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Fourth Circuit

TRADEMARKS / TRADE DRESS

1. What are the standards for nominative fair use of a mark in your Circuit?

The Fourth Circuit has not adopted a specific analytical framework for nominative fair use. However, the Court of Appeals has held that a District Court does not commit reversible error if it chooses to set aside certain likelihood of confusion factors when evaluating "referential, nontrademark use." *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 155 (4th Cir. 2012). In *Rosetta Stone*, the Fourth Circuit expressly stopped short of adopting a position as to whether nominative fair use should be treated as an alternative to the traditional likelihood-of-confusion test or as an affirmative defense:

> We hasten to add that we are not adopting a position about the viability of the nominative fair-use doctrine as a defense to trademark infringement or whether this doctrine should formally alter our likelihood-of-confusion test in some way. That question has not been presented here and we leave it for another day.... We have merely attempted to highlight the problems inherent in the robotic application of each and every factor in a case involving a referential, nontrademark use.

Id.

In a later case, the Fourth Circuit denied application of the nominative fair-use defense on the facts, but affirmed the policy behind it: "[I]t is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark." *Radiance Found., Inc. v. Nat'l Ass'n for Advancement of Colored People,* 786 F.3d 316, 332 (4th Cir. 2015) (citing *New Kids on the Block v. News Am. Publ'n, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992)).

2. Does your Circuit hold that the Lanham Act can be used to impose an injunctive on conduct outside the United States?

The Fourth Circuit has held the following regarding the Lanham Act:

> "Pointing to the "broad jurisdictional grant" in the Lanham Act, with its "sweeping reach into 'all commerce which may lawfully be regulated by Congress,' " and the concomitant reach of the jurisdiction of federal courts under 15 U.S.C.A. §§ 1116 & 1121 to

> award injunctive relief to prevent violations of trademark rights, the Supreme Court in *Steele v. Bulova Watch Co.,* 344 U.S. 280, 286–87, 73 S.Ct. 252, 255–56, 97 L.Ed. 319 (1952), long ago recognized the power of federal courts in appropriate circumstances to issue injunctions prohibiting extraterritorial conduct that in violating the Lanham Act would cause harm to United States commerce. Three factors in that case were, however, noted by the Court as important in justifying the particular injunction sought there as one that could be issued "according to the principles of equity," as contemplated by 15 U.S.C. § 1116:(1) that the defendant's extraterritorial conduct was not confined in its effects to the foreign nation where it occurred, but could have adverse effects on commerce within the United States by harming the claimant-registrant's trade reputation in United States markets, 344 U.S. at 286, 73 S.Ct. at 255; (2) that the defendant was a citizen of the United States, *id.* at 285–86, 73 S.Ct. at 255–56; and (3) that the injunction sought would not interfere with the sovereignty of the nation within whose borders the extraterritorial conduct was to be prohibited, that nation having expressly abrogated any conflicting right in the alleged infringer, *id.* at 285, 289, 73 S.Ct. at 255, 257.

(*Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 249–50 (4th Cir. 1994)).

Recently, the Fourth Circuit held that the owner of a Mexican trademark could bring false association and false advertising claims under § 43(a)(1)(A) and (B) of the Lanham Act for unfair competition in the United States, even though the owner has not used the trademark in the U.S.

(*Belmora LLC v. Bayer Consumer Care AG & Bayer Healthcare LLC*, No. 15-1335 (Mar. 23, 2016)).

3. Are there any recent trends in your District or Circuit regarding the application of trade dress law, including with respect to functionality (utilitarian and aesthetic), color and color schemes, and the line between trade dress and patent protection?

The Fourth Circuit recently clarified the limits of trade dress protection/infringement. Specifically, the Court found that trade dress serves the same function as trademarks: promoting competition by protecting features that identify a product's manufacturer or source. Rather than consisting of a brand name or logo, trade dress is the "total image of a product and may include features such as size, color or color combinations, texture, graphics, or even particular sales techniques." (*CTB Inc. v. Hog Slat, Inc.*, 954 F.3d 647, 656 (4th Cir. 2020)).

"Because trade dress is intended to promote competition, it cannot extent to product features that are functional, and thus covered by patent law's time-limited monopoly on utilitarian inventions." *Id.*

The Court found three facts must be met for a party to bring a claim for trade dress infringement: "(1) the trade dress is primarily non-functional; (2) the trade dress is inherently distinctive or has acquired a

secondary meaning to customers; and (3) the alleged infringement creates a likelihood of confusion among customers as to a product's source." *Id*.

(*CTB Inc. v. Hog Slat, Inc.*, 954 F.3d 647 (4th Cir. 2020)).

COPYRIGHTS

4. What are the recent rulings in your Circuit regarding the "fair use" defense?

The Fourth Circuit has held that the "fair use" doctrine allows persons to use copyrighted material in a reasonable manner without permission. Such use is determined on a case-by-case basis, using the following four factors set out in 17 U.S.C. § 107:
(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(2) the nature of the copyrighted work;
(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
(4) the effect of the use upon the potential market for or value of the copyrighted work.

(*Devil's Advoc., LLC v. Zurich Am. Ins. Co.*, 666 F. App'x 256, 266 (4th Cir. 2016)).

The Fourth Circuit found in 2019 that "the fair use affirmative defense exists to advance copyright's purpose of "promot[ing] the Progress of Science and useful Arts." U.S. Const. art. I, § 8, cl. 8; *see also Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994). The defense does so by allowing "others to build freely upon the ideas and information conveyed by a work." *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 350, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991). But fair use "is not designed to protect lazy appropriators. Its goal instead is to facilitate a class of uses that would not be possible if users always had to negotiate with copyright proprietors." *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 759 (7th Cir. 2014).

The "ultimate test" of fair use is whether the progress of human thought "would be better served by allowing the use than by preventing it." *Cariou v. Prince*, 714 F.3d 694, 705 (2d Cir. 2013) (internal quotation marks omitted). In applying this test, a court considers:
(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(2) the nature of the copyrighted work;
(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
(4) the effect of the use upon the potential market for or value of the copyrighted work.
17 U.S.C. § 107. A court weighs these factors "together, in light of the purposes of copyright." *Campbell*, 510 U.S. at 578, 114 S.Ct. 1164....

As a basic matter, copyright infringement is a strict liability offense, in which a violation does not require a culpable state of mind. *See CoStar Grp., Inc. v. LoopNet, Inc.*, 373 F.3d 544, 549 (4th Cir. 2004). When an alleged infringer raises an affirmative defense, the baseline rule is that "[f]air use presupposes good faith and fair dealing." *Harper & Row*, 471 U.S. at 562, 105 S.Ct. 2218 (internal quotation marks omitted)."

(*Brammer v. Violent Hues Prods., LLC,* 922 F.3d 255, 262-266 (4th Cir. 2019)).

5. How does your District or Circuit approach claims that embedding content on one's website using html links infringes the original author's distribution and display rights under the Copyright Act? *See Nicklen v. Sinclair* (SDNY 2021); *Leader's Institute v. Jackson* (2017 WL 5629514 (ND Texas 2017)).

The U.S. District Court for the Middle District of North Carolina found that a Complaint was sufficient when it alleged that Defendants used, copied, and distributed, without permission, an infringing version of Plaintiff's "LFOW Software" when source code on Defendants' website "links the Defendants' Website to the file 'ip_player.js', which is an infringing version of Plaintiff's Software, which was stored for Defendants." The Court specifically found, "The Complaint may not allege verbatim that "the code was ...*actually* displayed to visitors or copied to any visitor's computer" (Docket Entry 15 at 2 (emphasis in original)), but it need not to satisfy Rule 8. Taken in the light most favorable to LFOW, the Complaint's language gives rise to a reasonable inference that users actually visited Defendants' Website, and therefore that copying and distribution of the LFOW Software occurred."

Live Fact on Web, LLC v. Absonutrix, LLC, No. 1:17CV937, 2018 WL 2121627, at *3 (M.D.N.C. May 8, 2018), report and recommendation adopted, No. 1:17-CV-937, 2018 WL 2899755 (M.D.N.C. June 11, 2018).

6. What is necessary in your District or Circuit to prove (or disprove) that a work is "transformative' and thus fair use? (This issue is likely to be heard at the Supreme Court next term in Andy Warhol Foundation v. Goldsmith.)

The Fourth Circuit has found that "[a] 'transformative' use is one that 'employ[s] the quoted matter in a different manner or for a different purpose from the original,' thus transforming it." *A.V. ex rel. Vanderhye v. iParadigms, LLC,* 562 F.3d 630, 638 (4th Cir.2009) (quoting Pierre N. Leval, Commentary, *Toward a Fair Use Standard,* 103 Harv. L.Rev. 1105, 1111 (1990)). Transformative works rarely violate copyright protections because "the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works. Such works thus lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright." *Campbell,* 510 U.S. at 579, 114 S.Ct. 1164. Importantly, a transformative use is one that "adds something new" to the original purpose of the copyrighted work. *Id.; Bouchat IV,* 619 F.3d at 314."

(*Bouchat v. Baltimore Ravens Ltd. P'ship*, 737 F.3d 932, 939 (4th Cir. 2013), as amended (Jan. 14, 2014)).

Courts must examine "whether and to what extent the new work is transformative.... [T]he more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use." *Id.* at 579, 114 S.Ct. 1164 (internal quotation marks omitted). A "transformative" use is one that "employ[s] the quoted matter in a different manner or for a different purpose from the original," thus transforming it. Pierre N. Leval, Commentary, *Toward a Fair Use Standard,* 103 Harv. L.Rev. 1105, 1111 (1990)...

The question of whether a use is transformative does not rise or fall on whether the use perfectly achieves its intended purpose....Whether a better plagiarism detection system could be designed is not important to our analysis of whether the disputed use serves a different purpose or function."

(*A.V. ex rel. Vanderhye v. iParadigms, LLC*, 562 F.3d 630, 638-640 (4th Cir. 2009)).