

7th Circuit

TRADEMARKS / TRADE DRESS

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

The U.S. Court of Appeals for the Seventh Circuit has not formally adopted the normative fair use doctrine. *See Hebrew University of Jerusalem v. Dealzopic*, No. 21 CV 5492, 2022 WL 3026934 (N.D.Ill 2022), fn 2; *DeVRY Inc. v. University of Medicine and Health Sciences-St. Kitts*, No. 08 CV 3280, 2009 WL 260950 at 5 (N.D.Ill 2009). However, district courts within the Seventh Circuit have applied the Ninth Circuit's three-part test as set forth in *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992), for determining when the nominative fair use defense applies. *See DeVRY, Inc.*, 2009 WL 260950 at 5; *World Impressions Corp. v. McDonald's Corp.*, 235 F.Supp.2d 831, 844 (N.D.Ill.2002); *see also Data Mgmt. Assoc. Inter. V. Enter. Warehousing Solutions, Inc.*, 2020 WL 7698368 (N.D. Ill 2020)(applying the nominative fair use doctrine without reference to *New Kids*); The courts have set forth the three-part test as follows:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder. *Id.*

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

In determining whether the Lanham Act reaches a defendant's foreign business activities, courts in the Seventh Circuit have applied the test originated by the United States Supreme Court in *Steel v. Bulva Watch Co.*, 344 U.S. 280, 283 (1952). *See Champion Lab'ys, Inc. v. Cent. Illinois Mfg. Co.*, 157 F. Supp. 3d 759, 766–67 (N.D. Ill. 2016); *Bernstein v. Medicis Pharmaceutical Corp.*, No. 03-CV-5256, 2004 WL 2092001 (N.D.Ill. 1999).

To determine whether the Lanham Act reaches foreign business activities, Courts evaluate three factors: (1) whether the allegedly infringing party was a United States citizen; (2) whether the party's actions affected commerce in the United States; and (3) whether any foreign trademark law conflicted with American trademark law. *Bernstein*, No. 03–5256, 2004 WL 2092001, at *2 (N.D.Ill. Sept. 15, 2004); *Thomas & Betts Corp. v. Panduit Corp.*, 71 F.Supp.2d 838, 841 (N.D.Ill.1999). The presence or absence of any one factor is not dispositive. *Thomas & Betts*, 71 F.Supp.2d at 841; *Libbey Glass, Inc. v. Oneida Ltd.*, 61 F.Supp.2d 720, 723 (N.D.Ohio 1999) (citing Fourth and Sixth Circuit cases). The second factor is “most commonly” met by allegations that the infringing activity entered the United States. *ACG Products, Ltd. v. Gu*, No. 10–716, 2011 WL 7748354, at *3 (W.D.Wis. Nov. 4, 2011) (surveying cases nationwide).

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?

In *Bodum USA, Inc. v. A Top New Casting Inc.*, 927 F.3d 486 (7th Cir. 2019), Bodum sued A Top New Casting, Inc. (“A Top”) for selling a French press that Bodum claimed infringes on its unregistered trade dress in the Chambord, a French press coffemaker that “design magazines and art museums have recognized as an iconically designed houseware product.” *Id.* at 488. A jury returned a \$2 million verdict in favor of Bodum, which the trial court doubled because the jury made a finding of willfulness. *Id.* The district court denied A Top’s post-trial motion for judgment as a matter of law rejecting A Top’s argument that Bodum failed to prove the Chambord design was nonfunctional. The district court also denied A Top’s motion for a new trial which argued error in the exclusion of evidence of various utility patents covering French press coffeemakers. The Seventh Circuit affirmed.

To prove its claims at trial, Bodum was required to prove (1) that it owns a valid trade dress in the Chambord design, (2) that the trade dress is not functional, and (3) that A Top’s SterlingPro product was likely to cause consumer confusion as to its source. *Id.* at 491. A Top only challenged Bodum’s claims on functionality.

The Seventh Circuit considered the following several factors in deciding whether the trade dress element was functional: (1) the existence of a utility patent, expired or unexpired, that involves or describes the functionality of an item’s design element; (2) the utilitarian properties of the item’s unpatented design elements; (3) advertising of the item that touts the utilitarian advantages of the item’s design elements; (4) the dearth of, or difficulty in creating, alternative designs for the item’s purpose, (5) the effect of the design feature on an item’s quality or cost.” *Id.* at 492. No one factor is dispositive. *Id.*

Bodum claimed trade dress protection in the overall appearance of the Chambord alleging that the following specific elements contributed to its distinctive look: the metal band surrounding the carafe that forms support feet and the handle attachment, the domed lid, the rounded knob atop the plunger, and the C-shaped handle. *Id.* However, Bodum did not claim a trade dress in the cylindrical carafe or the plunger, conceding that those elements are functional for a French press coffee maker. *Id.*

In rejecting A Top’s argument that Bodum failed to establish that the claimed features are not essential to the Chambord’s use, the Court explained that there is “distinction between a product’s ‘function’ in the everyday meaning of the term and ‘functional’ as a term of art used in trade dress law.” *Id.* The court explained “Bodum does not claim that any French press coffee maker with a handle, a domed top or metal around the carafe infringes on its trade dress. Rather, it is the overall appearance of A Top’s SterlingPro, which has the *same* shaped handle, the *same* domed lid, the *same* shaped feed, the *same* rounded knob, and the *same* shaped metal frame as the Chambord, that Bodum objects to.” *Id.* (emphasis in original). Thus, the Court concluded that “to establish it has a valid trade dress, Bodum did not have to prove that something like a handle does not serve any function. It merely needed to prove that preventing competitors from copying the Chambord’s particular design would not significantly disadvantage them from producing a competitive and cost-efficient French press coffeemaker.” *Id.*

COPYRIGHTS

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

The Seventh Circuit has been rather silent regarding the “fair use” defense in copyright cases over the past few years. However, the district courts in Illinois have explored the topic recently.

In *Alexander v. Take-Two Interactive Software, Inc.*, 489 F. Supp. 3d 812 (S.D. Ill. 2020), Catherine Alexander, a former tattoo artist who tattooed a professional World Wrestling Entertainment (“WWE”) professional, sued

Take-Two Interactive Software, Inc., 2k Games, Inc., 2k Sports, Inc., Visual Concepts Entertainment, and the WWE (collectively, the “defendants”) asserting copyright infringements when the defendants put out a video game that included the professional wrestler brandishing six tattoos inked by Alexander. Alexander had copyrights covering five of the six tattoos. *Id.* at 822. Alexander alleged she did not give her clients or the WWE any permission “to copy, duplicate, or otherwise reproduce any of her designs.” *Id.* at 818. The defendants moved for summary judgment arguing among other things, that “the fair use doctrine insulates their utilization of the tattoos in the” videogames. *Id.*

Under the fair use doctrine, certain forms of copying considered indispensable to education, journalism, history, criticism, humor, and other informative endeavors, are not included within the rights extended to copyright owners. *Id.* at 820; 17 U.S.C. § 107. “[U]sing another’s copyright work is ‘fair’ for such purposes as ‘criticism, comment, news, reporting, teaching, scholarship, or research’ and is therefore, ‘not an infringement of copyright.’” *Id.* In determining whether the doctrine applies, courts consider the following non-exhaustive factors: (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. *Id.* at 820-21. “Fair use is a mixed question of law and fact, which means that it may be resolved on summary judgment if a reasonable trier of fact could reach only one conclusion – but not otherwise.” *Id.* at 821.

Here, the court ultimately found that defendants’ fair use defense could not be properly resolved on summary judgment because factual disputes existed in relation to many of the factors of fair use and some leaned against fair use as a matter of law. *Id.* at 822. Factor one involved a material factual dispute with regard to the purpose and character of use of the tattoos. However, the court took a stronger position in evaluating the second factor. “The second factor focuses on the nature of the copyrighted work.” *Id.* at 821. “[T]he more creative the work, the more protection it should be accorded from copying; correlatively, the more informational or functional the plaintiff’s work, the broader should be the scope of the fair use defense.” *Id.* The court noted that “[t]he art of creating a tattoo naturally entails creative and expressive efforts” and “[a]lthough [the recipient] gave Alexander direction and input as to the tattoos, it was Alexander’s creativity and design choices that were ultimately inked.” *Id.* at 822. Thus, tattoo artists are generally afforded copyright protection for their tattoos. *Id.*

For the third factor, the court considered “the extent to which the protected elements were copied from the original and whether that amount was needed to further the purpose of the use.” *Id.* While noting that wholesale copying does not bar the fair use defense *per se*, the court said that “it militates against a finding of fair use.” *Id.* Here, the defendants’ reproduction of the tattoos in its entirety leaned against fair use. *Id.* For the fourth factor, the court noted that “[m]arket harm is a matter of degree and the importance of this factor varies depending on the amount of harm and relative strength of the showing on the other factors. *Id.* Since the previous factors leaned against fair use “as a matter of law,” the court found in accordance for the fourth factor. *Id.* Thus, the court ultimately determined that “[d]efendants’ fair use defense cannot be properly resolved on summary judgment.” *Id.*

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)).

Generally, the Seventh Circuit allows for claims against website owners that embed protected content on their website using html links. The law classifies website owners (or its users) that do so as “contributory infringers.” See *Flava Works, Inc. v. Gunter*, 689 F.3d 754 (7th Cir. 2012). In *Flava*, the Seventh Circuit distinguished between those that upload copyrighted materials onto the internet (direct infringers), those that merely embed links to the wrongly uploaded copyrighted materials (contributory infringers), and website

owners whose users embed links to the copyrighted materials (noninfringers). *Id.* at 760. Thus, when a website owner embeds links to unlawfully uploaded copyrighted materials, it is a contributory infringer of the copyrighted materials, while the person that uploaded the material is the direct infringer. However, under *Flava*, a website owner is generally not liable for infringement when one of its users embeds unlawfully uploaded copyrighted material onto the website.

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 Seventh Circuit is actually reluctant to consider whether a work is “transformative” for purposes of fair use because it is not an enumerated factor to the statutory defense. See *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014). With that said, the district courts have since still analyzed whether a work is “transformative” within its analysis of the first factor for fair use: “the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” 17 U.S.C. § 107; *Alexander*, 489 F. Supp. 3d at 821. This is the approach that the US Supreme Court took in the landmark case, *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578–79 (1994).

Under its analysis on the first factor, the court in *Alexander* noted that “[a] use is ‘fair’ where a defendant changes a plaintiff’s copyrighted work or uses the work in a different context such that the plaintiff’s work is *transformed* into a new creation. *Id.* (emphasis added). In *Galvin v. Illinois Republican Party*, 130 F. Supp. 3d 1187, 1192 (N.D. Ill. 2015), the district court directly cited to the *Campbell* opinion. For the first factor of the fair use doctrine, the goal is to determine “whether the new work merely supersedes the objects of the original creation ... or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is *transformative*.” *Id.* (emphasis added). Thus, while technically not necessary, some courts will look at whether a defendant changes a plaintiff’s copyrighted work by adding new expression, meaning, or message.