

9th Circuit

TRADEMARKS / TRADE DRESS

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

'Nominative use' is not a trademark use but rather "a reference to a particular product for purposes of comparison, criticism, point of reference or any other such purpose." The Ninth Circuit treats nominative use as a special type of non-infringing use judged by its own exclusive set of factors. The burden of proving that the elements of the test are not satisfied falls on the plaintiff.

1. When a Defendant uses a trademark to describe the Plaintiff's product, even if its end goal is to describe its own product (i.e. make a comparison), it is entitled to a nominative fair use defense provided it meets the following three requirements:

- a. Product/service must be one not readily identifiable without use of the trademark
- b. User must be using so much of the mark as it reasonably necessary
- c. User must do nothing that would suggest sponsorship or endorsement
 - i. The nominative fair use defense applies only if the defendant "does not attempt to capitalize on consumer confusion or to appropriate the cachet of one's product for a different one."

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

In short, yes, depending on particular facts and circumstances. The Lanham Act has a broad jurisdictional scope, intended to "regulate commerce within the control of the Congress." Sixty years ago, in *Steele v. Bulova Watch Company*, the Supreme Court held that the Lanham Act included a limited extraterritorial application, where federal courts can exercise jurisdiction over violations of the Lanham Act undertaken by US citizens in foreign jurisdictions.

To determine whether an injunction can be imposed on conduct outside the United States, the Ninth Circuit applies the three-part *Timberlane* Test, which asks if (1) the violations create "some effect - actual or intended - on American foreign commerce;" (2) whether the effect is enough to present "a cognizable injury" under the Lanham Act;" and (3) whether the interests of, and links to, American foreign commerce are sufficiently strong.

The third requirement of *Timberlane* involves balancing seven relevant factors: (i) the degree of conflict with foreign law or policy, (ii) the nationality or allegiance of the parties and the locations or principal places of business of corporations, (iii) the extent to which enforcement by either state can be expected to achieve compliance, (iv) the relative significance of effects on the United States as compared with those elsewhere, (v) the extent to which there is explicit purpose to harm or affect

American commerce, (vi) the foreseeability of such effect, and (vii), the relative importance to the violations charged on conduct within the United States as compared with conduct abroad.

The two following cases demonstrate how the Ninth Circuit applies the aforementioned test.

Reebok v. Marnatech Enterprises, 1992

Here, the Ninth Circuit held that the sale of counterfeit shoes in Mexico had sufficient effect on American foreign commerce as those counterfeit shoes found their way back to the US regularly, thus decreasing sale of legitimate shoes and the value of the plaintiff's enterprise in the US.

Trader Joe's Co. v. Hallatt, 2017

Here, the Ninth Circuit extended the Lanham Act's reach to "wholly foreign sales for the first time." Even though the sales occurred in Canada, there was a sufficient nexus between competitor's conduct and American commerce, as the defendant was purchasing goods in the US and transporting them to Canada to be resold in a store designed to mimic the US store. Also, the court confirmed that "the extraterritorial reach of the Lanham Act is a merits question that does not implicate federal courts' subject-matter jurisdiction."

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?**

Trade dress refers to the 'total image of a product' and may include features such as size, shape, color, color combinations, texture, or graphics." The focus is not on the individual elements, but on the "overall visual impression that the combination and arrangement of those elements create." To be protectable, trade dress must be both distinctive and nonfunctional. The following cases reflect recent Ninth Circuit rulings in relation to trade dress.

Utilitarian Functionality

In 2020, the Ninth Circuit Court of Appeals heard a case where American furniture manufacturer Herman Miller sued Blumenthal Distributing, Inc. for selling knockoff office chairs that resembled Herman Miller's well-known Eames office chair. The court addressed the utilitarian functionality test in relation to the Eames chair trade dress. While the defendant claimed the overall design was functional simply because some of the chair design's specific features possessed "utilitarian functionality," the court held that just because the chair contains some utilitarian features (i.e. "having a backrest as opposed to having no backrest"), it does not mean that "every chair's overall appearance is functional as a matter of law."

The court incorporated the Disc Golf factors to arrive at the determination that the overall appearance of the Eames chair was not functional. The Disc Golf factors are: "(1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture."

Aesthetic Functionality

Aesthetic functionality is related to the "intrinsic aesthetic appeal" of the design."The "aesthetic functionality" test considers: if one seller were given exclusive rights to use the claimed trade dress, other sellers would be forced to use alternative designs that make their products more costly to sell, or for which consumers' willingness to pay would be lower for reasons having nothing to do with the reputation of any source. The aesthetic test is not frequently addressed, but here are two recent Ninth Circuit cases that do address it:

VIP Products v. Jack Daniels, 2020

VIP Products, a manufacturer of a dog toy that was designed in a shape similar to a bottle of Jack Daniel's, sought a declaration that the bottle trade dress was aesthetically functional. The Ninth Circuit stated that "none of the evidence cited by VIP demonstrates that, 'taken together,' the elements of the bottle design registration, including 'an embossed signature design comprising the word "Jack Daniel,'" are functional or non-distinctive." They were thus entitled to trademark protection.

LTTB v. RedBubble, 2020

LTTB LLC sells t-shirts and other products that bear two registered trademarks, the words and design, "Lettuce Turnip the Beet." LTTB brought an action against Redbubble, Inc., under the Lanham Act, alleging that Redbubble infringed on its trademarks by selling products with the same words and design. The district court properly granted Redbubble's motion for summary judgment, finding that, under the doctrine of aesthetic functionality, LTTB could not prevent others from displaying the "Lettuce Turn Up the Beet" pun on products.

Generally, the test employed by the Ninth Circuit for aesthetic functionality stems from *Au-Tomotive Gold, Inc. v. Volkswagen*. It has two steps: (i) analyze whether the alleged non-trademark function is essential to the use or purpose of the item or affects its cost or quality; and (ii) analyze whether protection of the feature would put competitors at a significant disadvantage not related to reputation. In *LTTB*, however, the district court relied on a different version of the test articulated in *International Order of Job's Daughters v. Lindeburg & Co.* While it was somewhat unconventional for the district court to have deployed this test, the Ninth Circuit affirmed the district court's ruling: the pun was aesthetically functional. It held that the test for aesthetic functionality originating from *Job's Daughters* is still good law. Regardless of which test was applied, the district court would have arrived at the same conclusion. They held that the t-shirts would still function as t-shirts without the marks, use of the marks didn't change the cost or add to the quality of the products, and exclusive use of the marks would put competitors at a significant non-reputation-related disadvantage. LTTB also failed to present evidence that buyers would purchase these shirts because they identified LTTB as the source, "as opposed to because the consumers enjoy the aesthetic function of the pun."

Color and color schemes

Because color and color schemes are an integral part of a product's "total image," the Ninth Circuit will consider them when analyzing a claim for infringement of trade dress. If a color scheme contributes to a product's inherent distinctiveness, or gives rise to a likelihood that the public would be confused by the infringing use, then a plaintiff may succeed in an infringement claim. While individual colors will not generally pass muster, "the use of colors to create a unique overall impression may go beyond 'mere ornamentation' and can be an indicator of source," and may also create confusion from a consumer's standpoint. The following is a case where the Ninth Circuit demonstrated how fact-dependent such claims are:

Alixir Company v. Que Onda Beverage, Inc., 2021

Here, a plaintiff-beverage company survived a motion to dismiss as the court found that their trade dress, which consisted of "unique cursive script" over "a vibrant color scheme," was sufficient to satisfy Plaintiff's burden regarding likelihood of confusion. Plaintiff was also able to show that the defendant (i) "intended to adopt the plaintiff's trade dress," and (ii) created advertising that closely mimicked plaintiff's own social media advertising.

Line between trade dress and patent protection

Generally, Ninth Circuit case law shows it is easier to prove that trade dress is functional than to prove that a design patent is functional. Design patent infringements are based primarily on overall appearance, and it can be easy for an observer to spot differences between two products. Trade dress infringements consider overall appearance, but also factor in similarity of services or products, intent of the alleged infringer, and evidence of actual consumer confusion.

There are few contemporary cases where courts found a design patent invalid because it was primarily functional. One such case was decided in the Ninth Circuit:

Spigen Korea Co. v. Lijun Liu, 2018

Plaintiff alleged that Defendants infringed his cell phone case Design Patent by making and/or selling products covered by the claims of his patent. The defendants argued that many elements of the phone case design were found in Plaintiff's prior product and were functional, which was supported by a utility patent that covered all of the design elements that differed from the prior art. The plaintiff argued that the utility patent was not directed to the functional benefits of elements claimed in the design patent. The court agreed with the defendants, finding that the majority of elements existed in the prior art, and for those that differed, the design patent and utility patent shared similar elements emphasizing the protective screen of the design.

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

Dr. Seuss Enterprises, L.P. v. ComicMix LLC, 2020

Here, the Plaintiff owns the copyrights of works by Theodore S. Geisel (Dr. Seuss), including the book *Oh, the Places You'll Go!* and two other works at issue in this case. The defendants created a "mash-up" book that combined elements of Dr. Seuss stories and *Star Trek*. They called it: *Oh, the Places You'll Boldly Go!* ("Boldly"). This mash-up clearly mirrored Dr. Seuss books both visually and textually. The court noted that mash-ups can be fair use, but they determined that this mash-up failed as it did not make transformative use of the original material. It did not serve as a critique, parody, or alternative creative expression of Dr. Seuss. Rather, it "broadly mimic[ked] Dr. Seuss's characteristic style" and failed to transform the material in any meaningful way.

Tresóna Multimedia, LLC v. Burbank High School Vocal Music Association, 2020

Here, a high school show choir performed an eighteen-minute show about the Dust Bowl era. The choir incorporated twenty seconds of a song to which Plaintiff owned a copyright interest. The court granted the defendant's motion for summary judgment as it found the transformative nature of the defendants' arrangement weakened its ability to pose as a market substitute, especially since the choir only used such a small section of the original song's chorus.

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 Ninth Circuit uses the Server Test to evaluate claims that embedding content on one's website using html links infringes the original author's distribution and display rights under the Copyright Act. This test, created by the Ninth Circuit in 2007, holds that "liability for direct copyright infringement on the internet requires the

image to have been stored on the defendant’s server.” This means that embeds are immune, as “website coding causes content from elsewhere on the internet to appear on a page, with the content beyond the website’s control.” The use of this bright-line test has come under criticism, and other jurisdictions have expressly rejected the Server Test. The following case highlights the Ninth Circuit’s commitment to applying this test in embed cases.

Hunley v. Instagram LLC, 2021

Plaintiffs filed a copyright infringement action against Instagram, alleging violations of their exclusive rights to display photographs and videos posted by them on their Instagram accounts. The district court dismissed the claim that Instagram’s embedding tool subjects the platform to copyright infringement liability where posts containing copyrighted material are embedded in third-party websites. The court held that the claim was barred by the Server Test.

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*.)

Transformative fair use is a component of the first factor of Fair Use, “purpose and character of the use, including whether the use is of a commercial nature or is for nonprofit educational purposes.”

Transformative uses are “those that add something new, with a further purpose or different character, and do not substitute for the original use of the work.” The Ninth Circuit hears a high volume of cases involving transformative use.

Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc., 1997

The court held that an author mimicking the style of a Dr. Seuss book while retelling the facts of the O.J. Simpson murder trial was not fair use. Because the book merely used Dr. Seuss characters and style to tell the story of the murder, while failing to provide any creative interpretation of Dr. Seuss, the court found it non-transformative and commercial.

SOFA Entertainment, Inc. v. Dodger Productions, Inc., 2013

The court held that featuring a seven-second clip from the Ed Sullivan Show in a staged musical biography about the Four Seasons was transformative. The judge wrote that the actual occurrence of performing on the Ed Sullivan show spoke to the “band’s enduring prominence in American music.” The decision also stated that this use caused no financial harm to the copyright owners of the Ed Sullivan Show.

Dr. Seuss Enterprises, L.P. v. ComicMix LLC, 2020

In addition to the court’s analysis of how the alleged infringer’s “mash-up” failed to satisfy transformative use (discussed above in #4), this case established that “the Supreme Court and our circuit have unequivocally placed the burden of proof on the proponent of the affirmative defense of fair use.”

., 971 F.2d 302 (9th Cir. 1992).

¹ *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171 (9th Cir. 2010).

¹ *Id.*; *Adobe Systems Inc. v. Christenson*, 809 F.3d 1071, 1081 (9th Cir. 2015).

¹ *Horphag Research Ltd. v. Pellegrini*, 337 F.3d 1036, 1041 (9th Cir. 2003).

¹ 15 U.S.C. § 1127 (2012).

¹ *Steele v. Bulova Watch Co.*, 344 U.S. 280, 286 (1952).

¹ *Timberlane Lumber Co. v. Bank of America*, 549 F.2d 597, 613-614 (9th Cir. 1976).

¹ *Reebok Intl. v. Marnatech Ents.*, 970 F.2d (9th Cir. 1992).

¹ 835 F.3d 960 (9th Cir. 2016); *see also Extraterritoriality: Trader Joe's v. Hallatt*, 130 Harv. L. Rev. 1946 (2017).

¹ *Id.* at 968.

¹ *Int'l Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 822 (9th Cir. 1993).

¹ *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1259 (9th Cir. 2001).

¹ J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §7:63 (5th ed. 2021).

¹ *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859 (9th Cir. 2020).

¹ *Id.* at 867.

¹ *Id.*, quoting *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998).

¹ *Id.* at 865.

¹ Manon Burns and Lisa Holubar, *Is It Functional or Is It Functional? Trade Dress vs. Design Patent "Functionality,"* American Bar Association (2021).

¹ *VIP Prods. LLC v. Jack Daniel's Prods., Inc.*, 953 F.3d 1170, 1172 (9th Cir. 2020).

¹ *Id.*

¹ *LTTB LLC v. Redbubble*, 840 Fed. Appx. 148 (9th Cir. 2020).

¹ *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062 (9th Cir. 2006).

¹ 633 F.2d 912 (9th Cir. 1980).

¹ Morgan E. Smith, *Pun Intended, but Not Infringing: 9th Circuit Finds LETTUCE TURNIP THE BEET Aesthetically Functional*, Incontestable Blog, March 2, 2021.

¹ *Id.*

¹ *Id.*

¹ *Fierce v. Franklin Covey*, U.S. Dist. LEXIS 57678, (Dist. Ct. W. Wa. 2019).

¹ *Alixir Co. v. Que Onda Beverage, Inc.*, WL 971057 (C.D. Cal. 2021).

¹ *Supra* note 18.

¹ *Id.*

¹ *Id.*

¹ 2018 U.S. Dist. LEXIS 225510, 3 (C.D. Cal 2018).

¹ *Id.* at 7.

¹ *Id.* at 9.

¹ *Dr. Seuss Ents, L.P. v. ComicMix LLC*, 983 F.3d 443, 448 (9th Cir. 2020).

¹ *Id.* at 452.

¹ 953 F.3d 638.

¹ Kyle Jahner, *Embed Copyright Cases Could Multiply as Server Test Faces Siege*, Bloomberg Law, Aug. 17, 2021.

¹ *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007).

¹ Connie Irish, *Server Test Showdown? The Conflicting Rulings Over Whether Embedding a Social Media Post Violates the Copyright Act*, Global IP and Technology Blog, Squire Patton Boggs, October 28, 2021.

¹ *Hunley v. Instagram LLC*, 2021 U.S. Dist. LEXIS 177667 (N.D. Cal. 2021).

¹ *Id.* at 6.

¹ U.S. Copyright Office, More Information on Fair Use, (Jun. 28, 2022), <https://www.copyright.gov/fair-use/more-info>

¹ *Id.*

¹ *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997).

¹ *SOFA Entertainment, Inc. v. Dodger Productions, Inc.*, 709 F.3d 1273 (9th Cir. 2013).

¹ *Supra* note 35.

¹ *Id.* at 459.