

United States District Court  
Northern District of Indiana

Robert L. Miller, Jr.  
Chief Judge

204 South Main Street  
South Bend, Indiana  
46601

RE: Pattern Trademark Jury Instructions

The proposed trademark pattern civil jury instructions for the Seventh Circuit are offered for public comment by the Seventh Circuit Pattern Jury Instruction Committee and Trademark Subcommittee. The committees, which include representatives of all significant perspectives, welcome comment before submission to the Circuit Council for approval and promulgation. Comments should be emailed to [robert\\_miller@innd.uscourts.gov](mailto:robert_miller@innd.uscourts.gov) with a subject line of "Trademark Instruction Comment" or mailed to Chief Judge Robert L. Miller, Jr., United States District Court for the Northern District of Indiana, 204 S. Main Street, South Bend, IN 46601. Comments will be accepted through August 15, 2009.

The Pattern Jury Instruction Committee consisted of Chief District Judge Robert L. Miller, Jr. (N.D. Ind.)(Chair), Circuit Judge Terence T. Evans, District Judge Virginia Kendall (N.D. Ill.), District Judge Matthew F. Kennelly (N.D. Ill.), District Judge Jeanne E. Scott (C.D. Ill.), Michael Cleveland (Vedder Price Kaufman & Kammholz, Chicago), Lory Barsdate Easton (Sidley Austin Brown & Wood, Washington, D.C.), Max W. Hittle (Krieg Devault, Indianapolis), Iain Johnston (Johnston Greene, Chicago), Dennis McBride (E.E.O.C., Milwaukee), Howard A. Pollack (Godfrey & Kahn, Milwaukee), Richard H. Schnadig (Vedder Price Kaufman & Kammholz, Chicago), Thomas Walsh (United States Attorney's Office, Chicago), and Don Zoufal (Illinois Emergency Management Agency, Chicago). The reporter was Andrew R. Klein (Associate Dean for Academic Affairs and Paul E. Beam Professor of Law at Indiana University School of Law, Indianapolis).

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**Seventh Circuit Intellectual Property Model Jury Instructions Project  
Draft Trademark Instructions  
April 2009 Revisions**

## 1.1 Trademark/Trade Dress Infringement -- Nature of Claim

Plaintiff claims that Defendant has infringed Plaintiff's [trademark; trade dress].

[A trademark is a word, symbol, or combination of words or symbols used by a person to identify his product, to distinguish his product from those manufactured or sold by others, and to indicate the source of his product.]

[A trade dress is a type of trademark used by a person to identify his product, to distinguish his product from those manufactured or sold by others, and to indicate the source of his product. The term "trade dress" refers to the total image of a product, product packaging, product label, product design, or a combination of these things. It includes features such as size, shape, color or color combinations, texture, graphics, or particular sales techniques.]

The purpose of trademark law is to prevent confusion among consumers about the source of products and to permit [trademark; trade dress] owners to show ownership of their products and control their product's reputation.

[Plaintiff claims that Defendant infringed Plaintiff's [trademark [*describe Plaintiff's symbol or term*]] for [*describe Plaintiff's product*] by [*describe nature of allegedly infringing activity*]. Defendant denies [*describe Defendant's theory of defense, i.e., denies that Plaintiff has a valid trademark or that Defendant's use of its trademark causes a likelihood of confusion*] [and says that [*describe Defendant's other defense(s), if any*]].]

OR

[Plaintiff claims that Defendant infringed Plaintiff's trade dress by [*describe nature of allegedly infringing activity and Plaintiff's product design, packaging, label*]. Defendant denies [*describe Defendant's theory of defense, i.e., denies that Plaintiff has a valid trade dress or that Defendant's use of its trade dress causes a likelihood of confusion*] [and says that [*describe Defendant's other defense(s), if any*]].]

### Comments

**1. Usage.** These instructions are drafted for a traditional trademark or trade dress infringement case. If the case involves a service mark, collective mark, certification mark, or trade name, the instructions may be modified to reflect the more specific terms at issue, such as "service mark" or "trade name" instead of "trademark." The term "services" may be substituted for the term "product" if the case involves a service mark.

**2. Definition of Trademark.** See 15 U.S.C. § 1127; *Packman v. Chicago Tribune Co.*, 267 F.3d 628, 638 (7th Cir. 2001).

**3. Definition of Trade Dress.** See *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 935 (7th Cir. 1989); *Computer Care v. Service Systems Enterprises, Inc.*, 982 F.2d 1063, 1067-67 (7th Cir. 1992). The description of the trade dress in the last sentence should be tailored to the specific case.

**4. Purpose of Trademark Law.** See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992); *G. Heileman Brewing Co., Inc. v. Miller Brewing Company*, 873 F.2d 985, 997 (7th Cir. 1989).

## 1.2 Trademark/Trade Dress infringement – Elements

Plaintiff claims that Defendant infringed Plaintiff's [trademark; trade dress]. To succeed on this claim, Plaintiff must prove the following things by a preponderance of the evidence:

1. [Plaintiff owns [*Plaintiff's symbol, term, or product design; packaging; label*] as a [trademark; trade dress];

2. [*Plaintiff's symbol, term, or product design; packaging; label*] is a valid [trademark; trade dress];

3. [Defendant used [*symbol, term, product design, packaging or label used by Defendant*] in interstate commerce.

[The [*symbol, term, product design, packaging or label used by Defendant*] is used in interstate commerce if [Defendant's [product; services; commercial activities] are [transferred; advertised; sold] across state lines.]

[The [*symbol, term, product design, packaging or label used by Defendant*] is used in interstate commerce if Plaintiff's [product; services; commercial activities] are [transferred; advertised; sold] across state lines and Defendant's activities have a substantial effect on Plaintiff's business.]

4. Defendant used [*symbol, term, product design, packaging or label used by Defendant*] in a manner that is likely to cause [confusion; mistake; deception] as to the [source; origin; sponsorship; approval] of Defendant's product.

[5. [*Plaintiff's claimed trade dress*] is not functional.]

I will explain what I mean by these terms.

If you find that Plaintiff has proved each of these things by a preponderance of the evidence, then you must find for Plaintiff. However, if Plaintiff did not prove each of these things by a preponderance of the evidence, then you must find for Defendant.

### Comments

**1. Authority.** See 15 U.S.C. § 1125(a); *Ty, Inc. v. Jones Group, Inc.*, 237 F.3d 891, 897 (7th Cir. 2001); *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1151 (7th Cir. 1994).

**2. Forward Confusion/Reverse Confusion.** This instruction is drafted for a traditional trademark/trade dress infringement claim based on forward confusion. If the case involves a claim for reverse confusion, the fourth element should say:

Defendant used [*symbol, term, product design, packaging or label used by Defendant*] in a manner that is likely to cause [confusion; mistake; deception] as to the [source; origin; sponsorship; approval] of Plaintiff's product.

*Sands, Taylor & Wood Co. v. The Quaker Oats Co.*, 978 F.2d 947, 957 (7th Cir. 1992) (“Usually, the confusion alleged is forward confusion, which occurs ‘when customers mistakenly think that the junior user’s goods or services are from the same source as or are connected with the senior user’s goods or services.’ . . . Reverse confusion occurs when a large junior user saturates the market with a trademark similar or identical to that of a smaller, senior user. In such a case . . . the senior user is injured because the public comes to assume that the senior user’s products are really the junior user’s or that the former has become somehow connected to the latter.”) (citations omitted)).

**3. Elements Not in Dispute.** If a particular element or elements is undisputed or resolved as a matter of law, it may be eliminated.

**4. Incontestable Registered Trademarks and Trade Dress.** If the case involves a registered trademark or trade dress that has become “incontestable” under 15 U.S.C. § 1115(b) because it has been in use for five consecutive years after registration and other statutory requirements have been met, *see* 15 U.S.C. §§ 1058 & 1065, then validity may be challenged only on the grounds enumerated in § 1115(b). *See Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 196 (1985); *Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366, 377 (7th Cir. 1976). In such a case, the court may omit the presumed element from this instruction (*see* comment 3 above), or the court may give, for example, an instruction that the plaintiff owns a valid trademark. In that event, element 2 of this instruction would be modified as follows:

2. [*Plaintiff’s symbol, term, or product design; packaging; label*] is a valid [trademark; trade dress]. I instruct you that [*Plaintiff’s symbol, term, or product design; packaging; label*] is a valid [trademark; trade dress].

A similar modification may be made to element 1, regarding ownership.

If the defendant asserts one of the defenses enumerated in § 1115(b), then the “affirmative defense” alternative discussed in comment 8 to this instruction should be used, along with the instruction for the particular defense at issue.

**5. Contestable Registered Trademarks and Trade Dress.** If the case involves a registered trademark or trade dress that is still “contestable” under 15 U.S.C. § 1065, additional considerations apply. Under Seventh Circuit precedent, the presumption of validity that accompanies a contestable registered trademark merely serves to shift to the defendant the burden of producing evidence of invalidity; the presumption evaporates once the defendant presents evidence sufficient to put validity at issue, a decision to be made by the court. *Liquid Controls Corp. v. Liquid Control*

*Corp.*, 802 F.2d 934, 937 n.2, 938 (7th Cir. 1986); *Door Systems, Inc. v. Pro-Line Door Systems, Inc.*, 83 F.3d 169, 172 (7th Cir. 1996). See *Igloo Prods. Corp. v. Brantex, Inc.*, 202 F.3d 814, 819 (5th Cir. 2000).

The instruction, as drafted, assumes that the court has ruled that the defendant has met its burden of production, thus requiring the plaintiff to prove validity. If, on the other hand, the defendant does not meet its burden of production, the presumptions of validity and ownership under Section 1115(a) stand un rebutted. In that case, the court may omit the presumed element from this instruction (see comment 3 above), or the court may give, for example, an instruction that Plaintiff owns a valid trademark. In that event, element 2 of this instruction would be modified as follows:

2. [Plaintiff's symbol, term, or product design; packaging; label] is a valid [trademark; trade dress]. I instruct you that [Plaintiff's symbol, term, or product design; packaging; label] is a valid [trademark; trade dress].

A similar modification may be made to element 1 if ownership can be presumed because the defendant has not met the burden of production.

**6. Non-Functionality – Unregistered Trade Dress.** Element 5 should be used for claims involving an unregistered trade dress. See 15 U.S.C. § 1125(a)(3). If the case involves a registered trade dress, then functionality is an affirmative defense, and Instruction 5.6 should be used.

**7. Interstate Commerce.** Use in interstate commerce is an element for a claim of trademark infringement under the Lanham Act.6 J. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:5. See 15 U.S.C. § 1127 (defining commerce as “all commerce which may lawfully be regulated by Congress.”); *Jewel Cos. v. Jewel Merchandising Co.*, 201 U.S.P.Q. 24 (N.D. Ill. 1978) (“[U]nder the Lanham Act a plaintiff need not allege that a defendant’s products are distributed in interstate commerce. It is sufficient that the plaintiff is engaged in interstate commerce and that defendant’s actions have had a substantial effect on his business.”); *Susan’s, Inc. v. Thomas*, 26 U.S.P.Q.2d 1804 (D. Kan. 1993) (use in commerce element satisfied by interstate sale or physical transportation of goods, as well as advertising and solicitation of sales across state lines). The Committee has proposed two relatively common alternative formulations; the instruction may need to be adapted to the particular case being tried. See *Berghoff Restaurant Co. v. Lewis W. Berghoff, Inc.*, 357 F.Supp. 127, 130 (N.D. Ill. 1973) (plaintiff “used its mark in interstate commerce by catering to a substantial number of interstate travelers, advertising in media which reach non-Illinois residents, and serving food from extra-state sources”); *Larry Harmon Pictures Corp. v. Williams Restaurant Corp.*, 929 F.2d 662, 665 (Fed. Cir. 1991) (appellee’s restaurant was involved in interstate commerce, and service mark for restaurant met commerce requirement for registration under Lanham Act §3).

Recent cases have addressed whether a trademark is used in commerce in connection with products or services when it is sold as a “keyword” by search-engine companies such as Google or other Internet marketing companies to trigger sponsored search-engine results or other Internet advertising by an advertiser that is not the trademark owner. See *Int’l Profit Associates, Inc. v.*

*Paisola*, 461 F.Supp.2d 672, 677 & n.3 (N.D. Ill. 2006) (noting the absence of Seventh Circuit law on point; holding Google’s AdWord program, which sells trademarks as keywords to trigger advertising in response to search queries, meets use requirement; TRO entered), *citing Buying for the Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310, 323 (D.N.J. 2006) (noting conflicting decisions in other jurisdictions; finding that trademark owner “satisfied the ‘use’ requirement of the Lanham Act in that defendants’ use was ‘in commerce’ and was ‘in connection with any goods or services’”).

**8. Affirmative Defenses.** If the defendant has raised an affirmative defense, a court may substitute the following for the final paragraph of the instruction:

If you find that Plaintiff did not prove each of these things by a preponderance of the evidence, then you must find for Defendant.

If, on the other hand, you find that Plaintiff has proved each of these things by a preponderance of the evidence, you must then consider Defendant’s claim that [*describe affirmative defense(s)*]. If you find that Defendant has proved this by a preponderance of the evidence, then you must find for Defendant.

(Based on 7th Circuit Pattern Instruction No. 4.02, n.1.)

### 1.2.1 Ownership and Priority – Unregistered and Contestable Marks

One of the things Plaintiff must prove is that Plaintiff owns [*Plaintiff's symbol or term or claimed trade dress*] as a [trademark; trade dress].

Plaintiff owns [*Plaintiff's symbol or term or claimed trade dress*] as a [trademark; trade dress] if Plaintiff used the [symbol, term or trade dress] in a manner that allowed consumers to identify the [symbol, term or trade dress] with Plaintiff or its product before Defendant began to use [*Defendant's symbol, term or trade dress*] on its [*Defendant's product or services*].

[Among the factors you may consider are the volume of sales of Plaintiff's product, the nature of Plaintiff's sales and purchasers, and the amount of Plaintiff's advertising, promotion, and publicity relating to the product.]

#### Comments

**1. Usage.** This instruction should be used for cases involving claims for infringement of an unregistered trademark or trade dress and claims for infringement of a contestable registered trademark or trade dress where ownership is an issue for trial. See comment 5 to Instruction 1.2. If the issue of priority in the particular case depends not on first usage, but rather on, for example, an application to register based on intent-to-use, the concept of natural expansion, or preparation to do business, then this instruction will not apply, and an alternative instruction must be drafted.

**2. Authority.** See *Zazu Designs v. L'Oreal S.A.*, 979 F.2d 499, 503 (7th Cir. 1992) (“Only active use allows consumers to associate a mark with particular goods and notifies other firms that the mark is so associated.”); *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*, 188 F.3d 427, 433-34 (7th Cir. 1999) (party seeking to establish appropriation of a trademark must show first, adoption, and second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.).

**3. Factors to Consider.** See *Zazu Designs v. L'Oreal S.A.*, 979 F.2d 499, 505 (7th Cir. 1992); *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*, 188 F.3d 427, 434 (7th Cir. 1999). The Committee has included a list of factors as an optional addition to this instruction; the judge may include the list as part of the instruction, or may decide to leave it to the parties to argue the factors.

**4. Use by Licensee or Related Company.** If the plaintiff is claiming ownership or priority based on use by a predecessor, licensee, or related company, and the plaintiff has registered or applied to register the trademark or trade dress, an alternative instruction must be drafted. 15 U.S.C. § 1055 (legitimate use of mark by related company inures to benefit of registrant); 15 U.S.C. § 1127 (definition of “related company”). See, e.g., *Ty, Inc. v. Publications International, Ltd.*, 2005

U.S. Dist. Lexis 23420, 2005 WL 464688 (N.D. Ill. Feb. 25, 2005) (licensor's acquisition of rights by use of mark by controlled licensee).

## 1.2.2 Validity - Trademark /Trade Dress

A valid [trademark; trade dress] is a [symbol; term; product design, packaging, label] that is “distinctive,” which means that the [symbol; term; product design, packaging, label] is capable of distinguishing Plaintiff’s product from the products of others. [A trademark is valid if it is inherently distinctive or if it has acquired distinctiveness.] [A trade dress is valid if it is inherently distinctive or if it has acquired distinctiveness, and it is nonfunctional.] I will explain these terms to you.

### Comments

**1. Usage.** This instruction should be used when an unregistered trademark or trade dress is asserted in the case or when a party has presented sufficient evidence to challenge the validity of a contestable registered trademark or trade dress. See comment 5 to Instruction 1.2. If the case involves a trade dress that is based on the product’s design, the penultimate sentence should read, “A trade dress is valid if it has acquired distinctiveness and it is nonfunctional.” *See Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000) (product design trade dress can never be inherently distinctive and always requires proof of secondary meaning.)

**2. Authority.** *See Two Pesos, Inc. v. Taco Cabana*, 505 U.S. 763, 768, 769 (1992); *Computer Care v. Service Systems Enterprises, Inc.*, 982 F.2d 1063, 1069 (7th Cir. 1992). *See also* 15 U.S.C. § 1125(a)(3) (“In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”).

**3. “Secondary Meaning.”** The Committee has used the term “acquired distinctiveness” instead of “secondary meaning” to avoid the need to define secondary meaning. *See Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 211 (2000) (“‘Secondary meaning’ has since come to refer to the acquired, source-identifying meaning of a non-word mark . . . . It is often a misnomer in that context, since non-word marks ordinarily have no ‘primary’ meaning. Clarity might well be served by using the term ‘acquired meaning’ in both the word-mark and the non-word mark contexts . . . .”). *see also Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992) (“An identifying mark is distinctive and capable of being protected if it . . . *has acquired distinctiveness* through secondary meaning.”) (emphasis added); *Bliss Salon Day Spa v. Bliss World LLC*, 268 F.3d 494, 497 (7th Cir. 2001).

### 1.2.2.1 Validity - Trademark – Inherent Distinctiveness -- Fanciful, Arbitrary, and Suggestive Marks

An inherently distinctive trademark is one that almost automatically tells a consumer that it refers to a brand or a source for a product. A trademark is inherently distinctive if it is a [“fanciful”; “arbitrary”; [or] “suggestive”] [symbol; term].

- A “fanciful” [symbol; term] is a newly created word or parts of common words that are used in a fictitious, unfamiliar, or fanciful way. For example, “Exxon” for gasoline is a fanciful mark.]
- An “arbitrary” [symbol; term] is a common [symbol; term] used in an unfamiliar way. For example, “Apple” for computers is an arbitrary mark.]
- A “suggestive” [symbol; term] implies some characteristic or quality of the product. If the consumer must use imagination, reflection, or additional reasoning to understand the meaning of the mark as used with the product, then the mark is suggestive. For example, “Coppertone” for suntan lotion is a suggestive mark because it is suggestive of suntanned skin.]

#### Comments

**1. Usage.** This instruction should be used when an unregistered trademark is asserted in the case, or when a party has presented sufficient evidence to challenge the validity of a contestable registered trademark. See comment 5 to Instruction 1.2. If the case involves an unregistered trade dress or a contestable registered trade dress that has been challenged, the instruction entitled “Validity – Trade Dress – Inherent Distinctiveness” should be used instead.

**2. Inherent Distinctiveness.** See *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 212 (2000) (“a product’s color is unlike a ‘fanciful,’ ‘arbitrary,’ or ‘suggestive’ mark, since it does not ‘almost *automatically* tell a customer that [it] refers to a brand.’”) (emphasis in original; quoting *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163 (1995)); *Bliss Salon Day Spa v. Bliss World LLC*, 268 F.3d 494, 496 (7th Cir. 2001) (“Suggestive (‘Tide’ laundry detergent), arbitrary (‘Apple’ computers), and fanciful (‘Exxon’ gasoline) marks collectively are distinctive in the sense that secondary meaning is likely to develop, as a result of which any duplicate use of the name is likely to breed confusion about the product’s source. Generic marks, on the other hand, designate the products themselves rather than any particular maker, and descriptive marks might (but usually won’t) acquire distinctiveness.”); *Telemed Corp. v. Tel-Med, Inc.*, 588 F.2d 213, 216-217 (7th Cir. 1978).

**3. Fanciful Term.** Older Seventh Circuit cases use the phrase “coined term,” see, e.g., *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 611 (7th Cir. 1965); *Polaroid Corporation v. Polaroid, Inc.*, 319 F. 2d 830, 837 (7th Cir. 1963), but the term “fanciful” is more consistent with

the court's current usage. See *Wal-Mart Stores v. Samara Brothers, Inc.*, 529 U.S. 205 (2000); *Qualitex Company v. Jacobson Products Co.*, 514 U.S. 159 (1995); *Sullivan v. CBS Corp.*, 385 F.3d 772 (7th Cir. 2004); *Ty Inc. v. Perryman*, 306 F.3d 509 (7th Cir. 2002); *Bliss Salon Day Spa v. Bliss World LLC*, 268 F.3d 494 (7th Cir. 2001). The example is taken from *Bliss Salon Day Spa*, 268 F.3d at 496.

**4. Arbitrary Term.** The example is taken from *Bliss Salon Day Spa v. Bliss World LLC*, 268 F.3d 494, 496 (7th Cir. 2001).

**5. Suggestive Term.** See *McCarthy on Trademarks and Unfair Competition* §§ 11:67, 11:71. The example is taken from *G. Heileman Brewing Co., Inc. v. Miller Brewing Co.*, 873 F.2d 985, 992 (7th Cir. 1989).

### 1.2.2.2 Validity - Trade Dress - Inherent Distinctiveness

An inherently distinctive trade dress is one that consumers would almost automatically recognize as identifying a particular brand or source of the product. [For example, the packaging for m&m's-brand, chocolate-covered peanut candies, with its yellow background, brown lettering, and illustration of the multicolored candies, is an inherently distinctive trade dress.]

To determine whether [*Plaintiff's trade dress*] is inherently distinctive, you should consider it as a whole. Some of the factors you may consider are:

- [• Whether the [product label; product packaging] is a common basic shape or design (which suggests that the trade dress is not inherently distinctive), or instead is an uncommon shape or design (which suggests that the trade dress is inherently distinctive)];
- [• Whether the [product label; product packaging] is [unique; unusual] in a particular field (which suggests that the trade dress is inherently distinctive), or instead is common in that field (which suggests that the trade dress is not inherently distinctive)];
- [• Whether the [product label; product packaging] is a unique feature for that type of product (which suggests that the trade dress is inherently distinctive), or instead is merely a refinement of a commonly decorative feature for that type of product (which suggests that the trade dress is not inherently distinctive)].

If you find that Plaintiff proved that [*Plaintiff's claimed trade dress*] is inherently distinctive, then you should consider whether Plaintiff's claimed trade dress is functional. I will tell you what I mean by functional.

If, on the other hand, you find that Plaintiff did not prove that [*Plaintiff's claimed trade dress*] is inherently distinctive, then you must decide (1) whether the claimed trade dress is "descriptive" and has "acquired distinctiveness," and if so, (2) whether Plaintiff's claimed trade dress is "functional." I will tell you what I mean by "descriptive," "acquired distinctiveness," and "functional."

#### Comments

**1. Usage.** This instruction should be used when an unregistered trade dress is asserted in the case or when a party has presented sufficient evidence to challenge the validity of a contestable registered trade dress on the basis of distinctiveness, and the claimed trade dress is for

a product label or product packaging. If the case involves a trade dress claim based on the design of the product itself, this instruction should not be used; instead, instructions 1.2.2.3 and 1.2.2.4 should be used. *See Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000) (product design trade dress can never be inherently distinctive and always requires proof of secondary meaning).

**2. Definition.** *See Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 212 (2000); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). The example was taken from *Masterfoods USA v. Arcor USA, Inc.*, 230 F. Supp. 2d 302, 307 (W.D.N.Y. 2002).

**3. Trade Dress Must Be Considered as a Whole.** *See Computer Care v. Service Systems Enterprises, Inc.*, 982 F.2d 1063, 1069 (7th Cir. 1992) (“Where the plaintiff’s overall trade dress is distinctive, the fact that it uses descriptive (or generic) elements does not render it nonprotectable.”).

**4. Factors to Consider.** *See Turtle Wax, Inc. v. First Brands Corp.*, 781 F. Supp. 1314, 1318 (N.D. Ill. 1991) (Rovner, J.) (citing *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977)); *Computer Care v. Service Systems Enterprises, Inc.*, 982 F.2d 1063, 1069 (7th Cir. 1992) (fact that plaintiff’s trade dress was “unique in the car services industry” was evidence that the trade dress was inherently distinctive); *McCarthy on Trademarks and Unfair Competition* § 8:13 (“In the author’s view, the *Seabrook* test is the preferable method of determining what is and what is not inherently distinctive packaging trade dress.”).

### 1.2.2.3 Validity – Descriptive Trademark/Trade Dress – Acquired Distinctiveness

Another type of valid [trademark; trade dress] is a “descriptive” [symbol; term; product package, label, design] that has “acquired distinctiveness.”

A “descriptive” [symbol; term; product package, label, design] directly identifies or describes some characteristic or quality of the product in a straightforward way that requires no imagination or reasoning to understand the meaning of the [trademark; trade dress]. [For example, “All Bran” for cereal is a descriptive trademark because it describes a characteristic of the cereal.] [A descriptive trademark can [also] identify [the geographic location where a product is made (for example, “Omaha” for steaks)] [or] [the name of the person who makes or sells the product (for example, “Mrs. Fields” for cookies).] [For example, a yellow container in the shape of a lemon is a descriptive trade dress when used as a container for lemon juice.]

A descriptive [trademark; trade dress] can be valid only if it has “acquired distinctiveness.”

#### Comments

**1. Usage.** This instruction should be used when an unregistered trademark or trade dress is asserted in the case or when a party has presented sufficient evidence to challenge the validity of a contestable registered trademark or trade dress. See comment 5 to Instruction 1.2. Only an unregistered or contestable registered mark can be challenged as descriptive. *See Park 'n Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 196 (1985). In addition, as noted in instruction 1.2.2.2, comment 1, a product design trade dress always requires proof of acquired distinctiveness. *See Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000) (product design trade dress can never be inherently distinctive and always requires proof of secondary meaning).

**2. Descriptive Mark.** *See Telemed Corp. v. Tel-Med, Inc.*, 588 F.2d 213, 216-217 (7th Cir. 1978) (“A merely descriptive term specifically describes a characteristic or ingredient of an article. It can become a valid trademark by acquiring a secondary meaning, *i.e.*, by becoming ‘distinctive, as applied to the applicant’s goods.’”) The “All Bran” example is taken from *Peaceable Planet, Inc. v. Ty, Inc.*, 362 F.3d 986, 989 (7th Cir. 2004).

**3. Geographic and Personal Name Marks.** *See* 15 U.S.C. § 1052(e) (no trademark shall be refused registration on the principal register on account of its nature unless it “consists of a mark which . . . (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them . . . [or] (4) is primarily merely a surname . . .”) and 15 U.S.C. § 1052(f) (“Except as expressly excluded in [certain unrelated subsections] . . . of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce.”).

If the case involves a personal name, the instruction may need to be modified in accord with *Peaceable Planet, Inc. v. Ty, Inc.*, 362 F.3d 986 (7th Cir. 2004), depending upon the name and product at issue. *Id.* at 991 (“Treating the personal-name rule as a prohibition against ever using a personal name as a trademark (in the absence of secondary meaning) would lead to absurd results . . . .”).

#### 1.2.2.4 Validity – Trademark/Trade Dress – Acquired Distinctiveness

To show that [*Plaintiff's symbol, term, or claimed trade dress*] has “acquired distinctiveness,” Plaintiff must prove:

1. A substantial portion of the consuming public identifies [*Plaintiff's symbol, term, or claimed trade dress*] with a particular source, whether or not consumers know who or what that source is. The consuming public consists of people who may buy or use, or consider buying or using, the product or similar products; and

2. [*Plaintiff's symbol, term, or claimed trade dress*] acquired distinctiveness before Defendant first began to use [*Defendant's symbol, term, or claimed trade dress*].

To decide whether [*Plaintiff's symbol, term, or claimed trade dress*] has “acquired distinctiveness,” you may consider the following:

- [• the amount and manner of advertising, promotion, and other publicity of Plaintiff's product using [*Plaintiff's symbol, term, or claimed trade dress*]];
- [• the sales volume of Plaintiff's product using [*Plaintiff's symbol, term, or claimed trade dress*]];
- [• the length and manner of use of [*Plaintiff's symbol, term, or claimed trade dress*]];
- [• consumer testimony];
- [• consumer surveys].

#### Comments

**1. Usage.** This instruction should be used if the case involves an unregistered trademark or trade dress or if the defendant has presented sufficient evidence to challenge a contestable registered trademark or trade dress on the basis of descriptiveness or secondary meaning. In an appropriate case, additional factors may be included.

**2. Authority.** See *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 211 (2000) (secondary meaning occurs when, “in the minds of the public, the primary significance of a mark is to identify the source of the product rather than the product itself.”); *G. Heileman Brewing Co., Inc. v. Miller Brewing Company*, 873 F.2d 985, 999 n.12 (7th Cir. 1989) (listing factors); *Telemed Corp. v. Tel-Med, Inc.*, 588 F.2d 213, 220 (7th Cir. 1978) (same); *Platinum Home Mortgage Corp. v. Platinum Financial Group, Inc.*, 149 F.3d 722, 728 (7th Cir. 1998) (same).

**3. Substantial Portion of the Consuming Public.** See *Simon Prop. Group, L.P. v. mySimon, Inc.*, 2001 U.S. Dist. LEXIS 852, 2001 WL 66408 (S.D. Ind. Jan. 24, 2001) (“The court instructed the jury that it should find in favor of SPG on the ‘secondary meaning’ element if, as of October 1998, ‘a substantial number of average consumers in the relevant market actually associated the word ‘Simon’ with a single source for mall development, mall management, and/or retail shopping services.”), *appeal dismissed*, 282 F.3d 986 (7th Cir. 2002); *Spraying Systems Co. v. Delavan, Inc.*, 762 F. Supp. 772, 779 (N.D. Ill. 1991) (“in order to prove secondary meaning, a ‘substantial’ portion of buyers must associate the product with one source.”); *Roulo v. Russ Berrie & Co.*, 1986 U.S. Dist. LEXIS 26859, 1986 WL 4718 (N.D. Ill. April 14, 1986) (“Secondary meaning is established when a plaintiff, by use of its trade name, symbol, or mark, achieves in that symbol, mark, or name, a special significance to the public such that a substantial number of present or prospective customers understand that term as referring to the person who holds the mark.”), *aff’d*, 886 F.2d 931 (7th Cir. 1989). There is no standard definition for what “substantial” means in the context of evaluating secondary meaning, so this term is not specifically defined. “It is not necessary that each and every member of the buyer class associate the mark with a single source. Nor is it necessary that a majority of that group do so. \* \* \* [W]hile it is clear that there is no necessity that a *majority* of concerned customers associate the mark with a single source, how much less than a majority which will suffice is not clearly defined in the cases.” *McCarthy on Trademarks and Unfair Competition* § 15:45 (2006). See also *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F.Supp. 670 (S.D.N.Y. 1963) (25 percent was insufficient to prove secondary meaning); *Roselux Chemical Co. v. Parsons Ammonia Co.*, 299 F.2d 855 (C.C.P.A. 1962) (10 percent insufficient proof of secondary meaning); *McNeil-PPC v. Granutec, Inc.*, 919 F.Supp. 198 (E.D.N.C. 1995) (41 percent association with a single brand was sufficient proof of secondary meaning); *Monsieur Henri Wines, Ltd. v. Duran*, 204 U.S.P.Q. 601 (T.T.A.B. 1979) (37 percent probative to corroborate finding of strong trademark in design). “Generally, figures over 50 percent are regarded as clearly sufficient.” *McCarthy* § 32:190 (and cases cited therein).

### 1.2.2.5 Validity – Generic Trademark/Trade Dress

To establish that its [trademark; trade dress] is valid, Plaintiff must [also] prove that the [trademark; trade dress] is not “generic.”

A “generic” [symbol; term; trade dress] is a common or general [symbol for; name of; trade dress for] a product whose primary significance to the consuming public is to identify a [group; class] of similar products, regardless of who [makes; sells] them. The consuming public consists of people who may buy or use, or consider buying or using, the product or similar products. [For example, “cola” is a generic term for a type of soft drink, so it cannot function as a trademark for this type of soft drink.] [For example, bear-shaped gummy candies are common in the candy industry and are generic shapes for this type of candy.]

#### Comments

**1. Usage.** Any trademark, unregistered or registered, may be challenged as generic. *See* 15 U.S.C. § 1064(3) (“A petition to cancel a registration of a mark . . . may . . . be filed . . . at any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered . . .”). This instruction should be used when an unregistered or registered, but contestable, trademark or trade dress is challenged as generic and the trial judge has determined that the defendant has met its burden of production referenced in comment 2 to this instruction.

**2. Burden of Proof.** When a mark claimed as a trademark is not federally registered, “the burden is on the claimant to establish that it is not an unprotectable generic mark.” *Mil-Mar Shoe Company, Inc. v. Shonac Corporation*, 75 F.3d 1153, 1156 (7th Cir. 1996). In cases involving a contestable registered mark, there is a presumption of non-genericness. *Liquid Controls Corp. v. Liquid Control Corp.*, 802 F.2d 934, 937 (7th Cir. 1986). This presumption, however, evaporates when the opposing party introduces evidence of genericness, leaving the trademark holder with the ultimate burden of persuasion on the issue of validity. *Id.* at 936-37. The trial judge, not the jury, will determine whether the opposing party has met its burden of production.

This instruction assumes that when an incontestable registered mark is challenged as generic, the defendant has the burden of persuasion, not merely the burden of production. *See Reno Air-Racing Association, Inc. v. Jerry McCord*, 452 F.3d 1126 (9th Cir. 2006) (“[R]egistered marks are endowed with a strong presumption of validity, and a defendant has the burden of showing genericness by a preponderance of the evidence.”). This is consistent with Congress’ statutory scheme, which clearly distinguishes between contestable and incontestable marks in this regard. *Compare* 15 U.S.C. § 1115(a) (registered but contestable mark is “prima facie evidence of . . . validity”) *with id.* § 1115(b) (incontestable mark is “conclusive evidence of ‘validity,’” subject to certain exceptions). In the Seventh Circuit, however, the law on this point is not entirely clear. In *TE-TA-MA Truth Foundation-Family of URI, Inc. v. World Church of the Creator*, 297 F.3d 662 (7th Cir. 2002), the court suggested that incontestable marks give the trademark holder only a “bursting bubble” presumption of validity, equivalent to the presumption that applies to registered

marks that have not achieved incontestable status. *See id.* at 665. The court’s decision is less than clear, however, on whether it intended to decide the issue definitively. An incontestable mark may be challenged as generic, but in such a case the defendant bears the burden of proof.

To avoid confusion, the Committee has proposed a separate “genericness” instruction for cases involving incontestable marks. See Instruction 5.7. The instruction is identical to this one except for the allocation of the burden of proof.

**3. Definition of Generic Trademark.** *See* 15 U.S.C. § 1064(3); *Ty Inc. v. Softbelly’s Inc.*, 353 F.3d 528, 530-31 (7th Cir. 2003) (“[t]he legal test of genericness is ‘primary significance.’”); *Thomas & Betts Co. v. Panduit Corp.*, 138 F.3d 277, 301 (7th Cir. 1998) (“The term ‘relevant public,’ as used in the statutory test, refers to the relevant public which purchases (or may purchase) the goods in the marketplace.”) *See also* J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 12:6 (4th ed. 2001); *Telemed Corp. v. Tel-Med, Inc.*, 588 F.2d 213, 216-217 (7th Cir. 1978). The “cola” example is taken from *McCarthy* § 12:18, cases cited in n.26 (2005).

**4. Generic Trade Dress.** *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (trade dress case in which court recognized that generic marks are not protectable); *McCarthy* §8:6.1 (“The courts have held that a package or product shape can lack protection as being ‘generic’ if the trade dress is defined as a mere product theme or style of doing business or is such a hackneyed or common design that it cannot identify any particular source.”); *Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc.*, 280 F.3d 619, 638 (6th Cir. 2002) (“generic product configurations are not protectable as trade dress under § 43(a)"); *Planet Hollywood, Inc. v. Hollywood Casino Corp.*, 80 F. Supp. 2d 815, 888 (N.D. Ill. 1999), *citing Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992) (“Generic trade dress, like a generic trademark, is not protectable.”). The bear-shaped gummy candy example is taken from *Malaco Leaf, AB v. Promotion in Motion, Inc.*, 287 F. Supp. 2d 355, 364 (S.D.N.Y. 2003) (“The fish-shaped animal design of the Swedish Fish is a classic example of a design that is not used to identify source, but rather to render the product itself more appealing, especially to children. \* \* \* Notably, animal-shaped gummy candy is common in the candy industry. Indeed, representatives of [plaintiff’s licensee] acknowledged that other animal-shaped gummy candy, including gummy bears, gummy worms and gummy dinosaurs, are generic candy products that have been marketed by several companies for several years.”).

### 1.2.2.6 Validity – Trade Dress – Non-Functionality Requirement

As I stated earlier, Plaintiff must prove that [*Plaintiff's claimed trade dress*] is not “functional.”

A trade dress is “functional” if it is essential to the operation of the product as a whole. To determine this, you are to consider the following:

- [• Are there other designs that could perform the function equally well? (If so, this is evidence that the design is not functional.)]
- [• Is there a patent that discloses the practical advantages of the design? (If so, this is strong evidence that the design is functional.)]
- [• Does the design provide a practical advantage? (If so, this is evidence that the design is functional.)]
- [• Has Plaintiff advertised or promoted the practical advantages of the design? (If so, this is evidence that the design is functional.)]
- [• Does the design result from a comparatively simple, cheap, or superior method of manufacturing the product? (If so, this is evidence that the design is functional.)]

To determine whether a product’s trade dress is functional, you should consider everything that makes up the trade dress.

#### Comments

**1. Usage.** As stated in Instruction 1.2, Comment 6, this instruction should be used for cases involving a claim for infringement of an unregistered trade dress

**2. Authority.** See *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 32, 34 (2001); *Eco Mfg., LLC v. Honeywell Int’l*, 357 F.3d 649 (7th Cir. 2003).

**3. Factors to Consider.** See *TrafFix*, 532 U.S. at 29-30 (“A utility patent is strong evidence that the features therein claimed are functional.”); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1341 (C.C.P.A. 1982) (existence of utility patent; existence of advertising promoting utilitarian advantages of design; whether design resulted from comparatively simple or cheap manufacturing method); *Disc Golf Assoc., Inc. v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998) (“To determine whether a product feature is functional, we consider several factors: (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.”); *Valu Engineering, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1276 (Fed. Cir. 2002) (concluding that *TrafFix* did not alter the *Morton-Norwich* test); *Clicks Billiards v. Sixshooters, Inc.*, 251 F.3d 252 (9th Cir. 2002)(following *TrafFix*, but applying a *Morton-Norwich* analysis). In appropriate cases, other factors may be included.

**4. Evidence of Alternative Designs.** Post-*TrafFix* cases recognize that alternative designs continue to be relevant. See *AM General Corp. v. Daimlerchrysler Corp.*, 311 F.3d 796, 805 (7th Cir. 2002); *Valu Engineering, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1276 (Fed. Cir. 2002); *Talking Rain Beverage Co. Inc. v. South Beach Beverage Co.*, 349 F.3d 601, 603 (9th Cir. 2003); *Logan Graphic Products, Inc. v. Textus USA, Inc.*, 67 U.S.P.Q.2d 1470, 1473 (N.D. Ill. 2003). See also 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7:75.

**5. Aesthetic Functionality.** In cases involving trade dress that is claimed to be aesthetically functional (for example, trade dress consisting of the color of the product, where there is no indication that the trade dress feature has any bearing on the use or purpose of the product or its cost or quality) then the jury may also consider “whether the exclusive use of the feature would put competitors at a significant disadvantage not related to reputation.” Once it is determined that the trade dress is functional because it is essential to the use or purpose of the article or it affects the article’s cost or quality, competitive necessity should not be considered. *TrafFix*, 532 U.S. at 32-33 (“Expanding upon the meaning of [the definition of functionality], we have observed that a functional feature is one ‘the exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.’ \* \* \* It is proper to inquire into a ‘significant non-reputation-related disadvantage’ in cases of aesthetic functionality . . . . Where the design is functional under the *Inwood* formulation [*Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)] there is no need to proceed further to consider if there is a competitive necessity for the feature.”) (quoting *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 165 (1995)).

### 1.2.3 Infringement – Elements – Likelihood Of Confusion – Factors

As I have told you, one of the things that Plaintiff must prove is that Defendant used [*Defendant's symbol, term, or trade dress*] in a manner that is likely to cause [confusion; mistake; deception] as to the [source; origin; sponsorship; approval] of Defendant's product.

Plaintiff must prove a likelihood of confusion among a significant number of people who buy or use, or consider buying or using, the product or similar products.

In deciding this, you should consider the following:

- Whether the overall impression created by Defendant's [trademark; trade dress] is similar to that created by Plaintiff's [trademark; trade dress] in [appearance; sound; meaning];
- Whether Defendant and Plaintiff use their [trademarks; trade dress] on the same or related products;
- Whether Plaintiff's and Defendant's products are likely to be sold in the same or similar stores or outlets, or advertised in similar media;
- The degree of care that purchasers or potential purchasers are likely to exercise in buying or considering whether to buy the product. This may depend on the level of sophistication of potential buyers of the product [and; or] the cost of the product;
- The degree to which purchasers or potential purchasers recognize Plaintiff's trademark as an indication of the origin of Plaintiff's product. You may consider my previous instructions concerning distinctiveness to help you assess this factor;
- Whether Defendant's use of the [trademark; trade dress] has led to instances of actual confusion among purchasers or potential purchasers about the [source; origin; sponsorship; approval] of Defendant's product. However, actual confusion is not required for finding a likelihood of confusion;
- Whether Defendant intended to pass off his product as that of Plaintiff, or intended to confuse consumers.

The weight to be given to each of these factors is up to you to determine. No particular factor or number of factors is required to prove likelihood of confusion.

## Comments

**1. Usage.** This instruction should be used in cases involving forward confusion. If the case involves reverse confusion, the opening paragraph should contain the following language instead:

As I have told you, one of the things that Plaintiff must prove is that Defendant used [*Defendant's symbol, term, or trade dress*] in a manner that is likely to cause [confusion; mistake; deception] as to the [source; origin; sponsorship; approval] of Plaintiff's product. Plaintiff must prove a likelihood of confusion among a significant number of people who buy or use, or consider buying or using, the product or similar products.

In cases of reverse confusion, element 5 should contain the following language:

5. The degree to which the consuming public recognizes [*Defendant's symbol or term*] as an indication of origin of Defendant's goods. You may consider my previous instructions concerning distinctiveness to help you assess this factor.

In addition, in a reverse confusion case, element 7 (defendant's intent) should be omitted. *See Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 959 (7th Cir. 1992), *remanded and affirmed*, 34 F.3d 1340 (7th Cir. 1994) (“the ‘intent’ factor of the likelihood of confusion analysis is essentially irrelevant in a reverse confusion case.”).

**2. Substantial/Significant Confusion.** *See Peaceable Planet, Inc. v. Ty Inc.*, 362 F.3d 986, 992 (7th Cir. 2004); *Door Systems, Inc. v. Pro-Line Door Systems, Inc.*, 83 F.3d 169, 173 (7th Cir. 1996); *Libman Co. v. Vining Industries, Inc.*, 69 F.3d 1360, 1364 (7th Cir. 1995).

**3. Factors to Consider.** *See Ty Inc. v. The Jones Group, Inc.*, 237 F.3d 891, 897 (7th Cir. 2001).

**4. Similarity of the Marks.** *See Meridian Mut. Ins. Co. v. Meridian Ins. Group, Inc.*, 128 F.3d 1111, 1115 (7th Cir. 1997) (“Courts must . . . make their comparison [between the parties' marks] ‘in light of what happens in the marketplace,’ not merely by looking at the two marks side-by-side.”) (*quoting James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 275 (7th Cir. 1976)).

**5. Similarity of the Products.** *See Jones Group*, 237 F.3d at 899.

**6. Area and Manner of Use.** *See Jones Group*, 237 F.3d at 900.

**7. Purchaser or Potential Purchaser.** The committee has used the phrase “purchaser or potential purchaser” instead of the term “relevant public” because, in the context of determining likelihood of confusion, the “relevant public” traditionally includes these types of consumers. *See*

*Electronic Design & Sales, Inc. v. Electronic Data Systems Corp.*, 954 F.2d 713, 716 (Fed. Cir. 1992) (likelihood of confusion inquiry “generally will turn on whether actual or potential ‘purchasers’ are confused.”). Cf. *Thomas & Betts Co. v. Panduit Corp.*, 138 F.3d 277, 301 (7th Cir. 1998) (in connection with 15 U.S.C. § 1064(3), “the term ‘relevant public,’ as used in the statutory test, refers to the relevant public which purchases (or may purchase) the goods in the marketplace.”). However, the courts also recognize that there can be actionable likelihood of confusion among non-purchasers as well. See *Meridian Mutual Ins. Co. v. Meridian Insurance Group, Inc.*, 128 F.3d 1111, 1118 (7th Cir. 1997); *Electronic Design & Sales*, 954 F.2d at 716.

**8. Defendant’s Intent.** See *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 961 (7th Cir. 1992); *Meridian*, 128 F.3d at 1120.

## 2.1 Contributory Infringement

Plaintiff claims that Defendant is [also] liable for contributory [trademark; trade dress] infringement based on the actions of [fill in name of direct infringer]. To succeed on this claim, Plaintiff must prove two things by a preponderance of the evidence:

1. [Name of direct infringer] infringed Plaintiff's [trademark; trade dress], as I [defined; will define] that term in [my earlier; the following] instructions; and
2. [Defendant intentionally [induced; encouraged; suggested] [that] [name of direct infringer] [to] infringe Plaintiff's [trademark; trade dress]].

[or]

[Defendant continued to supply a product to [name of direct infringer] when Defendant knew or had reason to know that [name of direct infringer] was infringing Plaintiff's [trademark; trade dress] in its [sale; distribution] of that product.]

[or]

[[Name of direct infringer] infringed Plaintiff's [trademark; trade dress] on Defendant's premises, and Defendant knew or had reason to know that [name of direct infringer] was infringing Plaintiff's [trademark; trade dress]. [You may find that Defendant knew or had reason to know that [name of direct infringer] was infringing Plaintiff's [trademark; trade dress] if Defendant suspected wrongdoing and deliberately failed to investigate].]

If you find that Plaintiff has proved both of these things, then you must find for Plaintiff. If, on the other hand, you find that Plaintiff did not prove both of these things, then you must find for Defendant.

### Comments

**1. Usage.** In any case involving allegations of contributory infringement, the instructions relating to direct infringement should be given as well, so that the jury can determine whether direct infringement has occurred as required by this instruction. The instructions on direct infringement may need to be modified, depending on whether the person accused of direct infringement is a party to the case.

**2. Authority.** See *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 854 (1982) (“[i]f a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in

trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit.”). The Supreme Court endorsed the Second Circuit’s definition of inducement as “suggest[ing], even by implication,” that third parties infringe the trademark. *Id.* at 851-53.

**3. Liability for Infringement on Defendant’s Premises.** See *Hard Rock Café Licensing Corp. v. Concession Services, Inc.*, 955 F.2d 1143, 1149 (7th Cir. 1992) (“the Restatement of Torts tells us that CSI [flea-market landlord] is responsible for the torts of those it permits on its premises ‘knowing or having reason to know that the other is acting or will act tortiously . . . . In the absence of any suggestion that a trademark violation should not be treated as a common law tort, we believe that the *Inwood Labs.* test for contributory liability applies. CSI may be liable for trademark violations by Parvez [flea-market seller and direct infringer] if it knew or had reason to know of them.”). The Seventh Circuit also held that “willful blindness is equivalent to actual knowledge for purposes of the Lanham Act,” and that “[t]o be willfully blind, a person must suspect wrongdoing and deliberately fail to investigate.” *Id.*

### 3.1 False Advertising Under Lanham Act – Elements of Claim

Plaintiff claims that Defendant engaged in false advertising. To succeed on this claim, Plaintiff must prove five things by a preponderance of the evidence:

1. [Defendant made a false [or misleading] statement of fact in a commercial advertisement about the [nature; quality; characteristic; geographic origin] of [its own [product; service; commercial activities]] [or] [Plaintiff's [product; service; commercial activities].] [A statement is misleading if it conveys a false impression and actually misleads a consumer.] [A statement can be misleading even if it is literally true or ambiguous.]

2. The statement actually deceived or had the tendency to deceive a substantial segment of Defendant's audience.

3. The deception was likely to influence the purchasing decisions of consumers.

4. [Defendant caused the false statement to enter interstate commerce.] [A false statement enters interstate commerce if [Defendant's [product; services; commercial activities] are [transferred; advertised; sold] across state lines] [or] [if Plaintiff's [product; services; commercial activities] are [transferred; advertised; sold] across state lines and Defendant's activities have a substantial effect on Plaintiff's business].

5. Plaintiff has been or is likely to be injured as a result of the false statement. Injury includes [direct diversion of sales from itself to Defendant; a loss of goodwill associated with its products.]

If you find that Plaintiff has proved each of these things, then you must find for Plaintiff. If, on the other hand, you find that Plaintiff has failed to prove any one of these things, then you must find for Defendant.

#### Comments

**1. Authority.** See *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 819 (7th Cir. 1999); *B. Sanfield, Inc. v. Finlay Fine Jewelry Corp.*, 168 F.3d 967, 971 (7th Cir. 1999). See also 15 U.S.C. § 1125(a)(1)(B).

**2. Inherent Quality or Characteristic.** See *Vidal Sassoon, Inc. v. Bristol-Myers Co.*, 661 F.2d 272, 278 (2d Cir. 1981).

**3. Literally True or Ambiguous Statement.** If the case involves a statement that is alleged to be literally true or ambiguous yet conveys a false impression, the bracketed language at the end of paragraph No. 1 should be given. *Abbott Laboratories v. Mead Johnson & Co.*, 971 F.2d

6, 13 (7th Cir. 1992) (“Section 43(a)(2) of the [Lanham] Act . . . applies with equal force to (1) statements which are literally false and (2) statements which, while literally true or ambiguous, convey a false impression or are misleading in context, as demonstrated by actual consumer confusion.”).

**4. Interstate Commerce.** See 15 U.S.C. § 1127 (defining commerce as “all commerce which may lawfully be regulated by Congress.”); *Jewel Cos. v. Jewel Merchandising Co.*, 201 U.S.P.Q. 24 (N.D. Ill. 1978); *Susan’s, Inc. v. Thomas*, 26 U.S.P.Q.2d 1804 (D. Kan. 1993). The Committee has proposed two relatively common alternative formulations; the instruction may need to be adapted to the particular case being tried. See *Berghoff Restaurant Co. v. Lewis W. Berghoff, Inc.*, 357 F.Supp. 127, 130 (N.D. Ill. 1973) (plaintiff restaurant met interstate commerce standards in the Lanham Act 15 U.S.C. §1127 because it “used its mark in interstate commerce by catering to a substantial number of interstate travelers, advertising in media which reach non-Illinois residents, and serving food from extra-state sources”); *Larry Harmon Pictures Corp. v. Williams Restaurant Corp.*, 929 F.2d 662, 665 (Fed. Cir. 1991) (appellee’s restaurant was involved in interstate commerce, and service mark for restaurant met commerce requirement for registration under Lanham Act §3). The fourth paragraph may require modification if an unlisted type of interstate or foreign commerce is involved.

**5. Undisputed Elements.** This instruction should be modified to account for situations where facts are not in dispute or the element has been resolved as a matter of law. For example, if the parties do not dispute that the defendant caused the allegedly false statement to enter interstate commerce, the fourth element of the instruction does not need to be given.

## **4.1 Trademark Dilution – Elements**

### **Comment**

The Committee has not proposed an instruction on trademark dilution under 15 U.S.C. 1125(a) because in October 2006, Congress made changes to the statute that significantly alter its meaning. The changed provisions have not yet been the subject of significant appellate interpretation.

## 5.1 Affirmative defenses – Nominative Fair Use

Defendant claims that its use of Plaintiff’s trademark is permitted because Defendant made fair use of the trademark.

To succeed on this defense, Defendant must prove the following three things by a preponderance of the evidence:

1. Defendant used the trademark to refer to a product of Plaintiff that cannot be easily identified without using the trademark;
2. Defendant used [only as much of the trademark; the trademark only as much] as was reasonably necessary to identify the product; and
3. Defendant did not do anything in connection with using the trademark to suggest that Plaintiff sponsored or endorsed Defendant or its product.

[A product cannot be easily identified without using the trademark if there are no equally informative words to identify the product, or there is no other effective way to compare, criticize, refer to or identify it without using the trademark.]

[A reasonably necessary use of a trademark occurs [when no more of the trademark’s appearance is used; when the trademark is used no more prominently] than is needed to identify the product and enable consumers to understand the reference.]

[Defendant’s use of the Plaintiff’s trademark to compete with Plaintiff, or to make a profit, does not by itself prevent Defendant from proving fair use.]

### Comments

**1. Authority.** This instruction is adapted in part from the Ninth Circuit’s Model Civil Jury Instruction 18.21. Nominative fair use refers to the defendant’s use of the plaintiff’s mark to identify the plaintiff’s goods or services. Although the Seventh Circuit has not considered the standards for the nominative fair use defense, the district courts in the Seventh Circuit have applied the Ninth Circuit’s rule for nominative fair use. *See, e.g., Ty, Inc. v. Pubs. Int’l, Ltd.*, 2005 WL 464688, at \*5-8 (N.D. Ill. 2005) (citing *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992)); *R.J. Reynolds Tobacco Co. v. Premium Tobacco Stores, Inc.*, 2001 WL 747422, at \*5-6 (N.D. Ill. 2001) (same).

**2. Competitive Use.** The final bracketed paragraph may be used in cases where the fair use defense is challenged because the defendant is using the plaintiff’s mark in competition with the plaintiff or to make a profit. *See New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302, 309

(9th Cir. 1992) (“Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder’s business is beside the point.”).

## 5.2 Affirmative Defenses – Classic Fair Use

Defendant claims that its use of Plaintiff’s trademark is permitted because Defendant made fair use of the trademark.

To succeed on this defense, Defendant must prove the following three things by a preponderance of the evidence:

1. Defendant used [*describe Defendant’s usage*] in a way other than to indicate the source of Defendant’s product.
2. [*Describe Defendant’s usage*] accurately describes Defendant’s product.
3. Defendant only used [*describe Defendant’s usage*] to describe its product.

### Comments

**1. Authority.** Classic fair use refers to the defendant’s use of the plaintiff’s mark in connection with the defendant’s goods or services. Classic fair use is described in the Lanham Act as a defense to a trademark infringement action. 15 U.S.C. § 1115(b)(4). *See Packman v. Chi. Tribune Co.*, 267 F.3d 628, 639 (7th Cir. 2001); *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 951 (7th Cir. 1992); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 483-84 (7th Cir. 1988); *see also Door Sys., Inc. v. Pro-Line Door Sys., Inc.*, 83 F.3d 169, 173 (7th Cir. 1996) (“Others can use the same mark to identify their product, provided there is no likelihood of confusion, which would impair the trademark’s function as an identifier.” (citations omitted)). For example, use of the words “door systems” to describe an overhead garage door with a remote control is a descriptive use of the trademark “Door Systems.” *Id.* The Committee contemplates that the court will use such descriptions throughout this instruction. The first element, therefore, might read: “Defendant used the phrase ‘door systems’ in a way other than to indicate the source of Defendant’s product.”

**2. Burden of Proof.** A defendant who asserts the fair use defense does not bear the burden of negating a likelihood of confusion; instead, the plaintiff continues to bear the burden of proving a likelihood of confusion as part of its prima facie case of infringement. *See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004).

**3. Parody.** This instruction does not include any reference to parody as a fair use because, under Seventh Circuit jurisprudence, parody is not an affirmative defense to an action for trademark infringement. *See Nike, Inc. v. “Just Did It” Enters.*, 6 F.3d 1225, 1228 (7th Cir. 1993) (“If the defendant employs a successful parody, the customer would not be confused, but amused. . . . [P]arody is not an affirmative defense but an additional factor in the [likelihood of confusion] analysis.”).

### **5.3 Affirmative Defenses – Laches/Acquiescence**

#### **Comment**

The Lanham Act recognizes laches, acquiescence, and other equitable defenses to trademark infringement actions. 15 U.S.C. § 1115(b)(9). No instructions are provided on the defenses of laches or acquiescence because they are issues for the court, not the jury.

## 5.4 Affirmative Defenses – Abandonment

Defendant claims that Plaintiff has abandoned its [trademark; trade dress].

To succeed on this defense, Defendant must prove by [clear and convincing evidence] [a preponderance of the evidence] that Plaintiff stopped using its [trademark; trade dress] and intended not to resume use.

### Comments

**1. General Authority.** Abandonment is a defense to an action for trademark infringement. 15 U.S.C. § 1115(b)(2). A mark is presumed abandoned after three consecutive years of nonuse. *Id.* § 1127. This instruction is adapted in part from Kevin F. O’Malley, *et al.*, *Federal Jury Practice and Instructions* § 159.75 (5th ed. 2001).

**2. Elements.** *See Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 938 (7th Cir. 1989); *see also Zelinski v. Columbia 300, Inc.*, 335 F.3d 633, 639 (7th Cir. 2003); *Rust Environment & Infrastructure, Inc. v. Teunissen*, 131 F.3d 1210, 1214 (7th Cir. 1997); *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 954-956 (7th Cir. 1992). The Committee notes that Seventh Circuit case law is not clear about the standard of proof for the abandonment affirmative defense, although the cases suggest that a high standard is appropriate. *TMT N. Am., Inc. v. Magic Touch GmbH*, 124 F.3d 876, 884 (7th Cir. 1997) (describing burden of proof as “stringent”); *Alpha Tau Omega Fraternity, Inc. v. Pure Country, Inc.*, 2004 WL 3391781, \*10 (S.D. Ind. 2004) (referring to a “heavy burden of proof” for abandonment). Although the Seventh Circuit has not expressly recognized the “clear and convincing” standard, numerous other courts have done so. *See* 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 17:12 (4th ed. 2006 update).

**3. Presumption of Abandonment.** If a defendant shows non-use of a registered mark for three or more years and the plaintiff has no evidence to explain non-use, then the defendant is entitled to a finding of abandonment, and the matter should not be determined by the jury. If, however, the plaintiff does offer evidence explaining non-use, then the burden of persuasion remains with the defendant to prove abandonment. *See Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 938 (7th Cir. 1989). In other words, the presumption of abandonment contained in section 1127 imposes on the trademark holder a burden of production, not a burden of persuasion.

## 5.5 Affirmative Defenses – Continuous Prior Use – Registered Marks

Defendant contends that it has the right to use the [trademark; trade dress] within the [specific geographic region].

To succeed on this defense, Defendant has the burden of proving three things by a preponderance of the evidence:

1. Defendant used the trademark before Plaintiff [applied for registration of the] [registered the] [obtained publication of its application to register the] [trademark; trade dress].
2. Defendant [defendant's assignor] [defendant's licensor or licensee] continuously used the [trademark; trade dress], up until trial, in [specific geographic region].
3. Defendant [defendant's assignor] [defendant's licensor or licensee] began using the trademark without knowledge of Plaintiff's prior use.

[If you find that Defendant has proved all three of these things, then you should find for Defendant on Plaintiff's claim for infringement of its [registered; unregistered] [trademark; trade dress].

### Comments

**1. Authority.** See 15 U.S.C. § 1115(a) (contestable marks are subject to “any legal or equitable defense or defect, including those set forth in subsection (b) of this section . . .”) and § 1115(b)(5) (incontestable trademarks subject to the defense “[t]hat the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant’s prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 1057(c) of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 1062 of this title: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved . . .”). This instruction is adapted from Kevin F. O’Malley et al., *Federal Jury Practice and Instructions* § 159.79 (5th ed. 2001).

**2. Unregistered Marks and the Continuous Prior Use Defense.** If the case involves only a claim for infringement of an unregistered trademark, then the continuous prior use defense does not apply. See *McCarthy on Trademarks and Unfair Competition*, §26:52 at p. 26-91 (4th ed. 2006). However, “where § 43(a) is used as the basis for an alternative count along with a count for infringement of a registered trademark, a good faith remote use defense good against the registration should be good against the § 43(a) count as well.” *Id.*; see also, *Concord Labs., Inc. v. Concord*

*Medical Center*, 552 F. Supp 549, 552 (N.D. Ill. 1982). In such a case, the instruction in the final bracketed paragraph should be used.

**3. “Continuous Use.”** The junior user asserting a continuous prior use defense must show that it “has made continuous use of the mark prior to the issuance of the senior user’s registration and must further prove continued use up until trial.” *McCarthy on Trademarks* § 26:44 (4th ed. 2006), citing *Thrifty Rent-A-Car System, Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177, 1183 (1st Cir. 1987) (“The pivotal issue is, however, whether Thrift Cars continued enough of a market presence in East Taunton after May 1970 . . . . [T]he junior user must . . . prove continued use up until trial.”); *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 762 (9th Cir. 2006). See *Pure Imagination, Inc. v. Pure Imagination Studios, Inc.*, 2004 WL 2967446, \*14 (N.D. Ill. Nov. 15, 2004) (party failed to prove prior continuous use in a specific geographic area because it “no longer uses those marks in conjunction with marketing its services in any way other than on the limited purpose web site”).

## 5.6 Affirmative Defenses – Registered Trade Dress – Functionality

Defendant claims that Plaintiff's trade dress is "functional." To succeed on this defense, Defendant must prove that [*Plaintiff's claimed trade dress*] is essential to the operation of the product as a whole. To determine this, you should consider the following:

- [• Are there other designs that could perform the function equally well? (If so, this is evidence that the design is not functional.)]
- [• Is there a patent that discloses the practical advantages of the design? (If so, this is strong evidence that the design is functional.)]
- [• Does the design provide a practical advantage? (If so, this is evidence that the design is functional.)]
- [• Has Plaintiff advertised or promoted the practical advantages of the design? (If so, this is evidence that the design is functional.)]
- [• Does the design result from a comparatively simple, cheap, or superior method of manufacturing the product? (If so, this is evidence that the design is functional.)]

To determine whether a product's trade dress is functional, you should consider everything that makes up the trade dress.

### Comment

**Usage.** This instruction should be used if the plaintiff has a registered trade dress and the defendant contends that the trade dress is functional. In such a case, functionality is an affirmative defense, and the defendant bears the burden of proof. 15 U.S.C. § 1115(b)(8); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 297 (7th Cir. 1998); *Pubs. Intern., Ltd. v. Landoll, Inc.*, 164 F.3d 337, 339-40 (7th Cir. 1998).

## 5.7 Affirmative Defenses – Genericness – Incontestable Trademark / Trade Dress

Defendant contends that Plaintiff’s [trademark; trade dress] is “generic.” To succeed on this defense, Defendant must prove that the [trademark; trade dress] is “generic.”

A “generic” [symbol; term; trade dress] is a common or general [symbol for; name of; trade dress for] a product whose primary significance to the consuming public is to identify a [group; class] of similar products, regardless of who [makes; sells] them. The consuming public consists of people who may buy or use, or consider buying or using, the product or similar products. [For example, “cola” is a generic term for a type of soft drink, so it cannot function by itself as a trademark for this type of soft drink.] [For example, bear-shaped gummy candies are common in the candy industry and are generic shapes for this type of candy.]

### Comment

**Usage.** As noted in instruction 1.2.2.5, comment 2, the Committee is of the view that when an incontestable mark may be challenged as generic, the defendant bears the burden of proving genericness. This instruction is essentially identical to instruction 1.2.2.5, except for the allocation of the burden of proof. For this reason, the remaining commentary to instruction 1.2.2.5 is omitted here.

## 5.8 Affirmative Defenses – Fraud in Procurement

Defendant claims that Plaintiff obtained its [trademark; trade dress] [registration; incontestable status] through fraud on the Patent and Trademark Office.

To succeed on this defense, Defendant must prove by clear and convincing evidence that Plaintiff made [material misrepresentations] [and; or] [failed to disclose material information] to the Patent and Trademark Office, with the intent to deceive the Patent and Trademark Office. [Information that was misrepresented is “material” if it influenced the Patent and Trademark Office’s decision to register the [trademark; trade dress]]. [Information is “material” if it would have caused the Patent and Trademark Office not to register the [trademark; trade dress] had it been disclosed.]

“Clear and convincing” evidence means evidence that convinces you that it is highly probable that the particular proposition is true. [This is a higher burden than “preponderance of the evidence.”]

### Comments

1. **Authority.** *See* 15 U.S.C. § 1115(b)(1).
2. **Clear and Convincing Evidence.** *See Money Store v. Harriscorp Finance, Inc.*, 689 F.2d 666, 670 (7th Cir. 1982) (“Fraud must be shown by clear and convincing evidence in order to provide a basis for either cancellation or damages.”)
3. **Intent.** *See Money Store* , 689 F.2d at 670.
4. **Materiality.** “Material facts are those ‘which, if disclosed, would result in refusal by the Office to register the mark.’” *ISP.Net, LLC v. Qwest, Communs. Int’l, Inc.*, 2003 U.S. Dist. LEXIS 9076, \*10, 2003 WL 21254430, \* 3 (S.D. Ind. May 27, 2003) (*quoting Buti v. Impresa Perosa, S.R.L.*, 935 F. Supp. 458, 474 (S.D.N.Y. 1996)); *see* 3 Anne Gilson Lalonde, *Gilson on Trademarks* § 11.08[3][a][ii][C] (“In brief, a misstatement is material if it affected the PTO’s decision to grant the application.”).

## **6.1 Remedies – Types**

If you decide for Plaintiff on the question of liability, then you should consider the amount of money to award to Plaintiff [if any]. This should include damages that Plaintiff sustained because of Defendant's [infringement; false advertising], and profits that Defendant made because of its [infringement; false advertising].

If you decide for Defendant on the question of liability, then you should not consider this issue.

### **Comment**

**Authority.** *See* 15 U.S.C. § 1117(a).

## 6.2 Remedies – Actual or Statutory Notice – Registered Marks

To recover damages or profits, Plaintiff must prove by a preponderance of the evidence that Defendant knew that Plaintiff's mark was registered, or if:

[Plaintiff displayed with the [trademark; trade dress] the words, "Registered in the U.S. Patent and Trademark Office"]; [or]

[Plaintiff displayed with the [trademark; trade dress] the words "Reg. U.S. Pat. & Tm. Off."]; [or]

[Plaintiff displayed with the [trademark; trade dress] the letter R enclosed in a circle ®.]

### Comment

**Usage.** This instruction should be given only in cases involving registered marks. *See* 15 U.S.C. § 1111 ("a registrant of a mark registered in the Patent and Trademark Office, may give notice that his mark is registered by displaying with the mark the words 'Registered in U.S. Patent and Trademark Office' or 'Reg. U.S. Pat. & Tm. Off.' or the letter R enclosed within a circle, thus ® and in any suit for infringement under this chapter by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this chapter unless the defendant had actual notice of the registration."). There is an apparent quirk in the statutory scheme for recovering actual damages: for registered marks, the trademark owner must comply with 15 U.S.C. § 1111 and provide actual or statutory notice in order to recover damages, whereas there is no such limitation on unregistered marks. *See* 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 19:144; *Polo Fashions, Inc. v. J&W Enterprises*, 786 F.2d 1156 (4th Cir. 1986); *Bambu Sales, Inc. v. Sultana Crackers, Inc.*, 683 F. Supp. 899 (E.D.N.Y. 1988). Failure to meet the statutory notice requirement for registered marks does not bar all damages, but only those arising prior to the giving of notice.

### 6.3 Actual Damages

To recover damages, Plaintiff must prove two things by a preponderance of the evidence:

1. Defendant's [infringement; false advertising] caused actual confusion among consumers; and
2. As a result, Plaintiff sustained injury.

If you find that Plaintiff has proved these things, then you must consider what amount of money to award to Plaintiff as damages [if any].

Damages consist of the amount of money required to compensate Plaintiff for the injury caused by Defendant's [infringement; false advertising]. Plaintiff must prove its damages by a preponderance of the evidence.

You may consider the following types of damages:

- [• Plaintiff's lost profits on lost sales, which consists of the revenue Plaintiff would have earned but for Defendant's infringement, less the expenses Plaintiff would have sustained in earning those revenues.]
- [• Loss of royalties. A royalty is a payment for the right to use a trademark. In determining lost royalties, you should determine the royalty that Plaintiff and Defendant would have agreed upon if they had negotiated the terms of a royalty before Defendant's infringement.]
- [• Loss of goodwill. Goodwill is consumer recognition or drawing power of a [trademark; trade dress].] [In determining loss of goodwill, you should compare the value of Plaintiff's goodwill before the [infringement; false advertising] with the value of Plaintiff's goodwill after the [infringement; false advertising].]
- [• Cost of corrective advertising. This is [the amount spent by Plaintiff to counteract the effects of Defendant's infringement] [and] [the amount necessary to dispel any public confusion that lingers after Defendant's infringement has stopped.]

#### Comments

**1. Usage.** This instruction is drafted for use in infringement and false advertising cases, not dilution cases. As noted earlier, the Committee has not proposed an instruction for dilution under 15 U.S.C. § 1125(a) due to significant recent amendments to the statute. The Committee likewise has not proposed an instruction defining the damages recoverable in dilution cases.

**2 General Authority.** See 15 U.S.C. § 1117(a); *Web Printing Controls Co., Inc. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1204-1205 (7th Cir. 1990) (“A plaintiff wishing to recover damages for a violation of the Lanham Act must prove the defendant’s Lanham Act violation, that the violation caused actual confusion among consumers of the plaintiff’s product, and, as a result, that the plaintiff suffered actual injury, *i.e.*, a loss of sales, profits, or present value (goodwill).”); *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1157 (7th Cir. 1994) (the standard method for calculating plaintiff’s recovery under Section 1117(a) “both allows the plaintiff to recover any damages it suffered on account of the infringement and also requires the defendant to disgorge any profits it gained from the infringement.”).

**3. Plaintiff’s Lost Profits.** See *BASF Corp. v. Old World Trading Co.*, 41 F.3d 1081, 1092 (7th Cir. 1994); *Borg-Warner Corp. v. York-Shipley, Inc.*, 293 F.2d 88 (7th Cir. 1961).

**4. Lost Royalties.** See *Sands, Taylor & Wood v. Quaker Oats Co.*, 978 F.2d 947, 963 (7th Cir. 1992); *Sands, Taylor & Wood v. Quaker Oats Co.*, 34 F.3d 1340, 1351 (7th Cir. 1994).

**5. Loss of Goodwill.** See *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1157 (7th Cir. 1994); 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2:15; *Meridian Mut. Ins. Co. v. Meridian Is. Group*, 128 F.3d 1111, 1117 (7th Cir. 1997) (defining goodwill); *Sands, Taylor & Wood v. Quaker Oats Co.*, 1990 U.S. Dist. LEXIS 17342 at \*29, 1990 WL 251914, \*9 (N.D. Ill. December 20, 1990) (same). The committee was unable to locate any Seventh Circuit authority describing how lost goodwill is calculated, so it looked to cases from other circuits that have addressed this issue in other settings. See *Stewart & Stevenson Services, Inc. v. Pickard*, 749 F.2d 635, 649 (11th Cir. 1984) (“It is axiomatic that the measure of damage to business property, such as goodwill, is based on measurement of the difference in value of the property before and after the injury.”); *South Port Marine, LLC v. Gulf Oil Limited Partnership*, 234 F.3d 58, 67 (1st Cir. 2000) (“South Port’s goodwill loss is based upon a projected loss of value of the business after the spill. . . . This loss could be calculated by discounting the estimated loss of future revenues to present value or, alternatively, by assessing the decrease in value of the business to potential buyers after the spill repairs.”). Because there may be more than one way to calculate the amount of lost goodwill, this portion of the instruction may need to be modified depending on the facts of a particular case.

**6. Cost of Corrective Advertising.** See *Zazu Designs v. L’Oreal, S.A.*, 979 F.2d 499, 506 (7th Cir. 1992); *Zelinski v. Columbia 300, Inc.*, 335 F.3d 633 (7th Cir. 2003); *Otis Clapp & Son, Inc. v. Filmore Vitamin Company*, 754 F.2d 738, 745 (7th Cir. 1985). The *Zazu* case indicates that corrective advertising damages cannot exceed the value of the mark. *Zazu*, 979 F.2d at 506. The Committee has not included this concept in the instruction but notes that in an appropriate case, it might be necessary to amend the instruction in this regard.

**7. Other Factors.** The list of actual damages in this instruction is not meant to be exhaustive, and this instruction may need to be modified to reflect other types of damages claimed in a particular case or to ensure that no type of damages is duplicated.

## 6.4 Defendant's Profits

In addition to Plaintiff's damages, Plaintiff may recover the profits Defendant gained from the [trademark infringement; trade dress infringement; false advertising] You may not, however, include in any award of profits any amount that you took into account in determining actual damages.

Profit is determined by deducting expenses from gross revenue. Gross revenue is all of the money Defendant received due to its [use of the [trademark; trade dress]] [false advertising].

Plaintiff is required only to prove Defendant's gross revenue. Defendant is required to prove any expenses that it argues should be deducted in determining its profits.

Plaintiff is entitled to recover Defendant's total profits from its [use of the [trademark; trade dress]] [false advertising], unless Defendant proves that a portion of the profit is due to factors other than [use of the [trademark; trade dress]] [false advertising].

### Comments

**1. Authority.** See 15 U.S.C. § 1117(a); *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1156-57 (7th Cir. 1994); *BASF Corp. v. Old World Trading Co.*, 41 F.3d 1081, 1092 (7th Cir. 1994) (false advertising plaintiff may recover defendant's profits under 15 U.S.C. § 1117).

**2. Apportionment of Profits.** See *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 206-07 (1942) ("The burden is the infringer's to prove that his infringement had no cash value in sales made by him. If he does not do so, the profits made on sales of goods bearing the infringing mark properly belong to the owner of the mark. There may be a windfall to the trade-mark owner where it is impossible to isolate the profits which are attributable to the use of the infringing mark. But to hold otherwise would give the windfall to the wrongdoer.").

**3. No Double Recovery.** See *McCarthy on Trademarks and Unfair Competition* § 30:73 ("damages and profits cannot be awarded simultaneously if it would result in over-compensation."); *Polo Fashions, Inc. v. Extra Special Products, Inc.*, 208 U.S.P.Q. 421 (S.D.N.Y. 1980) (damages and profits may not be awarded together if based on the same sales).

## 6.5 Intentional Infringement

If you find that Defendant [infringed Plaintiff's [trademark; trade dress]] [engaged in false advertising], you must also determine whether Plaintiff has proven that, at the time Defendant [used the trademark; trade dress] [engaged in the false advertising] Defendant acted willfully. Defendant acted willfully if it knew that [it was infringing Plaintiff's [trademark; trade dress] [its advertising was [false] [or misleading]] or if it acted with indifference to [Plaintiff's trademark rights] [whether its advertising was false / misleading].

### Comments

**1. Authority.** The Lanham Act permits trebling of an award of damages in a case in which the defendant acted willfully. *See* 15 U.S.C. § 1117(a). Willful infringement occurs if the defendant knew it was infringing the plaintiff's mark or acted in reckless disregard of the plaintiff's rights. *See Zazu Designs, Ltd. v. L'Oreal, S.A.*, 979 F.2d 499, 507 (7th Cir. 1992). Though the Seventh Circuit has not directly addressed whether willfulness permitting trebling of a damage award is an issue for the jury in a Lanham Act case, it has held that the issue is a jury question in the analogous area of copyright law. *See Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1016 (7th Cir. 1991) ("We concluded that, when money damages of any kind are sought, the issues of infringement and willfulness are for the jury to resolve."); *see also Admiral Corp. v. Admiral Employment Bureau, Inc.*, 151 F. Supp. 629, 631 (N.D. Ill. 1957) (Lanham Act case; "[a]lthough the question of whether or not treble damages are to be awarded is left to the discretion of the court, there exists the right to have a jury pass on the question of willfulness of the violation before such an award is made.").

**2. Willful Infringement as a Basis for Award of Attorney's Fees.** The Lanham Act also permits an award of attorney's fees to a prevailing party in an "exceptional case," which may exist, among other situations, when the defendant engaged in willful infringement. *See, e.g., Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1158 (7th Cir. 1994). The committee takes no position on whether willfulness is an issue for the jury on the question of whether attorney's fees should be awarded.