpreted
19 without some limiting principle. So, here, Congress
20 says, "any person," and any person surely includes
21 people who purchase printer cartridges.

22 So if we don't think that -- that Congress
23 really meant for every single person who purchases a
24 printer cartridge to be able to file a claim in Federal
25 court with no amount in controversy requirement, then

1 that would be a situation where some consideration of
2 prudential standing would have to take place.

3 MR. LOY: That's correct. "Any person"
4 language here would allow consumer standing, which is
5 one thing that every circuit that's addressed this issue
6 has agreed upon, that there is no consumer standing
7 under the Lanham Act.

8 Again, that's tied to Section 45, which
9 protects commercial actors --

10 JUSTICE KAGAN: But, there, couldn't that be
11 done just by interpreting the -- the language of the
12 statute, in accord with its purposes, because you have a
13 specific purpose provision in the Lanham Act that says,
14 we're -- we're trying to get at commercial competition
15 here.

16 MR. LOY: I think standing is in many, if
17 not most, instances, a separate analysis from the cause
18 of action itself. And the text is always going to
19 provide the cause of action.

20 JUSTICE SCALIA: What is prudential
21 standing? I don't really understand. Is -- is it
22 anything other than -- should it be renamed statutory
23 standing? It can always be done away with by Congress,
24 right?

25 MR. LOY: It can, and --

1 JUSTICE SCALIA: And -- and is it -- is it
2 the kind of standing that we would have to raise on our
3 own? Is it jurisdictional, so that if -- if a party
4 hasn't raised it below, it, nonetheless, is still
5 unavailable argument on appeal? Is prudential standing
6 of that sort?

7 MR. LOY: It's -- at least I normally don't
8 think of it in terms of jurisdictional. I think Article
9 III injury, in fact, would be in the nature of a
10 jurisdictional analysis. I think prudential standing is
11 a little bit different.

12 That phrase only came into use, I think, in
13 the '70s, but the -- the concepts underlying that have
14 been --

15 JUSTICE SCALIA: I'm uncomfortable with the
16 notion that -- you know, in my prudence I give standing
17 here and I deny standing there, it's just up to me. I can
18 understand Article III.

19 But unless prudential standing means
20 statutory standing, so that I look to the statute to see
21 whom it was intended to empower to bring lawsuits, I am
22 very uncomfortable with the whole notion.

23 MR. LOY: And I think the phrase "statutory
24 standing" would be fine with us. And, again, the very
25 first AGC question that asked that question, what did

1 Congress intend to address here?

2 If there are no further questions, I would like
3 to reserve my time.

4 CHIEF JUSTICE ROBERTS: Thank you, counsel.
5 Mr. Jones.

6 ORAL ARGUMENT OF JAMESON R. JONES
7 ON BEHALF OF THE RESPONDENT

8 MR. JONES: Mr. Chief Justice, and may it
9 please the Court:

10 As some of this questioning indicated, if
11 any party has standing under Section 43(a) of the Lanham
12 Act, it's a party whose goods are misrepresented in
13 false advertising. To remove any doubt about that
14 question, Congress amended the statute in 1988 to ensure
15 a cause of action when a false advertiser misrepresents
16 the goods or commercial services of, quote, "another
17 person," end quote.

18 This Court's zone of interest analysis shows
19 that parties whose goods are disparaged, either
20 expressly or by necessary implication, must have
21 standing to sue.

22 Lexmark's simply wrong about the idea that
23 the zone of interest analysis in the Lanham Act does not
24 pose limits upon who may sue. As the hypothetical
25 with respect to the Bailey's ice cream parlor shows, you

1 can look to the subject matter of the false
2 advertisement to see whose goodwill and commercial
3 activities are related to the falsity of the statement.

4 And those who come within the falsity and
5 the subject matter of the advertisement at issue should
6 have standing, while those who may have tangential
7 injuries would not.

8 JUSTICE SCALIA: How do you -- how do you
9 square that with the statutory provision that the
10 purpose of the law is to prevent unfair competition?
11 Unfair competition, not unfair trade practices. Unfair
12 competition.

13 MR. JONES: Where Section 45 says that it is
14 designed to protect those engaged in such commerce from
15 unfair competition, it's referring to what is defined in
16 the operative text as unfair trade practices. Unfair
17 competition involves specific measures, use of
18 falsities, that can injure parties who are not
19 necessarily in competition with one another.

20 The courts, as a whole, all agree that a
21 competition requirement cannot be inferred into the
22 false association cause of action that is also unfair
23 competition that's part of Section 43(a).

24 Section 43(a) goes to commercial activity.
25 There is unfair competition in the sense that all of the

1 activity under it is commercial and competitive in that
2 sense. But some narrow form of competition between a
3 plaintiff and a defendant, for the purposes of standing,
4 is inconsistent with the structure of Section 43(a) and
5 the text of the authorizing paragraph.

6 JUSTICE ALITO: Suppose the comments in this
7 case only disparaged the cartridges themselves and not
8 the chips. Then would the chip manufacturer, would your
9 client have standing?

10 MR. JONES: Yes, if the statements are about
11 the legality of remanufacturing Lexmark's printer
12 cartridges, all of those statements are about Static
13 Control's products and the legality of using them, the
14 places where those can be lawfully used.

15 Static Control here makes microchips and
16 parts that are specifically designed for the very
17 commercial activity that this false advertising says is
18 illegal. In that sense, Static Control's goodwill and
19 commercial relationships are all very closely and, by
20 necessary implication, talked about in the
21 advertisements.

22 JUSTICE ALITO: Well, that may be true, but
23 I don't understand how you get from the zone of interest
24 to the limiting principle that you are suggesting, which
25 is that the zone of interest includes only those

1 businesses, other than the direct competitor, whose
2 products are targeted by the false statements.

3 MR. JONES: As Mr. Loy recognized, in the --
4 in the legislative history of the Act and in this
5 Court's opinion in Daystar, the Court has said the core
6 principle of the Lanham Act, as a whole, is to protect
7 commercial actors' goodwill and reputation, and that can
8 be seen in the trademark provisions. It can be seen in
9 Section 43(a) itself.

10 And I think that basic principle means that
11 there is a tie to the subject matter of the false
12 statements, the false association, and that can apply to
13 both prongs of Section 43(a), to where there is a nexus
14 between the subject matter of what's talked about and
15 the person who is injured.

16 JUSTICE SCALIA: Did you answer his
17 question? I'm still left with a lack of understanding
18 of how the disparagement of the -- of the composite
19 product is automatically a disparagement of your chip.

20 MR. JONES: The disparagement -- the
21 statements about the uses to which Static Control's
22 products may be put are all implicit in all of the false
23 advertisements that are at issue in this case.

24 When Lexmark says that remanufacturing our
25 cartridges is illegal, even if it doesn't mention Static

1 Control in one particular advertisement, all of that
2 goes to the subject matter and to whether or not Static
3 Control's products have lawful uses.

4 These are specifically designed for this
5 very commercial activity.

6 JUSTICE ALITO: All right. Well, to change
7 it, suppose the statements don't implicitly -- even
8 implicitly target Static Control, but the effect of the
9 statements is to drive Static Control out of business.
10 You would say there would be no standing there?

11 MR. JONES: It depends upon the context of
12 the case. In many circumstances where the false
13 advertising is not about a product, those products will
14 have multiple different uses, such as commodity products
15 that are supplied, gears and springs, for example, that
16 may have many different uses, the false statements here
17 would not be about those products.

18 And those manufacturers can sell their gears
19 to many other different uses that require gears. Static
20 Control's microchips here only work for remanufacturing
21 Lexmark printer cartridges.

22 JUSTICE ALITO: All right. So, in Justice
23 Breyer's hypothetical about the soda fountain that sells
24 ice cream with chocolate sauce and there is a statement
25 that the chocolate sauce is poisonous, if the effect of

1 that is to drive out of business a little company that
2 manufactures ice cream that's used there, that company
3 would not have standing?

4 MR. JONES: I think if it's not being talked
5 about in that case, that company probably would not have
6 standing. But the fact that the false advertisements in
7 that case were about the chocolate sauce shows that --
8 why the chocolate maker needs to have standing. That
9 maker has different incentives vis-a-vis the person who
10 is operating the Bailey's ice cream store.

11 Bailey's ice cream store could decide the
12 game's not worth the candle, and we're going to stop
13 buying this chocolate, even if all of those
14 advertisements are false. And so the different
15 incentives for the key supplier and the person who is
16 actually within direct competition means that, to
17 further the purposes of the Lanham Act, a party whose
18 goods are misrepresented, either expressly or by
19 necessary implication, needs to have standing.

20 JUSTICE ALITO: So if Bailey's was the only
21 place that sold this chocolate sauce, Bailey -- Bailey's
22 might have standing. That would be similar to this
23 case. But, if other places also sold this chocolate
24 sauce, then Bailey's is out.

25 MR. JONES: In the hypothetical that I heard

1 from Justice Breyer, the statement was, the chocolate
2 sauce that Bailey's uses is -- is poisonous. In that
3 circumstance, where both Bailey's is mentioned and the
4 chocolate sauce, then I think Bailey's would have to
5 have standing.

6 JUSTICE BREYER: How do we tie that in? I'm
7 sort of sorry I used that hypothetical because it --

8 (Laughter.)

9 JUSTICE BREYER: But it nonetheless
10 illustrates --

11 JUSTICE SCALIA: I am, too, because I'm sick
12 of it.

13 JUSTICE BREYER: But it illustrates the
14 point. I mean, in my own mind, the standing question is
15 designed to answer, are you the kind of plaintiff that
16 Congress intended, in this statute, to protect against
17 the kind of injury that you say you suffered? Now, that
18 goes back to Justice Brandeis, and it goes back to
19 saying, did you suffer a common law injury, or do you
20 fall within the scope as defined?

21 Normally, Congress doesn't think about that,
22 and so courts decide, and we're right in the middle of
23 that decision. So if I think that, basically, you have
24 a point, that at least the supplier who is mentioned in
25 the defamatory statement by the competitor who bought

1 the supplies, at least where he is mentioned explicitly,
2 there should be standing, which means your side would
3 win, I guess.

4 What do I write to tie that in to the three
5 separate kinds of tests that the circuits have talked
6 about? That's what I can't quite see because they talk
7 about the reasonable interest test, they talk about the
8 zone of interest test, they talk about some other kind
9 of test.

10 How do I tie this into that?

11 MR. JONES: Justice Breyer, we think,
12 respectfully, that the circuits' tests don't necessarily
13 encompass this situation as well as they could, which is
14 why we suggest that it's best for the Court to step back
15 to first principles of prudential standing, which is the
16 zone of interest analysis --

17 JUSTICE GINSBURG: Has that been applied
18 outside the context of the APA, that is, when the suit
19 is against an agency?

20 MR. JONES: Yes, Justice Ginsburg.

21 JUSTICE GINSBURG: Has it been applied to
22 private party litigation?

23 MR. JONES: Yes, Justice Ginsburg. In 2011,
24 this Court's opinion in Thompson v. North American
25 Stainless applied the zone of interest test to a private

1 dispute under Title VII, as to whether or not a party in
2 that suit had a private cause of action when he was the
3 spouse of the person who was retaliated against.

4 JUSTICE BREYER: If that's so -- if you go
5 back and you just lift the APA test -- because I think
6 Justice Ginsburg is absolutely right, that this is not
7 an APA suit -- the word "arguably" was inserted in the
8 normal standing test by ADAPSO, which Justice Douglas
9 wrote.

10 Now, if we take that and simply lift it, the
11 first thing, the person who would get a new lawsuit, I
12 guess, is a consumer, because the consumer could easily
13 say, I didn't buy this product because of the false
14 statement that the competitor of the person I would have
15 bought from made.

16 And, indeed, you could have very big
17 consumers, and they could allege all kinds of injuries.
18 And so, if I simply lift the test, I'd rather worry that I
19 am changing the law quite radically.

20 MR. JONES: I don't think so, Justice
21 Breyer, because the zone of interest test requires the
22 Court to determine what the purposes behind the statute
23 are.

24 JUSTICE BREYER: But "arguably." Isn't it
25 arguably, in part, to protect consumers?

1 MR. JONES: Well, in the -- in the Lanham
2 Act, I think the purposes of the Act are to protect
3 those engaged in such commerce from unfair competition,
4 from false statements. And once that is defined -- and
5 you look at the history of it, and it seems fairly clear
6 from the history that it is designed to protect
7 commercial actors. Once that is defined, those parties
8 who are arguably within that zone, who arguably assert
9 those interests, should have standing.

10 And that "arguably" term places the proper
11 thumb on the scales with respect to what is otherwise
12 clear statutory text that is being interpreted here,
13 that, generally, it respects the role of the judiciary
14 vis-a-vis the legislature, when Congress --

15 JUSTICE SOTOMAYOR: What do you see as the
16 difference between reasonable interest and zone of
17 interest? What do you -- I haven't quite understood
18 what the difference is between the two.

19 MR. JONES: Justice Sotomayor, I believe the
20 zone of interest test can have some more teeth,
21 perhaps, than the reasonable interest test because it
22 tailors what is the interest protected to the text and
23 history of the particular statute.

24 The reasonable interest test, if properly
25 applied, with all of that in mind, would, I think, be

1 applied in similar ways. But the zone of interest test
2 has the directive to courts that, each time, rather than
3 thinking what is reasonable in the abstract, to think
4 about what Congress intended to protect as part of any
5 given statute.

6 JUSTICE ALITO: Suppose that Lexmark had not
7 made disparaging comments about Static Control, but had
8 simply made false statements about its own product.
9 Suppose it said that, if you use our products -- our
10 cartridges, they will emit some sort of vapor in your
11 house that will promote good health.

12 Who would be within the zone of interest
13 there?

14 MR. JONES: So you would look at the subject
15 matter of that -- of that false advertisement, and, as
16 you've expressed it, I don't believe that Static
17 Control's products would be within the subject matter
18 about the vapor of Lexmark's printer cartridges.

19 But if, for example, Lexmark were to say,
20 our printer cartridges produce A quality -- A quality
21 print jobs, then -- and it's implicitly talking about
22 its toner, Static Control, as a manufacturer of toner,
23 may have standing in that circumstance because, by
24 comparison, by necessary understanding about how the
25 reputations of the parties' products are at play, Static

1 Control might have standing in that instance.

2 JUSTICE ALITO: Who would be within the zone
3 of interest? Only -- would other printer cartridge
4 manufacturers be within the zone of interest in that
5 situation?

6 MR. JONES: In that situation, I think
7 remanufacturers would and the supplier of toners that is
8 necessarily by comparison talked about in that false
9 advertisement.

10 And, when a party only talks about their own
11 goods, they are necessarily going to be very difficult
12 cases on the margins as to where the ripples of the
13 subject matter of that false advertisement extend. That
14 is certainly not this case, where Lexmark falsely
15 advertised that the --

16 JUSTICE SCALIA: I understand. But why
17 should it be "arguably"? "Arguably"? I mean, under the
18 APA, you are dealing with suits against the government,
19 and it's just funny money at issue. But, when you have
20 private suits, you can drag somebody into court simply
21 because you are arguably within the zone of interest
22 protected? I'm not happy with that.

23 MR. JONES: If the Court wanted to get rid
24 of the "arguably" language for the purpose of the Lanham
25 Act, we don't feel we have a dog in that fight, but I do

1 believe --

2 JUSTICE KAGAN: Well, Mr. Jones, is the
3 question that you are asking us to ask just did Congress
4 want this kind of actor to be able to sue? Is that the
5 question that you think we ought to be -- be asking?

6 MR. JONES: Yes. If there are going to be
7 prudential limits on what a statute --

8 JUSTICE KAGAN: Well, let's not call the
9 limits anything in particular. The question, in your
10 view, is Congress passes this Act; did Congress -- in
11 including this right of action, did Congress want this
12 kind of actor to be able to use that right of action?
13 Is that correct?

14 MR. JONES: Yes, yes. And, in the 1988
15 amendments that expanded the cause of action to ensure a
16 right of action when a false advertiser misstates
17 another person's goods, that amendment should be
18 dispositive in this case.

19 JUSTICE KAGAN: But, if that's correct, I
20 mean, rather than talking about whether something is
21 arguably within the zone of interests in the way we have
22 to do, in the APA context, because we are dealing with a
23 lot of statutes that don't provide rights of action
24 there, why shouldn't we just ask, what kinds of actors
25 did the Lanham Act provide a right of action to, as

1 sensibly construed?

2 We should sensibly construe the Lanham Act,
3 in accordance with Congress' purposes.

4 MR. JONES: I think that would be a very
5 straightforward way to deal with this case,
6 Justice Kagan. I think the zone of interest --

7 JUSTICE KAGAN: And, then, what would be the
8 test? What would we say the Lanham Act means?

9 MR. JONES: The Lanham Act means that those
10 parties whose goodwill and commercial reputation is
11 necessarily affected by the falsity of the statement
12 have standing to sue, are protected by the Lanham Act
13 and able to stop such false advertisements and able to
14 seek recompense for the damages that are suffered.

15 And at the heart of that are those parties
16 whose goodwill and whose commercial services are
17 expressly misrepresented or implicitly misrepresented by
18 a particular false advertisement because they have a
19 unique interest in vindicating their reputations and
20 making the false advertisements stop.

21 JUSTICE GINSBURG: So what makes this limit
22 a prudential limit? You are supposed to put -- the
23 notion of a prudential limit is there is Article III
24 standing, but, even so, you can't sue because you don't
25 meet the prudential.

1 MR. JONES: Justice Ginsburg, this Court has
2 talked about these types of inquiries as prudential
3 limits on standing. I think it's perhaps better
4 understood as interpreting what does "any person" really
5 mean under this statute?

6 But whether it's thought of as prudential
7 standing or whether Static Control falls within "any
8 person" or has "injuries" as meant by the statute, the
9 inquiry is ultimately the same. What is the intent of
10 Congress? What was their core purpose in this Act? And
11 who did they intend to sue?

12 And in the text with -- here, there is very, very
13 broad authorizing language that gives a right of action
14 to any party who believes that he or she is or is likely
15 damaged by such false advertisement.

16 JUSTICE SOTOMAYOR: Could you tell me how
17 that would affect a situation that I read about in the
18 papers, where a company like -- not to suggest that they
19 have, but only using this as a hypothetical example --
20 McDonald's says, in its advertising, we, in fact -- our
21 calorie count is less than -- than 200, so buy from us.

22 Consumers, under your theory, can't sue
23 under the Lanham Act. Assume that's absolutely true --
24 false. Who would be -- who would have a permissible
25 ground to sue in that situation?

1 MR. JONES: I think, in that situation, you
2 would look to Burger King would have a cause of action,
3 probably even Subway, because they are a fast food
4 company that advertises itself as based upon
5 lower-calorie options, would have a standing to sue in
6 that context.

7 JUSTICE SOTOMAYOR: All right. So fit in
8 that into your definition of what "standing" is --

9 MR. JONES: So --

10 JUSTICE SOTOMAYOR: -- how do we not get it
11 to be the local -- or maybe you say it's okay -- the --
12 the local restaurant that has no franchises, that does
13 healthy meals, which is actually true of many
14 restaurants today, particularly in Washington.

15 MR. JONES: Sure. So, in each of those
16 contexts, Subway and Burger King can say that their
17 goodwill -- their relative standing in the marketplace
18 has been necessarily affected by McDonald's false
19 advertisements on those subjects.

20 And, if you get to looking at pleadings,
21 courts would look to whether or not the allegations that
22 set that forth are plausible and meet that standard,
23 but -- and how far out that's going to go is for another
24 day. But I do believe it would be permissible for
25 courts to say that you do need to allege that sort of

1 harm to goodwill or comparative standing in the
2 marketplace for the standing to exist under the Act.

3 Lexmark's requests that the Court import
4 into the Lanham Act rules from the antitrust context
5 should not be countenanced. The antitrust laws
6 incorporated the common law itself, as this Court said
7 in *Leegin*, in -- in a way that, when Congress prescribed
8 a very broad set of actions that could not mean what it
9 said, Congress necessarily anticipated that there would
10 be some judicial policymaking and common law rulemaking
11 as to the scope of a cause of action and who can sue
12 under it.

13 JUSTICE BREYER: But, now, does that -- just
14 thinking of Justice Sotomayor's hypothetical, that
15 suggests that maybe the reasonable interest test is okay
16 because what that's trying to do is -- you have
17 McDonald's that's allegedly made the false statement,
18 and then there are a range of people in terms more or
19 less distant in respect to being direct competitors.

20 There is -- what you said, Burger King,
21 direct competitor, then there are the health
22 restaurants. Then there are -- so you need something to
23 cut off at some point the plaintiff, who claims to be a
24 direct competitor, but, really, he's not going to lose
25 much money, and he's quite distant, a health restaurant

1 in a foreign city, I mean -- you know, you see?

2 And the reasonable interest test, I think,
3 is trying both to get at that and also to figure out
4 what kind of supplier you are. Are you one who falls
5 within the scope of the false statement or the -- or are
6 you not? You don't want the electricity company to be
7 able to sue.

8 So what do you think about using the
9 reasonable interest test, but explaining it in something
10 like the terms I've just said?

11 MR. JONES: If the Court were to adopt the
12 reasonable interest test and explain it in those terms,
13 I think we would be happy with that result. The -- I
14 think that it looks -- it's perhaps a little bit better
15 to think about what is a reasonable interest with
16 respect to the proximity to the falsity of the
17 statement, to the subject matter of what was at issue,
18 because you are dealing with --

19 JUSTICE ALITO: Well, it's not a reasonable
20 interest test then.

21 JUSTICE SCALIA: It isn't whether the
22 interest is reasonable. It's -- it's whether it was the
23 type of interest that the statute sought to protect.
24 And -- and the term "zone of interest" is a better
25 expression of that concept, it seems to me, than

1 "reasonable interest."

2 I mean -- you know, that's my objection to
3 the reasonable interest test.

4 MR. JONES: And that is precisely why, in
5 our brief, we do believe that it would be better for the
6 Court to step back to that level and talk about the
7 interests in protecting goodwill and commercial actors'
8 standing in the marketplace vis-a-vis the subject matter
9 of the false advertising.

10 JUSTICE SCALIA: That may be better --

11 JUSTICE GINSBURG: Your zone of interests --

12 CHIEF JUSTICE ROBERTS: I'm sorry. Justice
13 Ginsburg.

14 JUSTICE GINSBURG: Your zone of interest, in
15 response to Justice Scalia, would establish another tier
16 of zone of interest. The -- arguably, within the zone
17 is the APA standard. And you said, here, you could
18 strike "arguably" and just have it within the zone.

19 MR. JONES: The Court said, in *Bennett v.*
20 *Spear*, that how the zone of interest will apply will
21 depend upon the text and history of the statute, and it
22 will vary somewhat based upon the statutory text and
23 context. And if, for different types of statutes, the
24 Court can look to what Congress meant to protect as
25 that, and I believe that once those interests are

1 defined, the "arguably" language does mean that in a
2 close case parties should have standing because that's
3 generally what -- when courts do, when they are
4 interpreting otherwise clear statutory text, I think the
5 deference should be to the words that Congress passed in
6 a close case.

7 JUSTICE SCALIA: "Arguably" could refer to
8 factual matters; that is, you -- you are within the zone
9 of interest if certain facts are established. And, if
10 you don't establish those facts, you are not. That's
11 how I've always understood the "arguably." I don't
12 think it means -- you know, "close enough for government
13 work." It doesn't mean that.

14 It means you -- you are within the zone of
15 interest if, indeed, these facts that you have asserted
16 exist.

17 MR. JONES: And that understanding of the
18 word, Justice Scalia, would fit with this Court's
19 pleading rules and whether or not somebody has plausibly
20 pled that certain facts that would show that the test is
21 met. And I think that would make sense in this context.

22 JUSTICE BREYER: What about --

23 JUSTICE KAGAN: What I think, Mr. Jones,
24 just a couple of years ago, we made clear that
25 "arguably" was to be taken very seriously and -- and

1 essentially established a kind of buffer zone, so that
2 if you kind -- you know, we weren't going to be too
3 strict about it. And the reason we did that, again, is
4 because the way the APA works is it's on top of a lot of
5 federal statutes that have no rights of action
6 themselves.

7 So there is nothing for us to interpret in
8 those federal statutes. And we say, well, if you
9 arguably come within the scope of that statute, then you
10 are aggrieved for purposes of the APA.

11 But this is a very different situation.
12 This is a situation where we have a particular right of
13 action. And rather than create any kind of buffer zone
14 around it, we should just ask how is it sensible to
15 interpret that right of action?

16 MR. JONES: Two responses to that, Justice
17 Kagan. I do believe that may be one way to look at how
18 you are looking at prudential standing in this Court's
19 doctrines. In certain contexts, where Congress has
20 abrogated limits on suit that courts had erected at the
21 common law, to say that a certain cause of action is not
22 going to be available to a particular plaintiff, I do
23 believe courts need to be careful in applying prudential
24 rules to avoid resurrecting those same policy concerns
25 that had led courts to say that no cause of action

1 existed in the first place.

2 And so, I think, at least in this context,
3 where you have a brand-new cause of action that did not
4 exist at the common law, that "arguably" language may be
5 more appropriate than with respect to a different
6 statute where there are different issues at stake.

7 JUSTICE ALITO: Am I correct to think that
8 your rule is that the only people who have standing
9 under the Lanham Act are competitors and people whose
10 products are disparaged? And, if that is true, then are
11 you not "arguably" advocating the most restrictive test
12 for Lanham Act standing, other than the categorical
13 rule?

14 MR. JONES: Competition and competitors will
15 line up in -- in a lot of ways with those who are
16 affected by the subject matter of the suit. I don't
17 know whether it makes sense. I don't believe it makes
18 sense to get at the rule as competition, plus those who
19 are talked about, as opposed to looking to who's
20 affected by the falsity of the statement in their
21 commercial goodwill.

22 JUSTICE BREYER: If it's who's affected, who
23 specifically are we leaving out? Look, you put in -- I
24 don't want to leave out -- you've read all the cases. I
25 haven't read them all. But I see that you put in -- we

1 put in the direct competitors. They fall within it. We
2 put in certain suppliers, those who are disparaged. We
3 don't want the electricity company to be able to sue,
4 according to you and the cases, and I guess we have the
5 mirror case, which we'd put in, would be certain buyers
6 like retailers or wholesalers and probably applying the
7 same rule about their being mentioned in the -- in the
8 false advertising -- or in the statement.

9 Who have we left out? Who has been given
10 standing in some of these cases that is left out of the
11 description I just gave?

12 MR. JONES: I'm not sure I know of any that
13 have been left out that should not have been left out.

14 JUSTICE BREYER: All right. Who do you --
15 who do you -- well, who -- who has not been left out who
16 should have been left out? I mean, I'm trying to see --
17 I'm trying to see am I forgetting someone that -- that
18 your reading of the cases suggests has been given
19 standing.

20 MR. JONES: So one example that may clarify
21 this with Justice Alito's question about competition is
22 the Proctor & Gamble case that Mr. Loy talked about.
23 That was a false advertisement that Amway made about the
24 lucrativeness of being an employee of Amway.

25 Proctor & Gamble is a direct competitor, but

1 should not have standing to sue for those false
2 statements because it's not related to Amway's
3 statements about how much they pay to their employees.
4 The subject matter doesn't go to that -- that competitor
5 and that competitor's product.

6 And so I think it's better to look at it in
7 terms of where -- what the falsity of the statement is
8 and how close or far a particular plaintiff is to that
9 statement, rather than trying to get at it through
10 competition.

11 Does that help, Justice Breyer?

12 JUSTICE KENNEDY: Am I correct that no
13 circuit has adopted the zone of interest test in the
14 context of the Lanham Act?

15 MR. JONES: No circuit has adopted it as the
16 test for the Lanham Act. There are cases that talk
17 about zone of interest policies, and there are cases
18 that talk about the interests of protecting goodwill and
19 the reputation of companies who are involved in
20 interstate commerce.

21 But the other tests that courts have layered
22 on to it, I think, don't necessarily get at the direct
23 question that is really at issue, which is did Congress
24 really intend for these injuries to be the subject of a
25 cause of action.

1 JUSTICE GINSBURG: So what's wrong with
2 the -- what is it -- AGC, the antitrust standard? So
3 it's got five things. And Justice Alito just suggested
4 that maybe that's more generous to finding standing
5 than -- than the reasonable interest.

6 MR. JONES: The experience -- Justice
7 Ginsburg, the experience of the courts would show that
8 applying agency actually would be more restrictive, I
9 believe, than a zone of interest analysis. Two of the
10 factors from the AGC test are facially inconsistent with
11 the Lanham Act.

12 The concerns about the speculativeness of
13 damages, at least as it relates to quantum, and the
14 concern about the complexity and apportionment and
15 duplicative damages cannot be applied here in a statute
16 where Congress explicitly abrogated limits on suit
17 related to certainty of damages. Section 43(a), when it
18 talks about a cause of action to somebody who's likely
19 injured, that shows that those concerns about damages
20 should not be applied.

21 Similarly, the flexibility and the remedy
22 that can be recovered under the Lanham Act, in terms of
23 disgorgement remedies, injunctive relief, and a party's
24 own lost profits, shows that concerns about those
25 factors shouldn't be applied either.

1 CHIEF JUSTICE ROBERTS: Thank you, counsel.

2 Three minutes, Mr. Loy.

3 REBUTTAL ARGUMENT OF STEVEN B. LOY

4 ON BEHALF OF THE PETITIONER

5 MR. LOY: I have three short points. The
6 straightforward question for this Court is what test to
7 apply for Lanham Act. And we believe AGC is that test.
8 On the facts of this case, we believe that the district
9 court, in analyzing these facts, got it correct when it
10 found that Static did not have standing under that test
11 and when it found that Static was not a target, like the
12 Sixth Circuit actually found that Static was not a
13 target.

14 Second point, through the entire
15 briefing and at, now, oral argument, I -- I still have
16 not heard -- we have not heard how Static Control is
17 conceptually any different than the union was in AGC.
18 And that just goes to show the target is not always the
19 inquiry.

20 Third point, if this Court --

21 JUSTICE GINSBURG: I'm sorry. You used
22 "target" twice. Once, you said SCC was not a target,
23 and the other time, you said it was, but it -- target
24 isn't a test.

25 MR. LOY: I'm sorry. What I intended to

1 say, and if I misspoke, I apologize, the district court
2 found that the SCC lacked standing. The district court
3 found that SCC was not a target, although the Sixth
4 Circuit decided that a different test should be used,
5 the Sixth Circuit also found that Static Control was not
6 a target.

7 My final point is if this Court -- I'm
8 sorry.

9 JUSTICE GINSBURG: Explain that. Because,
10 if we accept the allegation of the complaint as true,
11 the allegation is that Static's product was disparaged,
12 that remanufacturers were told, don't use this product
13 because, if you do, you're going to be involved in
14 infringement.

15 MR. LOY: The -- Static Control's
16 counterclaim never alleges target. And it alleges, in
17 fact, that the remanufacturers were the ones whose
18 activities we were trying to -- to direct. If this
19 Court were to adopt a zone of interest test, it would be
20 the first time this Court has adopted that test outside
21 the APA or APA-like context.

22 JUSTICE GINSBURG: Well, was Title VII an
23 APA -- when I asked Mr. Jones?

24 MR. LOY: If Title -- no, it was not an APA,
25 but the language for standing that the Court analyzed is

1 party aggrieved. The Court then looked at
2 the similarity of that language to -- the language in the
3 APA and there -- thereby justified using that test in
4 that case with similar statutory language.

5 I think opposing counsel said that they --
6 that under their zone of interest test, any person whose
7 products or services are expressly or implicitly
8 implicated should have standing under the Lanham Act.
9 We think that goes too far.

10 If there are no further questions.

11 CHIEF JUSTICE ROBERTS: Thank you, counsel.

12 The case is submitted.

13 (Whereupon, at 12:14 p.m., the case in the
14 above-entitled matter was submitted.)
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