

**JUDICIAL COUNCIL
OF
THE UNITED STATES ELEVENTH JUDICIAL CIRCUIT**

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On 19 July 2017, the Judicial Council approved the first set of revised and new instructions for the Pattern Jury Instructions, Civil Cases, Eleventh Circuit (2013 revision). The following instructions have been substantially changed or created:

Copyright Instructions

- 9.22 Copyright – Infringement – Software
- 9.25 Copyright – Defenses – Affirmative Defense – Fair Use
- 9.28 Copyright – Defenses – Affirmative Defense – Copyright Estoppel (Advisory Jury)
- 9.30 Copyright – Damages – General Charge
- 9.31 Copyright – Damages – Actual Damages
- 9.32 Copyright – Damages – Statutory Damages
- NEW**
- 9.33 Copyright – Damages – Disgorgement of Profits

Trademark Instructions

- 10.3 Defenses to Claim of Infringement of a Trademark
- 10.5 Trademark Dilution

- 10.6 Trademark Counterfeiting
- 10.7 Trademarks – Violation of 15 U.S.C. § 1125(d) – The Anti-Cybersquatting Consumer Protection Act
- 10.8 Trademarks – False Advertising

Trade Secrets Instructions

NEW

- 11.1 Trade Secrets - Misappropriation of a Trade Secret

NEW

- 11.2 Trade Secrets – Affirmative Defense – Statute of Limitations

NEW

- 11.3 Trade Secrets – Affirmative Defense – Lawful Means of Acquisition

NEW

- 11.4 Trade Secrets – Damages – Compensatory

NEW

- 11.5 Trade Secrets – Damages – Exemplary

The following instructions or annotations to the instructions have had minor stylistic, grammatical, or typographical changes:

Copyright Instructions

- 9.1 Copyright – Validity – General Charge
- 9.3 Copyright – Validity – Copyright Notice – Pre-Berne Convention Implementation Act – Alternate Version
- 9.4 Copyright – Validity – Effect of Registration
- 9.5 Copyright – Validity – Registration of a Derivative or Collective Work

- 9.7 Copyright – Validity – How Obtained
(For Use Where No Presumption of Validity Applies)
- 9.8 Copyright – Validity – Invalid Copyright Registration –
Fraud on the Copyright Office
- 9.9 Copyright – Validity – Compilations and Collective Works
- 9.10 Copyright – Validity – Ideas and Expression
- 9.11 Copyright – Validity – The Merger Doctrine
- 9.12 Copyright – Ownership – General Charge
- 9.14 Copyright – Ownership – Joint Authorship
- 9.15 Copyright – Ownership – Work Made for Hire
- 9.16 Copyright – Ownership – Transfer
- 9.18 Copyright – Infringement – Access
- 9.19 Copyright – Infringement – Substantial Similarity
- 9.20 Copyright – Infringement – Contributory Infringement
- 9.21 Copyright – Infringement – Vicarious Infringement
- 9.23 Copyright – Infringement – Software Compatibility
- 9.24 Copyright – Defenses – Independent Creation
- 9.26 Copyright – Defenses – Affirmative Defense – First Sale
- 9.27 Copyright – Defenses – Affirmative Defense – Implied License
- 9.29 Copyright – Defenses – Affirmative Defense – Statute of
Limitations

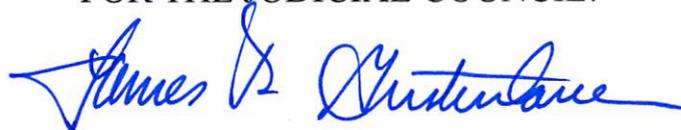
Trademark Instructions

- 10.1 Trademark Infringement – Registered Trademark
- 10.2 Trademark Infringement – Unregistered Trademark
- 10.4 Counterclaims for Cancellation of a Federal Trademark Registration

All other instructions in the Pattern Jury Instructions, Civil Cases, Eleventh Circuit (2013 revision) remain in effect. The May 2013 resolution of the Judicial Council of the Eleventh Circuit applies limitations and conditions upon the use and approval of the 2013 pattern jury instructions. Those limitations and conditions also apply to the instructions listed above.

The Pattern Jury Instruction Builder found on the public website for the Eleventh Circuit Court of Appeals at <http://pji.ca11.uscourts.gov> has been updated to reflect these changes.

FOR THE JUDICIAL COUNCIL:



James P. Gerstenlauer
Secretary to the Judicial Council

9.1: Copyright – Validity – General Charge

To establish infringement, [name of plaintiff] must prove two things:

First, you must find that [name of plaintiff] owned a valid copyright.

And second, you must find that [name of defendant] copied the work's original components.

I'll begin with instructions on validity and then explain ownership and infringement. After that I'll explain defenses and remedies.

ANNOTATIONS AND COMMENTS

It is for the individual judges to determine the order of the charges (burden of proof, etc., and charges for other claims). *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S. Ct. 1282, 1296; 113 L. Ed. 2d 358 (1991); *Calhoun v. Lillenas Publishing*, 298 F.3d 1228, 1232 (11th Cir. 2002).

9.3: Copyright – Validity – Copyright Notice – Pre-Berne Convention Implementation Act – Alternate Version

[Name of plaintiff] owns a valid copyright in the claimed work if (among other requirements) [he/she/it] proves by a preponderance of the evidence that [he/she/it] complied with copyright notice requirements by placing a copyright notice on publicly distributed copies of the claimed work.

If you find that [name of plaintiff] didn't comply with the copyright notice requirement by placing a copyright notice on publicly distributed copies of the claimed work, you may still find that [he/she/it] has a valid copyright, if you find that [he/she/it] has proved by a preponderance of the evidence that:

First, the notice was omitted from only a relatively small number of copies distributed to the public.

Second, registration for the work was made within five years after the publication without notice, and a reasonable effort was made to add notice to all publicly distributed copies in the United States after the omission of notice was discovered.

Or third, the notice was omitted in violation of an express written requirement that, as a condition of the copyright owner's authorization of the public distribution, copies of the work bear the prescribed notice.

SPECIAL INTERROGATORIES TO THE JURY

1. Do you find that [name of plaintiff] attached a notice of copyright to the claimed work on all copies that were publicly distributed?

Answer Yes or No _____

If your answer to this question is “Yes,” there’s no need to answer the following questions for this issue.

2. Do you find from a preponderance of the evidence that the notice was omitted from only a relatively small number of copies that were distributed to the public?

Answer Yes or No _____

If your answer to this question is “Yes,” there’s no need to answer the following questions for this issue.

3. Do you find from a preponderance of the evidence that (a) registration for the work was made within five years after the publication without notice, and (b) reasonable effort was made to add notice to all publicly distributed copies in the United States after the omission of notice was discovered?

Answer Yes or No _____

If your answer to this question is “Yes,” there’s no need to answer the following question for this issue.

4. Do you find from a preponderance of the evidence that the notice was omitted in violation of an express written requirement that, as a condition of the copyright owner’s authorization of the public distribution, copies of the work bear the prescribed notice?

Answer Yes or No _____

If your answer to this question is “No,” don’t continue with your analysis of [name of plaintiff]’s claim for infringement. If the answer is “Yes,” continue your consideration of the other issues in this case.

ANNOTATIONS AND COMMENTS

This jury charge is to be read only for works that have been published prior to the effective date of the Berne Convention (March 1, 1989). *See* 17 U.S.C. § 405(a). This charge only addresses the “notice requirement” for pre-Berne Convention works.

Compliance with “the applicable statutory formalities” is a requirement for validity. *See Montgomery v. Noga*, 168 F.3d 1282, 1289 (11th Cir. 1999). The notice requirement for works distributed prior to 1989 is discussed in *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 823 n.1 (11th Cir. 1982) (“In order to protect his copyright, an author must attach a copyright notice to any copies of his work that are ‘published’ as that term is defined in § 101 of the Copyright Act, 17 U.S.C. § 101.”).

17 U.S.C. § 405(a) provides an exception to the notice requirement. The omission of the copyright notice on copies or phonographs publicly distributed by authority of the copyright owner does not invalidate the copyright in the work if:

- (1) the notice has been omitted from no more than a relatively small number of copies or phonorecords distributed to the public; or (2) registration for the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies or phonorecords that are distributed to the public in the United States after the omission has been discovered; or (3) the notice has been omitted in violation of an express requirement in writing that, as a condition of the copyright owner’s

authorization of the public distribution of copies or phonorecords, they bear the prescribed notice.

Id.

9.4: Copyright – Validity – Effect of Registration

For original works created after 1977, the work is automatically copyrighted at the moment of creation – even if the work is never registered with the United States Copyright Office. But generally, no suit for copyright infringement can be brought if the copyright hasn't been registered.

A certificate of registration made within five years after the first publication of the claimed work is evidence of the copyright's validity and the facts stated in the certificate. Specifically, the copyright registration creates a rebuttable presumption of validity. This means that the presumption shifts [name of plaintiff]'s burden of proving validity to [name of defendant] to prove that the claimed copyright is invalid.

SPECIAL INTERROGATORIES TO THE JURY

Do you find from a preponderance of the evidence:

1. That [name of plaintiff] registered the claimed work with the United States Copyright Office?

Answer Yes or No _____

If your answer to this question is "Yes," answer the next question.

2. If so, when do you find that the registration occurred?

Date: _____

ANNOTATIONS AND COMMENTS

“[N]o action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute an action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights.” 17 U.S.C. § 411(a); *see also Montgomery v. Noga*, 1168 F.3d 1281, 1288 (11th Cir. 1999) (for works created after 1977, copyright automatically inheres in original works of authorship, but “[i]n order to bring an action for copyright infringement... the author must first register the copyright.”) (citing *M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1488 & n.4 (11th Cir. 1990)); *see also Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1541 (11th Cir. 1996).

“In any judicial proceedings the certificate of a registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate. The evidentiary weight to be accorded the certificate of a registration made thereafter shall be within the discretion of the court.” 17 U.S.C. § 410(c).

This Special Interrogatory includes a request that the jury identify the date of the registration. It may be used in conjunction with a Special Interrogatory requesting the jury to identify the date(s) of infringement. Such requests may not be required if the information is not required in the case to analyze the application of statutory remedies or other matters. *See* 17 U.S.C. § 412 (registration is a prerequisite to certain remedies for infringement).

If Defendant is challenging the validity of Plaintiff’s copyright registration on the basis that there has been a fraud on the Copyright Office, the jury should be instructed regarding that defense, and the Court may wish to add the following at the end of the instruction above: “In this case, Defendant has raised the affirmative defense of Fraud on the Copyright Office. I will separately instruct you on the law pertaining to that defense.”

If Defendant is challenging Plaintiff’s copyright on the ground that the claimed work is not original, this instruction should also include the following:

Defendant challenges the validity of Plaintiff’s copyright in the claimed work on the ground that the work is not original. If you find that Plaintiff has a valid copyright registration made before or within five years after first publication of the claimed work, you may only find that Plaintiff’s copyright is invalid if you find that Defendant has

shown by a preponderance of the evidence that the work was not original to its author or that the work does not possess at least a minimum degree of creativity.

If the rebuttable presumption of validity applies and Defendant challenges Plaintiff's copyright on the ground that the claimed work is not original, additional questions may be included in the Special Interrogatory above as follows:

[3. Do you find that Defendant has shown by a preponderance of the evidence that the work was not original to its author?

Answer Yes or No _____

4. Do you find that Defendant has shown by a preponderance of the evidence that the claimed work does not possess at least a minimum degree of creativity?

Answer Yes or No _____

If the answer to either of the foregoing questions is "Yes," do not continue with your analysis of Plaintiff's claim for infringement.]

9.5: Copyright – Validity – Registration of a Derivative or Collective Work

To advance a copyright-infringement action, the work that [name of plaintiff] claims has been infringed must be registered (or preregistered). But a doctrine called “effective registration” allows a plaintiff to proceed with an infringement action without registration if a later-created derivative or collective work has been registered and the registration certificate specifically refers to the work that [name of plaintiff] has made the subject of the infringement action. Put another way, the earlier work is deemed effectively registered by its identification in the later registration.

[Name of defendant] asserts that [name of plaintiff] doesn’t have a registration for the claimed work. If true, this would usually defeat a copyright-infringement action. But [name of plaintiff] can proceed with this infringement action if you find that [he/she/it] has effectively registered the work.

To establish that [name of plaintiff] effectively registered the work that is the subject of this action, you must review the “Preexisting Material” section of the registration certificate of the derivative or collective work (what you can think of as the later-created work). For the effective-registration doctrine to apply, that section must reference or identify the work that is the

subject of this infringement action. If you review the registration certificate and don't find any reference to or identification of the claimed work, [name of plaintiff] can't advance this infringement action.

SPECIAL INTERROGATORIES TO THE JURY

Do you find from a preponderance of the evidence:

1. That [name of plaintiff] has a copyright registration for a derivative or collective work?

Answer Yes or No _____

If your answer to this question is "Yes," also answer the next question.

2. That the work that is the subject of this action is identified in the "Preexisting Material" section of [name of plaintiff]'s derivative or collective registration certificate?

Answer Yes or No _____

If your answer to either of these questions is "No," don't continue with your analysis of [name of plaintiff]'s claim for infringement.

ANNOTATIONS AND COMMENTS

This jury instruction applies when the Plaintiff does not have a registration for the work that is the subject of the copyright infringement claim (an earlier created work, or preexisting work), but has a registration for a derivative or collective work (a later created work) that references or identifies the preexisting work. The effective registration doctrine permits a plaintiff to advance an infringement suit if the Plaintiff owns both the preexisting work and a later created work and the certificate of registration for the later created work identifies the

preexisting work. *See Oravec v. Sunny Isles Luxury Ventures, L.C.*, 527 F.3d 1218, 1229-31 (11th Cir. 2008).

A situation that is effectively the reverse of the “effective registration” doctrine may also occur; that is, where the alleged infringement is of a later, unregistered version of an earlier-registered work. The earlier registration may be effective to support an infringement action as to those portions of the earlier work incorporated into the later, unregistered version at issue in the suit. *See Montgomery v. Noga*, 168 F.3d 1282, 1292-93 (11th Cir. 1999).

**9.7: Copyright – Validity – How Obtained
(For Use Where No Presumption of Validity Applies)**

Copyright automatically exists in a work the moment it is created. The owner may register the copyright by depositing a copy of the copyrighted work in the Library of Congress's Copyright Office. After determining that the material is copyrightable and that legal and formal requirements have been satisfied, the Register of Copyrights registers the work and issues a certificate of registration to the copyright owner. There's no administrative investigation on the originality or uniqueness of the work or a determination of the claim's validity. A certificate of copyright registration is refused only if the work falls outside the broad category of matter eligible for copyright registration.

So while the existence of a copyright registration may create some presumption that a work is indeed entitled to copyright protection, the fact that a copyright registration has been issued doesn't conclusively establish whether the work is entitled to copyright protection.

In this case, [name of plaintiff]'s copyright isn't entitled to a presumption of validity. [He/She/It] has the burden of establishing by a preponderance of the evidence that [he/she/it] owns a valid copyright.

SPECIAL INTERROGATORIES TO THE JURY

Do you find from a preponderance of the evidence that:

1. The claimed work is original to the author – not copied from other works – meaning that the author independently created the work?

Answer Yes or No _____

If your answer to this question is “yes,” answer the next question.

2. The claimed work possesses at least a minimal degree of creativity?

Answer Yes or No _____

If your answer to either of these questions is “No,” don’t continue with your analysis of [name of plaintiff]’s claim for infringement.

ANNOTATIONS AND COMMENTS

This instruction should be used for works as to which no presumption of validity applies. 17 U.S.C. § 410(c) (“In any judicial proceedings the certificate of a registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and the facts stated in the certificate. The evidentiary weight to be accorded the certificate of a registration made thereafter shall be within the discretion of the court.”); *see also M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1488 n.4 (11th Cir. 1990).

An author has a valid copyright in an original work at the moment it is created and fixed in a tangible medium of expression. *See* 17 U.S.C. § 102(a); *McCaskill v. Ray*, 279 Fed. Appx 913, 916 (11th Cir. 2008) (citing *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 823 n.1 (11th Cir. 1982)). “Copyright registration is not a prerequisite to copyright protection. Moreover, registration of a copyright ‘is not obligatory, although registration is a prerequisite to an infringement suit in certain circumstances and also is a prerequisite to certain infringement remedies.’” *Id.* (internal citation omitted); *see also* 17 U.S.C. §§ 408, 411, 412.

A certificate of copyright registration is refused only if it falls outside the broad category of matter eligible for copyright registration. *See* 17 U.S.C. § 410(a).

9.8: Copyright – Validity – Invalid Copyright Registration – Fraud on the Copyright Office

Ownership of a valid copyright and registration are prerequisites to claiming, copyright infringement. [Name of defendant] claims, as an affirmative defense to [name of plaintiff]'s infringement claim, that [name of plaintiff]'s copyright registration is invalid because [he/she/it] engaged in fraud on the Copyright Office.

An invalid copyright registration precludes [name of plaintiff]'s claim of infringement. To determine that [name of plaintiff]'s copyright registration is invalid because of a fraud on the Copyright Office, you must find that [he/she/it] knowingly failed to advise the Copyright Office of facts that would have led the Copyright Office to refuse the application. Unintentional omissions, misstatements, or irregularities generally aren't enough for invalidation. Omissions, misstatements, or irregularities must have been made intentionally to mislead the Copyright Office.

If you find that [name of plaintiff]'s registration was invalid because of fraud on the Copyright Office, you must find for [name of defendant] on [name of plaintiff]'s copyright-infringement claim. While [name of plaintiff] must establish that [his/her/its] copyright is valid, [name of defendant] must establish by a preponderance of the evidence that the registration is invalid because of misconduct in the registration process.

SPECIAL INTERROGATORIES TO THE JURY

1. Do you find that [name of plaintiff] knowingly, and with the intent to mislead the Copyright Office, concealed, failed to disclose, or misstated information in the copyright registration application?

Answer Yes or No _____

If your answer to this question is “No,” don’t continue with your analysis of [name of defendant]’s invalidity defense.

2. Do you find that the information that [name of plaintiff] concealed, failed to disclose, or misstated would have led the Copyright Office to refuse [his/her/its] copyright application?

Answer Yes or No _____

If your answers to both of these questions are “Yes,” don’t continue with your analysis of [name of plaintiff]’s infringement claim.

ANNOTATIONS AND COMMENTS

This jury instruction applies when a defendant raises the affirmative defense that the plaintiff’s copyright registration contained material inaccuracies, whether by omission or misrepresentation. A registration will not be invalidated unless the inaccuracy was material and the registrant acted with *scienter*, i.e., an intent to mislead the Copyright Office. *See* 17 U.S.C. § 411(b)(1) (a certificate of registration satisfies the registration requirement “regardless of whether the certificate contains any inaccurate information, unless... (A) the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate; and (B) the inaccuracy of the information, if known, would have caused the Register of Copyrights to refuse registration”); *St. Luke’s Cataract and Laser Institute P.A. v Sanderson*, 573 F.3d 1186, 1201-02 (11th Cir. 2009) (citing *Original Appalachian Artworks, Inc. v. Toy Loft Inc.*, 684 F.2d 821, 828 (11th Cir. 1982)) (“omissions or misrepresentations in a copyright application can render the registration invalid”

where there has been “intentional or purposeful concealment of relevant information”; there must be a showing of “scienter”).

The Eleventh Circuit has not specifically addressed whether the burden of proof for fraud on the Copyright Office is anything other than preponderance of the evidence.

9.9: Copyright – Validity – Compilations and Collective Works

[Name of plaintiff] claims that [his/her/its] work is a compilation and that [his/her/its] selection, arrangement, and coordination of preexisting materials, rather than the materials themselves, are protectable.

The selection, arrangement, and coordination of preexisting materials or data in a compilation or collective work does not possess the required degree of creativity for copyright protection if that arrangement or coordination of pre-existing materials is typical, commonplace, or expected as a matter of course.

For example, the arrangement of last names in a telephone directory in alphabetical order isn't creative. Similarly, the arrangement of a business telephone directory in an alphabetized list of business types, with individual businesses listed in alphabetical order under the applicable headings, isn't original.

SPECIAL INTERROGATORIES TO THE JURY

Do you find from a preponderance of the evidence:

1. That the selection, arrangement, and coordination of the preexisting materials or data comprising the claimed compilation or collective work was independently created by its author – not copied from another work?

Answer Yes or No _____

If your answer to this question is “Yes,” answer the next question.

2. The selection, arrangement, and coordination of the preexisting materials or data comprising the claimed compilation or collective work possesses at least some minimal degree of creativity?

Answer Yes or No _____

If your answer to either of these questions is “No,” don’t continue with your analysis of [name of plaintiff]’s infringement claim.

ANNOTATIONS AND COMMENTS

As used in copyright law, “original” means that a work was independently created by its author and possesses at least some minimal degree of creativity. *See Utopia Provider Systems, Inc. v. Pro-Med Clinical Systems, LLC*, 596 F.3d 1313, 1319-20 (11th Cir. 2010) (citing *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 345, 111 S. Ct. 1282, 1287, 113 L. Ed 2d 358 (1991)).

The examples of insufficient creativity in the selection, arrangement, and coordination of preexisting materials or data comprising a compilation that are provided in this instruction come from *Bellsouth Adver. & Publ’g. Corp. v. Donnelly Info. Publ’g., Inc.*, 999 F.2d 1436, 1440 (11th Cir. 1993). *See Bellsouth Adver. & Publ’g.*, 999 F.2d at 1440 (“[T]here is nothing remotely creative about arranging names alphabetically in a white pages directory. It is an old-age practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course.”); *see also Id.* at 1442 (stating that arrangement of business telephone directory in an alphabetized list of business types, with individual businesses listed in alphabetical order under the applicable headings, “is not only unoriginal, it is practically inevitable”).

9.10 Copyright – Validity – Ideas and Expression

Copyright protection doesn't extend to all the elements of a copyrighted work. Elements covered by the copyright protection are called "protected matter," and non-covered elements are "unprotected matter." Because unprotected matter isn't entitled to copyright protection, another author may copy it.

There are various types of unprotected matter. They include:

- a portion of the work that isn't original to the author;
- a portion of the work that's in the public domain; and
- an idea, concept, principle, discovery, fact, actual event, process, or method contained in a work.

A work that's "in the public domain" is one that does not have copyright protection, so anyone may use all or part of it in another work without charge.

In copyright law, it's important to distinguish between the ideas in a work and the author's expression of the ideas. The ideas in a work are unprotected matter. But an idea must be expressed in some way, and the expression or means of expression of an idea is protected matter.

For example, copyright law doesn't protect the idea of a determined captain hunting a giant whale. But copyright law does protect the particular expression of this idea in the book *Moby-Dick*.

Put another way, the author of a work has no exclusive right to the underlying ideas, concepts, principles, discoveries, facts, actual events, processes, or methods contained in a work. But the author's copyright does extend to the means by which those are expressed, described, depicted, implemented, or otherwise communicated in the work.

If you find that [name of plaintiff] is seeking copyright protection in:

- a portion of a work that isn't original to the author;
- a portion of the work that's in the public domain; or
- an idea, concept, principle, discovery, fact, actual event, process, or method expressed or described in a work, you should exclude that material from the protected matter [name of plaintiff]'s copyright-infringement claim can be based on.

SPECIAL INTERROGATORIES TO THE JURY

Do you find that Plaintiff is seeking copyright protection in:

1. A portion of a work that is not original to the author;
2. A portion of the work that is in the public domain; or
3. An idea, concept, principle, discovery, fact, actual event, process, or method expressed or described in a work?

Answer Yes or No _____

If your answer to the above question is "Yes," as to any material in which [name of plaintiff] is claiming copyright protection, you

should exclude that material from the material [name of plaintiff]'s copyright-infringement claim can be based on.

ANNOTATIONS AND COMMENTS

No author may copyright facts or ideas. The copyright is limited to those aspects of the work that display the stamp of the author's originality. *See* 17 U.S.C. § 102(b) ("In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work."); *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 349-50, 111 S. Ct. 1282, 1290, 113 L. Ed. 2d 358 (1991) (citing *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 547-548, 105 S. Ct. 2218, 2223-24, 85 L. Ed. 2d 588 (1985)).

The example of Herman Melville's *Moby-Dick* is for the purpose of illustration only. That novel is in the public domain. *See BUC Int'l Corp. v. Int'l Yacht Council Ltd.*, 489 F.3d 1129, 1143 (11th Cir. 2007) (utilizing *Moby-Dick* in order to illustrate idea-expression dichotomy).

In addition to the statute and precedents discussed above, this charge is drawn from the American Bar Association, Section of Litigation's MODEL JURY INSTRUCTIONS, COPYRIGHT, TRADEMARK, AND TRADE DRESS LITIGATION. *See* MODEL JURY INSTRUCTIONS, COPYRIGHT, TRADEMARK AND TRADE DRESS LITIGATION §§ 1.4.2, 1.4.3, 1.4.4 (Todd S. Holbrook and Alan Nathan Harris eds., American Bar Association Section of Litigation, 2008).

9.11 Copyright – Validity – The Merger Doctrine

Copyright law provides that an author can usually copy unprotected matter but not copy the manner another author selected for expressing a particular matter. But there's an exception to this prohibition if there's only one way, or only a few ways, of expressing the ideas or other unprotected matter in a work. In such cases, an author may copy the expression in the work to the extent necessary to express the unprotected matter. [Name of defendant] claims that this exception applies in this case.

This exception is called the “merger doctrine” because when there is only one way of expressing unprotected matter, the expression is said to have “merged” with the unprotected matter. The merger doctrine can apply to any unprotected matter such as ideas, facts, or events. The doctrine can apply to literal text, such as when facts can be effectively expressed only by using specific words or a limited range of words. The merger doctrine can also apply to non-literal elements of a literary work, such as when it's necessary to recount factual events in the same order as another work to present historical facts accurately and intelligibly.

The merger doctrine also applies to pictorial, graphic, and sculptural works, such as when there are a limited number of ways of representing certain sorts of objects. For example, a sculpture that depicts a mermaid will

necessarily have certain similarities to other sculptures of mermaids. It will have a female human's head, arms, and torso, and the tail of a fish. These necessary similarities among sculptures of mermaids can't, under the merger doctrine, be the basis for a finding of infringement because copyright law would then protect the idea of a mermaid.

SPECIAL INTERROGATORIES TO THE JURY

1. Do you find that [name of plaintiff] is seeking copyright protection in matter that may only be expressed in so few ways that to protect the expression would effectively grant [name of plaintiff] a monopoly over matter that isn't protectable by copyright?

Answer Yes or No _____

If your answer to this question is "Yes" for any of the material in which [name of plaintiff] is claiming copyright protection, you should exclude that material from the material [name of plaintiff]'s copyright-infringement claim can be based on.

ANNOTATIONS AND COMMENTS

"The merger doctrine provides that 'expression is not protected in those instances where there is only one or so few ways of expressing an idea that protection of the expression would effectively accord protection to the idea itself.'" *BUC Int'l Corp. v. Int'l Yacht Council Ltd.*, 489 F.3d 1129, 1142 (11th Cir. 2007). The merger doctrine operates as an exception to the idea-expression dichotomy. *See id.* at 1143.

This charge is based upon that provided by the American Bar Association, Section of Litigation's MODEL JURY INSTRUCTIONS, COPYRIGHT, TRADEMARK, AND

TRADE DRESS LITIGATION. *See* MODEL JURY INSTRUCTIONS, COPYRIGHT, TRADEMARK AND TRADE DRESS LITIGATION §§ 1.4.7 (Todd S. Holbrook and Alan Nathan Harris eds., American Bar Association Section of Litigation, 2008).

9.12 Copyright – Ownership – General Charge

Now that I've explained validity, we'll move to the issue of ownership.

[Name of plaintiff] must prove ownership of a copyright in [title of the asserted work] by a preponderance of the evidence. [Name of plaintiff] can prove ownership by evidence showing that [he/she/it]:

- is an author (or creator) of the work [and didn't transfer to another the exclusive rights being asserted], or
- acquired legal ownership by transfer of the copyright in the exclusive right[s] [name of defendant] allegedly infringed.

ANNOTATIONS AND COMMENTS

The legal or beneficial owner of an exclusive right under a copyright is entitled to institute an action for any infringement of that particular right committed while he or she is the owner of it. 17 U.S.C. § 501(b).

17 U.S.C. § 201(a) (Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work.). "Authorship" as set forth in the charge above can include individual author, joint author and the employer as the "author" under the "work-for-hire" doctrine. Individual charges addressing each of these situations is set forth in other jury charges herein.

The term "creator" may be used in place of "author" to avoid confusion over the term author when dealing with non-literary works.

17 U.S.C. § 101 definition of copyright owner reflects fact that exclusive licensees are treated as copyright owners for purpose of protection and remedy pursuant to 17 U.S.C. § 201(d)(2). 17 U.S.C. § 101 ("Copyright owner," with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.). 17 U.S.C. § 201(d) provides:

- (1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

17 U.S.C. § 201(d).

Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object.

17 U.S.C. § 202. Section 204 addresses transfers of copyright ownership:

(a) A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent.

(b) A certificate of acknowledgement is not required for the validity of a transfer, but is prima facie evidence of the execution of the transfer if - -

(1) in the case of a transfer executed in the United States, the certificate is issued by a person authorized to administer oaths within the United States; or

(2) in the case of a transfer executed in a foreign country, the certificate is issued by a diplomatic or consular officer of the United States, or by a person authorized to administer oaths whose authority is proved by a certificate of such an officer.

17 U.S.C. § 204(a).

9.14 Copyright – Ownership – Joint Authorship

[Plaintiff] claims co-ownership of [title of the asserted work] as an author of the work jointly with [name of alleged joint author]. To find that [Plaintiff] is the author of a joint work, [Plaintiff] must prove:

- (a) the work was prepared by the contributions of [Plaintiff] and at least one other author; and
- (b) each of the authors had the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.

The contributions of each author do not need to be equal, but each author must contribute original expression.

An example of joint ownership is: where one author creates lyrics and another author creates music, each intending their works to be incorporated into the same song, that song is a joint work.

SPECIAL INTERROGATORIES TO THE JURY

1. Did the Plaintiff and [name of alleged joint author(s)] each contribute original expression that was merged to form inseparable or interdependent parts of the work as a whole?

Answer Yes or No _____

2. Did Plaintiff and [name of alleged joint author(s)] each have the intention that their contributions to [title of the asserted work] be merged into inseparable or interdependent parts of a unitary whole?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

17 U.S.C. § 101 (“A ‘joint work’ is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”).

17 U.S.C. § 201(a) (“Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work.”). *M.G.B. Homes v. Ameron Homes*, 903 F.2d 1486, 1492 (11th Cir. 1990).

9.15 Copyright – Ownership – Work Made for Hire

[Name of plaintiff] claims ownership of [title of the asserted work] based on the creation of the work for [him/her/it] as a work made for hire. If the work is a work made for hire, [name of plaintiff] is considered the author and the copyright's owner. To prove ownership of a work for hire, [name of plaintiff] must prove one of the following:

First, that [name of plaintiff]'s employee created [title of the asserted work] within the scope of the employee's employment [, and [name of plaintiff] didn't sign a written document giving the copyright to the employee].

Or second, that [name of plaintiff] specifically ordered or commissioned [title of the asserted work] for use [as a contribution to a collective work/as a part of a motion picture or other audiovisual work/as a translation/as a supplementary work/as a compilation/as an instructional text/as a test/as answer material for a test/as an atlas], and [name of plaintiff] and the person who created the work signed a written document confirming that the work was to be considered a work made for hire.

[Supplemental instruction for use when applicable: If the employment status of the individual who created the work is disputed, you should consider the following factors to determine whether the creator was [name of

plaintiff’s employee or an independent contractor when [title of the asserted work] was created:

- [Name of plaintiff]’s right to control the way the work was accomplished. The less control [name of plaintiff] exercised, the more likely it is that the creator was an independent contractor.
- The skill required to create the work. The more skills required of the creator, the more likely it is that the creator was an independent contractor.
- The source of the instruments and tools. The more the creator was required to use his or her own tools and instruments to create the work, the more likely it is that the creator was an independent contractor.
- The location of the work. The more the creator worked at [[name of plaintiff]’s [offices/work site]], the more likely it is that the creator was an employee.
- The duration of the relationship between the parties. The longer the creator worked for [name of plaintiff], the more likely it is that the creator was an employee.
- Whether [name of plaintiff] has the right to assign additional projects to the creator. The more ability the creator had to refuse additional work from [name of plaintiff], the more likely it is that the creator was an independent contractor.
- The extent of the creator’s discretion over when and how long to work. The more control the creator had over his or her working schedule, the more likely it is that the creator was an independent contractor.
- The method of payment. The more the creator worked for one-time project fees or on commission, the more likely it is that the creator was an independent contractor.
- The creator’s role in hiring and paying assistants. The more the creator hired and paid for his or her own assistants, the more likely it is that the creator was an independent contractor.

- Whether the work is part of [name of plaintiff]'s regular business. The more the creation of the work was a regular part of [name of plaintiff]'s business, the more likely it is that the creator was an employee.
- Whether [name of plaintiff] is a business. If [name of plaintiff] was not a business, the creator was more likely an independent contractor.
- The provision of employee benefits. The more the creator participated in benefit plans [name of plaintiff] provided (such as pensions or insurance), the more likely it is that the creator was an employee.
- The creator's tax treatment. If [name of plaintiff] didn't withhold taxes from payments to the creator or didn't issue a Form 1099 to the creator, the creator was more likely an independent contractor.

No single factor should be considered conclusive on its own. And some factors may not apply to the circumstances in this case.]

SPECIAL INTERROGATORIES TO THE JURY

1. Do you find that [name of plaintiff]'s employee created [title of the asserted work] within the scope of his or her employment?

Answer Yes or No _____

2. If you answered "Yes" to Question No. 1, did you find that [name of plaintiff] signed a written document giving the copyright to the employee?

Answer Yes or No _____

3. If the creator of the work was not [name of plaintiff]'s employee, do you find that [title of the asserted work] was a work specially ordered or commissioned for use [as a contribution to a collective work/as a part of a motion picture or other audiovisual work/as a translation/as a supplementary work/as a compilation/as an instructional text/as a test/as answer material for a test/as an atlas]?

Answer Yes or No _____

4. Did [name of plaintiff] and the author of [title of the asserted work] expressly agree in a signed, written document that the work was to be considered a work made for hire?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

17 U.S.C. § 101; 17 U.S.C. § 201(b) (“In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.”).

It is suggested that the instruction above be modified to include only those categories of specially ordered or commissioned works at issue in the case to avoid confusion.

A “supplementary work” is a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwords, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes.

An “instructional text” is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities. *M.G.B. Homes v. Ameron Homes*, 903 F.2d 1486, 1492 (11th Cir. 1990). *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 737, 109 S. Ct. 2166, 2170, 104 L. Ed 2d, 811 (1989) (discussing factors for determining whether person is an “employee” for purposes of work-made-for-hire doctrine).

9.16 Copyright – Ownership – Transfer

A transfer of copyright ownership, other than by operation of law, must be in writing and signed by the owner of the copyright or the owner's authorized agent. The writing may be an instrument of conveyance, such as a contract or assignment, or a note of memorandum of the transfer.

SPECIAL INTERROGATORIES TO THE JURY

If you find that [Plaintiff] is not the author of [the claimed work], do you find by a preponderance of the evidence that:

1. [Plaintiff] received a transfer of the copyright in [the claimed work]?

Answer Yes or No _____

If you answered "Yes" to Question No. 1, go on to Question No.

2.

2. The transfer was in writing?

Answer Yes or No _____

If you answered "Yes" to Question No. 2, go on to Question No.

3.

3. The person transferring the copyright was the owner or the owner's authorized agent?

Answer Yes or No _____

If you answered “No” to any of these Questions, then you must find that there was no valid transfer of copyright ownership.

ANNOTATIONS AND COMMENTS

17 U.S.C. § 204(a) (transfer must be in writing). *See Arthur Rutenberg Homes, Inc. v. Drew Homes, Inc.*, 29 F.3d 1529, 1532-3 (11th Cir. 1994).

9.18 Copyright – Infringement – Access

Remember, I described the two general elements of infringement as (1) access and (2) substantial similarity. I’ll now discuss access in more detail.

[Name of plaintiff] can show that [name of defendant] had “access” to [his/her/its] work by showing that [name of defendant] had a reasonable opportunity to [see/hear] the work. It isn’t necessary to show that [name of defendant] actually [saw/heard] [name of plaintiff]’s work before creating [name of defendant]’s own work if the evidence reasonably establishes that [name of defendant] could have [seen/heard] it and could have copied it.

But you can’t base a finding that [name of defendant] had access to [name of plaintiff]’s work on mere speculation, conjecture, or a guess. To support a finding of access, there must be more than just a slight possibility of access. There must be a reasonable possibility of access.

Sometimes [name of plaintiff] can’t show that [name of defendant] had access to [his/her/its] work before [name of defendant] created an alleged copy. In these cases, [name of plaintiff] can still establish a rebuttable presumption of copying by showing that the material [name of defendant] allegedly copied is so strikingly similar to [his/her/its] copyrighted material that the similarity is unlikely to have occurred unless there was copying.

Put another way, if [name of plaintiff]'s work and [name of defendant]'s work are so strikingly similar that a reasonable person would assume [name of defendant] copied from [name of plaintiff]'s work and that there is no possibility of independent creation, coincidence, or prior common source, then [name of plaintiff] is entitled to a rebuttable presumption that copying occurred. "Strikingly similar" is a greater degree of similarity than "substantially similar." An accused work is substantially similar to an original piece if an ordinary [observer/listener] would conclude that the accused work's creator unlawfully took protectable material of substance and value from the original piece. Even if there is little similarity between the pieces, the accused work can still be substantially similar if the copied parts from the original piece are the important quality. A "rebuttable presumption" means that you assume that copying occurred unless [name of defendant] proves that it didn't happen.

If [name of plaintiff] shows (1) that [name of defendant] had access to the copyrighted material and that there is substantial similarity between the two works, or (2) that the works are strikingly similar, then the burden of proof shifts to [name of defendant] to prove that [his/her/its] work is an independent creation – not a copy. Proof that a work is an independent creation overcomes a presumption of copying.

SPECIAL INTERROGATORIES TO THE JURY

Do you find from a preponderance of the evidence:

1. That [name of defendant] copied [name of plaintiff]'s work?

Answer Yes or No _____

If you answered "Yes," don't answer Questions Nos. 2 through 4.

2. That [name of defendant] had access to [name of plaintiff]'s work – that is, that [name of defendant] had a reasonable opportunity to [view/hear] it?

Answer Yes or No _____

And that the allegedly copied portion of [name of plaintiff]'s work is substantially similar to [name of defendant]'s work?

Answer Yes or No _____

If you answered "No" to either portion of this question, proceed to Question No. 3. If you answered "Yes" to both portions, you may skip Question No. 3 and proceed to No. 4.

3. That the allegedly copied part of [name of plaintiff]'s work is so strikingly similar to [name of defendant]'s work that the similarity is unlikely to have occurred unless there was copying?

Answer Yes or No _____

4. That [name of defendant]'s work was independently created and was not copied from [name of plaintiff]'s work?

Answer Yes or No _____

If you answered "No" to Question No. 4, you must find for [name of plaintiff] on [name of plaintiff]'s copyright-infringement claim.

ANNOTATIONS AND COMMENTS

This jury instruction applies when one party accuses another party of copyright infringement by means of copying from a copyrighted work and using the copied material in another later work. It can be used where printed materials are involved or in cases involving other copyrighted material.

Because direct evidence of copying is rare, the law provides for proof by circumstantial evidence as to all necessary elements. To the extent that Plaintiff relies on circumstantial evidence as to access or similarity, however, the presumption he creates is rebuttable. If the Defendant can prove independent creation, even if the two works appear to be copies, the Plaintiff cannot recover for copyright infringement.

Original Appalachian Artworks, Inc. v. Toy Loft, Inc., 684 F.2d 821, 829 (11th Cir. 1982); *Herzog v. Castle Rock Entertainment*, 193 F.3d 1241, 1248 (11th Cir. 1999).

Baby Buddies, Inc. v. Toys 'R Us, Inc., 611 F. 3d 1308, 1315 (11th Cir. 2010) ("A plaintiff may prove copying directly, but because direct evidence of copying is rare a plaintiff may instead rely on indirect proof."); *Corwin v. Walt Disney World Co.*, 475 F.3d 1239, 1253 (11th Cir. 2007) ("Striking similarity exists where the proof of similarity in appearance is so striking that the possibilities of independent creation, coincidence and prior common source are, as a practical matter, precluded.").

9.19 Copyright – Infringement – Substantial Similarity

Having discussed access, I'll now discuss the issue of substantial similarity. [Name of plaintiff] must prove that [name of defendant]'s accused work is substantially similar to [his/her/its] copyrightable expression in the copyrighted work. [Name of defendant]'s accused work is substantially similar in expression to [name of plaintiff]'s if an ordinary [observer/listener] would conclude that [name of defendant] unlawfully took [name of plaintiff]'s protectable expression by taking material of substance and value.

Even if the degree of similarity between [name of plaintiff]'s copyrighted work and [name of defendant]'s accused work is small in quantity, you can still find that there's substantial similarity if the copied portions of [name of plaintiff]'s copyrighted work are important in quality.

But if [name of defendant]'s copying is minimal or trivial, you shouldn't find infringement.

SPECIAL INTERROGATORIES TO THE JURY

Do you find from a preponderance of the evidence:

1. That an ordinary observer, upon looking at both [name of defendant]'s accused work and [name of plaintiff]'s copyrighted work, would conclude that there are similarities?

Answer Yes or No _____

If you answered “Yes,” continue to the next question.

2. That the similarities are more than trivial?

Answer Yes or No _____

If you answered “Yes,” continue to the next question.

3. That, even if the similarities are small in quantity, they are substantial in quality?

Answer Yes or No _____

If you answered “Yes,” continue to the next question.

4. That the similarities are sufficiently substantial to cause an ordinary observer to conclude that [name of defendant] unlawfully took [name of plaintiff]’s protectable expression by taking material of substance and value?

Answer Yes or No _____

On [name of plaintiff]’s claim that the copyrighted work and the accused work of [name of defendant] are substantially similar we find for (check one):

Plaintiff: _____

Defendant: _____

ANNOTATIONS AND COMMENTS

The Eleventh Circuit’s general test for substantial similarity is the “lay observer” or “ordinary observer” test, and it applies to works that can be seen or

heard. *See Oravec v. Sunny Isles Luxury Ventures, L.C.*, 527 F.3d 1218, 1224 n.5 (11th Cir. 2008); *Bateman v. Mnemonics Inc.*, 37 U.S.P.Q.2d 1225 (11th Cir. 1995), *vacated in part, reversed in part and remanded*, 38 U.S.P.Q.2d 1225 (11th Cir. 1996); *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 829 (11th Cir. 1982).

9.20 Copyright – Infringement – Contributory Infringement

In this case, [name of plaintiff] claims that [name of defendant] is a contributory infringer. A “contributory infringer” is one who, with knowledge of another’s infringing conduct, induces, causes, or materially contributes to the infringing conduct. “Knowledge” means the alleged contributory infringer actually knew, or had reason to know, of the infringement. If you find that there has been a direct infringement of [name of plaintiff]’s copyrighted materials by one defendant, you can also consider whether there has been “contributory infringement” by another defendant (or a third party).

SPECIAL INTERROGATORIES TO THE JURY

Do you find that from a preponderance of the evidence that:

1. That there was a direct infringement of [name of plaintiff]’s copyright?

Answer Yes or No _____

If you answered “No,” you don’t need to answer the remaining questions.

2. That [name of defendant] induced, caused, or materially contributed to the infringing conduct of this other defendant?

Answer Yes or No _____

If you answered “No,” you don’t need to answer the remaining questions.

3. That [name of defendant] engaged in this contributory infringement with actual knowledge, or with reason to know, of the infringing activity relating to [name of plaintiff]’s copyright?

Answer Yes or No _____

If you answered “No,” you don’t need to answer the remaining questions.

4. That [name of defendant] contributorily infringed [name of plaintiff]’s copyright(s)?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

This jury instruction applies when there is a claim of contributory infringement. Before there can be contributory infringement by one Defendant, there must first be a direct or primary infringement by another. Further, before there can be contributory infringement, the Defendant must have acted with the requisite knowledge.

The above change does not include a requirement that the alleged contributory infringer have acted “intentionally.” See *Cable/Home Communication Cooperation et al v. Network Productions*, 902 F.2d 829, 845 (11th Cir. 1990); *Casella v. Morris*, 820 F.2d 362, 365 (11th Cir. 1987) (“The test for contributory infringement has been formulated as ‘one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another.’”).

However, after *Casella*, the United States Supreme Court included a specific reference to an “intentional” inducement. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930, 125 S. Ct. 2764, 2776, 162 L. Ed. 2d, 781 (2005) (“*Grokster*”) (“One infringes contributorily by intentionally inducing or encouraging

direct infringement.”). *See also BUC Intern. Corp. v International Yacht Council*, 489 F.3d 1129, 1138 n.19 (11th Cir. 2007). (“Contributory infringement refers to the intentional inducement, causation or material contribution to another’s infringing conduct.”). Under the Eleventh Circuit’s prior panel precedent rule, the *Casella* version of contributory infringement (rather than the *Grokster* language) was incorporated into this jury instruction. *Main Drug, Inc. v. Aetna U.S. Healthcare, Inc.*, 475 F.3d 1228, 1230 (11thth Cir. 2007) (quoting *NLRB v. Datapoint Corp.*, 642 F.2d 123, 129 (5th Cir. 1981)); *Cohen v. Office Depot, Inc.*, 204 F.3d 1069, 1076 (11th Cir. 2000).

The Eleventh Circuit’s standard for “knowledge” in a contributory infringement case is objective: “Knowledge or have reason to know.” *Casella*, 820 F.2d at 365.

In *Grokster*, the Supreme Court held that intent can be found from “[e]vidence of active steps... taken to encourage direct infringement... such as advertising an infringing use or instructing how to engage in an infringing use” *Id.* at 936. Nonetheless, where the claim for contributory infringement is based on sale of a copying device, “mere knowledge of infringing potential or of actual infringing uses” of the defendant’s device is not enough to support a finding of intent. 545 U.S. at 937. “Thus, where evidence goes beyond a product’s characteristics or the knowledge that it may be put to infringing uses, and shows statements or actions directed to promoting infringement,” the “staple-article rule” in *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 442, 104 S. Ct. 774, 788; 78 L. Ed. 2d 574 (1984), “will not preclude liability.”

The Supreme Court has looked to other intellectual property law for guidance as to contributory infringement copyright claims. For example, *Grokster* looked to patent infringement jurisprudence for guidance in determining the standard to be applied in a case claiming contributory infringement. *Id.* *See also, Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 131 S. Ct. 2060, 179 L. Ed. 2d 1167, 1175 (2011) (*Global-Tech* established a “willful blindness” standard for the knowledge element in a contributory infringement claim in a patent case.).

9.21 Copyright – Infringement – Vicarious Infringement

If you find that there is a direct infringement, you can then consider whether there has also been a vicarious infringement. A “vicarious infringer” is one who profits from a direct infringement while declining to exercise [his/her/its] right and ability to stop or limit the infringement.

Under this doctrine a party is responsible for the direct infringer’s acts if the party controlled or supervised, or had the right and ability to control or supervise, the direct infringer’s actions.

If you find that there has been a direct infringement of [name of plaintiff]’s copyrighted materials by one defendant (or third party), you can consider whether there has been “vicarious infringement” by another defendant.

To find that [name of defendant] is liable for another party’s infringement, you must first find that [name of defendant] had the right and ability to control or supervise the other party’s infringing action and either controlled the action, or failed to exercise [his/her/its] right and ability to prevent the infringement. Also, you must find that [name of defendant] directly profited from the other’s infringement.

SPECIAL INTERROGATORIES TO THE JURY

1. Was there a direct infringement by someone or some entity other than [name of defendant] (i.e., a third party)?

Answer Yes or No _____

If the answer to the above question is “Yes,” answer the next question. If not, you should stop here.

2. Did [name of defendant] directly profit from the third party’s direct infringement?

Answer Yes or No _____

If the answer to the above question is “Yes,” answer the next question. If not, stop here.

3. Did [name of defendant] have the right to stop or limit the direct infringement?

Answer Yes or No _____

If the answer to the above question is “Yes,” proceed to the next question. If not, stop here.

4. Do you find that [name of defendant] vicariously infringed [name of plaintiff]’s copyright either by controlling or supervising the direct infringement, or by failing to exercise [his/her/its] right to stop or limit the infringement?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

The United States Supreme Court has observed that “the lines between direct infringement, contributory infringement, and vicarious liability are not clearly drawn...’ [citation omitted]. The lack of clarity in this area may, in part, be attributable to the fact that an infringer is not merely one who uses a work without authorization by the copyright owner, but also one who authorizes the use of a copyrighted work without actual authority from the copyright owner.” *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 435 n.17, 104 S. Ct. 774, 78 L. Ed. 2d 574 (1984).

This pattern instruction is based on the common law doctrine of vicarious infringement recognized in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 931 n.9, 125 S. Ct. 2764, 2777, 162 L. Ed. 2d 781, (2005) (vicarious liability was not at issue in *Grokster*; this statement of the law is dicta), and in *BUC Intern. Corp. v. International Yacht Council*, 489 F.3d 1129, 1138 n.19 (11th Cir. 2007) (quoting *Grokster* n.9; jury’s finding with respect to vicarious liability was not an issue on appeal). See also *Southern Bell Tel. and Tel. Co. v. Associated Tel Directory Publishers*, 756 F.2d 801, 811 (11th Cir. 1985) (“An individual, including a corporate officer, who has the ability to supervise infringing activity and has a financial interest in that activity, or who personally participates in that activity is personally liable for the infringement [citations to district court cases omitted] even if they were ignorant of the infringement;” however, Court noted that “all appellants had actual knowledge of this solicitation.”).

In *Grokster*, MGM had argued a vicarious liability theory seeking to impose liability “even if the defendant initially lacks knowledge of the infringement.” 545 U.S. at 931 n.9. The *Grokster* court also announced the requirement that a defendant “profit directly.” *Id.* The Supreme Court did not address MGM’s vicarious liability theory in *Grokster*, and instead resolved the case based on an inducement theory. Nevertheless, the Supreme Court referred to the vicarious liability theory as articulated in *Shapiro, Bernstein & Co. v. H.L. Green Co.*, 316 F.2d 304, 308 (2d Cir. 1963), which is the test set forth in this instruction.

9.22 Copyright – Infringement – Software

For a claim of copyright infringement for software, you must apply the same elements as in any other copyright-infringement claim, which include proof of access to the copyrighted work and substantial similarity. But even if you find that [name of defendant]'s software is substantially similar to [name of plaintiff]'s software, not all similarity supports a claim of infringement. And even if [name of defendant]'s software is literally (or even nonliterally) similar to [name of plaintiff]'s software, that isn't necessarily enough to establish copyright infringement. You must determine whether there is "substantial similarity" between [name of defendant]'s allegedly infringing program and the original elements of [name of plaintiff]'s software that the law protects.

To do that, you'll need to filter [name of plaintiff]'s copyrighted computer program to decide what part of [his/her/its] copyrighted software program is protected by the law and what part is not protectable.

You'll need to break down the allegedly infringed program – [name of plaintiff]'s copyrighted work – into its structural parts so you can consider the individual elements of [name of plaintiff]'s copyrighted work. Then you'll need to determine which of the elements that [name of plaintiff] claims have

been infringed are protected by the law. The law doesn't protect the following elements, and you should filter these out:

1. elements that are only an idea;
2. elements required based only on logic and efficiency;
3. elements required because of hardware or software, computer-industry programming, and practices or elements taken from the public domain; or
4. other elements of the program component under consideration that the law doesn't protect.

Once you've applied this filter to eliminate items from consideration that aren't legally protectable, you're entitled to include in your consideration for copyright infringement both those items in [name of defendant]'s software (if any) that are literally similar as well as those elements that aren't literally an exact copy of the copyrighted work.

But even if you find that [name of defendant] intentionally included literal and nonliteral copies of [name of plaintiff]'s copyrighted software, that similarity must relate to [name of plaintiff]'s copyrighted software or components of software that are legally protectable.

SPECIAL INTERROGATORIES TO THE JURY

Do you find from a preponderance of the evidence:

1. That [name of defendant]'s software has elements that are literally or nonliterally similar to any portion of [name of plaintiff]'s copyrighted software?

Answer Yes or No _____

If you answered “No,” you don’t need to answer the remaining questions.

2. Using the “filters” I have instructed you about, were any portions of [name of plaintiff]'s copyrighted software similar to [name of defendant]'s software that are protectable under copyright law?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

This jury instruction applies when the claim is that a copyrighted computer program has been infringed. It is meant to take into account that copyrighted software is functional and may incorporate wholly unprotectable elements relating to efficiency, hardware requirements, industry standards and the like. This analysis should be applied to all the components that the plaintiff claims were infringed whether the similarity is literal or non-literal. *Bateman v. Mnemonics, Inc*, 79 F.3d 1532, 1543-49 (11th Cir. 1996).

9.23 Copyright – Infringement – Software Compatibility

In alleged copyright infringement for software, some parts of the software are required because of external factors. These external factors include:

1. the need for the computer program to perform certain functions in a specific computing environment;
2. the mechanical specifications of the computer on which a program is intended to run; and
3. compatibility requirements of other programs that the program is designed to perform in conjunction with.

So if you find that [name of defendant] has copied a portion of [name of plaintiff]'s software, but that [name of defendant] used those elements because of external factors such as compatibility, the external considerations may mean there's no infringement.

SPECIAL INTERROGATORIES TO THE JURY

Do you find from a preponderance of the evidence:

1. That [name of defendant] copied any portion of [name of plaintiff]'s copyrighted software?

Answer Yes or No _____

[If you answer "No," you don't need to answer the following question.]

2. That [name of defendant]'s use of elements of [name of plaintiff]'s copyrighted software is a result of external factors such as the requirements of the specific computing environment, technical specifications, or compatibility?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

This jury instruction applies when the claim is that a copyrighted computer program has been infringed. It is meant to take into account that external factors can dictate the composition of the software program and thereby may negate copyright infringement. *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1547 n.33 (11th Cir. 1996).

9.24 Copyright – Defenses – Independent Creation

As a defense, [name of defendant] asserts that [he/she/it] created [his/her/its] work independently – without copying [name of plaintiff]'s copyrighted work.

If you find by a preponderance of the evidence that [name of defendant] created [his/her/its] work independently, you should find in [his/her/its] favor.

SPECIAL INTERROGATORY TO THE JURY

1. Do you find by a preponderance of the evidence that [name of defendant] created [his/her/its] work independently?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

This jury instruction applies when a Defendant raises as a defense that his work's origin was of independent creation. A Defendant can fully negate any infringement claim if he can prove by a preponderance of the evidence that he independently created his work. *See Calhoun v. Lillenas Publ'g*, 298 F.3d 1228, 1233 (11th Cir. 2002) (affirming district court's grant of summary judgment in favor of Defendant where Defendant presented uncontradicted evidence of independent creation, even though Plaintiff's and Defendant's works were "practically identical") (citing *Benson v. Coca-Cola Co.*, 795 F.2d 973, 975 (11th Cir. 1986) ("[U]ncontradicted evidence of independent creation... fully negat[es] any claim of infringement.")).

9.25 Copyright – Defenses – Affirmative Defense – Fair Use

[Name of defendant] claims, as an affirmative defense, that [his/her/its] use of [name of plaintiff]’s copyrighted work is a fair use. A fair use isn’t an infringement of copyright. [Name of defendant] must prove fair use by a preponderance of the evidence.

Certain uses recognized as favoring fair use include criticism, parody, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, and research. (These examples are illustrative.)

To determine whether [name of defendant]’s use of [name of plaintiff]’s work qualifies as a “fair use,” consider the following four factors:

1. the purpose and character of [name of defendant]’s use of the work;
 2. the nature of [name of plaintiff]’s work;
 3. the amount and importance of the portion of [name of plaintiff]’s copyrighted work that [name of defendant] used;
and
 4. the effect of the use upon the potential market for or value of [name of plaintiff]’s copyrighted work.
1. The Purpose and Character of [Name of Defendant]’s Use.

The first factor looks at whether [name of defendant]’s use supersedes the use of [name of plaintiff]’s copyrighted work or, instead, adds new meaning, expression, or otherwise uses [name of plaintiff]’s work for a different purpose. It asks whether, and to what extent, [name of defendant]’s

use is transformative. One example of a transformative use is a parody, which uses the original copyrighted work to comment on or criticize it.

The first factor also looks at whether the use is commercial or noncommercial. The focus of this distinction isn't whether the motive of the use is monetary gain, but whether the user stands to profit from using the copyrighted work without paying the customary price.

Analysis of the first factor can affect the remaining factors. The more transformative the use, the less likelihood that the use substitutes for the copyrighted work, and thus the less significance is to be afforded other factors, such as the effect on the potential market for or value of [name of plaintiff]'s work.

2. The Nature of [Name of Plaintiff]'s Copyrighted Work.

The second factor recognizes that some works may be used more freely, or more fairly, than others. Uses of factual, purely useful, or derivative works are more likely to amount to fair use than uses of works such as fiction. Similarly, uses of published works are more likely to amount to fair use than uses of unpublished works.

Also, out-of-print works that are no longer available for purchase through normal channels are more susceptible to fair use.

3. The Amount and Importance of the Portion Used.

The third factor considers whether the amount and importance of the portion taken was reasonable in light of the purpose of [name of defendant]'s use and the likelihood that [name of defendant]'s use will supersede the use of [name of plaintiff]'s copyrighted work.

4. The Effect on the Potential Market or Value of [Name of Plaintiff]'s Copyrighted Work.

Under this factor, you should consider not only actual markets for [name of plaintiff]'s copyrighted work, but also markets likely to be developed. And you should consider not only the harm caused by [name of defendant]'s use, but also whether widespread uses of the same sort by others would result in a substantial adverse effect on a market, or potential market, for [name of plaintiff]'s copyrighted work. Ask yourself: does [name of defendant]'s use supersede or impermissibly harm the market or potential market for [name of plaintiff]'s copyrighted work?

[Name of plaintiff] can't preclude some transformative uses – even if the use may result in some harm to [his/her/its] markets. For example, an effective parody may lower demand for the original copyrighted work, but this isn't the type of harm considered under this factor.

Balancing the Four Factors

You should explore all four factors and weigh the results together. You should consider the purposes of copyright: first, to promote public access to knowledge and new ideas, and second, to give authors an incentive to create copyrighted works for the public's benefit.

SPECIAL INTERROGATORIES TO THE JURY

Do you find from a preponderance of the evidence:

1. That [name of defendant]'s use is for the purpose of criticism, comment, news reporting, teaching, scholarship, or research?

Answer Yes or No _____

2. That [name of defendant]'s use adds new meaning or expression to [name of plaintiff]'s copyrighted work or otherwise uses [name of plaintiff]'s work for a different purpose?

Answer Yes or No _____

3. That [name of defendant]'s use of [name of plaintiff]'s copyrighted work is noncommercial?

Answer Yes or No _____

4. That [name of plaintiff]'s copyrighted work is factual – not creative – in nature?

Answer Yes or No _____

5. That [name of plaintiff]'s copyrighted work was previously published?

Answer Yes or No _____

6. That the amount and importance of the portion taken by [name of defendant] is reasonable in light of the purpose of [his/her/its] use?

Answer Yes or No _____

7. That [name of defendant]'s use doesn't affect a protected (nontransformative) market, or potential market, for [name of plaintiff]'s copyrighted work?

Answer Yes or No _____

8. Balancing the factors and your responses to above questions, do you find that [name of defendant] has proved fair use by a preponderance of the evidence?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

This jury instruction applies when a defendant raises as an affirmative defense that his use of a plaintiff's work should be excused as a "fair use." The affirmative defense of fair use is a mixed question of law and fact as to which the proponent carries the burden of proof. *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters.*, 533 F.3d 1287, 1307 n.21 (11th Cir. 2008).

Section 107 of the Copyright Act lists the four factors to be considered to determine if the use of the copyright holder's work is a fair use. 17 U.S.C. § 107. Nevertheless, the fair use doctrine is an "equitable rule of reason," and neither the examples of possible fair uses nor the four factors recited in the statute are to be considered exclusive. *Peter Letterese & Assocs.*, 533 F.3d at 1308 (citing *Stewart v.*

Abend, 495 U.S. 207, 236-37, 110 S. Ct. 1750, 1768, 109 L. Ed. 2d 184 (1990)). Moreover, the statutory factors are not to be treated in isolation, one from another – all four factors “are to be explored, and the results weighed together in light of the purposes of copyright.” *Id.*

Fair use must be determined on a case-by-case basis, by applying the four factors to each work at issue. However, each of the four factors should not be given equal weight, as in a simple mathematical formula. Rather, some factors will weigh more heavily on the fair use determination than others. Similarly, analysis of the amount and quality of the portions used should not be done by a mere mathematical formula and does not have to comply precisely with the Classroom Guidelines that are part of the legislative history, as the Classroom Guidelines do not carry the force of law and were intended to suggest a minimum, not maximum, amount of allowable educational copying that might be fair use; fair use inquiry is a flexible one. *Cambridge University Press v. Patton*, 769 F.3d 1232, 1259-60, 1274-75 (11th Cir. 2014) (quoting from H.R. Rep. No. 94-1476 (1976)).

Although the burden of proof is on the proponent of the affirmative defense of fair use, the Court in *Cambridge* imposed a burden on the plaintiff to rebut a presumption of fair use under the fourth prong of the test - effect on the market for the work - by coming forward with evidence of the availability of licenses (digital permissions) for the work. *Id.* The Court reasoned that the availability of such licenses weighed against fair use, whereas evidence that no such licenses were available would support the defense. This burden seems to apply only in cases in which the relevant market is for licenses to use plaintiffs' works in a particular way rather than markets for plaintiffs' original works themselves or derivative works based upon those works. The Court continued to stress that the overall burden of proof is still on the proponent of fair use. *Id.* at 1278-79.

The first factor to be considered, the purpose and character of the use of the copyrighted work (17 U.S.C. § 107(1)), is a factor with several facets. *SunTrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1269 (11th Cir. 2001). Two of these facets are “(1) whether the use serves a nonprofit educational purpose, as opposed to a commercial purpose; and (2) the degree to which the work is a ‘transformative’ use, as opposed to a merely superseding use, of the copyrighted work.” *Peter Letterese & Assocs.*, 533 F.3d at 1309. These facets are not to be used to create hard evidentiary presumptions or categories of presumptively fair use. *Id.* at 1309. “Rather, the commercial or non-transformative uses of a work are to be regarded as separate factors that tend to weigh against a finding of fair use, and the force of that tendency will vary with the context.” *Id.*

As to the first of these facets, the “Supreme Court has emphasized that ‘[t]he crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain, but whether the user stands to profit from exploitation of the

copyrighted material without paying the customary price.” *Id.* at 1310 (quoting *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562, 105 S. Ct. 2218, 2231, 85 L. Ed. 2d 588 (1985)).

The second facet is the degree to which the defendant’s use is “transformative,” as opposed to a superseding use, of the copyrighted work. *Id.* A transformative work is “one that adds something new, with a further purpose or different character, altering the first work with new expression, meaning or message.” *Id.* at 1310 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579, 114 S. Ct. 1164, 1171, 127 L. Ed. 2d 500 (1994)). The more transformative the new work, the less significance is to be afforded other factors, like commercialism, that may weigh against a finding of fair use. *Id.* at 1309-9.

Under the second factor, the nature of the copyrighted work (17 U.S.C. § 107 (2)), there is a hierarchy of copyright protection, depending upon the nature of the copyrighted work. Original works merit greater protection than derivative works; creative works merit greater protection than factual works; and unpublished works merit greater protection than published works. *Peter Letterese & Assocs.*, 533 F.3d at 1312; *SunTrust Bank*, 268 F.3d at 1271.

The out-of-print nature of a work is also entitled to consideration under this second factor. The legislative history of Section 107 provides: “A key, though not necessarily determinative, factor in fair use is whether or not the work is available to the potential user. If the work is ‘out of print’ and unavailable for purchase through normal channels, the user may have more justification for reproducing it than in the ordinary case...” S. Rep. No. 94-473, at 64 (1975) (1975 WL 370213). The Eleventh Circuit endorsed the relevance of the “out-of-print” nature of a work under the second factor in *Peter Letterese & Assocs.*, 533 F.3d at 1313.

The third factor to be considered is the amount and substantiality of the portion used in relation to the copyrighted work as a whole. 17 U.S.C. § 107(3). In order to come within a fair use, the portion of the copyrighted work that a defendant has taken must be reasonable in light of the purpose and character of the use. *Peter Letterese & Assocs.*, 533 F.3d at 1314. This factor is also “intertwined” with the fourth factor, and “partly functions as a heuristic to determine the impact on the market for the original.” *Id.* The inquiry, therefore, is whether the amount taken is reasonable in light of the purpose of the use and the likelihood of market substitution. *Peter Letterese & Assocs.*, 533 F.3d at 1314 n.30.

Two points on this factor bear particular emphasis. First, the amount and substantiality of the portion used is measured with respect to the copyrighted work as a whole, and it is not measured with respect to the putatively infringing work. *Peter Letterese & Assocs.*, 533 F.3d at 1314-15. Second, in addition to evaluating the quantity of the work copied, what must be also considered is its

quality and importance to the original work. Even if it is only a small amount of material that is copied, it may be substantial from a qualitative standpoint if the defendant has copied the heart of the copyrighted work. *Id.*

The fourth factor to be considered is the effect of the use upon the potential market for or value of the copyrighted work. 17 U.S.C. § 107(4). Here, two inquiries are to be made: “(1) the extent of the market harm caused by the particular actions of the alleged infringer, and (2) whether unrestricted and widespread conduct of the sort engaged in by the defendant would result in a substantially adverse impact on the potential market.” *Peter Letterese & Assocs.*, 533 F.3d at 1315 (quoting *Campbell*, 510 U.S. at 590, 114 S. Ct. at 1177) (internal quotation marks omitted).

The adverse effect with which fair use is primarily concerned is that of market substitution. Because the focus here is on uses “that most directly threaten the incentives for creativity which the copyright tries to protect,” a court should be far less concerned if the user is profiting from an activity of which the copyright owner could not possibly take advantage for his own profit. *Pac. & S. Co. v. Duncan*, 744 F.2d 1490, 1496 (11th Cir. 1984).

9.26 Copyright – Defenses – Affirmative Defense – First Sale

The exclusive right to distribute a particular copy of a copyrighted work under the Copyright Act extends only to the first sale (or other transfer of ownership) of the copy. Once title to a copy passes through a first sale (or other transfer of ownership) by the copyright holder, the owner of that copy may transfer it to another person, through sale or otherwise, without the copyright owner's permission.

To establish the “first sale” defense to infringement of [name of plaintiff]'s distribution right, [name of defendant] must prove each of the following elements by a preponderance of the evidence:

First, you must find that the copy that [name of defendant] transferred was lawfully made under the Copyright Act.

And second, you must find that [name of defendant] owned the copy or was authorized by the owner of the copy to transfer it to another person.

If you find that [name of defendant] has proved the above elements by a preponderance of the evidence, your verdict must be for [name of defendant] on the claim for infringement of [name of plaintiff]'s exclusive right to distribute the copyrighted work.

This defense doesn't apply to other copyright rights that [name of plaintiff] may own. For example, this defense doesn't permit [name of defendant] to make additional copies of the copyrighted work.

SPECIAL INTERROGATORIES TO THE JURY

1. Was the copy that [name of defendant] sold or otherwise disposed of lawfully made under the Copyright Act?

Answer Yes or No _____

If the answer to the above question is "Yes," answer the next question; if not, you should stop here.

2. Did [name of defendant] own the copy?

Answer Yes or No _____

If the answer to the above question is "Yes," skip the next question; if not, answer the next question.

3. Was [name of defendant] authorized by the copy's owner to transfer it to another person?

Answer Yes or No _____

4. If the answer to Question No. 2 or No. 3 is "Yes," do you find that [name of defendant]'s first-sale defense precludes [name of plaintiff]'s claim for infringement of [his/her/its] distribution right?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

17 U.S.C. § 109; *Am. Int'l Pictures, Inc. v. Foreman*, 576 F.2d 661, 664 (5th Cir. 1978).

The Eleventh Circuit has not addressed whether a copy of a copyrighted work manufactured outside the United States is “lawfully made under the Copyright Act.” The Second Circuit has held that Section 109 does not apply to copyrighted goods manufactured abroad. *See John Wiley & Sons, Inc. v. Kirtsaeng*, 654 F.3d 210, 222 (2d Cir. 2011). The Ninth Circuit also has held that Section 109 does not apply in this situation, although it has adopted an exception for goods manufactured abroad but first sold in the United States with the consent of the copyright owner. *See Omega S.A. v. Costco Wholesale Corp.*, 541 F.3d 982, 985-90 (9th Cir. 2008), *aff'd by an equally divided court*, 131 S. Ct. 565, 178 L. Ed. 2d 470 (2010).

The Eleventh Circuit also has not addressed the circumstances under which a person acquires ownership of a copy of a copyrighted work. The Ninth Circuit has set forth a multi-factor test for determining whether a person is an owner of a copy or instead a mere licensee. *See Vernor v. Autodesk, Inc.*, 621 F.3d 1102, 1111 (9th Cir. 2010); *see also UMG Recordings, Inc. v. Augusto*, 628 F.3d 1175, 1180 (9th Cir. 2011). The Second Circuit and Federal Circuit have adopted slightly different formulations for addressing the distinction between owners and licensees of copies, albeit under a separate provision of the Copyright Act. *See Krause v. Titleserv, Inc.*, 402 F.3d 119, 124 (2d Cir. 2005) (“[C]ourts should inquire into whether the party exercises sufficient incidents of ownership over a copy of the program to be sensibly considered the owner of the copy for purposes of § 117(a)”); *DSC Commc'ns Corp. v. Pulse Commc'ns, Inc.*, 170 F.3d 1354, 1360-62 (Fed. Cir. 1999) (distinguishing the Ninth Circuit rule in the context of Section 117 of the Copyright Act).

Because the Eleventh Circuit has yet to weigh in and the case law is not yet settled, the model jury instruction for this defense is intentionally silent on these issues.

9.27 Copyright – Defenses – Affirmative Defense – Implied License

[Name of defendant] claims that [name of plaintiff] granted him a license to use [name of plaintiff]'s copyrighted work. A license is a contract giving someone permission to use the work. A license doesn't have to be in writing. Rather, as alleged here, a license can be implied from conduct. To establish this defense, [name of defendant] must prove each of the following by a preponderance of the evidence:

First you must find that [name of plaintiff] created the work, or caused it to be created, at [name of defendant]'s request or the request of someone acting on [name of defendant]'s behalf.

Second, you must find that [name of plaintiff] delivered the work, or caused it to be delivered, to [name of defendant] or someone acting on [name of defendant]'s behalf.

And third, you must find that [name of plaintiff] intended that [name of defendant] [insert exclusive rights allegedly violated (i.e., copy, distribute, publicly display, publicly perform, or create derivative works based upon)] [his/her/its] copyrighted work. [Name of plaintiff]'s intent may be inferred from the work's nature or the circumstances surrounding the work's creation.

If you find that [name of defendant] has proved these elements by a preponderance of the evidence, your verdict must be for [name of defendant]

on the claim of copyright infringement if [name of defendant]'s use doesn't exceed the scope of the [his/her/its] license. [Name of defendant] can still commit copyright infringement if [he/she/it] exceeded the scope of the license.

SPECIAL INTERROGATORIES TO THE JURY

1. Did [name of plaintiff] create the copyrighted work at issue, or cause it to be created, at [name of defendant]'s request or the request of someone acting on [name of defendant]'s behalf?

Answer Yes or No _____

If the answer to the above question is "Yes," answer the next question; if not, you should stop here.

2. Did [name of plaintiff] deliver the copyrighted work at issue, or cause it to be delivered, to [name of defendant] or someone acting on [name of defendant]'s behalf?

Answer Yes or No _____

If the answer to the above question is "Yes," answer the next question; if not, you should stop here.

3. Did [name of plaintiff] intend that [name of defendant] [insert exclusive rights allegedly violated (i.e., copy, distribute, publicly display, publicly perform, or create derivative works based upon)] his copyrighted work?

Answer Yes or No _____

If the answer to the above question is “Yes,” answer the next question; if not, you should stop here.

4. Was [name of defendant]’s use of the copyrighted work within the scope of the implied license?

Answer Yes or No _____

5. If the answer to the above question is “Yes,” do you find that [name of defendant] had an implied license to use [name of plaintiff]’s copyrighted work?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

The Copyright Act requires an exclusive license to be in writing and signed by the owner of the rights conveyed. *See* 17 U.S.C. §§ 101 (defining “transfer of copyright ownership”) & 204(a). However, non-exclusive licenses are exempt from the writing requirement and may be granted orally or implied from conduct. *See Latimer v. Roaring Toyz, Inc.*, 601 F.3d 1224, 1235 (11th Cir. 2010) (citing *Jacob Maxwell, Inc. v. Veeck*, 110 F.3d 749, 752 (11th Cir. 1997)). This instruction addresses the circumstances under which a non-exclusive license may be implied from conduct. Because an implied license is an affirmative defense to a claim of copyright infringement, the alleged infringer has the burden of establishing this defense. *See Latimer* 601 F.3d at 1235.

9.28 Copyright – Defenses – Affirmative Defense – Copyright Estoppel (Advisory Jury)

Name of defendant] claims that [name of plaintiff] is barred from asserting his copyright-infringement claim against [name of defendant] by the doctrine of estoppel. To establish estoppel, [name of defendant] must prove each of the following elements by a preponderance of the evidence:

First, you must find that [name of plaintiff] knew the facts of [name of defendant]'s infringing conduct.

Second, you must find that [name of plaintiff]'s statement or conduct (either action or inaction) caused [name of defendant] to believe that [name of plaintiff] wouldn't pursue a claim for copyright infringement against [him/her/it].

Third, you must find that [name of plaintiff] intended for [name of defendant] to act on [his/her/its] statement or conduct, or [name of defendant] had a right to believe [name of plaintiff] so intended.

Fourth, you must find that [name of defendant] didn't reasonably believe that [name of plaintiff] would pursue a claim for copyright infringement against [him/her/it].

And fifth, you must find that [name of defendant] was injured as a result of his reliance on [name of plaintiff]'s statement or conduct.

If you find that [name of defendant] has proved these elements by a preponderance of the evidence, your verdict must be for [him/her/it] on the claim for copyright infringement.

SPECIAL INTERROGATORIES TO THE JURY

1. Did [name of plaintiff] know the facts of [name of defendant]'s infringing conduct?

Answer Yes or No _____

If the answer to the above question is "Yes," answer the next question; if not, you should stop here.

2. Did [name of plaintiff] make a statement or act in a way that caused [name of defendant] to believe that [name of plaintiff] wouldn't pursue a claim of copyright infringement against [him/her/it]?

Answer Yes or No _____

If the answer to the above question is "Yes," answer the next question; if not, you should stop here.

3. Did [name of plaintiff] intend for [name of defendant] to act on his statement or conduct, or did [name of defendant] have a right to believe that [name of plaintiff] intended him to act on [his/her/its] statement or conduct?

Answer Yes or No _____

If the answer to the above question is “Yes,” answer the next question; if not, you should stop here.

4. Did [name of defendant] reasonably believe that [name of plaintiff] would not pursue a claim for copyright infringement against him?

Answer Yes or No _____

If the answer to the above question is “Yes,” answer the next question; if not, you should stop here.

5. Did [name of defendant] rely on [name of plaintiff]’s conduct?

Answer Yes or No _____

If the answer to the above question is “Yes,” answer the next question; if not, you should stop here.

6. Was [name of defendant] injured as a result of his reliance on [name of plaintiff]’s statement or conduct?

Answer Yes or No _____

7. If the answer to the above question is “Yes,” do you find that the doctrine of estoppel bars [name of plaintiff] from asserting his copyright-infringement claim against [name of defendant]?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

HGI Assocs., Inc. v. Wetmore Printing Co., 427 F.3d 867, 875-76 (11th Cir. 2005). The doctrine of estoppel is an equitable defense. Thus, the judge and not the jury should decide whether estoppel applies, though the judge may have the jury consider the issue in an advisory capacity. *See* Fed. R. Civ. P. 3(c).

9.29 Copyright – Defenses – Affirmative Defense – Statute of Limitations

[Name of defendant] claims that [name of plaintiff]'s copyright claim is barred by the statute of limitations, which is a time limit for bringing a claim.

To establish that the statute of limitations bars [name of plaintiff]'s copyright claim, [name of defendant] must prove by a preponderance of the evidence that [name of plaintiff] failed to file [his/her/its] lawsuit within three years after [he/she/it] knew or, in the exercise of reasonable diligence, should have known about the infringement.

Each act of infringement is a separate harm that creates an independent claim for relief. The statute of limitations only prevents [name of plaintiff] from recovering remedies for infringing acts that occurred more than three years before [name of plaintiff] filed [his/her/its] lawsuit.

SPECIAL INTERROGATORIES TO THE JURY

1. Did [name of plaintiff] fail to file [his/her/its] lawsuit within three years after [he/she/it] knew or, in the exercise of reasonable diligence, should have known about the infringement?

Answer Yes or No _____

2. If the answer to the above question is "Yes," do you find that the statute of limitations bars [name of plaintiff]'s copyright-infringement claim?

Answer Yes or No _____

ANNOTATIONS AND COMMENTS

17 U.S.C. § 507(b); *Calhoun v. Lillenas Publ'g*, 298 F.3d 1228, 1236 (11th Cir. 2002) (Birch, J., specially concurring), *cert. denied*, 539 U.S. 903, 123 S. Ct. 2251 (2003).

9.30 Copyright – Damages – General Charge

If you find that [name of plaintiff] has failed to prove [his/her/its] copyright-infringement claim or that [name of defendant] has proved its affirmative defense[s] by a preponderance of the evidence, you won't consider the question of damages. If you find that [name of plaintiff] has proved by a preponderance of evidence that [name of defendant] has infringed [name of plaintiff]'s copyright, and [name of defendant] has not proved a defense, then you must determine whether [name of plaintiff] has proved damages. [Name of plaintiff] may recover either its actual damages plus [name of defendant]'s profits attributable to infringement or, at [name of plaintiff's] option, statutory damages. A plaintiff may choose between the two forms of damages after you the jury have made findings as to each or a plaintiff may elect between the two forms of damages before the jury makes any findings.

[Read one of the alternatives below, depending on [name of plaintiff]'s election of remedies. See Annotation.]

[Alternative 1. [Name of plaintiff] has elected to [seek its actual damages plus [name of defendant]'s profits attributable to infringement] [seek statutory damages]: In the next instruction, I'll define how you must determine the amount of damages, if any, to award to [name of plaintiff].]

[Alternative 2. [Name of plaintiff] has chosen to elect between the two forms of damages *after* the jury makes findings on both. Therefore, you the jury must make findings both as to actual damages plus [name of defendant]'s profits attributable to infringement, as well as to statutory damages, so that [name of plaintiff] may choose between these options after you have rendered your verdict. I'll define these terms in the following instructions.]

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that [name of defendant] infringed [name of plaintiff]'s copyright?

Answer Yes or No _____

If you answered "Yes," proceed to the next question. If you answered "No," sign the form and don't answer any additional questions.

ANNOTATIONS AND COMMENTS

This jury instruction provides a general statement of the circumstances under which a Plaintiff may recover damages from a Defendant. Upon finding by a preponderance of the evidence that a Defendant has infringed Plaintiff's copyright, the jury determines whether the Plaintiff can recover damages. *See Donald Frederick Evans & Assocs., Inc. Cont'l Homes, Inc.*, 785 F.2d 897, 903 (11th Cir. 1986) (establishing a prima facie copyright infringement claim requires proof by a preponderance of the evidence). A prevailing Plaintiff is entitled to recover his actual damages plus the Defendant's profits attributable to the infringement found, or elect to recover statutory damages. *See* 17 U.S.C. § 504 (a & b) (actual damages and profits); *id.* § 504(c) (statutory damages); *Jordan v. Time, Inc.*, 111 F.3d 102, 104 (11th Cir. 1997). Though a Plaintiff may elect between these two forms of recovery before the jury is instructed, the statute allows a Plaintiff to elect statutory damages (at any time before a final judgment is rendered). 17 U.S.C. § 504(c); *Jordan*, 111 F.3d at 104. To cover all the possible permutations, the instruction provides two alternatives.

It is important that the Jury understand that if it is asked to determine statutory and actual damages, the Plaintiff may select one or the other (once awarded) but not both. *See, Yellow Pages Photos, Inc. v. Ziplocal, L.P.*, 795 F3d 1255, 1284 (11th Cir. 2015).

Joint and several liability may extend to an infringer's profits if the defendants act as partners, joint venturers, or partners-in-fact. *See Belford, Clarke & Co. v. Scribner*, 144 U.S. 488, 507-08, 12 S. Ct. 734, 36 L. Ed. 514 (1892).

9.31 Copyright – Damages – Actual Damages

[Name of plaintiff] is entitled to recover any actual damages suffered because of the infringement found. “Actual damages” means the amount of money adequate to compensate [name of plaintiff] for any losses caused by the infringement. In this case, [name of plaintiff] claims [his/her/its] actual damages are measured by:

1. a reasonable license fee that [name of defendant] should have paid for the use found to be an infringement;
2. the profits [name of plaintiff] should have received for sales lost because of the infringement; or
3. other measure specific to the case.

[Name of plaintiff] has the burden of first proving to a reasonable probability a causal connection between [name of defendant]’s alleged act(s) of infringement and any loss claimed. If [name of plaintiff] does so, [name of defendant] must show that the claimed loss would have occurred even if there had been no infringement by [name of defendant].

SPECIAL INTERROGATORIES TO THE JURY

1. Do you find to a reasonable probability that [name of plaintiff] suffered a loss?

Answer Yes or No _____

If you answered “No,” you don’t need to answer the remaining questions.

2. Do you find to a reasonable probability that the loss suffered by [name of plaintiff] was caused by [name of defendant]'s alleged act[s] of infringement?

Answer Yes or No _____

If you answered "No," you don't need to answer the remaining questions.

3. Do you find to a reasonable probability that this loss would have occurred even if there had been no infringement by [name of defendant]?

Answer Yes or No _____

If you answered "Yes," you don't need to answer the following question.

4. What amount of money do you determine is adequate to compensate [name of plaintiff] for the actual damages caused by the infringement?

\$ _____

ANNOTATIONS AND COMMENTS

By statute, the "copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement." 17 U.S.C. 504(b). The damages suffered are to compensate of the copyright for any injury to the market value of the copyrighted work, and it "often is measured by the revenue that the plaintiff lost as a result of the infringement." *Montgomery v. Noga*, 168 F.3d 1282, 1294, 1295 n.19 (11th Cir. 1999). To collect actual damages, a copy right claimant must demonstrate a causal connection between the infringing party's activity and any

injury to the market value of the copyrighted work at the time of infringement. *Id.* at 1294.

A plaintiff's statutory burden must also be read in conjunction with the well-established principle that any claim of damages may not be based on pure speculation. *See, e.g., Telecom Tech. Servs. Inc. v. Rolm Co.*, 388 F.3d 820, 830 (11th Cir. 2004) (addressing claim that damages were too speculative); *Univ. Computing Co. v. Lykes-Youngstown Corp.*, 504 F.2d 518, 536 (5th Cir. 1974) (noting that "the defendant is normally not assessed damages on wholly speculative expectations of profits"). "[O]nce a copyright holder establishes with reasonable probability the existence of a causal connection between the infringement and the loss of revenue, the burden shifts to the infringer to show that this damage would have occurred had there been no taking of copyrighted expression." *Harper & Row Publishers v. National Enterprises*, 471 U.S. 539, 567 105 S. Ct. 2218, 2233, 85 L. Ed. 2d 588 (1985).

Such a claim for actual damages may include a retroactive license fee measured by what the Plaintiff would have earned by licensing the infringing use to the Defendant. *See, e.g., Montgomery*, 168 F.3d at 1295-96 (affirming jury award of actual damages based on retroactive license fee).

9.32 Copyright – Damages – Statutory Damages

[Name of plaintiff] seeks a statutory damage award. “Statutory damages” are damages that are established by Congress in the Copyright Act. The purposes are to compensate the copyright owner, penalize the infringer, and deter future copyright law violations. The amount awarded must be between \$750 and \$30,000 for each copyrighted work that you found to be infringed, unless one of the exceptions applies, as I’ll explain later.

To determine the appropriate amount to award, you can consider the following factors:

- the profits [name of defendant] earned because of the infringement;
- the revenues that [name of plaintiff] lost because of the infringement;
- the difficulty of proving [name of plaintiff]’s actual damages;
- the circumstances of the infringement;
- whether [name of defendant] intentionally infringed [name of plaintiff]’s copyright; and
- deterrence of future infringement.

If [name of plaintiff] proves that [name of defendant] willfully infringed [his/her/its] copyright, you may – but are not required to – increase the statutory damage award to a sum as high as \$150,000 per copyrighted work.

Infringement is “willful” if [name of plaintiff] proves that [name of defendant] knew that [his/her/its] actions constituted infringement of [name of plaintiff]’s copyright or that [name of defendant] recklessly disregarded the possibility that [his/her/its] actions infringed a copyright.

If you the Jury find infringement, you must award [name of plaintiff] not less than \$750 for each copyrighted work that [name of defendant] has infringed.

There is an exception to the \$750 minimum statutory damages you must award if you find infringement by [name of defendant] was an “innocent infringement.” If [name of defendant] proves that he innocently infringed [name of plaintiff]’s copyright, you may – but are not required to – reduce the statutory damage award to a sum as low as \$200 per copyrighted work. Infringement is “innocent” if [name of defendant] proves that [he/she/it] didn’t know, and had no reason to know, that [his/her/its] acts constituted infringement.

You can’t find that [name of defendant] was an “innocent infringer” if a notice of copyright appeared in the correct form and position on the published [copy/copies] of [name of plaintiff]’s [name of infringed work] to which [name of defendant] had access.

A notice is in correct form if it includes [the symbol © (the letter C in a circle)/the word “Copyright”/or, in the case of phonorecords, abbreviation “℗” (the letter p in a circle)], [the name of the copyright owner/an abbreviation by which the copyright owner’s name can be recognized/a generally known designation of the copyright’s owner] [and, in the case of a phonorecord, in addition to the foregoing, if the producer of the sound recording is named on the phonorecord labels or containers, and if no other name appears in conjunction with the notice, the producer’s name must be considered part of the notice], and the year of first publication of the work. A notice is in the correct position if it appears in a manner and location that gives reasonable notice of the claim of copyright.]

SPECIAL INTERROGATORIES TO THE JURY

You should answer the following questions for each work infringed:

1. Do you find by a preponderance of the evidence that [name of defendant] infringed on [name of infringed work]?

Answer Yes or No _____

If yes, proceed to question 2. If no, skip Questions No. 2 and No. 3, and proceed to the next alleged infringing work. **[If no other alleged infringing works:** If no, sign the verdict form.]

2. Do you find by a preponderance of the evidence that [name of defendant]'s infringement was “innocent?”

Answer Yes or No _____

If your answer to this question is “No,” then proceed to Question No. 3. If your answer to this question is “Yes,” then proceed to Question No. 2B.

2B. Given that you the jury have found [name of defendant] is an innocent infringer as to [name of infringed work], what amount of statutory damages do you award between \$200 and \$30,000?

\$_____

After calculating statutory damages, skip Question No. 3 and proceed to the next alleged infringing work. **[If no other alleged infringing works:** After calculating statutory damages, sign the verdict form.]

3. Do you find by a preponderance of the evidence that [name of defendant]'s infringement was willful?

Answer Yes or No _____

If your answer to this question is “No,” then you must award statutory damages between \$750 and \$30,000 per work. If your

answer to this question is “Yes,” then you must award statutory damages between \$750 and \$150,000 per work.

3B. What is the amount of statutory damages you award for this work?

\$ _____

After calculating statutory damages, proceed to the next alleged infringing work. **[If no other alleged infringing works:** After calculating statutory damages, sign the verdict form.]

ANNOTATIONS AND COMMENTS

Under 17 U.S.C. § 504(c), a plaintiff may obtain statutory damages in lieu of actual damages and profits. Even though the statute suggests that statutory damages are awarded by the court, the Seventh Amendment requires that the determination, including the amount of such award, be made by the jury. *See Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 353, 118 S. Ct. 1279, 1287, 140 L. Ed. 2d. 438, 353 (1998). The jury should be provided with a special interrogatory form in order to report its findings on the issue of statutory damages. The minimum for statutory damages is not less than

1. \$750 per work the defendant has infringed, unless the infringement was innocent, in which case the minimum statutory damages award is \$200. 17 U.S.C. § 504(c). *See* note 7 below regarding the minimum award for innocent infringement.

Because statutory damages serve both compensatory and punitive purposes, plaintiff can recover statutory damages whether or not there is evidence of any actual damage suffered by plaintiff or any profits reaped by the defendant. *See F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 233, 73 S. Ct. 222, 225, 97 L. Ed. 2d. 281 (1952) (“Even for uninjurious and unprofitable invasions of copyright the court may, if it deems just, impose a liability within statutory limits to sanction and vindicate the statutory policy” of discouraging infringement.).

2. Presenting both actual and statutory damages to Jury: A plaintiff may elect to seek a verdict of damages in the form of both actual and statutory damages. However, the Jury must be instructed that if it makes findings as to both actual and

statutory damages, the plaintiff may elect only one or the other, but not both. *Yellow Pages Photos, Inc. v. Ziplocal*, 795 F.3d 1255, 1284 (11th Cir. 2015).

3. Defining “work.” Only one measure of statutory damages is allowed *per work* infringed for *all infringements* of that work. 17 U.S.C. § 504(c); *MCA Television Ltd. V. Feltner*; 89 F.3d 766, 768-69. All of the parts of a compilation or derivative work constitute one work. 17 U.S.C. § 504(c).

4. Factors to be considered. *Cable/Home Commc’n Corp. v. Network Prods., Inc.*, 902 F.2d 829, 850 (11th Cir. 1990) (difficulty or impossibility of providing actual damages, attitude and conduct of parties, willfulness of defendant’s conduct, deterrence of future infringement); *F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 233, 73 S. Ct. 222, 225, 97 L. Ed. 2d. 281 (1952) (deterrence of future infringement).

5. Increase for willful infringement. If copyright owner proves the infringement was committed willfully, award may be increased to not more than \$150,000. 17 U.S.C. § 504(c)(2); *Yellow Pages Photos*, 795 F.3d at 1272 (“willful copyright infringement encompasses reckless disregard of the possibility that one’s actions are infringing a copyright”); *see also MCA Television*, 89 F.3d at 768 (stating that “[i]t seems clean that as here used ‘willfully’ means with knowledge that the defendant’s conduct constitutes copyright infringement” (quoting 3 Nimmer on Copyright (199), § 14.04[B], 14-58-60)).

6. In *Yellow Pages Photos, Inc. v. Ziplocal LP*, 795 F.3d at 1272, the Eleventh Circuit agreed with other circuits in holding that willfulness encompasses “reckless disregard of the possibility that one’s actions are infringing a copyright.” Although *Yellow Pages Photos* does not enunciate a clear test for what constitutes “reckless disregard,” the Eleventh Circuit, in an unpublished decision, held that reckless disregard can rise to the level of willfulness where “the infringer acted despite an objectively high likelihood that its actions constituted infringement.” *Olem Shoe Corp. v. Washington Shoe Corp.*, 591 F. App’x 873, 877 (11th Cir. 2015) (quoting *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007)).

7. Decrease for innocent infringement. 17 U.S.C. § 504(c)(2) (If infringer proves it was not aware and had no reason to believe that its acts constituted an infringement of copyright, the award may be reduced to not less than \$200.).

8. Unavailability of reduction for innocent infringement in certain cases. The final bracketed paragraph of the instruction describes a category of cases in which the defense of innocent infringement is unavailable. *See* 17 U.S.C. §§ 401-02.

a. “Proper form.” Under section 401, for the notice to be in proper form, three requirements typically must be met – the proper symbol or word, the year of

first publication, and identification of the copyright owner. The year of first publication may be omitted “where a pictorial, graphic, or sculptural work, with accompanying text matter, if any, if reproduced in or on greeting cards, postcards, stationery, jewelry, dolls, toys, or any useful articles,” see *id.* § 401(b)(2), and for that reason this particular element is bracketed. The symbol/word and identification requirements each may be met by one of several alternatives. Because only one such alternative is likely to apply in a particular case, the alternative methods of satisfying the exception are bracketed.

b. “Proper form” – sound recordings. Section 402 provides the notice requirements for publicly distributed copies of sound recordings. Under section 402, for the notice to be in proper form, three requirements typically must be met – the proper symbol or word, the year of first publication, and identification of the copyright owner. In addition to the identification of the copyright owner, section 402 allows identification of the producer of the sound recording to suffice if no other name of the copyright owner appears in conjunction with the notice. See 17 U.S.C. § 402(b)(3). The symbol/word and identification requirements each may be met by one of several alternatives. Because only one such alternative is likely to apply in a particular case, the alternative methods of satisfying the exception are bracketed.

c. Compilations/derivative works/collective works. Under section 401(b)(2), in a case involving a compilation or derivative work incorporating previously published material, the year of first publication of the compilation or derivative work is sufficient. In such a case, the instruction should be modified accordingly. Section 404 provides special rules as to collective works, and should be considered and the instruction modified as needed, where collective works are at issue.

d. Unavailability of exception. Section 401’s limitation on the availability of the defense of innocent infringement does not apply in a case in which: an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use, if the infringer was: (i) an employee or agent of a non-profit educational institution, library, or archives acting within the scope of his or her employment who infringed by reproducing the work in copies or phonorecords; (ii) a nonprofit educational institution, library, or archives itself that infringed by reproducing the work in copies or phonorecords; or (iii) a public broadcasting entity that, or a person who as a regular part of the nonprofit activities of a public broadcasting entity (as defined in subsection (g) of section 118), infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

See U.S.C. §§ 401(d) & 504(c)(2). In a case in which this exception to the exception applies, the instruction should be modified accordingly.

9. Availability of statutory damages for pre-registration infringement. Under 17 U.S.C. § 412, statutory damages are unavailable for copyright infringement that commenced prior to registration of an unpublished work or for infringement that commenced before registration within three months of its publication. In a case in which the issue of when infringement commenced presents a jury question, the instruction should be modified accordingly.

9.33: Copyright – Damages – Disgorgement of Profits

In addition to actual damages, [name of plaintiff] is also entitled to [name of defendant]'s profits that are attributable to the infringement you found, but only to the extent they are not already taken into account in calculating [name of plaintiff]'s actual damages. An award of [name of defendant]'s profits may not include any amounts that were accounted for in calculating [name of plaintiff]'s actual damages to avoid double recovery.

In calculating [name of defendant]'s profits, you should determine the gross revenues received by [name of defendant] that were attributable to the infringement you found, and then subtract the deductible expenses incurred by [name of defendant], any portions of the gross revenues attributable to factors other than infringement, and any amount already taken into account in calculating actual damages. [You should calculate the profits of each defendant separately]. [Name of plaintiff] has the burden of proving, by a preponderance of the evidence, [name of defendant]'s gross revenue attributable to the infringement you found, and a causal relationship between the infringement and [name of defendant]'s profits. [Name of defendant] has the burden of proving, by a preponderance of the evidence, any deductible expenses incurred and any portions of the revenue that are attributable to factors other than infringement.

SPECIAL INTERROGATORIES TO THE JURY

1. Did [name of plaintiff] prove by a preponderance of the evidence that [name of defendant] received profits that were causally related to the infringement you found of the copyrighted work?

Answer Yes or No _____

If you answered “Yes” for any [defendant], go to the next question. If you answered “No” for all [defendants] you may go to [Question/Section] ____.

2. What amount of gross revenue attributable to infringement of the copyrighted work, if any, has [name of plaintiff] proven by a preponderance of the evidence was received by [name of defendant]?

[Name of defendant] \$_____

[Name of defendant] \$_____

3. What amount of deductible expenses, if any, has [name of defendant] proven by a preponderance of the evidence?

[Name of defendant] \$_____

[Name of defendant] \$_____

4. What amount of deductible expenses, if any, has [name of defendant] proven by a preponderance of the evidence was incurred in making the gross revenue above?

[Name of defendant] \$ _____

[Name of defendant] \$ _____

5. What portion of [name of defendant]’s profits, if any, has [name of defendant] proven by a preponderance of the evidence is attributable to factors other than infringement?

[Name of defendant] \$ _____

[Name of defendant] \$ _____

6. What amount of money do you determine is [name of defendant]’s profits that are attributable to the infringement you found, that were not already taken into account in calculating [name of plaintiff]’s actual damages?

[Name of defendant] \$ _____

[Name of defendant] \$ _____

ANNOTATIONS AND COMMENTS

17 U.S.C. § 504(a)(1) & (b); *Pronman v. Styles*, 645 F. App’x 870, 873 (11th Cir. 2016); *Telecom Tech. Servs. v. Rolm Co.*, 388 F.3d 820, 830 (11th Cir. 2004); *Montgomery v. Noga*, 168 F.3d 1282, 1294-1296 (11th Cir. 1999).

Deductible expenses include all costs incurred by the defendant in making the gross revenue amount proven by the plaintiff. *See Petrella v. MGM*, 134 S. Ct. 1962, 1973 (2014) (“the Act allows the defendant to prove and offset against profits made . . . ‘deductible expenses’ incurred in generating those profits.”). In addition, the defendant may prove and offset “‘elements of profit attributable to factors other than the copyrighted work.’” *Id.* (quoting § 504(b)). “The defendant thus may retain the return on investment shown to be attributable to its own enterprise, as distinct from the value created by the infringed work.”

Id. (citing *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 402, 407, 60 S. Ct. 681, 84 L. Ed. 825 (1940)).

10.1 Trademark Infringement – Registered Trademark

[Name of plaintiff] claims that [name of defendant] has infringed [his/her/its] registered trademark. To prove [his/her/its] claim, [name of plaintiff] must prove the following facts by a preponderance of the evidence:

- 1: [Name of plaintiff] owns a trademark that is entitled to protection; and
- 2: That [name of defendant] is using a mark that infringes upon [name of plaintiff]'s trademark.

[You are instructed and must accept as a fact that [name of plaintiff] owns a federal registration of the trademark [he/she/it] seeks to protect in this action. It is [name of defendant]'s burden to prove that [name of plaintiff]'s trademark is invalid.]

[This instruction should be used if the parties do not stipulate regarding a federal registration:

You must first find that [name of plaintiff] owns a federal registration of the trademark at issue in this case. To do this, you must find that the trademark is covered by a registration on the Principal Register of the U.S. Patent and Trademark Office. If you do not find that [name of plaintiff] owns a federal registration, then you must determine whether [name of plaintiff] owns a trademark that is entitled to protection. [If it is disputed whether [name of plaintiff] has a registered trademark, the unregistered trademark instructions also should be given.]

If you find [name of plaintiff]'s trademark is covered by a federal registration, [name of plaintiff] enjoys what is known as “constructive nationwide priority” in [his/her/its] trademark, whether or not [name of plaintiff] uses the trademark on a nationwide basis. [Name of plaintiff] is presumed to have started using the trademark nationwide as of its filing date, even if [he/she/it] only used it in a limited area. In this case, [name of plaintiff] enjoys nationwide priority of rights dating back to the filing date of the application, which is [filing date].

Because [name of plaintiff] owns a federal registration of the trademark, [name of defendant] is deemed to have knowledge of the registration and of the rights claimed in the registration. This is known as “constructive notice,” and [name of defendant] cannot claim that [he/she/it] adopted [his/her/its] trademark without knowledge of [name of plaintiff]'s trademark. In this case, [name of plaintiff] enjoys nationwide constructive notice of rights dating back to the filing date of the application, which is [filing date].

Infringement: Introductory Jury Charge

If you have determined that [name of plaintiff] owns a trademark that is entitled to protection, you must next consider whether [name of defendant] infringed [name of plaintiff]'s trademark. The test for infringement is whether

[name of defendant]'s trademark is "likely to cause confusion" with [name of plaintiff]'s trademark.

That is, you must determine if [name of defendant], without [name of plaintiff]'s consent, used the same or a similar trademark in connection with the sale of, or the offer to sell, goods in a manner that is likely to cause confusion among consumers as to the source, affiliation, approval, or sponsorship of the goods. "Source," "origin," "affiliation," "approval," or "sponsorship" means that the public believes that [name of defendant]'s goods come from, are affiliated with, are approved by, or sponsored by [name of plaintiff].

It is not necessary that the trademark used by [name of defendant] be an exact copy of [name of plaintiff]'s trademark. Instead, [name of plaintiff] must demonstrate, by a preponderance of the evidence, that [name of defendant]'s use of [his/her/its] trademark is, when viewed in its entirety, likely to cause confusion as to the source, origin, affiliation, approval, or sponsorship of the goods in question.

Infringement

[Name of plaintiff] claims that [name of defendant] has infringed [his/her/its] trademark. For [name of plaintiff] to succeed on this claim you must find by a preponderance of the evidence that [name of defendant]:

- 1: used the trademark in connection with the sale or offer to sell goods;
- 2: used the trademark in commerce; and
- 3: used the trademark in a manner that is likely to:
 - a. cause confusion, mistake, or deception as to
 - b. the source, origin, affiliation, approval, or sponsorship of [name of defendant]'s goods.

Infringement: Likelihood of Confusion (Seven-Factor Test)

There are seven factors you can use to determine whether a likelihood of confusion exists. No single factor or consideration controls, and [name of plaintiff] is not required to prove all, or even most, of the factors are present in any particular case. You may also use factors other than these seven. You should weigh all of the relevant evidence in determining whether a likelihood of confusion exists.

1. Type and Strength of [Name of Plaintiff]'s Trademark

The first factor is the “type and strength” of the trademark. Trademarks come in different “types” or categories, namely, “generic,” “descriptive,” “suggestive,” “arbitrary,” and “fanciful” or “coined.” The type of a claimed trademark is relevant to the trademark’s strength.

Some trademarks are stronger than others. The “stronger” the trademark, the more protection should be given to it. I will now describe each type of trademark in the order of their general relative strength.

a. Generic:

A claimed trademark is generic if it is the word, name, symbol, device, or any combination thereof, by which the good commonly is known. An example of a generic trademark is “escalator” for moving stairs.

Whether a claimed trademark is generic does not depend on the term itself, but on use of the term. A word may be generic of some things but not of others. For example, “ivory” is generic for elephant tusks, but it is not generic for soap.

Whether a claimed trademark is a generic term is viewed from the perspective of a member of the public evaluating the trademark.

Claimed generic trademarks are not protectable as marks. They cannot be registered with the U.S. Patent and Trademark Office.

b. Descriptive:

A “descriptive” trademark only describes an ingredient, quality, characteristic, function, feature, purpose, or use of the good provided under it. An example of a descriptive trademark would be VISION CENTER for an eyeglasses store. Descriptive trademarks are eligible for registration with the U.S. Patent and Trademark Office if the trademark has acquired “secondary meaning.” A trademark has acquired secondary meaning if the primary

significance of the trademark in the minds of the consuming public is not the associated good itself, but instead the source or producer of the good.

There are four factors you may use in determining whether secondary meaning exists:

1. The length and nature of the trademark's use;
2. The nature and extent of advertising and promotion of the trademark;
3. The efforts of the trademark owner to promote a conscious connection between the trademark and its business; and
4. The degree to which the public recognizes [name of plaintiff]'s good by the trademark.

[This instruction should be used if [name of plaintiff]'s trademark registration has achieved incontestable status under 15 U.S.C. § 1065:

In this case, I have determined that [name of plaintiff]'s trademark is covered by an incontestable registration on the Principal Register. The effect of that determination is that the registration is conclusive evidence that the trademark is at least descriptive with secondary meaning. You must accept that [name of plaintiff]'s trademark was at least descriptive and possessed secondary meaning at the time [name of plaintiff] applied for its registration.]

[This instruction should be used if [name of plaintiff]'s trademark registration has not achieved incontestable status under 15 U.S.C. § 1065:

In this case, I have determined that this trademark is registered on the Principal Register and that it is at least descriptive with secondary meaning.

Therefore [name of defendant] has the burden of proving by a preponderance of the evidence that the trademark is invalid because it was descriptive but lacked secondary meaning before [name of defendant] began using [his/her/its] trademark.]

c. Suggestive:

A “suggestive” trademark suggests, rather than describes, qualities of the underlying good. If a consumer’s imagination is necessary to make the connection between the trademark and the goods then the trademark suggests the features of the good. An example of a suggestive trademark is ICEBERG for a refrigerator. Suggestive trademarks are eligible to be registered in the U.S. Patent and Trademark Office without proof of secondary meaning.

d. Arbitrary and Fanciful or Coined:

An “arbitrary” trademark is a real word but has no logical relationship, to the underlying goods. An example of an arbitrary trademark is DOMINO for sugar.

A “fanciful” or “coined” trademark is a trademark created solely to function as a trademark but which has no meaning beyond the trademark itself. An example of a fanciful or coined trademark is EXXON for gasoline.

Arbitrary and fanciful or coined trademarks are eligible to be registered in the U.S. Patent and Trademark Office without proof of secondary meaning.

e. Additional Considerations Relating To Trademark Strength:

When evaluating the strength of [name of plaintiff]'s trademark, you may also consider the extent of any use by third parties of similar trademarks, [name of plaintiff]'s promotional expenditures, the volume of [name of plaintiff]'s sales under [his/her/its] trademark, and whether [name of plaintiff]'s registration has achieved incontestable status.

2. Similarity of the Parties' Trademarks

In evaluating whether trademarks are similar, you may consider the "overall impression" that [name of plaintiff]'s and [name of defendant]'s trademarks create, including the sound, appearance, and manner in which they are used. You may look at the trademarks as a whole rather than simply comparing their individual features.

3. Similarity of the Parties' Goods

This factor considers not only whether the consuming public can readily distinguish between the parties' goods, but also whether the goods at issue are of a kind that the public attributes to a single source.

4. Similarity of the Parties' Sales Channels, Distribution, and Customers

This factor considers where, how, and to whom the parties' goods are sold. Similarities increase the possibility of consumer confusion, mistake, or deception.

5. Similarity of the Parties' Advertising Media

This factor looks to each party's method of advertising. It is not a requirement that [name of plaintiff] and [name of defendant] advertise in the same magazines, publications, or other advertising outlets. The issue is whether the parties use the same forums and media outlets to advertise, leading to possible confusion.

6. [Name of Defendant]'s Intent

You may also consider whether [name of defendant] intended to infringe on [name of plaintiff]'s trademark. That is, did [name of defendant] adopt [his/her/its] trademark with the intention of deriving a benefit from [name of plaintiff]'s reputation? If you determine that [name of defendant] intentionally ignored the potential for infringement, you may impute to [name of defendant] an intent to infringe.

7. Actual Confusion

Because the presence of actual confusion usually is difficult to show, a finding of actual confusion is not required to find trademark infringement. Alternatively, the absence of actual confusion does not necessarily mean [name of defendant] is not liable for trademark infringement.

The evidence of actual confusion of trademarks should be reasonably significant. You should weigh the alleged actual confusion using the following factors:

1. The amount and duration of the confusion;
2. The degree of familiarity the confused party has with the goods;
3. The type of person complaining of the alleged actual confusion (for example, whether that person is a customer or a noncustomer); and
4. The alleged number of people who are actually confused (for example, whether the confused person is an actual customer or someone else).

If you find that [name of defendant] has infringed [name of plaintiff]'s trademark, you must next consider [name of defendant]'s affirmative defenses. [*See* Defense Interrogatories at 10.3]

[The following instruction should be given in cases in which plaintiff claims third party "contributory infringement" for an underlying claim of infringement:

[Name of plaintiff] claims that [name of defendant] is liable for the "contributory infringement" of [name of plaintiff]'s trademark. "Contributory infringement" occurs when a defendant intentionally induces or causes another party to infringe a plaintiff's trademark. If this occurs, [name of defendant] can be held liable for other party's infringement.]

Trademarks: Remedies

If you find that [name of plaintiff] owns a valid trademark, that [name of defendant] has infringed it, and [name of defendant] does not have a defense you must consider whether, and to what extent, monetary relief should be awarded.

Plaintiff's Actual Monetary Damages

You may award actual damages that [name of plaintiff] has sustained. [Name of plaintiff] may recover the economic injury to [his/her/its] business proximately resulting from [name of defendant]'s wrongful acts. You are not required to calculate actual damages with absolute exactness – you may make reasonable approximations. But an award of actual damages to [name of plaintiff] must be just and reasonable, based on facts, and proved by [name of plaintiff] by a preponderance of the evidence.

Defendant's Profits and Calculation of Profits

In addition to [name of plaintiff]'s actual damages, you may also make an award based on an accounting of [name of defendant]'s profits if you find that:

1. [Name of defendant]'s conduct was willful and deliberate;
2. [Name of defendant] was unjustly enriched; or
3. An award of [name of defendant]'s profits is necessary to deter [name of defendant]'s future conduct.

A defendant commits a “willful violation” of a trademark when that defendant knowingly and purposefully capitalizes on and appropriates the goodwill of a plaintiff.

“Unjust enrichment” occurs if [name of defendant] receives a benefit to which [he/she/it] is not entitled.

In determining [name of defendant]’s profits, [name of plaintiff] only is required to prove [name of defendant]’s gross sales. [Name of defendant] may then prove the amount of sales made for reasons other than the infringement. [Name of defendant] also may prove [his/her/its] costs or other deductions which [he/she/it] claims should be subtracted from the amount of [his/her/its] sales to determine [his/her/its] profits on such sales. Any costs or deductions that [name of defendant] proves by a preponderance of the evidence are required to be subtracted from the sales attributable to the infringement and the difference is the amount that may be awarded to [name of plaintiff].

Nominal Damages

If you find that [name of defendant] infringed [name of plaintiff]’s trademark, but you do not find that [name of plaintiff] sustained any actual damages or damages based on [name of defendant]’s profits, you may return a verdict for [name of plaintiff] and award what are called “nominal” damages.

By “nominal” I mean a small amount of damages that you, in your discretion, determine.

_____.

Infringement of a Registered Trademark

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

1. [Name of plaintiff] owns a federal registration of [his/her/its] trademark on the Principal Register?

Answer Yes or No _____

If your answer is “No,” this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is “Yes,” go to the next question.

2. [Name of defendant]’s use of [his/her/its] trademark caused a likelihood of confusion with [name of plaintiff]’s trademark?

Answer Yes or No _____

If your answer is “Yes,” answer the “Defenses” special interrogatories. If your answer is “No” and [name of defendant] asserted that [name of plaintiff]’s trademark registration is invalid, then answer the “Validity” special interrogatories. If your answer is “No” and [name of defendant] has not asserted that [name of plaintiff]’s trademark

registration is invalid, then your foreperson should sign and date the last page of this verdict form.

[Use these special interrogatories if plaintiff is claiming contributory infringement:

3. A party, other than [name of defendant], has infringed [name of plaintiff]'s trademark and [name of defendant] knew that the other party would be engaging in trademark infringement if [he/she/it] undertook the challenged activity?

Answer Yes or No _____

If your answer is "Yes," go to Question No. 4. If your answer is "No," then go to Question No. 6.

4. [Name of defendant] intentionally induced the other party to engage in the infringing activity?

Answer Yes or No _____

If your answer is "Yes," go to Question No. 5. If your answer is "No," then go to Question No. 6, if appropriate.

5. [Name of defendant] is liable for contributory infringement?

Answer Yes or No _____

If your answer to this question is "Yes," then go to Question No.

6.]

[These special interrogatories should be used if plaintiff seeks actual damages:

6. [Name of plaintiff] has suffered actual monetary damages?

Answer Yes or No _____]

7. If your answer is “Yes,” in what amount?

\$_____.]

If your answer is “No,” go to Question No. 8.

[These special interrogatories should be used if plaintiff seeks an award of defendant’s profits:

8. [Name of defendant]’s conduct was willful and deliberate, or [name of defendant] was unjustly enriched, or an award of [name of defendant]’s profits is necessary to deter future conduct?

Answer Yes or No _____

9. If your answer is “Yes,” in what amount?

\$_____.]

If your answer is “No,” go to Question No. 10.]

[This special interrogatory should be used if plaintiff seeks nominal damages:

10. [Name of plaintiff] has not proved any actual monetary damages nor have [name of defendant]’s profits been awarded, but [name of plaintiff] is awarded nominal damages?

If your answer is “Yes,” in what amount?

\$_____.]

SO SAY WE ALL.

Foreperson's Signature

DATE: _____

ANNOTATIONS AND COMMENTS

These instructions should be given only in cases in which the Plaintiff seeks to protect a trademark registered on the Principal Register of the U.S. Patent and Trademark Office. In light of the Supreme Court's suggestion in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992), that there is no reason to apply differing rules to conventional word marks and trade dresses, and these instructions may need to be amended if word marks or trade dress apply in a case. See *Two Pesos* in *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 120 S. Ct. 1339, 146 L. Ed. 2d 182 (2000), and *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164, 115 S. Ct. 1300, 1304, 131 L. Ed. 2d 248 (1995). Also, this instruction may be modified if the trademark at issue is a service mark, certification mark, or trade dress. See Annotations and Comments to Instruction 10.4 *supra* for additional discussion.

If the registration in question matured from an application filed before November 16, 1989, the evidentiary presumption of validity and constructive nationwide priority attaching to it are effective as of the date the registration was issued. If the registration in question matured from an application filed on or after November 16, 1989, the constructive nationwide priority attaching to it is effective as of the filing date of the application. See Trademark Law Revision Act of 1988, Pub. L. 100-667, § 128(b)(1), 102 Stat. 3944. These instructions assume that any registrations at issue matured from applications filed after November 16, 1989, and that the constructive nationwide priority attaching to those registrations is effective as of the filing date of the applications from which they matured. For registrations maturing out of applications filed after that date, the instructions should be modified to refer to the dates of the registrations' issuance, rather than application filing dates.

Evidentiary Significance of Federal Registrations on the Principal Register

The U.S. Patent and Trademark Office maintains two "registers" on which trademarks can be registered: (1) the Principal Register; and (2) the Supplemental Register. See 15 U.S.C. §§ 1051, 1091 (2012).

Under Sections 7(b) and 33(a) of the Lanham Act, a federal registration on the Principal Register is, at least, "prima facie" evidence of the validity of the registered trademark and of the registration of the trademark, of the registrant's ownership of the trademark, and of the registrant's exclusive right to use the

registered trademark in connection with the goods recited in the registration. *See* 15 U.S.C. §§ 1057(b), 1115(a) (2012). If the registration matured from an application filed before November 16, 1989, the effective date of this presumption is the registration date. If the registration matured from an application filed on or after November 16, 1989, the effective date of this presumption is the application's filing date. *See* Trademark Law Revision Act of 1988, Pub. L. 100-667, § 128(b)(1), 102 Stat. 3944.

A registration on the Principal Register can become “incontestable” if its owner files with the Patent and Trademark Office an affidavit or declaration of incontestability under Section 15 of the Lanham Act, 15 U.S.C. § 1065. An affidavit or declaration of incontestability requires the registrant to swear under oath that:

1. There has been no final decision to the registrant's claim of ownership of the registered trademark for the goods and services covered by the registration or to the registrant's right to register its trademark or to maintain the registration of its trademark;
2. There is no ongoing proceeding involving the registrant's rights to its trademark; and
3. The trademark has been in continuous use for the five-year period immediately preceding the execution of the affidavit or declaration.

Upon the filing (and not the acceptance) of the affidavit or declaration of incontestability, Section 33 of the Lanham Act, *id.* § 1115(b), provides that the registration is “conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce.” An incontestable registration can still be cancelled on certain grounds, and the registration's “conclusive” evidentiary significance is subject to certain affirmative defenses, as to both of which the defendant bears the burden of proof.

Outside of the Eleventh Circuit, there is a pronounced split of authority on the issue of whether a registration that has not yet become incontestable shifts the burden of *proof*, or merely the burden of *production*, to a defendant challenging the registered mark's validity. *Compare Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 1356 (Fed. Cir. 2009) (shift in burden of proof), *Aktieselskabet AF 21. November 21 v. Fame Jean, Inc.*, 525 F.3d 8, 14 (D.C. Cir. 2008) (same), *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 514 (6th Cir. 2007) (same), *Colt Defense, LLC v. Bushmaster Firearms, Inc.*, 486 F.3d 701, 705 (1st Cir. 2007) (same), *and Aluminum Fabricating Co. v. Season-All Window Corp.*, 259 F.2d 314, 316 (2d Cir. 1958) (same), *with OBX-Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334, 342 (4th Cir. 2009) (shift in burden of production), *and*

Custom Vehicles, Inc. v. Forest River, Inc., 476 F.3d 481, 485 (7th Cir. 2007) (same). Under the majority rule, there is no need to distinguish between the evidentiary effect of a registration that has become “incontestable” under Sections 15 and 33 of the Lanham Act, 15 U.S.C. §§ 1065, 1115: Both types of registrations shift the burden of proof on the issue of trademark validity from the plaintiff to the defendant. In contrast, a registration on the Supplemental Register has no evidentiary effect. *See, e.g., ERBE Elektromedizin GmbH v. Canady Tech. LLC*, 629 F.3d 1278, 1288 (Fed. Cir. 2010) (applying Third Circuit law).

Nationwide constructive priority is provided for by Section 7(c) of the Lanham Act, 15 U.S.C. § 1057(c) (2012). *See generally Tana v. Dantanna’s*, 611 F.3d 767, 780 (11th Cir. 2010); *John R. Thompson Co. v. Holloway*, 366 F.2d 108, 115 (5th Cir. 1966).

Nationwide constructive notice is provided for by Section 22 of the Lanham Act, 15 U.S.C. § 1072 (2012). *See generally Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 199-200, 105 S. Ct. 658, 664, 83 L. Ed. 2d 582 (1985); *John R. Thompson Co.*, 366 F.2d at 115; *Faciane v. Starner*, 230 F.2d 732, 738 n.12 (5th Cir. 1956).

Infringement

General Introductory Charge

The statutory basis for the federal tort of the infringement of a registered trademark is Section 32(1) of the Lanham Act, 15 U.S.C. § 1114 (2012), which provides that:

Any person who shall, without the consent of the registrant

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided.

The “touchstone” of a finding of infringement under Section 32 “is not simply whether there is an unauthorized use of a protected mark, but whether such

use is likely to cause customer confusion.” *Custom Mfg. & Eng’g, Inc. v. Midway Servs., Inc.*, 508 F.3d 641, 647 (11th Cir. 2009), *Angel Flight of Ga., Inc. v. Angel Flight Am., Inc.*, 522 F.3d 1200, 1205 (11th Cir. 2007); *see also Jellibeans, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 839 (11th Cir. 1983) (test for service mark infringement is whether or not the offending mark is “likely to cause confusion”).

The infringement analysis in these charges is the same for word marks, service marks, certification marks, collective marks, logos and trade dress. This is meant to promote a more consistent approach to the analysis and is believed by the drafters of this charge to be more consistent with the case authority. This approach varies from other jury charge sources. *See, e.g.*, American Bar Association Section of Litigation, *Model Jury Instructions: Copyright, Trademark and Trade Dress Litigation* (2008).

Likelihood of Confusion: Seven-Factor Test

This is the test most commonly applied for direct infringement, in which the defendant is using an allegedly confusingly similar trademark in connection with its own goods. There are many Eleventh Circuit and former Fifth Circuit cases applying the seven-factor test set forth in these instructions. *See, e.g.*, *Frehling Enters. v. Int’l Select Grp.*, 192 F.3d 1330, 1335 (11th Cir. 1999); *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1027 (11th Cir. 1989), *Dieter v. B & H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 326 (11th Cir. 1989); *Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1182 (11th Cir. 1985); *Univ. of Ga. Athletic Ass’n v. Laite*, 756 F.2d 1535, 1542-43 (11th Cir. 1985); *E. Remy Martin & Co. v. Shaw-Ross, Int’l Imps.*, 756 F.2d 1525, 1530 (11th Cir. 1985); *Wesco Mfg. v. Tropical Attractions of Palm Beach*, 833 F.2d 1484, 1488 (11th Cir. 1984); *Roto-Rooter Corp. v. O’Neal*, 513 F.2d 44, 45-46 (5th Cir. 1975). Nevertheless, the Eleventh Circuit has allowed the consideration of other factors where appropriate. *See, e.g.*, *Tana v. Dantanna’s*, 611 F.3d 767, 780 (11th Cir. 2010) (“Our circuit has recognized that new factors may merit consideration in determining whether there is a likelihood of confusion.” (internal quotation marks omitted)); *accord Swatch Watch, S.A. v. Taxor, Inc.*, 785 F.2d 956, 958 (11th Cir. 1986). Examples of those additional factors include the degree of care exercised by purchasers of the parties’ goods and services, *see Armstrong Cork Co. v. World Carpets, Inc.*, 597 F.2d 496, 504 n.10 (5th Cir. 1979), a prior affiliation between the parties, *see Prof’l Golfers Ass’n v. Bankers Life & Cas. Co.*, 514 F.2d 665, 670 (5th Cir. 1975), the defendant’s infringement of multiple trademarks owned by the plaintiff, *see Volkswagenwerk AG v. Rickard*, 492 F.2d 474, 479 (5th Cir. 1974), the geographic proximity between the parties, *see Tana*, 611 F.3d at 780-81, and, in cases involving product design trade dress, the prominence of any house trademarks used by the parties. *See Bauer Lamp v. Shaffer*, 941 F.2d 1165, 1171 (11th Cir. 1991) (per curiam).

Whatever the factors used, the test for likely confusion is not applied by simply using a mathematical approach, that is, adding up how many factors have been proven or not proven. Rather, as the Eleventh Circuit has explained, “[a] district court should not determine whether a likelihood of confusion exists merely by computing whether a majority of the subsidiary factors indicate that such a likelihood exists. Rather, the district court must evaluate the weight to be accorded the individual subsidiary facts and make the ultimate fact decision.” *Jellibeans, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 840 n.17 (11th Cir. 1983).

Types and Strength of Trademarks

A finding that a registered trademark is generic means that the mark cannot be protected as a trademark, see *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768, 112 S. Ct. 2753, 2757 (1992), and a jury finding that a registered trademark is generic therefore should not evaluate whether the plaintiff has proven valid rights to the claimed trademark independent of the registration. See *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183 (5th Cir. 1980) (“A generic term can never become a trademark, [and] if a registered mark at any time becomes generic with respect to a particular article, the Lanham Act provides for the cancellation of that mark’s registration.” (footnote omitted) (citation omitted)). Under limited circumstances, however, a defendant’s use of a former trademark that has become generic can lead to liability for the tort of passing off. See, e.g., *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 120, 59 S. Ct. 109, 114, 83 L. Ed. 2d 73 (1938) (use of a generic designation by a defendant must “be done in a manner which reasonably distinguishes its product from that of a plaintiff”).

This instruction adopts the test for genericness set forth in Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3) (2012). Eleventh Circuit cases bearing on the issue include *Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1358, 1359 n.4 (11th Cir. 2007), *Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C.*, 931 F.2d 1519, 1522 (11th Cir. 1991), and *Vision Ctr. v. Opticks, Inc.*, 596 F.2d 111, 115 (5th Cir. 1979).

The instruction provides a definition of what may constitute a descriptive trademark, but the definition sets forth the most commonly found types of descriptive trademarks. In addition to trademarks falling within the scope of the definition in this instruction, “[n]ames – both surnames and first names – are regarded as descriptive terms and therefore one who claims federal trademark rights in a name must prove that the name has acquired secondary meaning.” *Tana*, 611 F.3d at 774 (citation omitted.) “The policy reasons for requiring secondary meaning for the use of a personal or surname as a trademark extend equally to the use of full names.” *Id.* at 776. Other types of trademarks that are considered descriptive include individual colors, see *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163 115 S. Ct. 1300, 1303, 131 L. Ed. 2d 248 (1995), geographically descriptive terms, see

Elgin Nat'l Watch Co. v. Ill. Watch Case Co., 179 U.S. 665, 673, 65 S. Ct. 270, 273, 45 L. Ed. 365 (1901), and noninherently distinctive trade dress. *See Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 857-58 (11th Cir. 1983).

In affirming a finding of no secondary meaning, one panel of the Eleventh Circuit has held that “[a]lthough we believe that proof of intentional copying is probative evidence on the secondary meaning issue, we cannot agree with Plaintiff that proof of intentional copying conclusively establishes that plaintiff’s trademark or trade dress has acquired secondary meaning.” *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 860 (11th Cir. 1983); *see also CPG Prods. Corp. v. Pegasus Luggage, Inc.*, 776 F.2d 1007, 1012 (Fed. Cir. 1985) (concluding, in application of Eleventh Circuit law, that “[e]vidence of intentional copying in this case, also supports a finding of secondary meaning”). Because the court has not addressed the precise role played by intentional copying in the secondary meaning inquiry, these instructions adopt the four-factor test most commonly applied by the court.

A registered trademark that has achieved incontestable status under 15 U.S.C. § 1065 cannot be challenged on the grounds that it is descriptive and lacks secondary meaning. *Park ‘N Fly v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 203, 105 S. Ct. 658, 666, 83 L. Ed. 2d 582 (1985); *Wilhelm Pudenz, GmbH v. Littlefuse, Inc.*, 177 F.3d 1204, 1209 (11th Cir. 1999); *Soweco*, 617 F.2d at 1184-85. Nevertheless, even though the registration covering a trademark may have achieved incontestable status, there are still a variety of defenses that may be made as to incontestability. *See* 15 U.S.C. § 1115(b).

Representative circuit case law bearing on the definition of suggestive trademarks includes *Am. Television & Commc’ns Corp. v. Am. Commc’ns & Television, Inc.*, 810 F.2d 1546, 1549 (11th Cir. 1987), *Citibank, N.A. v. Citibanc Grp.*, 724 F.2d 1540, 1545 (11th Cir. 1984), and *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1184 (5th Cir. 1980).

Representative circuit case law bearing on the definition of arbitrary and coined trademarks includes *Carnival Brand Seafood Co. v. Carnival Brands, Inc.*, 187 F.3d 1307, 1312 (11th Cir. 1999), *Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1182 n.3 (11th Cir. 1985), and *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 260 (5th Cir. 1980).

The Eleventh Circuit’s treatment of the considerations properly taken into account in the trademark strength inquiry has been inconsistent. On the one hand, the court has suggested that suggestive, arbitrary, and coined trademarks, as well as those covered by incontestable registrations, are strong as a matter of law. *See, e.g., Frehling Enters. v. Int’l Select Grp.*, 192 F.3d 1330, 1335-36 (11th Cir. 1999) (“Arbitrary marks are the strongest of the four categories.”); *AmBrit, Inc. v. Kraft*,

Inc., 812 F.2d 1531, 1539 (11th Cir. 1986) (“[T]he scope of protection increases as the [trademark] moves toward the arbitrary end of the spectrum.”); *Sun Banks, Inc. v. Sun Fed. Sav. & Loan Ass’n*, 651 F.2d 311, 315 (5th Cir. 1981) (“A strong mark is usually fictitious, arbitrary or fanciful and is generally inherently distinctive.”); *see also Sovereign Military Hospitaller Order of Saint John of Jerusalem of Rhodes & of Malta v. Fla. Priory of the Knights Hospitallers of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, the Ecumenical Order*, 809 F.3d 1171, 1183 (11th Cir. 2015) (applying, but criticizing as “an outlier,” circuit rule that marks covered by incontestable registrations are strong as a matter of law); *Caliber Auto. Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC*, 605 F.3d 931, 938 (11th Cir. 2010) (holding plaintiff’s incontestably registered service mark strong as a matter of law); *Dieter v. B & H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 329 (11th Cir. 1989) (same).

On the other hand, however, a number of the court’s decisions have departed from these bright-line rules in favor of an examination of the marketplace strength of the trademark sought to be protected. *See, e.g., Citibank, N.A. v. Citibanc Grp.*, 724 F.2d 1540, 1547 (11th Cir. 1984) (“The presumption of validity afforded plaintiff’s [registered] mark under the Lanham Act is not material to [whether confusion is likely.]”); *see also John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 974-75 n.13 (11th Cir. 1983) (“Of course, even if [the plaintiff’s mark] initially was weak, it may have subsequently acquired strength through [the plaintiff’s] promotional efforts.”). In particular, those opinions have often focused on the extent of third-party use of arguably similar marks. *See, e.g., Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1183 (11th Cir. 1985) (finding plaintiff’s suggestive mark weak as a matter of law on appeal based in part on evidence of third-party use); *Exxon Corp. v. Tex. Motor Exch.*, 628 F.2d 500, 504 (5th Cir. 1980) (affirming finding of trademark strength based on absence of evidence of third-party use); *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 260 (5th Cir. 1980) (finding plaintiff’s arbitrary mark weak as a matter of law on appeal based in part on evidence of third-party use). These instructions therefore adopt a dual approach that focuses on both the conceptual strength of the Plaintiff’s trademark, as reflected in the trademark’s placement on the spectrum of distinctiveness, and its commercial strength, as reflected in these other considerations.

Similarity or Dissimilarity of the Parties’ Trademarks

Representative circuit case law applying this factor includes *Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1361 (11th Cir. 2007), *Dippin’ Dots, Inc. v. Frosty Bites, Distrib., LLC*, 369 F.3d 1197, 1207-09 (11th Cir. 2004), *Frehling Enters. v. Int’l Select Grp.*, 192 F.3d 1330, 1337-38 (11th Cir. 1999), *Exxon Corp. v. Tex. Motor Exch.*, 628 F.2d 500, 504-05 (5th Cir. 1980), and *Eskay Drugs, Inc. v. Smith Kline & French Labs.*, 188 F.2d 430, 431-32 (5th Cir. 1951).

Similarity or Dissimilarity of the Parties' Goods

Representative circuit case law applying this factor includes *Tana v. Dantanna's*, 611 F.3d 767, 777-78 (11th Cir. 2010), *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1541 (11th Cir. 1986), *Jellibeans, Inc. v. Skating Clubs of Ga. Inc.*, 716 F.2d 833, 842 (11th Cir. 1983), *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 832 (11th Cir. 1982), and *Safeway Stores, Inc. v. Safeway Discount Drugs, Inc.*, 675 F.2d 1160, 1166 (11th Cir. 1982).

Similarity or Dissimilarity of the Parties' Retail Outlets and Purchasers

Representative circuit case law applying this factor includes *Carnival Brands Seafood v. Carnival Brands, Inc.*, 187 F.3d 1307, 1313-14 (11th Cir. 1999), *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 976 (11th Cir. 1983), *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 262 (5th Cir. 1980), *Exxon Corp. v. Texas Motor Exch.*, 628 F.2d 500, 505 (5th Cir. 1980), and *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792, 797 (5th Cir. 1954).

Similarity or Dissimilarity of the Parties' Advertising Media

Representative circuit case law applying this factor includes *Tana v. Dantanna's*, 611 F.3d 767, 776-77 (11th Cir. 2010), *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 967-77 (11th Cir. 1983), *Exxon Corp. v. Tex. Motor Exch.*, 628 F.2d 500, 506 (5th Cir. 1980), and *Volkswagenwerk Aktiengesellschaft v. Rickard*, 492 F.2d 474, 478 (5th Cir. 1974).

Actual Confusion

Under Eleventh Circuit law:

There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion. Moreover, reason tells us that while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof.

World Carpets, Inc. v. Dick Littrell's New World Carpets, 438 F.2d 482, 489 (5th Cir. 1971) (footnote omitted).

Nevertheless, the Eleventh Circuit has held that “there is no absolute scale as to how many instances of actual confusion establish the existence of that factor.” See *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1543 (11th Cir. 1986). The sufficiency of “actual confusion” evidence depends on the circumstances. These circumstances can include the amount of actual confusion in the context of the case. Compare *Tana v. Dantanna's*, 611 F.3d 767, 779 (11th Cir. 2010) (affirming finding of no

infringement based in part on testimony of only two instances of actual confusion), *and Sun Banks v. Sun Fed. Sav. & Loan*, 651 F.2d 311, 319 (5th Cir. 1981) (nineteen reports of actual confusion over a three-year period was insufficient to establish a finding of actual confusion under the circumstances in that case), *with Jellibean, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 844 (11th Cir. 1983) (testimony of three witnesses sufficient to support a finding of actual confusion), *and Roto-Rooter Corp. v. O'Neal*, 513 F.2d 44, 46 (5th Cir. 1975) (reversing trial court for applying a test of “statistically significant” confusion and finding confusion likely as a matter of law based on testimony of four instances of actual confusion). They can also include the type of person who was allegedly confused. *Compare Frehling Enters. v. Int'l Select Grp.*, 192 F.3d 1330, 1341 (11th Cir. 1999) (reversing finding of no likelihood of confusion based in part on evidence of confusion by plaintiff’s professional buyer), *and Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1510 n.10 (11th Cir. 1984) (affirming finding of likely confusion based on actual confusion among customers), *with Am. Television & Commc’ns Corp. v. Am. Commc’ns & Television, Inc.*, 810 F.2d 1546, 1550 (11th Cir. 1987) (according testimony of confusion among nonconsumers little weight), *and Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1185 (11th Cir. 1985) (same).

The Defendant’s Intent

Representative circuit case law applying this factor includes *Bauer Lamp v. Shaffer*, 941 F.2d 1165, 1172 (11th Cir. 1991) (per curiam), *Safeway Stores, Inc. v. Safeway Discount Drugs, Inc.*, 675 F.2d 1160, 1164 n.4 (11th Cir. 1982), *Sun Banks v. Sun Fed. Sav. & Loan Ass’n*, 651 F.2d 311, 318-19 (5th Cir. 1981), and *Aetna Cas. & Surety Co. v. Aetna Auto Fin., Inc.*, 123 F.2d 582, 584 (5th Cir. 1941).

Likelihood of Confusion: Resale of new genuine goods bearing the Plaintiff’s trademark

Under ordinary circumstances, the infringement cause of action is unavailable to trademark owners that already have sold their goods and are seeking to prevent subsequent sales by downstream purchasers. Specifically, the “genuine” nature of the goods will preclude confusion as to their source. *See generally Davidoff & CIE, S.A. v. PLD Int’l Corp.*, 263 F.3d 1297, 1301 (11th Cir. 2001) (“The resale of genuine trademarked goods generally does not constitute infringement... Therefore, even though a subsequent sale is without a trademark owner’s consent, the resale of a genuine good does not violate the [Lanham] Act.”). The protection afforded by the “first sale” doctrine does not apply, however, when the good or the packaging has been materially altered. *See id.* at 1301 (“This [first sale] doctrine does not hold true when an alleged infringer sells trademarked goods that are materially different than those sold by the trademark owner.”). When an infringement claim is grounded in the resale of goods bearing a plaintiff’s trademark that are genuine but that are

materially different from their authorized counterparts, the inquiry should focus on whether material differences exist and not the seven-factor test set forth above.

Likelihood of Confusion: Resale of used or reconditioned goods bearing the Plaintiff's mark

The sale of used or reconditioned goods bearing a plaintiff's trademark without adequate disclosure of the goods' status can constitute actionable infringement. *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125, 67 S. Ct. 1136, 91 L. Ed. 1386 (1947), is the seminal case on this theory of relief. In *Champion*, the Supreme Court held that used goods can be sold under the trademark owner's trademark in a way that does not confuse the public. The public's expectations for used goods are different than for new goods. *See also Nitro Leisure Prods., L.L.C. v. Acushnet Co.*, 341 F.3d 1356, 1359-60, 1367 (Fed. Cir. 2003) (applying Eleventh Circuit law to hold that the "material differences" test for the resale of new goods has not replaced the statutory "likelihood of confusion" test in the resale of used or reconditioned trademarked goods). When an infringement claim is grounded in the resale of used or refurbished genuine goods bearing a plaintiff's trademark, the inquiry should focus on whether material differences exist and not the seven-factor test set forth above.

Contributory Infringement

The test for liability for infringement set forth above is one for direct infringement. Liability for contributory trademark infringement is governed by the standard set forth in *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 853-54, 102 S. Ct. 2182, 2188, 72 L. Ed. 2d 606 (1982) ("Thus, if 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 is contributorily responsible for any harm done as a result of the deceit.").

Monetary Relief

The statutory basis for monetary relief is Section 35 of the Lanham Act, 15 U.S.C. § 1117(a), which provides that:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office,... shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of [15 U.S.C. §§ 1111, 1114], and subject to the principles of equity, to recover(1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be

assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty.

Award of the Plaintiff's Actual Damages

To be entitled to the legal remedy of an award of actual damages, the plaintiff must demonstrate that it suffered actual monetary losses. *Babbit Elecs., Inc. v. DynaScan Corp.*, 38 F.3d 1161, 1182 (11th Cir. 1994). (“[T]he Plaintiff must prove both lost sales and that the loss was caused by the Defendant's actions.”). Actual damages are not “speculative” if they are supported by a preponderance of the evidence. *See, e.g., Ramada Inns, Inc. v. Gadsden Motel Co.*, 804 F.2d 1562, 1565 (11th Cir. 1986) (affirming award of actual damages supported by unrebutted expert testimony).

It is “inappropriate” under Eleventh Circuit authority to award a trademark holder the “profit [it] would have made on sales to the defendant.” *St. Charles Mfg. Co. v. Mercer*, 737 F.2d 891, 893 (11th Cir. 1983) (“While Plaintiffs in Lanham Act cases often receive profits from lost sales, these sales are sales made by Defendants to purchasers who sought to buy plaintiffs' products and instead received defendants'.”). Nonetheless, franchise fees and lost royalties during the infringement period are recoverable. *See Ramada Inns*, 804 F.2d at 1565. An award of actual damages also may be based on findings that the defendant's infringement has diverted sales from the plaintiff or that the poor quality of the defendant's goods has harmed the plaintiff's business reputation. *See Boston Prof'l Hockey Ass'n v. Dallas Cap Mfg.*, 597 F.2d 71, 75 (5th Cir. 1979).

The Eleventh Circuit will not allow liquidated damages in addition to actual damages if it represents a “double recovery.” *Ramada Inns*, 804 F.2d at 1566. Under appropriate circumstances, however, the Eleventh Circuit will allow for both trademark and liquidated damages in the same case. *Id.* at 1566 (liquidated damages and actual damages upheld even though they were “calculated in almost the same manner” because each damage calculation was meant to “compensate for separate wrongs”). Likewise, in a franchise “hold over” case, infringement damages as well as expenditures necessary to establish a new franchisee are recoverable. *Id.*

Accounting of the Defendant's Profits

A split exists outside of the Eleventh Circuit on the issue of whether the equitable remedy of an accounting of a defendant's profits is a matter properly delegated to a jury or, alternatively, whether it is within the province of the court. In *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 82 S. Ct. 894, 8 L. Ed. 2d 44 (1962), the Supreme Court held that a former franchisee from which a disgorgement of profits was sought was entitled to a jury trial. Based on this outcome, some courts have concluded that a plaintiff's prayer for an accounting creates a right to a jury trial because "[t]his type of remedy is fundamentally compensatory and legal in nature." *Alcan Int'l Ltd. v. S.A. Day Mfg. Co.*, 48 U.S.P.Q.2d 1151, 1154 (W.D.N.Y. 1998); *see also Ideal World Mktg., Inc. v. Duracell, Inc.*, 997 F. Supp. 334, 337-39 (E.D.N.Y. 1998); *Oxford Indus. v. Hartmarx Corp.*, 15 U.S.P.Q.2d 1648, 1653 (N.D. Ill. 1990). Others, however, have denied requests for jury trials on the ground that "the *Dairy Queen* Court based its decision on the fact that the predominant claim was for breach of contract and not for equitable relief." *G.A. Modelfine S.A. v. Burlington Coat Factory Warehouse Corp.*, 888 F. Supp. 44, 46 (S.D.N.Y. 1995); *see also Am. Cyanamid Co. v. Sterling Drug, Inc.*, 649 F. Supp. 784, 789 (D.N.J. 1986). In the absence of controlling circuit authority, this instruction does not purport to resolve that issue; rather, it is intended to provide guidance to the extent that the accounting remedy is referred to a jury.

In an accounting under 15 U.S.C. § 1117 (2012), "[a] plaintiff need not demonstrate actual damage to obtain an accounting of the infringer's profits under section 35 of the Lanham Act." It is enough that the Plaintiff proves the infringer's sales. The burden then shifts to the Defendant, which must prove its expenses and other deductions from gross sales." *Wesco Mfg., Inc. v. Tropical Attractions of Palm Beach, Inc.*, 833 F.2d 1484, 1487-88 (11th Cir. 1987) (citations omitted).

An award of profits based on unjust enrichment or deterrence does not require a "higher showing of culpability on the part of the defendant." *Burger King Corp. v. Mason*, 855 F.2d 779, 781 (11th Cir. 1988); *see also Optimum Techs., Inc. v. Home Depot U.S.A., Inc.*, 217 F. App'x 899 (11th Cir. 2007) (holding that willful and deliberate infringement, unjust enrichment and deterrence are appropriate circumstances for an accounting of profits, as well as setting forth definitions of willful infringement and unjust enrichment). Likewise, "the law of this Circuit is well settled that a plaintiff need not demonstrate actual damage to obtain an award reflecting an infringer's profits under Section 35 of the Lanham Act." *Burger King Corp. v. Weaver*, 169 F.3d 1310, 1321 (11th Cir. 1999)); *see also id.* (accounting of defendant's profits may be appropriate even in absence of direct competition between the parties. *Babbit Elecs., Inc. v. DynaScan Corp.*, 38 F.3d 1161, 1182 (11th Cir. 1994).

Punitive Damages

Section 35 of the Lanham Act does not authorize awards of punitive damages, and, indeed, it provides that any monetary relief made under it be compensation and not a penalty. 15 U.S.C. § 1117(a) (2012). Nevertheless, the Lanham Act does not preempt awards of punitive damages under state law. *See generally* 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:96 (4th ed.) (citing state law cases).

10.2 Trademark Infringement – Unregistered Trademark

[Name of plaintiff] claims that [name of defendant] has infringed [his/her/its] trademark. To prove [his/her/its] claim, [name of plaintiff] must prove the following facts by a preponderance of the evidence:

- 1: [Name of plaintiff] owns a trademark that is entitled to protection;
and
- 2: [Name of defendant] is using a trademark that infringes [name of plaintiff]'s trademark.

Validity

You must first find that [name of plaintiff] owns protectable rights to a trademark. [Name of plaintiff] must prove by a preponderance of the evidence that the trademark is:

- 1: Used in commerce;
- 2: Distinctive; and
- 3: Nonfunctional

Used in Commerce

The right to a particular trademark grows out of the trademark's use. Use is sufficient to establish rights if it is public enough that it identifies the goods in question as those of the person using the trademark. It is sufficient to establish valid rights if the trademark is used in genuine transactions in commerce and the use is consistent and continuous. Mere "token use" of the trademark – use made solely to reserve rights in the trademark – is not enough

to establish valid rights. Wide public recognition of the trademark is not required, but secret or undisclosed use is not adequate.

A trademark is used in commerce and in connection with goods when it is placed on:

1. the goods or their containers or the associated displays,
2. the tags or labels affixed to the goods or their containers, or
3. the documents associated with the goods or their sale, and
4. the goods are sold or transported in commerce in more than one state, or in the United States and a foreign country.

[The following instruction should be given in cases in which plaintiff asserts rights to a trademark through use in commerce by a licensee:

[Name of plaintiff] may acquire rights to a trademark through another party's use of the trademark, even if [name of plaintiff] did not use the trademark. [Name of plaintiff] may enter into an agreement that permits another person to use the trademark. This agreement is called a license; [name of plaintiff] is the licensor and the party permitted to use the trademark is the licensee. An exclusive license may include the right to prevent others from using the same or a similar trademark that, in the marketplace, is likely to cause confusion. A license does not have to be in writing.

For a license to be valid, the licensor must retain adequate control over the quality of goods sold under the trademark. A licensee acquires no

ownership interest in the licensed trademark. Instead, the licensee acquires only those rights granted by the license.]

[The following instruction should be given in cases in which the parties claim prior rights in particular geographic areas:

[Name of plaintiff]'s rights are ordinarily limited to the places that [he/she/it] actually uses the trademark. Therefore, it is possible for another party to gain rights to the same or a similar trademark in a different geographic area.

There are two exceptions to this rule. First, [name of plaintiff]'s rights may reach beyond the geographic areas where [he/she/it] uses the trademark into [his/her/its] zone of natural expansion. In other words, [name of plaintiff]'s trademark rights can extend to places where it is probable that [name of plaintiff] would have expanded use of the trademark.

Second, [name of plaintiff]'s rights may extend to places where [he/she/it] does not use the trademark, but where [name of defendant] adopted and used the trademark with a bad-faith intent to violate [name of plaintiff]'s rights. Mere knowledge of [name of plaintiff]'s rights is insufficient to trigger this exception. [Name of defendant] must have intended to violate [name of plaintiff]'s rights.]

Distinctiveness

For [name of plaintiff] to have a protectable trademark, the trademark must be distinctive. In other words, the trademark must be recognized in its market as a trademark.

To be distinctive, a trademark can either:

1. Be inherently distinctive; or
2. Have acquired distinctiveness.

You must look at the trademark as a whole when evaluating the distinctiveness or lack of distinctiveness.

Acquired Distinctiveness

A trademark is protectable if it has “acquired distinctiveness,” also known as “secondary meaning.” A claimed trademark has acquired secondary meaning if the primary significance of the trademark in the minds of the consuming public is not the associated good itself, but instead the source or producer of the good.

There are four factors you may use in determining secondary meaning:

1. The length and nature of the trademark’s use;
2. The nature and extent of advertising and promotion of the trademark;
3. The efforts of the trademark’s owner to promote a conscious connection between the trademark and its business; and
4. The degree to which the public recognizes the good by the trademark.

Inherent Distinctiveness

A trademark also is protectable if it is inherently distinctive. To determine whether a claimed trademark is inherently distinctive, you must first place it into one of four “types” or categories. Trademarks come in different “types” or categories, namely: “generic,” “descriptive,” “suggestive,” “arbitrary,” and “fanciful” or “coined.” The type of trademark is relevant to the trademark’s strength.

I will now describe each type of trademark in the order of their general relative strength:

a. Generic:

A claimed trademark is generic if it is the word, name, symbol, or device, or any combination thereof, by which the good is known. An example of a generic trademark is “escalator” for moving stairs.

Whether a claimed trademark is generic does not depend on the term itself, but on use of the term. A word may be generic of some things but not of others. For example, “ivory” is generic for elephant tusks, but it is not generic for soap.

Whether a claimed trademark is generic is viewed from the perspective of a member of the relevant public evaluating the trademark.

Claimed marks that are generic are not protected and cannot be registered with the U.S. Patent and Trademark Office.

b. Descriptive:

A claimed trademark is “descriptive” if it merely describes an ingredient, quality, characteristic, function, feature, purpose, or use of the good. An example of a descriptive trademark would be VISION CENTER for an eyeglasses store.

Descriptive trademarks are eligible for protection if they have acquired “secondary meaning.” I previously instructed you on how to determine if a claimed trademark has acquired secondary meaning.

c. Suggestive:

A “suggestive” trademark suggests, rather than describes, qualities of the underlying good. If a consumer’s imagination is necessary to make the connection between the trademark and the goods, then the trademark suggests the features of the goods. An example of a suggestive trademark is ICEBERG for a refrigerator. Suggestive trademarks are eligible for protection without proof of secondary meaning.

d. Arbitrary and Fanciful or Coined:

An “arbitrary” trademark is a trademark that is a real word but has no logical relationship to the underlying goods. An example of an arbitrary trademark is DOMINO for sugar.

A “fanciful” or “coined” trademark is a trademark created solely to function as a trademark but which has no meaning beyond the trademark itself. An example of a fanciful or coined trademark is EXXON for gasoline.

Arbitrary and fanciful or coined trademarks are eligible for protection without proof of secondary meaning.

Nonfunctionality

The third element that [name of plaintiff] must prove is that the trademark is primarily nonfunctional. A claimed trademark is functional if it is essential to the use or purpose of the good, or if it affects the good’s cost or quality. In other words, if allowing [name of plaintiff] to have exclusive use of the trademark would put competitors at a disadvantage that does not relate to [name of plaintiff]’s reputation, then the trademark may be functional. For example, a trademark for the color of ice cream – such as white for vanilla, pink for strawberry, and brown for chocolate – would be functional if the color identifies the flavor of the ice cream.

In evaluating nonfunctionality, you must keep in mind that a claimed trademark may be primarily nonfunctional even if it serves a practical

purpose. The fact that individual components of a claimed trademark are functional does not prevent the overall combination of those elements from being primarily nonfunctional. Nevertheless, individually functional elements are not valid merely because they are part of an overall nonfunctional trademark.

INFRINGEMENT

Introductory Infringement Jury Charge

If you have determined that [name of plaintiff]'s trademark is entitled to protection, you must next consider whether [name of defendant] infringed [name of plaintiff]'s trademark. The test for infringement is whether [name of defendant]'s trademark is "likely to cause confusion" with [name of plaintiff]'s trademark.

That is, you must determine if [name of defendant], without [name of plaintiff]'s consent, used the same or a similar trademark in connection with the sale of, or the offer to sell, goods in a manner that is likely to cause confusion among consumers as to the source, affiliation, approval, or sponsorship of the goods. "Source," "origin," "affiliation," "approval," or "sponsorship" means that the public believes that [name of defendant]'s goods come from, are affiliated with, are approved by, or sponsored by [name of plaintiff].

It is not necessary that the trademark used by [name of defendant] be an exact copy of [name of plaintiff]'s trademark. Rather, [name of plaintiff] must demonstrate, by a preponderance of the evidence, that [name of defendant]'s use of [his/her/its] trademark is, when viewed in its entirety, likely to cause confusion as to the source, origin, affiliation, approval, or sponsorship of the goods in question.

Infringement

[Name of plaintiff] claims that [name of defendant] has infringed [his/her/its] trademark. For [name of plaintiff] to succeed on this claim you must find by a preponderance of the evidence that [name of defendant]:

- 1: Used the trademark in connection with the sale or offer to sell goods;
- 2: Used the trademark in commerce; and
- 3: Used the trademark in a manner that is likely to:
 - a. cause confusion, mistake, or deception as to
 - b. the source, origin, affiliation, approval, or sponsorship of [name of defendant]'s goods.

Infringement: Likelihood of Confusion (Seven-Factor Test)

There are seven factors you can use to determine whether a likelihood of confusion exists. No single factor or consideration controls, and [name of plaintiff] is not required to prove that all, or even most, of the factors are present in any particular case. You also may use factors other than these

seven. You should weigh all of the relevant evidence in determining whether a likelihood of confusion exists.

1. Type and Strength of [Name of Plaintiff]’s Trademark

The first factor is the “type and strength” of the trademark. Some trademarks are stronger than others. The “stronger” the trademark, the more protection should be given to it.

I previously have instructed you as to the four “types” or categories of trademarks, namely, “generic,” “descriptive,” “suggestive,” “descriptive,” “arbitrary,” and “fanciful” or “coined.” The type of a claimed trademark is relevant to the trademark’s strength. When evaluating the strength of [name of plaintiff]’s trademark, you also may consider the extent of any use by third parties of similar trademarks, [name of plaintiff]’s promotional expenditures, and the volume of [name of plaintiff]’s sales under [his/her/its] trademark.

2. Similarity of the Parties’ Trademarks

In evaluating whether trademarks are similar, you may consider the “overall impression” that [name of plaintiff]’s and [name of defendant]’s trademarks create, including the sound, appearance, and manner in which they are used. You may look at the trademarks as a whole rather than simply comparing their individual features.

3. Similarity of the Parties’ Goods

This factor considers not only whether the consuming public can readily distinguish between the parties' goods, but also whether the goods at issue are of a kind that the public attributes to a single source.

4. Similarity of the Parties' Sales Channels, Distribution, and Customers

This factor considers where, how, and to whom the parties' goods are sold. Similarities increase the possibility of consumer confusion, mistake, or deception.

5. Similarity of the Parties' Advertising Media

This factor looks to each party's method of advertising. It is not a requirement that [name of plaintiff] and [name of defendant] advertise in the same magazines, publications, or other advertising outlets. The issue is whether the parties use the same forums and media outlets to advertise, leading to possible confusion.

6. [Name of Defendant]'s Intent

You also may consider whether [name of defendant] intended to infringe on [name of plaintiff]'s trademark. That is, did [name of defendant] adopt [his/her/its] trademark with the intention of deriving a benefit from [name of plaintiff]'s reputation? If you determine that [name of defendant] intentionally ignored potential infringement, you may impute to [name of defendant] an intent to infringe.

7. Actual Confusion

Because the presence of actual confusion usually is difficult to show, a finding of actual confusion is not required to find trademark infringement. Alternatively, the absence of actual confusion does not necessarily mean [name of defendant] is not liable for trademark infringement.

The evidence of actual confusion of trademarks should be reasonably significant. You should weigh the alleged actual confusion using the following factors:

1. The amount and duration of the confusion;
2. The degree of familiarity the customer has with the goods;
3. The type of person complaining of the alleged actual confusion (for example, whether that person is a customer or a noncustomer); and
4. The alleged number of people who are actually confused (for example, whether the confused person is an actual customer or someone else).

If you find that [name of defendant] has infringed [name of plaintiff]'s trademark, you must next consider [name of defendant]'s affirmative defenses. [*See* Defense Interrogatories at 10.3]

[The following instruction should be given in cases in which plaintiff claims third party "contributory infringement" for an underlying claim of infringement:

[Name of plaintiff] claims that [name of defendant] is liable for the "contributory infringement" of [name of plaintiff]'s trademark. "Contributory

infringement” occurs when a defendant intentionally induces or causes another party to infringe a plaintiff’s trademark. If this occurs, [name of defendant] can be held liable for other party’s infringement.]

Remedies

If you find that [name of plaintiff]’s trademark is valid, that [name of defendant] has infringed it, and [name of defendant] does not have a defense to the infringement, you must determine whether, and to what extent, money damages should be awarded.

Plaintiff’s Actual Monetary Damages

You may award actual damages [name of plaintiff] has sustained. [Name of plaintiff] may recover the economic injury to [his/her/its] business proximately resulting from [name of defendant]’s wrongful acts. You are not required to calculate actual damages with absolute exactness – you may make reasonable approximations. However, any award of actual damages to [name of plaintiff] must be just and reasonable, based on facts, and proved by [name of plaintiff] by a preponderance of the evidence.

Defendant’s Profits and Calculation of Profits

In addition to [name of plaintiff]’s actual damages, you may also make an award based on an accounting of [name of defendant]’s profits if you find that:

- [Name of defendant]'s conduct was willful and deliberate;
- [Name of defendant] was unjustly enriched; or
- An award of [name of defendant]'s profits is necessary to deter [name of defendant]'s future conduct.

A defendant commits a “willful violation” of a trademark when that defendant knowingly and purposefully capitalizes on and appropriates for [himself/herself/itself] the goodwill of a plaintiff.

“Unjust enrichment” occurs if [name of defendant] receives a benefit to which [he/she/it] is not entitled.

In determining [name of defendant]'s profits, [name of plaintiff] only is required to prove [name of defendant]'s gross sales. [Name of defendant] may then prove the amount of sales made for reasons other than the infringement. [Name of defendant] also may prove [his/her/its] costs or other deductions which [he/she/it] claims should be subtracted from the amount of [his/her/its] sales to determine [his/her/its] profits on such sales. Any costs or deductions that [name of defendant] proves by a preponderance of the evidence are required to be subtracted from the sales attributable to the infringement and the difference is the amount that may be awarded to [name of plaintiff].

Nominal Damages

If you find that [name of defendant] infringed [name of plaintiff]'s trademark, but you do not find that [name of plaintiff] sustained any actual

damages or damages based on [name of defendant]'s profits, you may return a verdict for [name of plaintiff] and award what are called "nominal" damages. By "nominal" I mean a small amount of damages that you, in your discretion, determine.

_____.

Infringement of an Unregistered Trademark

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

VALIDITY

1. [Name of plaintiff] owns a trademark that is entitled to protection?

Answer Yes or No _____

If your answer is "Yes," go to either Question No. 2 or 5, as appropriate. If your answer is "No," you should sign and date this form.

[Use these special interrogatories where the parties claim prior rights in particular geographic areas:

2. [Name of plaintiff] used [his/her/its] trademark in commerce prior to the date of first use of [name of defendant]'s trademark in the geographic area in which the plaintiff claims prior rights dispute?

Answer Yes or No _____

If your answer is “Yes,” then go to Question No. 5. If your answer is “No,” go on to Question No. 3.

3. The geographic area in which [name of defendant], uses [his/her/its] trademark lies within [name of plaintiff]’s zone of natural expansion?

Answer Yes or No _____

If your answer is “Yes,” then go to Question No. 5. If your answer is “No,” go on to Question No. 4.

4. [Name of defendant] adopted [his/her/its] trademark with a bad-faith intent to violate [name of plaintiff]’s rights in [his/her/its] trademark?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 5. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.]

5. [Name of plaintiff]’s trademark was distinctive prior to the date of first use of [name of defendant]’s trademark, either because [name of plaintiff]’s trademark was inherently distinctive or because it had acquired distinctiveness?

Answer Yes or No _____

If your answer is “Yes,” then go to Question No. 6. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

6. [Name of plaintiff]’s trademark is nonfunctional?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 7. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

INFRINGEMENT

7. [Name of defendant]’s use of [his/her/its] trademark causes a likelihood of confusion with [name of plaintiff]’s trademark?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 8. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

[Use these special interrogatories if plaintiff is claiming contributory infringement:

8. A party, other than [name of defendant], has infringed [name of plaintiff]’s trademark and [name of defendant] knew that the other party would be engaging in trademark infringement if [he/she/it] undertook the challenged activity?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 9. If your answer is “No, then go to Question No. 11.

9. [Name of defendant] intentionally induced the other party to engage in the infringing activity?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 10. If your answer is “No,” then go to Question No. 11.

10. [Name of defendant] is liable for contributory infringement?

Answer Yes or No _____

If your answer to this question is “Yes,” then go to question number 11.]

REMEDIES

These interrogatories should be given if plaintiff seeks actual damages for infringement:

11. [Name of plaintiff] has suffered actual damages?

Answer Yes or No _____

If your answer is “Yes,” in what amount?

\$_____.

[These interrogatories should be given if plaintiff seeks an award of defendant’s profits:

12. [Name of defendant]'s conduct was willful and deliberate, [name of defendant] was unjustly enriched, or such an award is necessary to deter future conduct?

Answer Yes or No _____

If your answer to this question is "Yes," then go to Question No.

13. If your answer is "No, then go to Question No. 14.

13. [Name of plaintiff] is awarded [name of defendant]'s profits?

Answer Yes or No _____

If your answer is "Yes," in what amount?

\$_____.

14. Even though [name of plaintiff] has not been awarded any actual monetary damages or [name of defendant]'s profits, [name of plaintiff] is awarded nominal damages?

Answer Yes or No _____

If your answer is "Yes," in what amount?

\$_____.

SO SAY WE ALL.

Foreperson's Signature

DATE: _____

ANNOTATIONS AND COMMENTS

These instructions should be given only in cases in which the Plaintiff seeks to protect an unregistered trademark. Although the Supreme Court suggested in *Two*

Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992), that there is no reason to apply differing rules to conventional word marks and trade dresses, these instructions use the term “trademark” only to refer to conventional word marks. Separate jury instructions relating to trade dress are contained in these Annotations and Comments to implement the Supreme Court’s later qualifications *Two Pesos in Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 120 S. Ct. 1339, 146 L. Ed. 2d 182 (2000), and *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164, 115 S. Ct. 1300, 1304, 131 L. Ed. 2d 248 (1995). Additionally, the instruction may be modified if the trademark at issue is a service mark, certification mark, a collective mark, or a trade dress. *See* the Annotations and Comments to the Counterclaims for Cancellation of a Registered Trademark, *supra*, for additional discussion.

The three prerequisites for a trademark’s validity, namely, use in commerce, distinctiveness, and nonfunctionality, are well-established under Eleventh Circuit law. *See, e.g., Epic Metals Corp. v. Souliere*, 99 F.3d 1034, 1038-39 (11th Cir. 1996); *Univ. of Fla. v. KPB, Inc.*, 89 F.3d 773, 776-77 (11th Cir. 1996); *Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165, 1170 (11th Cir. 1991) (per curiam); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1535 (11th Cir. 1986). Claimed verbal trademarks have been found to be functional in rare cases outside of the Eleventh Circuit, *see, e.g., Autodesk, Inc. v. Dassault Systemès Solidworks Corp.*, 685 F. Supp. 2d 1023, 1028 (N.D. Cal. 2009), but the nonfunctionality/functionality distinction typically comes into play only in disputes over the validity of claimed trade dresses. As a practical matter, a jury hearing an action involving the claimed rights to a conventional trademark, service mark, collective mark, or certification mark will not ordinarily be required to determine whether that claimed trademark is functional or nonfunctional.

Use in Commerce

The definitions of use in commerce set forth in this instruction are drawn from the statutory definition of use in commerce found in Section 45 of the Lanham Act, *id.* § 1127, as well as from the U.S. Patent and Trademark Office’s internal operating guidelines. *See* United States Patent & Trademark Office, *Trademark Manual of Examining Procedure*, §§ 1303.01, 1306.01-03, 1304.08-.09 (2010); Restatement (Third) of Unfair Competition §§ 10-11 (1995). Eleventh Circuit opinions addressing the issue have done so in the context of the extent of use in commerce necessary to create common-law rights, but the underlying principles are the same. *See, e.g., Planetary Motion, Inc. v. Techplosion, Inc.*, 261 F.3d 1188, 1193-2000 (11th Cir. 2001) (applying statutory definition of use in commerce and holding that nonmonetary transactions can create protectable rights); *Leigh v. Warner Bros.*, 212 F.3d 1210, 1217 (11th Cir. 2000) (requiring claimed trademark to be used in a manner recognizable as a trademark); *Geovision, Inc. v. Geovision Corp.*, 928 F.2d 387, 388-89 (11th Cir. 1991) (“[A] mere contract of sale without a product or mark is not within the statutory meaning of a sale.”); *Blue Bell, Inc. v.*

Farah Mfg. Co., 508 F.2d 1260, 1267 (5th Cir. 1975) (shipments of goods made only to create or to preserve trademark rights do not qualify as bona-fide uses in commerce).

The instruction departs from the express statutory definition of trademark use in commerce to the extent that that definition fails to require use in interstate commerce or in commerce with a foreign country. *See* 15 U.S.C. § 1127. That requirement is incorporated into the instruction to maintain consistency with the requirements of trademark use in connection with services.

Section 5 of the Lanham Act, 15 U.S.C. § 1055 (2012), expressly recognizes the ability of a plaintiff to qualify for registration through the properly licensed use of registered trademark, and this principle has long been recognized by the law of the Circuit as well. *See generally Turner v. H M H Publ'g Co.*, 380 F.2d 224, 229 (5th Cir. 1967) (affirming validity of licensed service mark); *see also Planetary Motion*, 261 F.3d at 1198 (same); *Mini Maid Servs. Co. v. Maid Brigade Sys., Inc.*, 967 F.2d 1516, 1519 (11th Cir. 1992) (same); *Prof'l Golfers Ass'n of Am. v. Bankers Life & Cas. Co.*, 514 F.2d 665, 688 (5th Cir. 1975) (affirming validity of licensed collective mark).

The principles underlying this instruction's treatment of geographic rights are drawn from *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 98, 39 S. Ct. 48, 51 (1918), *Hanover Star Milling Co. v. D.D. Metcalf Co.*, 240 U.S. 403, 419-20, 36 S. Ct. 357, 363 (1916), *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1027 (11th Cir. 1989), *Ky. Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 387 (5th Cir. 1977), *Am. Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619, 626 (5th Cir. 1963), *Persha v. Armour & Co.*, 239 F.2d 628, 630 (5th Cir. 1957), *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 364 (2d Cir. 1954), and *El Chico, Inc. v. El Chico Cafe*, 214 F.2d 721, 725-26 (5th Cir. 1954).

Carnival Brand Seafood Co. v. Carnival Brands, Inc., 187 F.3d 1307, 1312-13 (11th Cir. 1999), suggests that the zone of natural expansion applies to goods and services as well as to geographic areas. *Planetary Motion*, 261 F.3d at 1201 n.23, however, criticizes this methodology as conflating the use-in-commerce prerequisite for protectable rights with the likelihood-of-confusion test for infringement.

Distinctiveness of Word Marks

The principles set forth in this instruction's treatment of distinctiveness are applicable to conventional word marks are generally drawn from *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769, 112 S. Ct. 2753, 2758, 120 L. Ed. 2d 615 (1992), *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 120 S. Ct. 1339, 146 L. Ed. 2d 182 (2000), *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 115 S. Ct. 1300, 131 L. Ed. 2d 248 (1995), *Estate of P.D. Beckwith, Inc. v. Comm'r of Patents*,

252 U.S. 538, 545-46, 40 S. Ct. 414, 416-18, 64 L. Ed. 705 (1920), *Frehling Enters. v. Int'l Select Grp.*, 192 F.3d 1330, 1335-36 (11th Cir. 1999), *Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc.*, 106 F.3d 355, 362 (11th Cir.), *modified on other grounds*, 122 F.3d 1379 (1997); and *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1190 (5th Cir. 1980).

The spectrum of distinctiveness applicable to trademarks, service marks, collective marks, and certification marks is most commonly applied in cases involving conventional word marks. *See, e.g., Two Pesos*, 505 U.S. at 768, 112 S. Ct. at 2757, 120 L. Ed. 2d 615; *Dieter v. B & H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 327-28 (11th Cir. 1989); *Am. Television & Commc'ns Corp. v. Am. Commc'ns & Television, Inc.*, 810 F.2d 1546, 1548 (11th Cir. 1987); *Freedom Sav. & Loan v. Way*, 757 F.2d 1176, 1182 n.5 (11th Cir. 1985). Nevertheless, it also has been invoked in evaluations of the potential inherent distinctiveness of design marks. *See Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535, 1540 (1985).

A finding that a claimed trademark is generic means that the mark cannot be protected as a trademark, *see Two Pesos*, 505 U.S. at 768, 112 S. Ct. at 2757, and a jury finding that a claimed trademark is generic therefore should not evaluate whether the plaintiff has proven valid rights to the claimed trademark independent of the registration. *See Soweco*, 617 F.2d at 1183 (“A generic term can *never* become a trademark, [and] if a registered mark *at any time* becomes generic with respect to a particular article, the Lanham Act provides for the cancellation of that mark’s registration.” (footnote omitted) (citation omitted)). Under limited circumstances, however, a defendant’s use of a former trademark that has become generic can lead to liability for the tort of passing off. *See, e.g., Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 120, 59 S. Ct. 109, 114, 83 L. Ed. 2d 73 (1938) (use of a generic designation by a defendant must “be done in a manner which reasonably distinguishes its product from that of a plaintiff”).

This instruction adopts the test for genericness set forth in Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3) (2012). Eleventh Circuit cases bearing on the issue include *Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1358, 1359 n.4 (11th Cir. 2007), *Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C.*, 931 F.2d 1519, 1522 (11th Cir. 1991), and *Vision Ctr. v. Opticks, Inc.*, 596 F.2d 111, 115 (5th Cir. 1979).

In addition to trademarks falling within the scope of the definition in this instruction, “[n]ames – both surnames and first names – are regarded as descriptive terms and therefore one who claims federal trademark rights in a name must prove that the name has acquired secondary meaning.” *Tana*, 611 F.3d at 774 (citation omitted.) “The policy reasons for requiring secondary meaning for the use of a personal or surname as a mark extend equally to the use of full names.” *Id.* at 776. Other types of trademarks that are considered descriptive include individual colors,

see *Qualitex*, 514 U.S. at 163, 115 S. Ct. at 1303, geographically descriptive terms, see *Elgin Nat'l Watch Co. v. Ill. Watch Case Co.*, 179 U.S. 665, 673, 65 S. Ct. 270, 273, 45 L. Ed. 365 (1901), and noninherently distinctive trade dress. See *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 857-58 (11th Cir. 1983). In affirming a finding of no secondary meaning, one panel of the Eleventh Circuit has held that “[a]lthough we believe that proof of intentional copying is probative evidence on the secondary meaning issue, we cannot agree with Plaintiff that proof of intentional copying conclusively establishes that plaintiff’s trademark or trade dress has acquired secondary meaning.” *Brooks Shoe*, 716 F.2d at 860; see also *CPG Prods. Corp. v. Pegasus Luggage, Inc.*, 776 F.2d 1007, 1012 (Fed. Cir. 1985) (concluding, in application of Eleventh Circuit law, that “[e]vidence of intentional copying in this case, also supports a finding of secondary meaning”). Because the court has not addressed the precise role played by intentional copying in the secondary meaning inquiry, these instructions adopt the four-factor test most commonly applied by the court.

A registered trademark that has achieved incontestable status under 15 U.S.C. § 1065 cannot be challenged on the grounds that it is descriptive and lacks secondary meaning. *Park ‘N Fly v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 224, 105 S. Ct. 658, 83, 582 L. Ed. 2d (1985); *Wilhelm Pudenz, GmbH v. Littlefuse, Inc.*, 177 F.3d 1204, 1209 (11th Cir. 1999); *Soweco*, 617 F.2d at 1184-85. Nevertheless, even though the registration covering a trademark may have achieved incontestable status, there are still a variety of defenses that may be made as to incontestability. See 15 U.S.C. § 1115(b).

Representative circuit case law bearing on the definition of suggestive trademarks includes *Am. Television & Commc’ns Corp. v. Am. Commc’ns & Television, Inc.*, 810 F.2d 1546, 1549 (11th Cir. 1987), *Citibank, N.A. v. Citibanc Grp.*, 724 F.2d 1540, 1545 (11th Cir. 1984), and *Soweco*, 617 F.2d at 1184.

Representative circuit case law bearing on the definition of fanciful or arbitrary and coined trademarks includes *Carnival Brand Seafood Co. v. Carnival Brands, Inc.*, 187 F.3d 1307, 1312 (11th Cir. 1999), *Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1182 n.3 (11th Cir. 1985), and *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 260 (5th Cir. 1980).

Distinctiveness of Trade Dress

Most unregistered trademarks found or held to be protectable under Section 43(a) are conventional verbal marks. See, e.g., *Conagra, Inc. v. Singleton*, 743 F.2d 1508 (11th Cir. 1984) (verbal trademark); *Jellibeans, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833 (11th Cir. 1983) (verbal service mark). Nevertheless, Section 43 (a) had been held to protect nonverbal trademarks, or “trade dress,” such as restaurant interiors. See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763,

112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992); *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535 (11th Cir. 1985) (collegiate mascots); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531 (11th Cir. 1986) (product packaging); *Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165 (11th Cir. 1991) (per curiam) (product configurations); and *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821 (11th Cir. 1982) (business techniques).

For clarity, the instructions do not include specific instructions relating to trade dress infringement. The test for distinguishing between inherently distinctive and non-inherently distinctive trade dress is taken from *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 857-58 (11th Cir. 1983), and has its origin in *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977). In *AmBrit, Inc.*, the court declined to disturb the district court's reliance on the *Seabrook* factors in finding a claimed trade dress to be inherently distinctive, although the court also invoked the four-tiered spectrum of distinctiveness this instruction proposes for conventional trademarks, service marks, collective marks, and certification marks. *See* 812 F.2d at 1347; *see also Univ. of Fla. v. KPB, Inc.*, 89 F.3d 773, 776 n.4 (11th Cir. 1996) (noting use of both tests in prior case law). Because there is no necessary inconsistency between the two tests, this instruction is not intended to foreclose application of the spectrum-of-distinctiveness test in actions to protect claimed trade dresses.

In affirming a finding of no secondary meaning, one panel of the Eleventh Circuit has held that “[a]lthough we believe that proof of intentional copying is probative evidence on the secondary meaning issue, we cannot agree with Plaintiff that proof of intentional copying conclusively establishes that plaintiff’s trademark or trade dress has acquired secondary meaning.” *Brooks Shoe*, 716 F.2d at 860; *see also CPG Prods. Corp. v. Pegasus Luggage, Inc.*, 776 F.2d 1007, 1012 (Fed. Cir. 1985) (concluding, in application of Eleventh Circuit law, that “[e]vidence of intentional copying in this case, also supports a finding of secondary meaning”). Because the court has not addressed the precise role played by intentional copying in the secondary meaning inquiry, these instructions adopt the four-factor test most commonly applied by the court. Instructions for consideration in the acquired distinctiveness, or “secondary meaning,” inquiry are drawn from *Tartell v. S. Fla. Sinus & Allergy Ctr.*, 790 F.3d 1253, 1257 (11th Cir. 2015), *Knights Armament*, 654 F.3d at 1189, *Am. Television & Commc’ns Corp.*, 810 F.2d at 1549, *Conagra*, 743 F.2d at 1513, and *Brooks Shoe*, 716 F.2d at 860.

Nonfunctionality of Trade Dress

A finding that a claimed trademark is functional means that the trademark cannot be protected as a trademark. *See Dippin’ Dots, Inc. v. Frosty Bites Distrib., LLC*, 369 F.3d 1197, 1206-07 (11th Cir. 2004). Under limited circumstances, however, a defendant’s use of a functional designation can lead to liability for the

tort of passing off. *See, e.g., Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 121, 59 S. Ct. 109, 114-15, 83 L. Ed. 2d 73 (1938).

The functionality doctrine prevents trademark law, which seeks to promote competition, from instead inhibiting legitimate competition. *See TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32-33, 121 S. Ct. 1255, 1261-62, 149 L. Ed. 2d 164 (2001); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 115 S. Ct. 1300, 1304, 131 L. Ed. 2d 248 (1995); *Dippin' Dots*, 369 F.3d at 1202-03; *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571, 1579-80 (Fed. Cir. 1995) (applying Eleventh Circuit law); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1538 (11th Cir. 1986).

The requirement that a trademark be nonfunctional in the utilitarian sense is often regarded as necessary to maintain the distinction between possibly perpetual trademark protection and the temporally limited protection available under federal utility patent law. *See TrafFix Devices*, 532 U.S. at 34, 121 S. Ct. at 1262, 149 L. Ed. 2d 164 (“The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.”).

At least some Circuit case law, however, suggests that the requirement has constitutional dimensions. *See, e.g., Wilhelm Pudenz, GmbH v. Littlefuse, Inc.*, 177 F.3d 1204, 1208 (11th Cir. 1999) (“[W]hen the operation of the Lanham Act would upset the balance struck by the Patent Act, the Lanham Act must yield. The functionality doctrine serves this purpose by eliminating the possibility of a perpetual exclusive right to the utilitarian features of a product under trademark law, which would be impossible (as well as unconstitutional) under the Patent Act.”); *cf. B.H. Bunn Co. v. AAA Replacement Parts Co.*, 451 F.2d 1254, 1254, 1258-59 (5th Cir. 1971) (“It runs counter to federal purposes, and perhaps borders on the unconstitutional, for a state to prolong or to create any trade monopoly, to an originator [of a useful article] by forbidding the production of copies under the rubric of unfair competition.”).

Infringement

General Introductory Charge

The statutory basis for the federal tort of infringement of unregistered trademarks is Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), which proscribes the use in commerce “by any person” of:

any word, term, symbol, or device, or any combination thereof, ...
which is likely to cause confusion, or to cause mistake, or to deceive
as to the affiliation, connection, or association of such person with

another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.

15 U.S.C. § 1125(a) (2012). This language has long been recognized as creating a cause of action against the violation of rights to unregistered trademarks substantively equivalent to the federal infringement cause of action under Section 32 of the Act, *id.* § 1114, which is reserved to owners of trademarks that have been federally registered on the U.S. Patent and Trademark Office's Principal Register.

In keeping with conventional practice, these instructions refer to unfair competition grounded in the alleged misappropriation of a trademark as "infringement." Assuming that a protectable trademark exists, the "touchstone" of a finding of infringement "is not simply whether there is an unauthorized use of a protected trademark, but whether such use is likely to cause customer confusion." *Custom Mfg. & Eng'g, Inc. v. Midway Servs., Inc.*, 508 F.3d 641, 647 (11th Cir. 2009); *see also Angel Flight of Ga., Inc. v. Angel Flight Am., Inc.*, 522 F.3d 1200, 1205 (11th Cir. 2007); *Jellibean, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 839 (11th Cir. 1983) (test for service mark infringement is whether or not the offending service mark is "likely to cause confusion").

The infringement analysis in these charges is the same for word marks, logos and trade dress. This is meant to promote a more consistent approach to the analysis and is believed by the drafters of this charge to be more consistent with the case authority. This approach varies from other jury charge sources. *See, e.g., American Bar Association Section of Litigation, Model Jury Instructions: Copyright, Trademark and Trade Dress Litigation* (2008).

Likelihood of Confusion: Seven-Factor Test

This is the test most commonly applied for direct infringement, in which the defendant is using an allegedly confusingly similar trademark in connection with its own goods. There are many Eleventh Circuit and former Fifth Circuit cases applying the seven-factor test set forth in these instructions. *See, e.g., Frehling Enters. v. Int'l Select Grp.*, 192 F.3d 1330, 1335 (11th Cir. 1999); *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1027 (11th Cir. 1989), *Dieter v. B&H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 326 (11th Cir. 1989); *Freedom Sav. & Loan Ass'n v. Way*, 757 F.2d 1176, 1182 (11th Cir. 1985); *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535, 1542-43 (11th Cir. 1985); *E. Remy Martin & Co. v. Shaw-Ross, Int'l Imps.*, 756 F.2d 1525, 1530 (11th Cir. 1985); *Wesco Mfg. v. Tropical Attractions of Palm Beach*, 833 F.2d 1484, 1488 (11th Cir. 1984); *Roto-Rooter Corp. v. O'Neal*, 513 F.2d 44, 45-46 (5th Cir. 1975). Nevertheless, the Eleventh Circuit has allowed the consideration of other factors where appropriate. *See, e.g., Tana v. Dantanna's*, 611 F.3d 767, 780 (11th Cir. 2010) ("Our circuit has recognized that new factors may merit consideration in determining whether there is a likelihood of confusion.")

(internal quotation marks omitted)); *accord Swatch Watch, S.A. v. Taxor, Inc.*, 785 F.2d 956, 958 (11th Cir. 1986). Examples of those additional factors include the degree of care exercised by purchasers of the parties' goods and services, *see Armstrong Cork Co. v. World Carpets, Inc.*, 597 F.2d 496, 504 n.10 (5th Cir. 1979), a prior affiliation between the parties, *see Prof'l Golfers Ass'n v. Bankers Life & Cas. Co.*, 514 F.2d 665, 670 (5th Cir. 1975), the defendant's infringement of multiple trademarks owned by the plaintiff, *see Volkswagenwerk AG v. Rickard*, 492 F.2d 474, 479 (5th Cir. 1974), the geographic proximity between the parties, *see Tana*, 611 F.3d at 780-81, and, in cases involving product design trade dress, the prominence of any house trademarks used by the parties. *See Bauer Lamp v. Shaffer*, 941 F.2d 1165, 1171 (11th Cir. 1991) (per curiam).

Whatever the factors used, the test for likely confusion is not applied by simply using a mathematical approach, that is, adding up how many factors have been proven or not proven. Rather, as the Eleventh Circuit has explained, "[a] district court should not determine whether a likelihood of confusion exists merely by computing whether a majority of the subsidiary factors indicate that such a likelihood exists. Rather, the district court must evaluate the weight to be accorded the individual subsidiary facts and make the ultimate fact decision." *Jellibeans, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 840 n.17 (11th Cir. 1983).

Types and Strength of Trademarks

Eleventh Circuit doctrine governing the categories of trademarks, namely, "generic," "descriptive," "suggestive," and "arbitrary" or "coined and "fanciful," is discussed above.

The Eleventh Circuit's treatment of the considerations properly taken into account in the trademark strength inquiry has been inconsistent. On the one hand, the court has suggested that suggestive, arbitrary, and coined trademarks, as well as those covered by incontestable registrations, are strong as a matter of law. *See, e.g., Frehling Enters. v. Int'l Select Grp.*, 192 F.3d 1330, 1335-36 (11th Cir. 1999) ("Arbitrary marks are the strongest of the four categories."); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1539 (11th Cir. 1986) ("[T]he scope of protection increases as the [trademark] moves toward the arbitrary end of the spectrum."); *Sun Banks, Inc. v. Sun Fed. Sav. & Loan Ass'n*, 651 F.2d 311, 315 (5th Cir. 1981) ("A strong mark is usually fictitious, arbitrary or fanciful and is generally inherently distinctive."); *see also Caliber Auto. Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC*, 605 F.3d 931, 938 (11th Cir. 2010) (holding plaintiff's incontestably registered service mark strong as a matter of law); *Dieter v. B & H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 329 (11th Cir. 1989) (same).

On the other hand, however, a number of the court's decisions have departed from these bright-line rules in favor of an examination of the marketplace strength

of the trademark sought to be protected. *See, e.g., Citibank, N.A. v. Citibanc Grp.*, 724 F.2d 1540, 1547 (11th Cir. 1984) (“The presumption of validity afforded plaintiff’s [registered] mark under the Lanham Act is not material to [whether confusion is likely.]”); *see also John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 974-75 n.13 (11th Cir. 1983) (“Of course, even if [the plaintiff’s mark] initially was weak, it may have subsequently acquired strength through [the plaintiff’s] promotional efforts.”). In particular, those opinions have often focused on the extent of third-party use of arguably similar marks. *See, e.g., Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1183 (11th Cir. 1985) (finding plaintiff’s suggestive mark weak as a matter of law on appeal based in part on evidence of third-party use); *John H. HarlandCo.*, 711 F.2d at 974-75 n.13 (“Of course, even if [the plaintiff’s mark] initially was weak, it may have subsequently acquired strength through [the plaintiff’s] promotional efforts.”); *Exxon Corp. v. Tex. Motor Exch.*, 628 F.2d 500, 504 (5th Cir. 1980) (affirming finding of trademark strength based on absence of evidence of third-party use); *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 260 (5th Cir. 1980) (finding plaintiff’s arbitrary mark weak as a matter of law on appeal based in part on evidence of third-party use). These instructions therefore adopt a dual approach that focuses on both the conceptual strength of the plaintiff’s trademark, as reflected in the trademark’s placement on the spectrum of distinctiveness, and its commercial strength, as reflected in these other considerations.

Similarity or Dissimilarity of the Parties’ Trademarks

Representative circuit case law applying this factor includes *Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1361 (11th Cir. 2007), *Dippin’ Dots, Inc. v. Frosty Bites, Distrib., LLC*, 369 F.3d 1197, 1207-09 (11th Cir. 2004), *Frehling Enters. v. Int’l Select Grp.*, 192 F.3d 1330, 1337-38 (11th Cir. 1999), *Exxon Corp. v. Tex. Motor Exch.*, 628 F.2d 500, 504-05 (5th Cir. 1980), and *Eskay Drugs, Inc. v. Smith Kline & French Labs.*, 188 F.2d 430, 431-32 (5th Cir. 1951).

Similarity or Dissimilarity of the Parties’ Goods

Representative circuit case law applying this factor includes *Tana v. Dantanna’s*, 611 F.3d 767, 777-78 (11th Cir. 2010), *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1541 (11th Cir. 1986), *Jellibean, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 842 (11th Cir. 1983), *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 832 (11th Cir. 1982), and *Safeway Stores, Inc. v. Safeway Discount Drugs, Inc.*, 675 F.2d 1160, 1166 (11th Cir. 1982).

Similarity or Dissimilarity of the Parties’ Retail Outlets and Purchasers

Representative circuit case law applying this factor includes *Carnival Brands Seafood v. Carnival Brands, Inc.*, 187 F.3d 1307, 1313-14 (11th Cir. 1999), *John H.*

Harland Co. v. Clarke Checks Inc., 711 F.2d 966, 976 (11th Cir. 1983), *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 262 (5th Cir. 1980), *Exxon Corp. v. Texas Motor Exch.*, 628 F.2d 500, 505 (5th Cir. 1980), and *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792, 797 (5th Cir. 1954).

Similarity or Dissimilarity of the Parties' Advertising Media

Representative circuit case law applying this factor includes *Tana v. Dantanna's*, 611 F.3d 767, 776-77 (11th Cir. 2010), *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 967-77 (11th Cir. 1983), *Exxon Corp. v. Tex. Motor Exch.*, 628 F.2d 500, 506 (5th Cir. 1980), and *Volkswagenwerk Aktiengesellschaft v. Rickard*, 492 F.2d 474, 478 (5th Cir. 1974).

Actual Confusion

Under Eleventh Circuit law:

There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion. Moreover, reason tells us that while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof.

World Carpets, Inc. v. Dick Littrell's New World Carpets, 438 F.2d 482, 489 (5th Cir. 1971) (footnote omitted).

Nevertheless, the Eleventh Circuit has held that “there is no absolute scale as to how many instances of actual confusion establish the existence of that factor.” See *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1543 (11th Cir. 1986). The sufficiency of “actual confusion” evidence depends on the circumstances. These circumstances can include the amount of actual confusion in the context of the case. Compare *Tana v. Dantanna's*, 611 F.3d 767, 779 (11th Cir. 2010) (affirming finding of no infringement based in part on testimony of only two instances of actual confusion), and *Sun Banks v. Sun Fed. Sav. & Loan*, 651 F.2d 311, 319 (5th Cir. 1981) (nineteen reports of actual confusion over a three-year period was insufficient to establish a finding of actual confusion under the circumstances in that case), with *Jellibean, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 844 (11th Cir. 1983) (testimony of three witnesses sufficient to support a finding of actual confusion), and *Roto-Rooter Corp. v. O'Neal*, 513 F.2d 44, 46 (5th Cir. 1975) (reversing trial court for applying a test of “statistically significant” confusion and finding confusion likely as a matter of law based on testimony of four instances of actual confusion). They can also include the type of person who was allegedly confused. Compare *Frehling Enters. v. Int'l Select Grp.*, 192 F.3d 1330, 1341 (11th Cir. 1999) (reversing finding of no likelihood of confusion based in part on evidence of confusion by plaintiff's

professional buyer), and *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1510 n.10 (11th Cir. 1984) (affirming finding of likely confusion based on actual confusion among customers), with *Am. Television & Commc'ns Corp. v. Am. Commc'ns & Television, Inc.*, 810 F.2d 1546, 1550 (11th Cir. 1987) (according testimony of confusion among nonconsumers little weight), and *Freedom Sav. & Loan Ass'n v. Way*, 757 F.2d 1176, 1185 (11th Cir. 1985) (same).

The Defendant's Intent

Representative circuit case law applying this factor includes *Bauer Lamp v. Shaffer*, 941 F.2d 1165, 1172 (11th Cir. 1991) (per curiam), *Safeway Stores, Inc. v. Safeway Discount Drugs, Inc.*, 675 F.2d 1160, 1164 n.4 (11th Cir. 1982), *Sun Banks v. Sun Fed. Sav. & Loan Ass'n*, 651 F.2d 311, 318-19 (5th Cir. 1981), and *Aetna Cas. & Surety Co. v. Aetna Auto Fin., Inc.*, 123 F.2d 582, 584 (5th Cir. 1941).

Likelihood of Confusion: Resale of new genuine goods bearing the Plaintiff's mark

Under ordinary circumstances, the infringement cause of action is unavailable to trademark owners that already have sold their goods and are seeking to prevent subsequent sales by downstream purchasers. Specifically, the "genuine" nature of the goods will preclude confusion as to their source. *See generally Davidoff & CIE, S.A. v. PLD Int'l Corp.*, 263 F.3d 1297, 1301 (11th Cir. 2001) ("The resale of genuine trademarked goods generally does not constitute infringement... Therefore, even though a subsequent sale is without a trademark owner's consent, the resale of a genuine good does not violate the [Lanham] Act."). The protection afforded by the "first sale" doctrine does not apply, however, when the good or the packaging has been materially altered. *See id.* at 1301 ("This [first sale] doctrine does not hold true when an alleged infringer sells trademarked goods that are materially different than those sold by the trademark owner."). When an infringement claim is grounded in the resale of goods bearing a plaintiff's trademark that are genuine but that are materially different from their authorized counterparts, the inquiry should focus on whether material differences exist and not the seven-factor test set forth above.

Likelihood of Confusion: Resale of used or reconditioned goods bearing the Plaintiff's mark

The sale of used or reconditioned goods bearing a plaintiff's trademark without adequate disclosure of the goods' status can constitute actionable infringement. *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125, 67 S. Ct. 1136, 91 L. Ed. 1386 (1947) is the seminal case on this theory of relief. In *Champion*, the Supreme Court held that used goods can be sold under the trademark owner's trademark in a way that does not confuse the public. The public's expectations for used goods are different than for new goods. *See also Nitro Leisure Prods., L.L.C. v. Acushnet Co.*, 341 F.3d 1356, 1359-60, 1367 (Fed. Cir. 2003) (applying Eleventh

Circuit law to hold that the “material differences” test for the resale of new goods has not replaced the statutory “likelihood of confusion” test in the resale of used or reconditioned trademarked goods). When an infringement claim is grounded in the resale of used or refurbished genuine goods bearing a plaintiff’s trademark, the inquiry should focus on whether material differences exist and not the seven-factor test set forth above.

Contributory Infringement

The test for liability for infringement set forth above is one for direct infringement. Liability for contributory trademark infringement is governed by the standard set forth in *Inwood Labs v. Ives Labs*, 456 U.S. 844, 853-54, 102 S. Ct. 2182, 2188, 72 L. Ed. 2d 606 (1982) (“Thus, if 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 is contributorily responsible for any harm done as a result of the deceit.”).

Monetary Relief

The statutory basis for monetary relief is Section 35 of the Lanham Act, 15 U.S.C. § 1117(a), which provides that:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office,... shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of [15 U.S.C. §§ 1111, 1114], and subject to the principles of equity, to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty.

Award of the Plaintiff’s Actual Damages

To be entitled to the legal remedy of an award of actual damages, the plaintiff must demonstrate that it suffered actual monetary losses. *Babbit Elecs., Inc. v. DynaScan Corp.*, 38 F.3d 1161, 1182 (11th Cir. 1994). (“[T]he Plaintiff must prove both lost sales and that the loss was caused by the Defendant’s actions.”). Actual damages are not “speculative” if they are supported by a preponderance of the evidence. *See, e.g., Ramada Inns, Inc. v. Gadsden Motel Co.*, 804 F.2d 1562, 1565 (11th Cir. 1986) (affirming award of actual damages supported by unrebutted expert testimony).

It is “inappropriate” under Eleventh Circuit authority to award a trademark holder the “profit [it] would have made on sales to the defendant.” *St. Charles Mfg. Co. v. Mercer*, 737 F.2d 891, 893 (11th Cir. 1983) (“While Plaintiffs in Lanham Act cases often receive profits from lost sales, these sales are sales made by Defendants to purchasers who sought to buy plaintiffs’ products and instead received defendants’.”) Nonetheless, franchise fees and lost royalties during the infringement period are recoverable. *See Ramada Inns*, 804 F.2d at 1565. An award of actual damages also may be based on findings that the defendant’s infringement has diverted sales from the plaintiff or that the poor quality of the defendant’s goods has harmed the plaintiff’s business reputation. *See Boston Prof’l Hockey Ass’n v. Dallas Cap Mfg.*, 597 F.2d 71, 75 (5th Cir. 1979).

The Eleventh Circuit will not allow liquidated damages in addition to actual damages if it represents a “double recovery.” *Ramada Inns*, 804 F.2d at 1566. Under appropriate circumstances, however, the Eleventh Circuit will allow for both trademark and liquidated damages in the same case. *Id.* at 1566 (liquidated damages and actual damages upheld even though they were “calculated in almost the same manner” because each damage calculation was meant to “compensate for separate wrongs”). Likewise, in a franchise “hold over” case, infringement damages as well as expenditures necessary to establish a new franchisee are recoverable. *Id.*

Accounting of the Defendant’s Profits

A split exists outside of the Eleventh Circuit on the issue of whether the equitable remedy of an accounting of a defendant’s profits is a matter properly delegated to a jury or, alternatively, whether it is within the province of the court. In *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 82 S. Ct. 894, 8 L. Ed. 2d 44 (1962), the Supreme Court held that a former franchisee from which a disgorgement of profits was sought was entitled to a jury trial. Based on this outcome, some courts have concluded that a plaintiff’s prayer for an accounting creates a right to a jury trial because “[t]his type of remedy is fundamentally compensatory and legal in nature.” *Alcan Int’l Ltd. v. S.A. Day Mfg. Co.*, 48 U.S.P.Q.2d 1151, 1154 (W.D.N.Y. 1998); *see also Ideal World Mktg., Inc. v. Duracell, Inc.*, 997 F. Supp. 334, 337-39 (E.D.N.Y. 1998); *Oxford Indus. v. Hartmarx Corp.*, 15 U.S.P.Q.2d 1648, 1653 (N.D. Ill. 1990). Others, however, have denied requests for jury trials on the ground

that “the *Dairy Queen* Court based its decision on the fact that the predominant claim was for breach of contract and not for equitable relief.” *G.A. Modefine S.A. v. Burlington Coat Factory Warehouse Corp.*, 888 F. Supp. 44, 46 (S.D.N.Y. 1995); *see also Am. Cyanamid Co. v. Sterling Drug, Inc.*, 649 F. Supp. 784, 789 (D.N.J. 1986). In the absence of controlling circuit authority, this instruction does not purport to resolve that issue; rather, it is intended to provide guidance to the extent that the accounting remedy is referred to a jury.

In an accounting under 15 U.S.C. § 1117 (2012), “[a] plaintiff need not demonstrate actual damage to obtain an accounting of the infringer’s profits under section 35 of the Lanham Act.” It is enough that the Plaintiff proves the infringer’s sales. The burden then shifts to the Defendant, which must prove its expenses and other deductions from gross sales.” *Wesco Mfg., Inc. v. Tropical Attractions of Palm Beach, Inc.*, 833 F.2d 1484, 1487-88 (11th Cir. 1987) (citations omitted).

An award of profits based on unjust enrichment or deterrence does not require a “higher showing of culpability on the part of the defendant.” *Burger King Corp. v. Mason*, 855 F.2d 779, 781 (11th Cir. 1988); *see also Optimum Techs., Inc. v. Home Depot U.S.A., Inc.*, 217 F. App’x 899 (11th Cir. 2007) (holding that willful and deliberate infringement, unjust enrichment and deterrence are appropriate circumstances for an accounting of profits, as well as setting forth definitions of willful infringement and unjust enrichment). Likewise, “the law of this Circuit is well settled that a plaintiff need not demonstrate actual damage to obtain an award reflecting an infringer’s profits under Section 35 of the Lanham Act.” *Burger King Corp. v. Weaver*, 169 F.3d 1310, 1321 (11th Cir. 1999)); *see also id.* (accounting of defendant’s profits may be appropriate even in absence of direct competition between the parties. *Babbit Elecs., Inc. v. DynaScan Corp.*, 38 F.3d 1161, 1182 (11th Cir. 1994).

Punitive Damages

Section 35 of the Lanham Act does not authorize awards of punitive damages, and, indeed, it provides that any monetary relief made under it be compensation and not a penalty. 15 U.S.C. § 1117(a) (2012). Nevertheless, the Lanham Act does not preempt awards of punitive damages under state law. *See generally* 5 J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 30:96 (4th ed.) (citing state law cases).

10.3 Defenses to Claim of Infringement of a Trademark

[Name of plaintiff] has shown a likelihood of confusion, but [name of defendant] claims that [name of defendant] is not liable to [name of plaintiff] for trademark infringement because one or more of the following defenses exist. [Name of defendant] has the burden of proving [a] defense[s] to trademark infringement by a preponderance of the evidence.

[The following instruction should be given in cases in which defendant claims that the use of plaintiff's trademark is a nominative fair use:

Nominative fair use is a defense to a claim of trademark infringement. Under this defense, [name of defendant] may use [name of plaintiff]'s trademark to refer to [name of plaintiff]'s goods, but [name of defendant] may not use [name of plaintiff]'s trademark to refer to [name of defendant]'s own goods. You must find that [name of defendant]'s use of the trademark was not infringing if [name of defendant] proves by a preponderance of the evidence that [his/her/its] use of [name of plaintiff]'s trademark meets the following elements:

1. [Name of plaintiff]'s trademark is the only name, term, or symbol reasonably available to describe [name of defendant]'s goods;
2. [Name of defendant] does not attempt to capitalize on consumer confusion or to appropriate the prestige of [name of plaintiff]'s trademark; and

3. [Name of defendant]'s use of [name of plaintiff]'s trademark does not identify [name of plaintiff] as the source of [name of defendant]'s goods.]

[The following instruction should be given in cases in which defendant claims that [his/her/its] use of plaintiff's trademark is descriptive fair use:

Descriptive fair use is a defense to a claim of trademark infringement.

[Name of defendant] is not liable for infringement if [he/she/it] proves by a preponderance of the evidence that [his/her/its] use of [name of plaintiff]'s trademark is necessary to accurately describe a characteristic of [his/her/its] goods. To establish this defense, [name of defendant] must prove that [name of plaintiff]'s trademark is used:

1. Other than as a trademark;
2. In a descriptive sense; and
3. Fairly and in good faith – that is, [name of defendant] did not intend to trade on the goodwill of [name of plaintiff] by creating confusion as to the source of [name of defendant]'s goods.]

[The following instruction should be given in cases in which defendant claims that plaintiff abandoned [his/her/its] trademark:

Abandonment of a trademark is a defense to a claim of infringement. To prove abandonment, [name of defendant] must prove the following by a preponderance of the evidence:

1. [Name of plaintiff] discontinued the bona fide use of [name of plaintiff]'s trademark, and did so with the intent to not resume [his/her/its] use in the reasonably foreseeable future. If you find that [name of plaintiff] has not used the trademark for

three consecutive years, you may presume that [name of plaintiff] did not intend to resume use of the trademark, but [name of plaintiff] can rebut that presumption by producing evidence that [he/she/it] intended to resume use; or

2. [Name of plaintiff] acted or failed to act, and as a result [name of plaintiff]'s trademark no longer identifies the source of [name of plaintiff]'s goods and has become a generic term for the associated goods.]

1. [The following instruction should be given in cases in which defendant claims to be the senior user of a mark under Section 15 of the Lanham Act, 15 U.S.C. § 1065 (2012), in an action brought by a plaintiff owning an incontestable federal registration on the Principal Register:

2. Prior use of a trademark in a particular geographic area is a defense to a claim of infringement. To prove prior use, [name of defendant] must prove the following by a preponderance of the evidence:

- [Name of defendant] began using its mark in a particular geographic area before [name of plaintiff] began using its mark in that area; and
- [Name of defendant]'s use of its mark in that geographic area has been continuous since that use began.]

3. [The following instruction should be given in cases in which a defendant claims to be an intermediate junior user of a mark under Section 33(b)(5) of the Lanham Act, 15 U.S.C. § 1115(b)(5) (2012), in an action brought by a plaintiff owning a federal registration on the Principal Register:

4. Prior use of a trademark in a remote geographic area before a plaintiff's registration issued is a defense to a claim of infringement. To prove prior use, [name of defendant] must prove the following by a preponderance of the evidence:

- [Name of defendant] began using its mark in a particular geographic area before [name of plaintiff] received a federal registration of [name of plaintiff]'s mark;

- [Name of defendant] began using its mark without knowledge of the [name of plaintiff]’s prior use of its mark; and
- [Name of defendant] has used its mark continuously in its geographic area since before [name of plaintiff] received a federal registration of [name of plaintiff]’s mark.

_____.

Defenses to Claim of Infringement of a Trademark

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

[Use these special interrogatories if defendant is claiming that [his/her/its] use is nominative fair use:

1. [Name of plaintiff]’s trademark is the only reasonable way to describe [name of defendant]’s goods?

Answer Yes or No _____

If your answer is “Yes,” then go to the next question. If your answer is “No,” then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.

2. [Name of defendant]’s use of [name of plaintiff]’s trademark is not an attempt to capitalize on consumer confusion or to appropriate the prestige of [name of plaintiff]’s trademark?

Answer Yes or No _____

If your answer is “Yes,” then go to the next question. If your answer is “No,” then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.

3. [Name of defendant]’s use of [name of plaintiff]’s trademark is not intended to identify [his/her/its] goods with the source of [name of plaintiff]’s goods?

Answer Yes or No _____

If your answer is “Yes,” then your foreperson should sign and date the last page of this verdict form. If your answer is “No,” then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.]

[Use these special interrogatories if defendant is claiming that [his/her/its] use is descriptive fair use:

4. [Name of defendant] used [name of plaintiff]’s trademark in a way other than as a trademark.

Answer Yes or No _____

If your answer is “Yes,” then go to the next question. If your answer is “No,” then go to the special interrogatories on Remedies in

either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.

5. [Name of defendant] used [name of plaintiff]'s trademark in a descriptive sense.

Answer Yes or No _____

If your answer is "Yes," then go to the next question. If your answer is "No," then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.

6. [Name of defendant] used [name of plaintiff]'s trademark in good faith.

Answer Yes or No _____

If your answer is "Yes," then your foreperson should sign and date the last page of this verdict form. If your answer is "No," then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.]

[Use these special interrogatories if defendant asserts that plaintiff has abandoned [his/her/its] trademark through nonuse:

7. [Name of plaintiff] has ceased using the trademark with the intent to not resume [his/her/its] use in the reasonably foreseeable future?

Answer Yes or No _____

If your answer is “Yes,” then your foreperson should sign and date the last page of this verdict form. If your answer is “No,” then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.]

[Use these special interrogatories if defendant asserts that plaintiff has abandoned [his/her/its] trademark through acts or omissions causing the mark to lose its significance as a mark:

8. Because of [name of plaintiff]'s acts or omissions, the trademark no longer identifies the source of the goods but rather identifies the goods themselves?

Answer Yes or No _____

If your answer is “Yes,” then your foreperson should sign and date the last page of this verdict form. If your answer is “No,” then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.]

[Use these special interrogatories if defendant has asserted a counterclaim for cancellation of plaintiff's registered trademark registration on the basis that plaintiff abandoned the trademark:

9. [Name of plaintiff] has abandoned [his/her/its] trademark?

Answer Yes or No _____

If your answer is "Yes," then your foreperson should sign and date the last page of this verdict form. If your answer is "No," then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.]

[Use these special interrogatories if defendant asserts prior use under 15 U.S.C. § 1065 and plaintiff owns an incontestable registration:

10. [Name of defendant] has used its mark in a particular geographic area since prior to the [name of plaintiff]'s use of its mark?

Answer Yes or No _____

If your answer is "Yes," then go to the next question. If your answer is "No," then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.

11. [Name of defendant]'s use of its mark has been continuous in that geographic area?

Answer Yes or No _____

If your answer is “Yes,” your foreperson should sign and date the last page of this verdict form. If your answer is “No,” then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.]

[Use these special interrogatories if defendant asserts prior use under 15 U.S.C. § 1115(b)(5):

12. [Name of defendant] has used its mark in a particular geographic area since prior to the [name of plaintiff]’s registration of its mark?

Answer Yes or No _____

If your answer is “Yes,” then go to the next question. If your answer is “No,” then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.

13. [Name of defendant]’s use of its mark has been continuous in that that geographic area?

Answer Yes or No _____

If your answer is “Yes,” then go to the next question. If your answer is “No,” then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.

14. [Name of defendant] adopted its mark without knowledge of [name of plaintiff]'s use of its mark?

Answer Yes or No _____

If your answer is "Yes," your foreperson should sign and date the last page of this verdict form. If your answer is "No," then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark.]

SO SAY WE ALL.

Foreperson's Signature

DATE: _____

ANNOTATIONS AND COMMENTS

Nominative and Descriptive Fair Use

Descriptive fair use by the defendant of either the plaintiff's trademark or the words making up the plaintiff's trademark may be justified under either of two theories. First, Section 33(b)(4) of the Lanham Act recognizes as a defense to the conclusive evidentiary presumption attaching to an incontestably registered trademark that a defendant is using a personal name "in his own business" or other words "fairly and in good faith only to describe the [associated] goods or services... or their geographic origin." 15 U.S.C. § 1115(b)(4) (2012). Second, the common law preserves defendants' ability to use personal names and descriptive terms in their primary descriptive sense. *See generally KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 125 S. Ct. 542, 160 L. Ed. 2d 440 (2004); *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792 (5th Cir. 1954); *Creamette Co. v. Conlin*, 191 F.2d 108 (5th Cir. 1951).

Where infringement and unfair competition causes of action are concerned, nominative fair use is an extrastatutory doctrine recognized by the Eleventh Circuit and other courts. *See Univ. of Fla. v. KP, Inc.*, 89 F.3d 773, 777 n.9 (11th Cir. 1996). In contrast, Section 43(c)(3) of the Lanham Act, 15 U.S.C. § 1125(c)(3) (2012), expressly recognizes nominative fair use as an "exclusion" from liability under the federal likelihood-of-dilution cause of action.

The Eleventh Circuit has not addressed the proper allocation of the parties' respective burdens under the nominative fair use doctrine, and there is a split among other circuits on the issue. *Compare Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 222-31 (3d Cir. 2005) (treating nominative fair use as affirmative defense), *and Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 169 (4th Cir. 2012) (same), *with Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 165 (2d Cir. 2016) (requiring plaintiff to demonstrate inapplicability of nominative fair use as part of its prima facie case), *and Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182-83 (9th Cir. 2010) (same). In the absence of Circuit law on the issue, the instructions treat nominative fair use as an affirmative defense to be proven by the defendant once liability has been demonstrated by the plaintiff. They do so because Section 43(c)(3) of the Lanham Act treats descriptive fair use and nominative fair use in identical fashion, and Section 33(b)(4) of the Act unambiguously identifies descriptive fair use as an affirmative defense to be proven by the defendant. *Cf. Wachovia Bank v. Schmidt*, 546 U.S. 303, 315-16 (2006) (“[S]tatutes addressing the same subject matter generally should be read ‘as if they were one law.’”) (quoting *Erlenbaugh v. United States*, 409 U.S. 239, 243 (1972)); *De Forest v. Lawrence*, 54 U.S. 274, 278 (1852) (“Where there are different statutes in *pari materia*, though made at different times, or even expired, and not referring to each other, they shall be taken and construed together as one system, and as explanatory of each other.”). This approach also is taken by American Bar Association Section of Litigation, *Model Jury Instructions: Copyright, Trademark and Trade Dress Litigation* (2008). In the absence of controlling circuit authority, however, these instructions do not purport to resolve the issue of the nature of the nominative fair use doctrine; rather, it is intended to provide guidance to the extent the doctrine is referred to a jury as an affirmative defense.

Again in the absence of Circuit case law, the required three showings by a defendant attempting to avail itself of nominative fair use are taken from *Int'l Info. Sys. Sec. Certification Consortium*, 823 F.3d at 168, *Toyota Motor Sales*, 610 F.3d at 1175, and *Century 21 Real Estate Corp.*, 425 F.3d at 222.

Prior Use

The test for the prior use defense under Section 15 of the Lanham Act is taken from the statutory text, 15 U.S.C. § 1065 (2012) (“[E]xcept to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable . . .”). The test for

the prior use defense under Section 33(b)(5) of the Lanham Act is taken from the statutory text, 15 U.S.C. § 1115(b)(5) (2012) (“[The] conclusive evidence of the right to use [a] registered mark [covered by an incontestable registration] . . . shall be subject to the . . . defense[] or defect[] . . . [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”)

Abandonment

The statutory basis of this defense is Section 33(b) of the Lanham Act, 15 U.S.C. § 1115(b) (2012). A finding that a trademark has been abandoned means that the plaintiff no longer has valid rights as of the date of abandonment. Nevertheless, because the plaintiff may have acquired new rights to its trademark by resuming the use of its trademark after the initial abandonment took place, a jury finding that a registration is subject to cancellation on this ground is not dispositive of the plaintiff’s rights, and the jury therefore evaluates whether the plaintiff has proven valid rights to the claimed trademark independent of the registration. The plaintiff’s resumption of a trademark’s use after abandonment will not allow the plaintiff to claim valid rights that date back to its original use; rather, the new rights will date only from the resumed use. *See generally AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1549-50 (11th Cir. 1986).

Eleventh Circuit case law suggests that a defendant alleging that a plaintiff has abandoned its trademark faces a high burden: “[T]he burden a defendant bears on the affirmative defense of abandonment is, in fact, ‘strict.’ Because a finding of abandonment works an involuntary forfeiture of rights, federal courts uniformly agree that defendants asserting an abandonment defense face a ‘stringent,’ ‘heavy,’ or ‘strict burden of proof.’” *Cumulus Media, Inc. v. Clear Channel Commc’ns, Inc.*, 304 F.3d 1167, 1174 (11th Cir. 2002) (citation omitted) (footnote omitted); *see also Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1516 (11th Cir. 1984) (“The defense of abandonment is one for which we require strict proof.”); *Citibank, N.A. v. Citibanc Grp.*, 724 F.2d 1540, 1545 (11th Cir. 1984) (affirming finding that defendants had failed to carry the “strict burden of proof applicable to abandonment claims”). The court has not, however, expressly held that abandonment must be shown by clear and convincing evidence.

10.4 Counterclaims for Cancellation of a Federal Trademark Registration

[The following instruction should be given in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal registration:

If [I have instructed you to find that] [name of plaintiff] has a registered trademark that is presumed to be valid, and that [name of plaintiff] enjoys nationwide priority of rights and nationwide constructive notice of [his/her/its] rights, then you must consider [name of defendant]'s claim that [name of plaintiff]'s registration is invalid, because [insert ground or grounds for cancellation]. You must determine whether [name of defendant] has proved by a preponderance of the evidence that [name of plaintiff]'s registration should be cancelled.]

[The following instruction should be given in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1051 on the ground that the registered trademark was not in use in commerce as of the date plaintiff represented to the U.S. Patent and Trademark Office that the trademark was being used in commerce:

The right to a particular trademark grows out of the trademark's use. Use is sufficient to establish rights if it is public enough that it identifies the goods in question as those of the person using the trademark. It is sufficient to establish valid rights if the trademark is used in genuine commercial transactions and the use is consistent and continuous. Mere "token use" of the trademark – use made solely to reserve rights in the trademark – is not enough

to establish valid rights. Wide public recognition of the trademark is not required, but secret or undisclosed use is not adequate.

As part of the process of registering a trademark with the Patent and Trademark Office, an applicant must swear under oath that it is using its trademark in commerce in connection with the goods covered by the application. If it was not using the trademark in commerce in connection with the goods covered by [name of plaintiff]'s trademark application, the trademark registration is cancelled.

A trademark is used in commerce and in connection with goods when it is placed on:

1. the goods or their containers or the associated displays,
2. the tags or labels affixed to the goods or their containers,
3. the documents associated with the goods or their sale, and
4. the goods are sold or transported in commerce in more than one state, or in the United States and a foreign country.]

[The following instruction should be given in cases in which defendant has asserted a counterclaim for cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1064(3) because the registered trademark has been abandoned through nonuse or a failure to police:

Abandonment of a trademark is a ground for the cancellation of a trademark registration. To prove abandonment, [name of defendant] must prove by a preponderance of the evidence that:

1. [Name of plaintiff] discontinued the bona fide use of the trademark, and did so with intent to not resume [his/her/its] use in the reasonably foreseeable future. If you find that [name of plaintiff] has not used the trademark for three consecutive years, you may presume that [name of plaintiff] did not intend to resume use of the trademark, but [name of plaintiff] can rebut that presumption by producing evidence that [he/she/it] intended to resume use; or
2. [Name of plaintiff] acted or failed to act, and as a result, [name of plaintiff]'s trademark no longer identifies the source of [name of plaintiff]'s goods and has become a generic term for the associated goods.]

[The following instruction should be given in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1064(3) on the ground that the registered trademark is a generic designation for the goods covered by the registration:

A claimed trademark that is generic may not be registered in the U.S. Patent and Trademark Office. You must consider whether the registered trademark was a generic trademark which must be cancelled. That is, if [name of defendant] proves by a preponderance of the evidence that [name of plaintiff]'s registered trademark is generic, both the trademark and the registration covering it are invalid, and the trademark registration must be cancelled.

A claimed trademark is generic if it is the word, name, symbol, device, or any combination thereof, by which the good is commonly known. An example of a generic trademark is "escalator" for moving stairs.

Whether a claimed trademark is generic does not depend on the term itself, but on use of the term. A word may be generic of some things but not of others. For example, “ivory” is generic for elephant tusks, but it is not generic for soap.

Whether a claimed trademark is generic is viewed from the perspective of a member of the relevant public.

Claimed trademarks that are generic are not eligible for registration in the U.S. Patent and Trademark Office and they are not protected. In considering if a claimed trademark is generic, you should also consider if the trademark is only descriptive.]

[The following instruction should be given in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff’s federal trademark registration under 15 U.S.C. § 1052(e)(1) on the ground that the registered trademark is merely descriptive of the goods covered by the registration and lacked acquired distinctiveness as of the registration date:

A registered trademark that is only descriptive of the goods covered by the registration may not be registered unless the trademark has acquired distinctiveness, or “secondary meaning,” as of the date the registration is issued. If [name of defendant] proves by a preponderance of the evidence that [name of plaintiff]’s trademark is descriptive and that the trademark had not acquired distinctiveness as of the registration date, [name of plaintiff]’s registration may be cancelled.

“Secondary meaning” means the consuming public associates the trademark with the trademark holder’s goods. A claimed trademark has acquired secondary meaning if the primary significance of the trademark in the minds of the consuming public is not the associated good itself, but instead the source or producer of the good.

There are four factors you may use in determining whether secondary meaning exists:

1. The length and nature of the trademark’s use;
2. The nature and extent of advertising and promotion of the trademark;
3. The efforts of the trademark owner to promote a conscious connection between the trademark and [his/her/its] business; and
4. The degree to which the public recognizes [name of plaintiff]’s product by the trademark.

Cancellation of a registration on this ground does not necessarily mean that [name of plaintiff] does not enjoy valid rights to the covered trademark. If you find that [name of plaintiff]’s registration should be cancelled on this ground, you must determine whether [name of plaintiff] has rights to [his/her/its] claimed trademark as an unregistered trademark. Instructions on how to determine if [name of plaintiff] owns protectable rights to an unregistered trademark or a trademark once covered by registration, and the extent of those rights will be given later.]

[The following general instruction should be given in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. §§ 1052(e)(5) and 1064(3) on the ground that the registered trademark comprises matter that, as a whole, is functional:]

A claimed trademark comprising matter that, as a whole, is functional may not be registered in the U.S. Patent and Trademark Office. A claimed trademark is functional if it is essential to the use or purpose of the good or if it affects the good's cost or quality. In other words, if allowing [name of plaintiff] to have exclusive use of the trademark would put competitors at a disadvantage that does not relate to [name of plaintiff]'s reputation, then the trademark may be functional. For example, a trademark for the color of ice cream – such as white for vanilla, pink for strawberry, and brown for chocolate – would be functional if the color identifies the flavor of the ice cream.

If [name of defendant] proves by a preponderance of the evidence that [name of plaintiff]'s registered trademark is functional, both the trademark and the registration covering it are invalid, and you need not consider further whether [name of plaintiff] has rights to the trademark independent of the registration or whether [name of plaintiff]'s rights have been violated.

In evaluating nonfunctionality, you must keep in mind that a claimed trademark may be primarily nonfunctional even if it serves a practical

purpose. The fact that individual components of a claimed trademark are functional does not prevent the overall combination of those elements from being primarily nonfunctional. Nevertheless, individually functional elements are not valid merely because they are part of an overall nonfunctional trademark.]

[The following instruction should be given in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1064(3) on the ground that the registration was procured or maintained through a fraudulent filing in the U.S. Patent and Trademark Office:

If [name of plaintiff]'s registration was obtained from, or has been maintained in, the U.S. Patent and Trademark Office through a false or fraudulent filing, the registration may be cancelled. To succeed on this ground for cancellation, [name of defendant] must prove by clear and convincing evidence that:

1. [Name of plaintiff] knowingly made a false representation of fact to the U.S. Patent and Trademark Office;
2. The false representation was made with an intent to deceive; and
3. The false representation was material in the sense that the U.S. Patent and Trademark Office would not have issued or maintained [name of plaintiff]'s registration in the absence of the false representation.

Cancellation of a registration on this ground does not necessarily mean that [name of plaintiff] does not enjoy valid rights to the covered trademark. If

you find that [name of plaintiff]'s registration should be cancelled on this ground, you must determine whether [name of plaintiff] has rights to [his/her/its] claimed trademark independent of its registration.]

[Note that there are a number of additional counterclaims defendant may raise that are not discussed in detail here. See the Annotations and Comments for discussion of additional potential counterclaims.]

_____.

Counterclaims for Cancellation of a Registered Trademark

SPECIAL INTERROGATORIES TO THE JURY

[The below special interrogatories are meant as an aid to the court in determining if cancellation is appropriate.]

Do you find by a preponderance of the evidence that:

[The following interrogatory should be used in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1051 on the ground that the registered trademark was not in use in commerce as of the date plaintiff represented to the U.S. Patent and Trademark Office the trademark was being used:

1. [Name of plaintiff]'s registration is invalid because the registered trademark was not in use in commerce as of the date [name of plaintiff] represented to the U.S. Patent and Trademark Office that the trademark was being used?

Answer Yes or No _____

[The following special interrogatory should be used in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1052(e)(1) on the ground that the registered trademark is merely descriptive of the goods covered by the registration and lacked acquired distinctiveness as of the registration date:

1. [Name of plaintiff]'s registration is invalid because the registered trademark is merely descriptive of the goods covered by the registration and lacked acquired distinctiveness as of the registration date?

Answer Yes or No _____

[The following special interrogatory should be used in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. §§ 1052(5) and 1064(3) on the ground that the registered trademark comprises matter that, as a whole, is functional:

1. [Name of plaintiff]'s registration is invalid because the registered trademark comprises matter that, as a whole, is functional?

Answer Yes or No _____

[The following special interrogatory should be used in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1064(3) on the ground that the registered trademark is a generic designation for the goods or services covered by the registration:

1. [Name of plaintiff]'s registration is invalid because the registered trademark is a generic designation for the goods covered by the registration?

Answer Yes or No _____

[The following special interrogatory should be used in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1064(3) on the ground that the registration was procured or maintained through a fraudulent filing:

1. [Name of plaintiff]'s registration is invalid, because [name of plaintiff] procured or maintained the registration through a fraudulent filing?

Answer Yes or No _____

[The following special interrogatory should be used in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1064(3) on the ground that the registered trademark has been abandoned by a discontinuance of [his/her/its] use with an intent not to resume use:

1. [Name of plaintiff] has stopped using [his/her/its] trademark with the intent to not resume [his/her/its] use in the reasonably foreseeable future?

Answer Yes or No _____

[The following special interrogatory should be used in cases in which defendant has asserted a counterclaim for the cancellation of plaintiff's federal trademark registration under 15 U.S.C. § 1064(3) on the ground that the registered trademark no longer identifies the source of plaintiff's goods, but rather identifies the goods or services themselves:

1. Because of [name of plaintiff]'s acts or omissions, [his/her/its] trademark no longer identifies the source of [name of plaintiff]'s goods but rather identifies the goods or services themselves?

Answer Yes or No _____

SO SAY WE ALL.

Foreperson's Signature

DATE: _____

ANNOTATIONS AND COMMENTS

A registration on the Principal Register that is less than five years old may be cancelled on any ground or grounds that would have prevented the registration's issuance in the first place, which are set forth in Sections 1, 2, and 14 of the Lanham Act. *See* 15 U.S.C. §§ 1051, 1052, 1064 (2012) and *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1091 (Fed. Cir. 1984). Immediately upon the registration's fifth anniversary of issuance, however, it may be cancelled only on the limited grounds set forth in Section 14(3) of the Lanham Act, regardless of whether the plaintiff has filed a declaration or affidavit of incontestability for its registration. 15 U.S.C. § 1064(3). *See Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 n.5 (Fed. Cir. 1990); *Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 761 n.6 (C.C.P.A. 1981). When discussing grounds for cancellation, the annotations and comments to these instructions therefore indicate if particular grounds are available if the registration in question has reached its fifth anniversary of issuance. Also, this instruction may be modified if the trademark at issue is a service mark, certification mark, or trade dress.

Certain grounds for cancellation correspond to the prerequisites for trademark validity in the first instance, and invalidation of a registration based on them necessarily invalidates any rights to the registered trademark as well. Some of these same grounds are also expressly recognized as affirmative defenses to the

evidentiary presumption of validity attaching to a federal registration under Section 33(b) of the Lanham Act, but, if they result in the registration's invalidation, there is no need to address them in that context. 15 U.S.C. § 1115(b).

In contrast, certain other grounds for cancellation, even if proven, will *not* result in the invalidation of the underlying trademark, and it is therefore possible for the plaintiff to prove that it has rights to the trademark independent of the registration. These instructions therefore contemplate that a jury invalidating the plaintiff's registration on one of the grounds falling into this category will need to conduct the same inquiry into the validity of the plaintiff's trademark as if the plaintiff never had a registration.

Finally, certain of what otherwise are grounds for cancellation will be trumped by the trademark's acquisition of distinctiveness, or "secondary meaning," prior to the registration's issuance. These instructions therefore distinguish between grounds to which a showing of acquired distinctiveness is relevant and those to which it is not. Where the former are concerned, the factors set forth for consideration in the acquired distinctiveness inquiry are drawn from *Tartell v. S. Fla. Sinus & Allergy Ctr.*, 790 F.3d 1253, 1257 (11th Cir. 2015); *Knights Armament Co. v. Optical Sys. Tech., Inc.*, 654 F.3d 1179, 1189 (11th Cir. 2011); *Am. Television & Commc'ns Corp. v. Am. Commc'ns & Television, Inc.*, 810 F.2d 1546, 1549 (11th Cir. 1987); *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1513 (11th Cir. 1984); and *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 860 (11th Cir. 1983). Under Sections 1(a)-(b) of the Lanham Act, use in commerce is a prerequisite for the registration of a trademark owned by a United States domiciliary. 15 U.S.C. § 1051 (a)-(b) (2012). The statutory basis of this ground for cancellation is Section 14 (1) of the Act. *Id.* § 1064(1). This ground for cancellation may not be asserted against a registration that has reached its fifth anniversary of issuance or against a registration that issued under Section 44 or Section 66 of the Act. *Id.* §§ 1064(3)-(5), 1126, 1141(f). The existence or nonexistence of acquired distinctiveness, or "secondary meaning," is irrelevant to this ground for cancellation. *See id.* § 1052(f). And a defendant pursuing cancellation therefore need not prove the absence of acquired distinctiveness to prevail.

Cancellation of a registration on this ground does not prevent the former registrant from establishing rights to its trademark independent of the registration. A jury finding a registration subject to cancellation on this ground therefore should evaluate whether the plaintiff otherwise has proven valid rights to its trademark and, if so, when those rights arose.

The definitions of use in commerce bearing on this ground for cancellation are drawn from the statutory definition of use in commerce found in Section 45 of the Lanham Act, as well as from the U.S. Patent and Trademark Office's internal operating guidelines and, in the case of certification trademarks, the Restatement of

Unfair Competition. *See* 15 U.S.C. § 1127; United States Patent & Trademark Office, *Trademark Manual of Examining Procedure* §§ 1303.01, 1306.01-.03, 1304.08-.09 (2010); RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 10-11 (1995). Eleventh Circuit opinions addressing the issue have done so in the context of the extent of use in commerce necessary to create common-law rights, but the underlying principles are the same. *See, e.g., Planetary Motion, Inc. v. Techplosion, Inc.*, 261 F.3d 1188, 1193-2000 (11th Cir. 2001) (applying statutory definition of use in commerce and holding that nonmonetary transactions can create protectable rights); *Leigh v. Warner Bros.*, 212 F.3d 1210, 1217 (11th Cir. 2000) (requiring claimed trademark to be used in a manner recognizable as a trademark); *Geovision, Inc. v. Geovision Corp.*, 928 F.2d 387, 388-89 (11th Cir. 1991) (“[A] mere contract of sale without a product or mark is not within the statutory meaning of a sale.”); *Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260, 1267 (5th Cir. 1975) (shipments of goods made only to create or to preserve trademark rights do not qualify as bona-fide uses in commerce).

The definitions of use in commerce bearing on this ground for cancellation depart from the express statutory definition of use in commerce in connection with goods to the extent that that definition fails to require use in interstate commerce or in commerce with a foreign country. *See* 15 U.S.C. § 1127. That requirement is incorporated into the instruction to maintain consistency with the requirements of trademark use in connection with services.

Section 5 of the Lanham Act, 15 U.S.C. § 1055 (2012), expressly recognizes the ability of a plaintiff to qualify for registration through the properly licensed use of registered trademark, and this principle has long been recognized by the law of the Circuit as well. *See generally Turner v. H M H Publ’g Co.*, 380 F.2d 224, 229 (5th Cir. 1967) (affirming validity of licensed service mark); *see also Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1198 (11th Cir. 2001) (same); *Mini Maid Servs. Co. v. Maid Brigade Sys., Inc.*, 967 F.2d 1516, 1519 (11th Cir. 1992) (same); *Prof’l Golfers Ass’n of Am. v. Bankers Life & Cas. Co.*, 514 F.2d 665, 688 (5th Cir. 1975) (affirming validity of licensed collective mark).

The Plaintiff lacked a bona-fide intent to use its trademark in commerce at a time the Plaintiff represented to the U.S. Patent and Trademark Office it had such an intent:

The statutory basis of this ground for cancellation is Section 1(b) of the federal Lanham Act. 15 U.S.C. § 1051(b) (2012). It may not be asserted against a registration that has reached its fifth anniversary of issuance. *See id.* § 1064(3)-(5). The existence or nonexistence of acquired distinctiveness, or “secondary meaning,” is irrelevant to this ground for cancellation and a defendant pursuing it therefore need not prove the absence of acquired distinctiveness to prevail. *See id.* § 1052(f).

Cancellation of a registration on this ground does not prevent the former registrant from establishing rights to its trademark independent of the registration. A jury finding a registration subject to cancellation on this ground therefore should evaluate whether the plaintiff otherwise has proven valid rights to its trademark and, if so, when those rights arose.

The Eleventh Circuit has not addressed the issue of what is necessary for a bona fide intent to use an applied-for trademark, but the Trademark Trial and Appeal Board has held that the inquiry is an objective one that ordinarily requires the applicant to produce documentary evidence predating the application's filing date. *See Spirits Int'l B.V. v. S.S. Taris Zeytin Ve Zeytinyagi Tarim satis Kooperatiferi Birliđi*, 99 U.S.P.Q.2d 1545, 1549 (T.T.A.B. 2011); *SmithKline Beecham Corp. v. Omnisource DDS LLC*, 97 U.S.P.Q.2d 1300, 1305 (T.T.A.B. 2010); *see also* S. Rep. No. 100-515, at 23 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5587 ("In connection with the [Lanham Act's intent-to-use provisions], 'bona fide' should be read to mean a fair, objective determination of the applicant's intent based on all the circumstances."). Under the Board's case law: (1) the registrant bears an initial burden of producing contemporary documentary evidence of a bona fide intent to use its trademark in connection with the goods and services covered by the application; but, if the registrant satisfies its burden of production, (2) the burden of proof reverts to the party challenging the validity of the registration. *See Boston Red Sox Baseball Club L.P. v. Sherman*, 88 U.S.P.Q.2d 1581, 1587-88 (T.T.A.B. 2008); *SmithKline Beecham Corp.*, 97 U.S.P.Q.2d at 1305.

The registered trademark is a generic designation for the goods or services covered by the registration:

The statutory basis of this ground for cancellation is Section 14(3) of the Lanham Act, which also contains the statutory definition of genericness found in the last paragraph of the instruction. 15 U.S.C. § 1064(3) (2012). It may be asserted against a registration that has reached the fifth anniversary of its issuance. *See* 15 U.S.C. § 1064(3). The existence or nonexistence of acquired distinctiveness, or "secondary meaning," is irrelevant to this ground for cancellation, and a defendant pursuing it therefore need not prove the absence of acquired distinctiveness to prevail. *See id.* § 1052(f).

A finding that a registered trademark is generic means that the trademark cannot be protected *as* a trademark, and a jury finding a registration subject to cancellation on this ground therefore should not evaluate whether the plaintiff has proven valid rights to the claimed trademark independent of the registration. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768, 112 S. Ct. 2753, 2757, 120 L. Ed. 2d 615 (1992). Under limited circumstances, however, a defendant's use of a former trademark that has become generic can lead to liability for the tort of passing off. *See, e.g., Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 120, 59 S. Ct.

109, 114, 83 L. Ed. 2d. 73 (1938) (use of a generic designation by a defendant must “be done in a manner which reasonably distinguishes its product from that of a plaintiff”).

The examples of generic designations set forth in this instruction are drawn from *Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1358, 1359 n.4 (11th Cir. 2007); *Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C.*, 931 F.2d 1519, 1522 (11th Cir. 1991); and *Vision Ctr. v. Opticks, Inc.*, 596 F.2d 111, 115 (5th Cir. 1979).

If the registered trademark is a conventional trademark, the trademark is descriptive of the goods or services covered by the registration, and lacked acquired distinctiveness as of the registration date:

The statutory basis of this ground for cancellation is Section 2(e)(1) of the Lanham Act, 15 U.S.C. § 1052(e)(1) (2012). It may not be asserted against a registration that has reached the fifth anniversary of its issuance. *See id.* § 1064(3)-(5). Because descriptive trademarks may be registered with a showing of acquired distinctiveness, or “secondary meaning,” a defendant pursuing this ground for cancellation bears the burden of demonstrating by a preponderance of the evidence and testimony that the registered trademark did not enjoy acquired distinctiveness as of that date. *See id.* § 1052(f). The fact that another person has copied another’s mark, in and of itself, does not satisfy a party’s burden of proof and automatically establish that such mark has acquired a secondary meaning. In affirming a finding of no secondary meaning, one panel of the Eleventh Circuit has held that “[a]lthough we believe that proof of intentional copying is probative evidence on the secondary meaning issue, we cannot agree with [the plaintiff] that proof of intentional copying conclusively establishes that [plaintiff’s] trademark or traddress has acquired secondary meaning.” *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 860 (11th Cir. 1983); *see also CPG Prods. Corp. v. Pegasus Luggage, Inc.*, 776 F.2d 1007, 1012 (Fed. Cir. 1985) (concluding, in application of Eleventh Circuit law, that “[e]vidence of intentional copying in this case, also supports a finding of secondary meaning.”). Because neither the Eleventh Circuit nor the Federal Circuit has addressed the precise role played by intentional copying in the secondary meaning inquiry, these instructions adopt the four-factor test most commonly applied by the courts.

Cancellation of a registration on this ground does not prevent the former registrant from establishing rights to its trademark independent of the registration. A jury finding a registration subject to cancellation on this ground therefore should evaluate whether the plaintiff otherwise has proven valid rights to its trademark and, if so, when those rights arose.

The examples of descriptive trademarks set forth in the instruction bearing on this ground for cancellation are drawn from *Knights Armament Co. v. Optical Sys. Tech., Inc.*, 654 F.3d 1179, 1188 (11th Cir. 2011); *Investacorp, Inc. v. Arabian Inv. Banking Corp.*, 931 F.2d 1519, 1522-24 (11th Cir. 1990); *Am. Television & Commc'ns Corp. v. Am. Commc'ns & Television, Inc.*, 810 F.2d 1546, 1549 (11th Cir. 1987); and *Beneficial Indus. Loan Corp. v. Allenstein*, 173 F.2d 38, 40 (5th Cir. 1949).

If the registered trademark is a trade dress, the trademark is not an inherently distinctive indicator of the origin of the goods or services covered by the registration and lacked acquired distinctiveness as of the registration date:

The statutory basis of this ground for cancellation is Section 2(e)(1) of the Lanham Act, 15 U.S.C. § 1052(e)(1) (2012). It may not be asserted against a registration that has reached the fifth anniversary of its issuance. *See id.* § 1064(3)-(5). Because noninherently distinctive trademarks may be registered with a showing of acquired distinctiveness, or “secondary meaning,” a defendant pursuing this ground for cancellation bears the burden of demonstrating by a preponderance of the evidence and testimony that the registered trademark did not enjoy acquired distinctiveness as of that date. *See id.* § 1052(f).

Cancellation of a registration on this ground does not prevent the former registrant from establishing rights to its trademark independent of the registration. A jury finding a registration subject to cancellation on this ground therefore should evaluate whether the plaintiff otherwise has proven valid rights to its trademark and, if so, when those rights arose.

The test for distinguishing between inherently distinctive and noninherently distinctive trademarks in the instruction bearing on this ground for cancellation is taken from *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 857-58 (11th Cir. 1983), and has its origin in *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977). In *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531 (11th Cir. 1986), the court declined to disturb the district court’s reliance on the *Seabrook* factors in finding a claimed trade dress to be inherently distinctive, although the court also invoked the four-tiered spectrum of distinctiveness this instruction proposes for conventional trademarks, service marks, collective marks, and certification marks. *See id.* at 1347; *see also Univ. of Fla. v. KP&B, Inc.*, 89 F.3d 773, 776 n.4 (11th Cir. 1996) (noting use of both tests in prior case law). Because there is no necessary inconsistency between the two tests, this instruction is not intended to foreclose application of the spectrum-of-distinctiveness test in actions to protect claimed trade dresses.

The registered trademark is primarily geographically descriptive of the goods or services covered by the registration and lacked acquired distinctiveness as of the registration date

The statutory basis of this ground for cancellation is Section 2(e)(2) of the Lanham Act, 15 U.S.C. § 1052(e)(2) (2012). It may not be asserted against a registration that has reached the fifth anniversary of its issuance. *See id.* § 1064(3)-(5). Because primarily geographically descriptive trademarks may be registered with a showing of acquired distinctiveness, or “secondary meaning,” a defendant pursuing this ground for cancellation bears the burden of demonstrating by a preponderance of the evidence and testimony that the registered trademark did not enjoy acquired distinctiveness as of that date. *See id.* § 1052(f).

Cancellation of a registration on this ground does not prevent the former registrant from establishing rights to its trademark independent of the registration. A jury finding a registration subject to cancellation on this ground therefore should evaluate whether the plaintiff otherwise has proven valid rights to its trademark and, if so, when those rights arose.

The examples of primarily geographically descriptive marks set forth in this instruction are drawn from *Elgin Nat’l Watch Co. v. Ill. Watch Case Co.*, 179 U.S. 665, 21 S. Ct. 270, 45 L. Ed. 365 (1901); *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 20 L. Ed. 581 (1872); and *Int’l Breweries, Inc. v. Anheuser-Busch, Inc.*, 364 F.2d 262, 262-63 (5th Cir. 1966). The example of a trademark that is not primarily geographically descriptive is drawn from *World Carpets, Inc. v. Dick Littrell’s New World Carpets*, 438 F.2d 482, 485 (5th Cir. 1971).

The registered trademark is primarily merely a surname and lacked secondary meaning as of the registration date:

The statutory basis of this ground for cancellation is Section 2(e)(4) of the Lanham Act, 15 U.S.C. § 1052(e)(4) (2012). It may not be asserted against a registration that has reached its fifth anniversary of issuance. *See id.* § 1064(3)-(5). Because surnames may be registered with a showing of acquired distinctiveness, or “secondary meaning,” a defendant pursuing this ground for cancellation bears the burden of demonstrating by a preponderance of the evidence and testimony that the registered trademark did not enjoy acquired distinctiveness as of that date. *See id.* § 1052(f).

Cancellation of a registration on this ground does not prevent the former registrant from establishing rights to its trademark independent of the registration. A jury finding a registration subject to cancellation on this ground therefore should evaluate whether the plaintiff otherwise has proven valid rights to its trademark and, if so, when those rights arose.

The examples of surnames in the instruction bearing on this ground for cancellation are drawn from *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1513 (11th Cir. 1984); and *Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C.*, 931 F.2d 1519, 1522 (11th Cir. 1991)

The registered trademark comprises matter that, as a whole, is functional:

The statutory basis of this ground for cancellation are Sections 2(e)(5) and 14 (3) of the Lanham Act, 15 U.S.C. §§ 1052(e)(2) & 1064(3) (2012). It may be asserted against a registration that has reached the fifth anniversary of its issuance. *See* 15 U.S.C. § 1064(3). The existence or nonexistence of acquired distinctiveness, or “secondary meaning,” is irrelevant to this ground for cancellation, and a defendant pursuing it therefore need not prove the absence of acquired distinctiveness to prevail. *See id.* § 1052(f).

A finding that a registered trademark is functional means that the trademark cannot be protected *as* a trademark, and a jury finding a registration subject to cancellation on this ground therefore should not evaluate whether the plaintiff has proven valid rights to the claimed trademark independent of the registration. *See Dippin’ Dots, Inc. v. Frosty Bites Distrib., LLC*, 369 F.3d 1197, 1206-07 (11th Cir. 2004). Under limited circumstances, however, a defendant’s use of a functional designation can lead to liability for the tort of passing off. *See, e.g., Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 120, 59 S. Ct. 109, 120, 83 L. Ed. 2d 73 (1938).

The functionality doctrine prevents trademark law, which seeks to promote competition, from instead inhibiting legitimate competition. *See Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32-33, 121 S. Ct. 1255, 1261-62 149 L. Ed. 2d 164 (2001); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164, 115 S. Ct. 1300, 1304, 131 L. Ed. 2d 248 (1995); *Dippin’ Dots*, 369 F.3d at 1202-03; *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571, 1579-80 (Fed. Cir. 1995) (applying Eleventh Circuit law); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1538 (11th Cir. 1986). The requirement that a trademark be nonfunctional in the utilitarian sense is often regarded as necessary to maintain the distinction between possibly perpetual trademark protection and the temporally limited protection available under federal utility patent law. *See Traffix Devices*, 532 U.S. at 34, 121 S. Ct. at 1262, 149 L. Ed. 2d 164 (“The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.”).

At least some Circuit case law, however, suggests that the requirement has constitutional dimensions. *See, e.g., Wilhelm Pudenz GmbH v. Littlefuse, Inc.*, 177 F.3d 1204, 1208 (11th Cir. 1999) (“[W]hen the operation of the Lanham Act would upset the balance struck by the Patent Act, the Lanham Act must yield. The functionality doctrine serves this purpose by eliminating the possibility of a

perpetual exclusive right to the utilitarian features of a product under trademark law, which would be impossible (as well as unconstitutional) under the Patent Act.”); *cf. B.H. Bunn Co. v. AAA Replacement Parts Co.*, 451 F.2d, 1254, 1254, 1258-59 (5th Cir. 1971) (“It runs counter to federal purposes, and perhaps borders on the unconstitutional, for a state to prolong or to create any trade monopoly, to an originator [of a useful article] by forbidding the production of copies under the rubric of unfair competition.”).

This instruction bearing on this ground for cancellation contemplates two different tests for functionality. The first test is most commonly applied when the claim of functionality or nonfunctionality bears on the utilitarian characteristics of the trademark sought to be protected. It has its origins in the Court of Customs and Patent Appeals’ decision in *In re Morton-Norwich Prods.*, 671 F.2d 1332, 1336 (C.C.P.A. 1982), and is consistent with the approach taken by such decisions as *Dippin’ Dots*, 369 F.3d at 1203, *Elmer*, 67 F.3d at 1579-80 (applying Eleventh Circuit law), and *J.R. Clark Co. v. Murray Metal Prods. Co.*, 219 F.2d 313, 320 (5th Cir. 1955). The second test is most commonly applied when the claim of functionality or nonfunctionality bears on the aesthetic characteristics of the trademark sought to be protected. *See Dippin’ Dots*, 369 F.3d at 1203 (“[T]he second test... is commonly called the competitive necessity test and generally applied in cases of aesthetic functionality...”). It has its origins in *Qualitex*, 514 U.S. at 164, 115 S. Ct. at 1304, 131 L. Ed. 2d 248. The two are not mutually exclusive, and, indeed, some courts have applied both in the same litigation. *See, e.g., Dippin’ Dots*, 369 F.3d at 1203-04, 1206-07.

The registered trademark has been abandoned through non-use or failure to police:

The statutory basis of this ground for cancellation is Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3) (2012). It may be asserted against a registration that has reached the fifth anniversary of its issuance. *See id.* § 1064(3). The existence or nonexistence of acquired distinctiveness, or “secondary meaning,” is irrelevant to this ground for cancellation, *see id.* § 1052(f), and a defendant pursuing it therefore need not prove the absence of acquired distinctiveness to prevail.

A finding that a registered trademark has been abandoned means that the registration is subject to cancellation and that the plaintiff no longer has valid rights as of the date of abandonment. Nevertheless, because the plaintiff may have acquired new rights to its trademark by resuming the use of its trademark after the initial abandonment took place, a jury finding that a registration is subject to cancellation on this ground is not dispositive of the plaintiff’s rights, and the jury therefore evaluate whether the plaintiff has proven valid rights to the claimed trademark independent of the registration. The plaintiff’s resumption of a trademark’s use after abandonment will not allow the plaintiff to claim valid rights

that date back to its original use; rather, the new rights will date only from the resumed use. *See generally AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1549-50 (11th Cir. 1986).

Eleventh Circuit case law suggests that a defendant alleging that a plaintiff has abandoned its trademark faces a high burden: “[T]he burden a defendant bears on the affirmative defense of abandonment is, in fact, ‘strict.’ Because a finding of abandonment works an involuntary forfeiture of rights, federal courts uniformly agree that defendants asserting an abandonment defense face a ‘stringent,’ ‘heavy,’ or ‘strict burden of proof.’” *Cumulus Media, Inc. v. Clear Channel Commc’ns, Inc.*, 304 F.3d 1167, 1174 (11th Cir. 2002) (citation omitted) (footnote omitted); *see also Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1516 (11th Cir. 1984) (“The defense of abandonment is one for which we require strict proof.”); *Citibank, N.A. v. Citibanc Grp.*, 724 F.2d 1540, 1545 (11th Cir. 1984) (affirming finding that defendants had failed to carry the “strict burden of proof applicable to abandonment claims”). The court has not, however, expressly held that abandonment must be shown by clear and convincing evidence.

The registered trademark has been abandoned through uncontrolled, or “naked,” licensing:

The statutory basis of this ground for cancellation is Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3) (2012). It may be asserted against a registration that has reached the fifth anniversary of its issuance. *See id.* Cancellation of a registration on this ground prevents the former registrant from establishing valid rights to its mark as of the date of abandonment but does not prevent the plaintiff from potentially cultivating new rights dating from its resumption of the mark’s use.

Few courts have addressed the issue of abandonment through uncontrolled licensing in the registration context. Outside of that context, however, the invalidation of rights under this theory requires a showing that the trademark owner failed to exercise control over the nature and quality of the goods provided by the licensee under the licensor’s mark. *See generally Eva’s Bridal Ltd. v. Halanick Enters.*, 639 F.3d 788 (7th Cir. 2011); *FreecycleSunnyvale v. Freecycle Network*, 626 F.3d 509 (9th Cir. 2010). Thus, for example, in *Crystal Entm’t & Filmworks, Inc. v. Jurado*, 643 F.3d 1313 (11th Cir. 2011), although not referring to the naked license doctrine by name, the court affirmed a finding that the defendants, although once licensees of the plaintiff, had become the owners of the service mark covered by the license because they, rather than the licensor, controlled the quality of the services provided under it. *See id.* at 1323.

This ground for cancellation may not be available in cases in which the licensee is the party asserting it, unless the conduct underlying the assertion of the

ground occurred after the expiration of the license. *See generally Prof'l Golfers Ass'n v. Bankers Life & Cas. Co.*, 514 F.2d 665, 671 (5th Cir. 1975).

The registration of the trademark was procured or maintained fraudulently:

The statutory basis of this ground for cancellation is Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3) (2012); although that statute expressly authorizes the cancellation “at any time” only of registrations that were “obtained fraudulently,” interpretations of it have held that it reaches the maintenance of registrations through fraudulent filings. *See, e.g., Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 48 (Fed. Cir. 1986) (upholding cancellation of fraudulently renewed, rather than fraudulently obtained, registration on ground that “[f]raud in obtaining renewal of a registration amounts to fraud in obtaining a registration within the meaning of [15 U.S.C. § 1064(3)].”). This ground for cancellation may be asserted against a registration that has reached the fifth anniversary of its issuance. *See* 15 U.S.C. § 1064(3). The existence or nonexistence of acquired distinctiveness, or “secondary meaning,” is irrelevant to this ground for cancellation, and a defendant pursuing it therefore need not prove the absence of acquired distinctiveness to prevail. *See id.* § 1052(f).

Cancellation of a registration on this ground does not prevent the former registrant from establishing rights to its trademark independent of the registration. A jury finding a registration subject to cancellation on this ground therefore should evaluate whether the plaintiff otherwise has proven valid rights to its trademark and, if so, when those rights arose.

The test set forth in this instruction is drawn from *Angel Flight of Ga., Inc. v. Angel Flight Am., Inc.*, 522 F.3d 1200, 1210 (11th Cir. 2008) and *Citibank, N.A. v. Citibanc Grp.*, 724 F.2d 1540, 1544-45 (11th Cir. 1984).

10.5 Trademark Dilution

[Name of plaintiff] claims that [name of defendant]'s use is likely to dilute the distinctiveness of [name of plaintiff]'s trademark. To prove [his/her/its] claim of likely dilution, [name of plaintiff] must prove the following facts by a preponderance of the evidence:

1. [Name of plaintiff]'s trademark is famous and distinctive, either inherently or through acquired distinctiveness;
2. [Name of defendant]'s use of [his/her/its] trademark began after [name of plaintiff]'s trademark became famous; and
3. [Name of defendant] use of [his/her/its] trademark is likely to cause [dilution by blurring/dilution by tarnishment] of [name of plaintiff]'s famous trademark.

To prevail on a claim for likely dilution of [his/her/its] trademark, [name of plaintiff] must prove by a preponderance of the evidence that [his/her/its] trademark was “famous” at the time of [name of defendant]'s first use of [name of defendant]'s trademark. A claimed trademark is “famous” if it is widely recognized by the general consuming public of the United States as the designation of the source of the owner's goods. In considering whether [name of plaintiff]'s trademark is “famous,” you may consider all relevant factors, including the following:

1. The duration, extent, and geographic reach of advertising and publicity of the trademark, whether advertised or publicized by [name of plaintiff] or third parties;

2. The amount, volume, and geographic extent of sales of goods offered under [name of plaintiff]'s trademark;
3. The extent of actual recognition of [name of plaintiff]'s trademark; and
4. Whether [name of plaintiff]'s trademark was registered on the Principal Register of the United States Patent and Trademark Office.

[The following instruction should be given when plaintiff is claiming that defendant's use is likely to cause dilution by blurring:]

[Name of plaintiff] claims that [name of defendant]'s use of [his/her/its] trademark is likely to blur [name of plaintiff]'s trademark. Likelihood of dilution by blurring occurs when the similarity between [name of defendant]'s trademark and [name of plaintiff]'s famous trademark impairs the distinctiveness of the famous trademark. In determining whether [name of defendant]'s trademark is likely to blur the distinctiveness of [name of plaintiff]'s trademark you may consider all relevant factors, including the following:

1. The degree of similarity between the [name of defendant]'s trademark and [name of plaintiff]'s trademark;
2. The degree of inherent or acquired distinctiveness of [name of plaintiff]'s trademark;
3. The extent to which [name of plaintiff] is engaging in substantially exclusive use of [his/her/its] trademark;
4. The degree of recognition of [name of plaintiff]'s trademark;
5. Whether [name of defendant] intended to create an association with [name of plaintiff]'s trademark; and

6. Any actual association between [name of defendant]'s trademark and [name of plaintiff]'s trademark.

[Name of plaintiff] is not required to prove actual or likely confusion or actual economic injury to prove that blurring is likely.]

[The following instruction should be given when [name of plaintiff] is claiming that [name of defendant]'s use is likely to cause dilution by tarnishment:

[Name of plaintiff] claims that [name of defendant]'s use of [his/her/its] trademark is likely to tarnish [name of plaintiff]'s trademark. Dilution by tarnishment occurs when a claimed trademark harms the reputation of a famous trademark.

[Name of plaintiff] is not required to prove actual or likely confusion or actual economic injury to prove that tarnishment is likely. [Name of plaintiff] only needs to prove likely dilution by tarnishment to recover on [his/her/its] dilution claim.]

Affirmative Defenses

There are defenses to a claim of likely dilution [by blurring/by tarnishment]. If [name of defendant] proves by a preponderance of the evidence that the use of [his/her/its] trademark was [a fair use/in news reporting or commentary/non-commercial use], then [name of defendant] has not engaged in trademark dilution.

“Fair use” includes a nominative or descriptive fair use, or facilitation of such fair use, of [name of plaintiff]’s trademark by [name of defendant] other than as a designation of source for [name of defendant]’s own goods. Such fair use includes use of [name of defendant]’s trademark in connection with:

1. Advertising or promotions that permit consumers to compare [name of plaintiff] and [name of defendant]’s goods; or
2. [Name of defendant]’s identifying and parodying, criticizing, or commenting upon [name of plaintiff] or the goods of [name of plaintiff]; or
3. All forms of news reporting and news commentary; or
4. Any non-commercial use of a trademark.

Remedies

If you find that [name of defendant]’s use is likely to dilute [name of plaintiff]’s trademark, and [name of defendant] does not have a defense to the likely dilution, you must consider whether, and to what extent, monetary relief should be awarded. You may award [name of plaintiff] monetary relief if:

1. [Name of defendant]’s mark was first used after October 6, 2006; and
2. [Name of defendant]’s conduct was willful.

Plaintiff’s Actual Monetary Damages

You may award actual damages that [name of plaintiff] has sustained as a result of [name of defendant]’s willful violation of [name of plaintiff]’s

trademark rights. [Name of plaintiff] may recover the economic injury to [his/her/its] business proximately resulting from [name of defendant]'s wrongful acts. You are not required to calculate actual damages with absolute exactness – you may make reasonable approximations. But any award of actual damages to [name of plaintiff] must be just and reasonable, based on facts, and proved by [name of plaintiff] by a preponderance of the evidence.

Defendant's Profits and Calculation of Profits

Alternatively, you may make an award based on an accounting of [name of defendant]'s profits as a result of [name of defendant]'s willful violation of [name of plaintiff]'s trademark rights.

A defendant commits a “willful violation” of a trademark when that defendant knowingly and purposefully capitalized on and appropriated for itself the goodwill of a plaintiff.

In determining [name of defendant]'s profits, [name of plaintiff] is only required to prove [name of defendant]'s gross sales. [Name of defendant] may then prove the amount of sales made for reasons other than the likely dilution. [Name of defendant] also may prove its costs or other deductions which [he/she/it] claims should be subtracted from the amount of [his/her/its] sales to determine [his/her/its] profits on such sales. Any costs or deductions that [name of defendant] proves, by a preponderance of the evidence, are required

to be subtracted from the sales attributable to the likely dilution and the difference is the amount that may be awarded to [name of plaintiff].

Dilution

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

1. [Name of plaintiff]'s trademark has become famous?

Answer Yes or No _____

If your answer is "Yes," go to Question No. 2. If your answer is "No," then your foreperson should sign and date the last page of this verdict form.

2. [Name of defendant]'s use of [his/her/its] trademark began after [name of plaintiff]'s trademark became famous?

Answer Yes or No _____

If your answer is "Yes," go to Question No. 3. If your answer is "No," your foreperson should sign and date the last page of this verdict form.

3. [Name of defendant]'s trademark is likely to cause dilution by blurring the distinctiveness of [name of plaintiff]'s trademark?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 4. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

4. [Name of defendant]’s trademark is likely to cause dilution by tarnishing [name of plaintiff]’s trademark?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 5. If your answer is “No,” your foreperson should sign and date the last page of this verdict form.

5. [Name of defendant]’s use of [his/her/its] trademark is a “fair use” of [name of plaintiff]’s trademark?

Answer Yes or No _____

If your answer is “No,” go to Question No. 6. If your answer is “Yes,” then your foreperson should sign and date the last page of this verdict form.

6. [Name of defendant]’s trademark is used for news reporting or news commentary?

Answer Yes or No _____

If your answer is “No,” then go to Question No. 7. If your answer is “Yes,” then your foreperson should sign and date the last page of this verdict form.

7. [Name of defendant]’s trademark is used for non-commercial purposes?

Answer Yes or No _____

If your answer is “Yes,” then your foreperson should sign and date the last page of this verdict form. If your answer is “No,” then go to Question No. 8.

8. [Name of defendant]’s trademark was first used after October 6, 2006?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 9. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

[The following special interrogatory should be used in cases in which plaintiff claims likely dilution by blurring:

9. [Name of defendant] willfully intended to trade on the recognition of [name of plaintiff]’s famous trademark?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 10. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.]

[The following special interrogatory should be used in cases in which plaintiff claims likely dilution by tarnishment:

10. [Name of defendant] willfully intended to harm the reputation of [name of plaintiff]’s famous mark?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 11. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.]

[The following special interrogatories should be used if plaintiff seeks actual damages for dilution:

11. [Name of plaintiff] suffered actual damages as a result of [name of defendant]’s dilution of [name of plaintiff]’s trademark?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 12. If your answer is “No,” go to Question No. 13.]

12. [Name of plaintiff] is awarded actual damages?

If your answer is “Yes,” in what amount?

\$_____]

[The following special interrogatories should be used if plaintiff seeks an Accounting of defendant's profits for likely dilution:

13. [Name of defendant]'s conduct was willful?

Answer Yes or No _____

If your answer to this question is "Yes," go to Question No. 14 below. If your answer is "No," then your foreperson should sign and date the last page of this verdict form.

14. [Name of plaintiff] is awarded [name of defendant]'s profits?

If your answer is "Yes," in what amount?

\$ _____]

SO SAY WE ALL.

Foreperson's Signature

DATE: _____

ANNOTATIONS AND COMMENTS

The statutory basis for a federal likelihood-of-dilution claim is Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c) (2012), which provides that:

Subject to the principles of equity, the owner of a famous mark that is distinctive... shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

The Eleventh Circuit has not yet issued any precedential opinions interpreting this statute.

Trademark Fame

On the threshold issue of trademark fame, the legislative history of the bill that enacted the current version of 15 U.S.C. § 1125(c) in 2006 explains that “the legislation expands the threshold of ‘fame’ and thereby denies protection for marks that are famous only in ‘niche’ markets.” H.R. Rep. No. 109-23, at 8 (2005). Similarly, one of the legislation’s sponsors noted of it that:

The goal must be to protect only the most famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it... Dilution should once again be used sparingly as an “extraordinary” remedy, one that requires a significant showing of fame.

This bill narrows the application of dilution by tightening the definition of what is necessary to be considered a famous mark. The bill eliminates fame for a niche market and list factors necessary for a dilution by blurring claim. With these changes, it is our hope that the dilution remedy will be used in the rare circumstance and not as an alternative remedy.

Id. at 25. Consequently, for purposes of a federal likelihood-of-dilution claim, a claimed trademark is famous only if it “is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.” 15 U.S.C. § 1125(c)(2)(A) (2012); *see generally Maker’s Mark Distillery, Inc. v. Diageo N. Am., Inc.*, 703 F. Supp. 2d 671, 697-78 (W.D. Ky. 2010), *aff’d*, 679 F.3d 410 (6th Cir. 2012).

Liability for likely dilution

The likelihood-of-dilution standard for liability codified in 15 U.S.C. § 1125 (c) represents the legislative abrogation of *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 123 S. Ct. 1115, 1117, 155 L. Ed. 2d 1 (2003), in which the Court held that a predecessor statute required a showing of actual dilution.

Consistent with the express language of 15 U.S.C. § 1125(c), neither direct competition between the parties nor a likelihood of confusion between their marks is necessary for a finding of likely dilution. *See, e.g., Nike Inc. v. Nikepal Int’l Inc.*, 84 U.S.P.Q.2d 1820 (E.D. Cal. 2007) (finding liability for likely dilution in absence of competition between parties or likely confusion between their marks); *cf. Cmty. Fed. Sav. & Loan Ass’n v. Orondorff*, 678 F.2d 1034 (11th Cir. 1982) (reversing finding of nonliability under Florida dilution statute based on absence of likely confusion between parties’ marks).

Monetary Relief

The statutory basis for monetary relief is Section 35 of the Lanham Act, 15 U.S.C. § 1117(a), which provides that:

When... a willful violation of [15 U.S.C. § 1125(c)]... shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of [15 U.S.C. §§ 1111, 1114], and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty.

There are no apparent Eleventh Circuit opinions interpreting or applying this statute in an action for likely dilution.

Award of the Plaintiff's actual damages

To be entitled to the legal remedy of an award of actual damages, the Plaintiff must demonstrate that it suffered actual monetary losses. *Babbit Elecs., Inc. v. DynaScan Corp.*, 38 F.3d 1161, 1182 (11th Cir. 1994). (“[T]he Plaintiff must prove both lost sales and that the loss was caused by the Defendant's actions.”). Actual damages are not “speculative” if they are supported by a preponderance of the evidence. *See, e.g., Ramada Inns, Inc. v. Gadsden Motel Co.*, 804 F.2d 1562, 1565 (11th Cir. 1986) (affirming award of actual damages supported by un rebutted expert testimony).

It is “inappropriate” under Eleventh Circuit authority to award a trademark holder the “profit [it] would have made on sales to the defendant.” *St. Charles Mfg. Co. v. Mercer*, 737 F.2d 891, 893 (11th Cir. 1983) (“While Plaintiffs in Lanham Act cases often receive profits from lost sales, these sales are sales made by Defendants to purchasers who sought to buy plaintiffs' products and instead received defendants.”). Nonetheless, franchise fees and lost royalties during the infringement period are recoverable. *See Ramada Inns*, 804 F.2d at 1565. An award of actual damages also may be based on findings that the defendant's infringement has diverted sales from the plaintiff or that the poor quality of the defendant's goods has harmed the plaintiff's business reputation. *See Boston Prof'l Hockey Ass'n v. Dallas Cap Mfg.*, 597 F.2d 71, 75 (5th Cir. 1979).

The Eleventh Circuit will not allow liquidated damages in addition to actual damages if it represents a “double recovery.” *Ramada Inns*, 804 F.2d at 1566. Under appropriate circumstances, however, the Eleventh Circuit will allow for both trademark and liquidated damages in the same case. *Id.* at 1566 (liquidated damages and actual damages upheld even though they were “calculated in almost the same manner” because each damage calculation was meant to “compensate for separate wrongs.”). Likewise, in a franchise “hold over” case, infringement damages as well as expenditures necessary to establish a new franchisee are recoverable. *Id.*

Accounting of the Defendant’s profits

A split exists outside of the Eleventh Circuit on the issue of whether the equitable remedy of an accounting of a defendant’s profits is a matter properly delegated to a jury or, alternatively, whether it is within the province of the court. In *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 82 S. Ct. 894, 8 L. Ed. 2d 44 (1962), the Supreme Court held that a former franchisee from which a disgorgement of profits was sought was entitled to a jury trial. Based on this outcome, some courts have concluded that a plaintiff’s prayer for an accounting creates a right to a jury trial because “[t]his type of remedy is fundamentally compensatory and legal in nature.” *Alcan Int’l Ltd. v. S.A. Day Mfg. Co.*, 48 U.S.P.Q.2d 1151, 1154 (W.D.N.Y. 1998); *see also Ideal World Mktg., Inc. v. Duracell, Inc.*, 997 F. Supp. 334, 337-39 (E.D.N.Y. 1998); *Oxford Indus. v. Hartmarx Corp.*, 15 U.S.P.Q.2d 1648, 1653 (N.D. Ill. 1990). Others, however, have denied requests for jury trials on the ground that “the *Dairy Queen* Court based its decision on the fact that the predominant claim was for breach of contract and not for equitable relief.” *G.A. Modelfine S.A. v. Burlington Coat Factory Warehouse Corp.*, 888 F. Supp. 44, 46 (S.D.N.Y. 1995); *see also Am. Cyanamid Co. v. Sterling Drug, Inc.*, 649 F. Supp. 784, 789 (D.N.J. 1986). In the absence of controlling circuit authority, this instruction does not purport to resolve that issue; rather, it is intended to provide guidance to the extent that the accounting remedy is referred to a jury.

In an accounting under 15 U.S.C. § 1117 (2012), “[a] plaintiff need not demonstrate actual damage to obtain an accounting of the infringer’s profits under section 35 of the Lanham Act.” It is enough that the Plaintiff proves the infringer’s sales. The burden then shifts to the Defendant, which must prove its expenses and other deductions from gross sales.” *Wesco Mfg., Inc. v. Tropical Attractions of Palm Beach, Inc.*, 833 F.2d 1484, 1487-88 (11th Cir. 1987) (citations omitted).

An award of profits based on unjust enrichment or deterrence does not require a “higher showing of culpability on the part of the defendant.” *Burger King Corp. v. Mason*, 855 F.2d 779, 781 (11th Cir. 1988); *see also Optimum Techs., Inc. v. Home Depot U.S.A., Inc.*, 217 F. App’x 899 (11th Cir. 2007) (holding that willful and deliberate infringement, unjust enrichment and deterrence are appropriate circumstances for an accounting of profits, as well as setting forth definitions of

willful infringement and unjust enrichment). Likewise, “the law of this Circuit is well settled that a plaintiff need not demonstrate actual damage to obtain an award reflecting an infringer’s profits under Section 35 of the Lanham Act.” *Burger King Corp. v. Weaver*, 169 F.3d 1310, 1321 (11th Cir. 1999)); *see also id.* (accounting of defendant’s profits may be appropriate even in absence of direct competition between the parties); *Babbit Elecs., Inc. v. DynaScan Corp.*, 38 F.3d 1161, 1182 (11th Cir. 1994).

Punitive Damages

Section 35 of the Lanham Act does not authorize awards of punitive damages, and, indeed, it provides that any monetary relief made under it be compensation and not a penalty. 15 U.S.C. § 1117(a) (2012). Nevertheless, the Lanham Act does not preempt awards of punitive damages under state law. *See generally* 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 30:96 (4th ed.) (citing state law cases).

10.6 Trademark Counterfeiting

[Name of plaintiff] claims that [name of defendant] has committed counterfeiting by unlawfully using [name of plaintiff]'s trademark in the sale, offer to sell, distribution, or advertising of goods without [name of plaintiff]'s authorization. To prove a claim for counterfeiting, [name of plaintiff] must prove the following facts by a preponderance of the evidence:

1. The trademark used by [name of defendant] is a copy that is identical or substantially indistinguishable from [name of plaintiff]'s trademark that is registered on the Principal Register of the United States Patent and Trademark Office;
2. [Name of defendant]'s trademark was affixed without [name of plaintiff]'s permission; and
3. [Name of defendant] used [name of plaintiff]'s trademark in the sale, offering for sale, distribution, or advertising of goods that are covered by [name of plaintiff]'s trademark registration.

Remedies

[This instruction should be given if [name of plaintiff] seeks actual damages and [name of defendant]'s profits:

If you find that [name of plaintiff] proved that [name of defendant] engaged in counterfeiting in violation of [name of plaintiff]'s trademark, you must consider whether, and to what extent, money damages should be awarded.]

Plaintiff's Actual Monetary Damages

You may award actual damages that [name of plaintiff] has sustained. [Name of plaintiff] may recover the economic injury to [his/her/its] business proximately resulting from [name of defendant]'s wrongful acts. You are not required to calculate actual damages with absolute exactness – you may make reasonable approximations. However, an award of actual damages to [name of plaintiff] must be just and reasonable, based on facts, and proved by [name of plaintiff] by a preponderance of the evidence.

Defendant's Profits and Calculation of Profits

In addition to [name of plaintiff]'s actual damages, you may also make an award based on an accounting of [name of defendant]'s profits if you find that:

1. [Name of defendant]'s conduct was willful and deliberate; or
2. [Name of defendant] was unjustly enriched; or
3. An award of [name of defendant]'s profits is necessary to deter [name of defendant]'s future conduct.

A defendant commits a “willful violation” of a trademark when that defendant knowingly and purposefully capitalized on and appropriated for itself the goodwill of a plaintiff.

“Unjust enrichment” occurs if [name of defendant] received a benefit to which [he/she/it] was not entitled.

In determining [name of defendant]'s profits, [name of plaintiff] is only required to prove [name of defendant]'s gross sales. [Name of defendant] may then prove the amount of sales made for reasons other than the counterfeiting. [Name of defendant] also may prove [his/her/its] costs or other deductions which [he/she/it] claims should be subtracted from the amount of [his/her/its] sales to determine [his/her/its] profits on such sales. Any costs or deductions that [name of defendant] proves by a preponderance of the evidence are required to be subtracted from the sales attributable to the counterfeiting and the difference is the amount that may be awarded to [name of plaintiff].]

[This instruction should be given if plaintiff seeks statutory damages for counterfeiting:

If you find that [name of plaintiff] proved that [name of defendant] violated [name of plaintiff]'s trademark by counterfeiting, you must consider whether, and to what extent, money damages should be awarded.

[Name of plaintiff] seeks what is known as an award of "statutory damage." Statutory damages are damages established by Congress in the Lanham Act. The purpose of statutory damages is to: compensate the trademark owner, penalize the counterfeiter, and deter future trademark counterfeiting. You may award statutory damages between \$1,000 and \$200,000 for each trademark that [name of plaintiff] proves [name of defendant] used, for each type of goods sold, offered for sale, or distributed.

If you find that [name of plaintiff] proved that [name of defendant] knew that the trademark [he/she/it] used was a counterfeit, you may award additional statutory damages. It is not necessary that [name of defendant] knew that the mark was registered by [name of plaintiff], only that [name of defendant] knew that the trademark was the same or substantially indistinguishable from [name of plaintiff]'s trademark.

If [name of plaintiff] proves that [name of defendant]'s use of the counterfeit trademark was willful, then you may, but are not required to, increase the statutory damage award to a maximum of \$2,000,000 per type of goods sold, offered for sale, or distributed.]

Counterfeiting

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

1. [Name of plaintiff] has a registered trademark?

Answer Yes or No _____

If your answer to this question is “Yes,” go to Question No. 2. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

2. [Name of plaintiff] gave permission for [his/her/its] trademark to be affixed to [name of defendant]'s products?

Answer Yes or No _____

If your answer is “No,” go to Question No. 3. If your answer to this question is “Yes,” then your foreperson should sign and date the last page of this verdict form.

3. [Name of defendant] used a trademark which is identical or substantially indistinguishable from [name of plaintiff]'s registered trademark on goods that are covered by the registration?

Answer Yes or No _____

If your answer to this question is “Yes,” go to Question No. 4. If your answer to this question is “No,” then your foreperson should sign and date the last page of this verdict form.

4. [Name of defendant] used the counterfeit trademark in the sale, offering for sale, distribution, or advertising of goods?

Answer Yes or No _____

If your answer to this question is “Yes,” go to Question No. 5. If your answer to this question is “No,” then your foreperson should sign and date the last page of this verdict form.

[This special interrogatory should be used if plaintiff seeks actual damages for counterfeiting:

5. [Name of plaintiff] has suffered actual damages?

Answer Yes or No _____

If your answer to this question is “Yes,” in what amount?

\$_____.]

[These interrogatories should be given if plaintiff seeks an Accounting of defendant’s profits for counterfeiting:

6. [Name of defendant]’s conduct was willful and deliberate, [name of defendant] was unjustly enriched, or an award of [name of defendant]’s profits is necessary to deter future conduct?

Answer Yes or No _____

If your answer to this question is “Yes,” then go to Question No.

7. If your answer to this question is “No,” then go to Question No. 8.

7. [Name of plaintiff]is awarded [name of defendant]’s profits?

Answer Yes or No _____

If your answer to this question is “Yes,” in what amount?

\$_____]

[These special interrogatories should be used if plaintiff seeks statutory damages for counterfeiting:

8. At the time of the counterfeiting activity, [name of defendant] knew that the trademark [he/she/it] used was a counterfeit?

Answer Yes or No _____

If your answer to this question is “No,” then you may award statutory damages between \$1,000 and \$200,000 per counterfeit mark,

per type of goods sold, offered for sale, or distributed. If your answer to this question is “Yes,” then you may award statutory damages to a maximum of \$2,000,000 per counterfeit mark per type of goods sold, offered for sale, or distributed.

9. [Name of plaintiff] is awarded statutory damages?

Answer Yes or No _____

If your answer to this question is “Yes,” in what amount?

\$_____]

SO SAY WE ALL.

Foreperson’s Signature

DATE: _____

ANNOTATIONS AND COMMENTS

Under 15 U.S.C. § 1127 “counterfeit” is a spurious trademark which is identical with, or substantially indistinguishable from, a registered trademark.

15 U.S.C. § 1116(d)(1)(B) requires that a counterfeit trademark must be registered on the Principal Register of the Patent and Trademark Office. In many cases the ownership and validity of a trademark registration will not be at issue. In such cases, Special Interrogatory No. 1 should be omitted.

Intentional and Knowing Use

“In order for [Plaintiff] to prevail on its counterfeiting claim, it must demonstrate that [Defendant] infringed a registered trademark in violation of 15 U.S.C. § 1114(1)(a).” *Babbit Elecs. v Dynascan Corp.*, 38 F.3d 1161, 1181 (11th Cir. 1994). For enhanced damages, the plaintiff must prove that the defendant intentionally used a mark, knowing such mark is a counterfeit mark. *See id.*; 15 U.S.C. § 1117(b). “The Court has determined that [Defendant] infringed registered marks in violation of 15 U.S.C. § 1114(1)(a). The Court has also found that [Defendant] intentionally used the marks in question. ‘The analysis therefore focuses on whether [Defendant] used the marks knowing that they were counterfeit.’” *Babbit*, 38 F.3d at 1181.

“If the infringement is intentional... and the use of a counterfeit trademark has been proven, then § 1117(b) governs, and the Court is required to treble damages and award attorney’s fees unless the Court finds extenuating circumstances.” *Id.* at 1183.

Statutory Damages

Under 15 U.S.C. § 1117(c), in a case of trademark counterfeiting, a plaintiff may obtain statutory damages in lieu of actual damages and profits. Even though the statute suggests that statutory damages are awarded by the court, the Seventh Amendment requires that the determination, including the amount of such award, be made by the jury. *See Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 353, 118 S. Ct. 1279, 1287, 140 L. Ed. 2d 438, 353 (1998). The jury should be provided with a special interrogatory form in order to report its findings on the issue of statutory damages. The minimum for statutory damages is \$1,000 and the maximum is \$200,000 per counterfeit trademark per type of goods or services sold, offered for sale, or distributed. 15 U.S.C. § 1117(c)(1).

Because statutory damages serve both compensatory and punitive purposes, the plaintiff can recover statutory damages whether or not there is evidence of any actual damage suffered by the plaintiff or any profits reaped by the Defendant. *See F. W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 233, 73 S. Ct. 222, 225, 97 L. Ed. 2d 281 (1952) (“Even for uninjurious and unprofitable invasions of copyright the court may, if it deems just, impose a liability within statutory limits to sanction and vindicate the statutory policy” of discouraging infringement.). Although this was a copyright case, courts, including courts within the Eleventh Circuit, have recognized that statutory damages under the Lanham Act are similarly intended to deter wrongful conduct. *Coach Inc. v. Just A Boun, LLC*, No. 11-cv-797, 2011 U.S. Dist. LEXIS 144582 (M.D. Fla. Nov. 8, 2011). The statutory damages remedy was specifically intended to address the likelihood that counterfeiters are unlikely to maintain accurate records from which to accurately determine actual damages. *Id.*

Increase for willful infringement

If the trademark owner proves that use of the counterfeit was willful, the award may be increased to not more than \$2,000,000 per counterfeit trademark per type of goods or services sold, offered for sale, or distributed. To establish willfulness, it is only necessary that the defendant knew that the trademark was a counterfeit. It is not necessary that the defendant knew that the trademark was registered by the plaintiff. *Babbit Elecs. v. DynaScan Corp.*, 38 F.3d 1161, 1181 (11th Cir. 1994).

Notice requirements

The Lanham Act requires marking or notice for a plaintiff to collect an award of damages. The statute is not clear as to whether a failure to mark precludes an award of statutory damages as well as compensatory damages, but there is no clear exemption from the marking requirement in the case of statutory damages.

10.7 Trademarks – Violation of 15 U.S.C. § 1125(d) – The Anti-Cybersquatting Consumer Protection Act

[Name of plaintiff] claims that [name of defendant] violated the federal law known as the Anti-Cybersquatting Consumer Protection Act, which will be referred to as the “ACPA.” To prove a violation of the ACPA, [name of plaintiff] must prove the following facts by a preponderance of the evidence:

1. [Name of defendant] has registered, trafficked in, or used the subject domain name;
2. [Name of plaintiff]’s trademark was distinctive at the time of [name of defendant]’s registration of [his/her/its] domain name and that domain name is identical or confusingly similar to [name of plaintiff]’s trademark; or [name of plaintiff]’s trademark was famous at the time of [name of defendant]’s registration of [his/her/its] domain name and that domain name is identical to, confusingly similar to, or likely to dilute [name of plaintiff]’s trademark; and
3. [Name of defendant] has committed such acts with a bad-faith intent to profit from [name of plaintiff]’s trademark.

[“Dilution” is the decrease in the power of a famous trademark to identify its goods. Dilution does not require (1) competition between the owner of the famous trademark and other parties, or (2) a likelihood of confusion.]

[Plaintiff’s trademark is “famous” if it is widely recognized by the general public as identifying its goods.]

The purpose of the ACPA is to protect trademarks against certain confusing uses of those trademarks in internet domain names. A “domain

name” is a designation that forms at least part of an address on the internet, such as www.cnn.com (“cnn” for the CNN television network), and has been registered with or assigned by domain-name authority.

The term “traffics in” means to engage in a transaction including, but not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration. For example, selling a domain name constitutes “trafficking in” that domain name.

[Name of defendant] is not liable for use of [domain name] unless you find that [name of defendant] is the registrant or the registrant’s authorized licensee.

In determining whether [name of defendant] had a bad-faith intent to profit from [name of plaintiff]’s trademark, you may consider the following nine factors. No single factor controls, and [name of plaintiff] is not required to prove that all, or even most, of the factors are present in any particular case. You may also use factors other than these nine to determine [name of defendant]’s intent:

1. Whether [name of defendant] has trademark or other intellectual property rights in [his/her/its] domain name;
2. The extent to which [name of defendant]’s domain name consists of [name of defendant]’s legal name or a name that is otherwise commonly used to identify [name of defendant];

3. The extent of [name of defendant]'s prior use, if any, of [his/her/its] domain name in connection with the bona fide offering of any goods;
4. The extent to which [name of defendant] used [name of plaintiff]'s trademark noncommercially or as a "fair use" in a site accessible under the domain name – "Fair use" is the good-faith descriptive use by [name of defendant] or term only to describe its goods or services, and not a trademark;
5. Whether [name of defendant] intended to divert consumers from [name of plaintiff]'s online location to a site that is accessible under [name of defendant]'s domain name and could harm the goodwill represented by [name of plaintiff]'s trademark. A site could harm the goodwill represented by [name of plaintiff]'s trademark if it (a) is for commercial gain, (b) intends to tarnish or disparage [name of plaintiff]'s trademark, or (c) creates a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
6. Whether [name of defendant] offered to transfer, sell, or otherwise assign [his/her/its] domain name to [name of plaintiff] or any other third party for financial gain without using, or having an intent to use, [name of defendant]'s domain name in the bona fide offering of any goods, or whether [name of defendant]'s prior conduct indicates a pattern of such conduct;
7. Whether [name of defendant] provided material and misleading false contact information when applying for registration of [his/her/its] domain name, whether [name of defendant] intentionally failed to maintain accurate contact information, or whether [name of defendant]'s prior conduct indicates a pattern of such conduct;
8. Whether [name of defendant] registered or acquired multiple domain names which [he/she/it] knows are identical or confusingly similar to trademarks of others that are distinctive at the time of registration of such domain names, or dilutive of famous trademarks of others that are famous at the time of

registration of such domain names, without regard to the goods of the parties; and

9. The extent to which [name of plaintiff]'s trademark is distinctive and famous.

Defenses

[Name of defendant] is not liable for violation of the ACPA with respect to [domain name] if you find that [name of defendant] has proven by a preponderance of the evidence that at the time [name of defendant] registered or otherwise obtained [his/her/its] domain name:

1. [Name of defendant] had reasonable grounds to believe that the use of [his/her/its] domain name was a fair use or otherwise lawful; and
2. [Name of defendant] actually believed that the use of [his/her/its] domain name was fair use or otherwise lawful.

Remedies

If you find that [name of defendant] violated the ACPA with respect to [domain name], you should consider what damages to award to [name of plaintiff]. [Name of plaintiff]'s remedies available under the ACPA are in addition to any other remedy otherwise applicable, even if they are duplicative of those made in another of [name of plaintiff]'s claims against [name of defendant].

[This instruction should be given if [name of plaintiff] seeks actual damages and [name of defendant]'s profits:

In this case, [name of plaintiff] seeks to recover the actual damages [he/she/it] sustained and [name of defendant]'s profits. [Name of plaintiff] may recover for all elements of injury to [name of plaintiff]'s business proximately resulting from [name of defendant]'s wrongful acts. You are not required to calculate actual damages with absolute exactness – you may make reasonable approximations. But any award of actual damages to [name of plaintiff] must be just and reasonable based on facts that are proved by a preponderance of the evidence.

In addition to [name of plaintiff]'s actual damages, you may also make an award based on an accounting of [name of defendant]'s profits if you find that:

1. [Name of defendant]'s conduct was willful and deliberate; or
2. [Name of defendant] was unjustly enriched; or
3. An award of [name of defendant]'s profits is necessary to deter [name of defendant]'s future conduct.

A defendant commits a “willful violation” of a trademark when that defendant knowingly and purposefully capitalized on and appropriated for itself the goodwill of a plaintiff.

“Unjust enrichment” occurs if [name of defendant] received a benefit to which [he/she/it] was not entitled.

In determining [name of defendant]'s profits, [name of plaintiff] is only required to prove [name of defendant]'s gross sales. [Name of defendant] may then prove the amount of sales made for reasons other than the violation of the ACPA. [Name of defendant] also may prove [his/her/its] costs or other deductions which [he/she/it] claims should be subtracted from the amount of [his/her/its] sales to determine [his/her/its] profits on such sales. Any costs or deductions that [name of defendant] proves by a preponderance of the evidence are subtracted from the sales attributable to the violation of the ACPA and the difference is the amount that may be awarded to [name of plaintiff].

[This instruction should be given if plaintiff has elected to receive statutory damages:

In this case, [name of plaintiff] seeks an award of "statutory damages." Under the ACPA, statutory damages are punitive in nature meaning that they are designed to sanction or punish [name of defendant] for [name of defendant]'s bad-faith conduct and deter future violations of the ACPA. You may award statutory damages between \$1,000 and \$100,000 for each domain name that [name of plaintiff] proves [name of defendant] used.]

Violation of the Anti-Cybersquatting Consumer Protection Act

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

1. [Name of plaintiff] owns a trademark?

Answer Yes or No _____

If your answer is “Yes,” then go to Question No. 2. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

2. [Name of defendant] has registered, trafficked in, or used the domain name?

Answer Yes or No _____

If your answer is “Yes,” then go to Question No. 3. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

3. [Name of plaintiff]’s trademark was distinctive at the time of [name of defendant]’s registration of [his/her/its] domain name and that domain name is identical or confusingly similar to [name of plaintiff]’s trademark, or that [name of plaintiff]’s trademark was famous at the time of [name of defendant]’s registration of [his/her/its] domain name and that domain name is identical to, confusingly similar to, or likely to dilute [name of plaintiff]’s trademark?

Answer Yes or No _____

If your answer is “Yes,” then go to Question No. 4. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

4. [Name of defendant] had a bad-faith intent to profit from [name of plaintiff]’s trademark?

Answer Yes or No _____

If your answer is “Yes,” go to Question No. 5. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

Defenses

5. [Name of defendant] had reasonable grounds to believe that the use of [his/her/its] domain name was a fair use or otherwise lawful and [name of defendant] actually believed that the use of [his/her/its] domain name was fair use or otherwise lawful?

Answer Yes or No _____

If your answer is “Yes,” then your foreperson should sign and date the last page of this verdict form. If your answer is “No,” then go to Question No. 6.

[These special interrogatories should be used if [name of plaintiff] seeks actual damages for violation of the Anti-Cybersquatting Consumer Protection Act:

6. [Name of plaintiff] has suffered actual damages?

Answer Yes or No _____

If your answer is “Yes,” then go to Question No. 7. If your answer is “No,” then go to Question No. 8.

7. [Name of plaintiff] is awarded actual damages?

Answer Yes or No _____

If your answer is “Yes,” in what amount?

\$_____]

[These special interrogatories should be used if [name of plaintiff] seeks [name of defendant]'s profits for violation of the Anti-Cybersquatting Consumer Protection Act:

8. [Name of defendant]'s conduct was willful and deliberate, [name of defendant] was unjustly enriched, or such an award is necessary to deter future conduct?

Answer Yes or No _____

If your answer to this question is “Yes,” go to Question No. 9 below. If your answer is “No, then go to Question No. 10.

9. [Name of plaintiff] is awarded [name of defendant]'s profits?

Answer Yes or No _____

If your answer is “Yes,” in what amount?

\$_____]

[This interrogatory should be given if [name of plaintiff] seeks statutory damages for violation of the Anti-Cybersquatting Consumer Protection Act:

10. [Name of plaintiff] is awarded statutory damages?

Answer Yes or No _____

If your answer is “Yes,” in what amount?

\$ _____]

SO SAY WE ALL.

Foreperson’s Signature

DATE: _____

ANNOTATIONS AND COMMENTS

15 U.S.C. § 1125(d)(1)(A) & (d)(3); *see also* House Judiciary Committee Report on H.R. 3028, H.R. Rep. No. 106-412, at 15 (Oct. 15, 1999); Senate Section-by-Section Analysis, Cong. Rec., at S14715 (Nov. 17, 1999). A plaintiff’s *in rem* civil action under the ACPA is in addition to any other civil action otherwise applicable.

In *Tartell v. S. Fla. Sinus & Allergy Ctr.*, 790 F.3d 1253 (11th Cir. 2015), the Eleventh Circuit held the inquiry into whether a plaintiff’s mark is sufficiently distinctive to qualify for protection under the ACPA turns on the following factors:

(1) the length and nature of the name’s use, (2) the nature and extent of advertising and promotion of the name, (3) the efforts of the proprietor to promote a conscious connection between the name and the business, and (4) the degree of actual recognition by the public that the name designates the proprietor’s product or service.

Id. at 1257 (quoting *Tana v. Dantanna’s*, 611 F.3d 767, 776 (11th Cir. 2010)).

In contrast, the Eleventh Circuit has not ruled on what makes a trademark famous under the ACPA. For dilution purposes under the Lanham Act, however, a “famous” trademark is one that is “widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the trademark’s owner.” 15 U.S.C. § 1125(c)(2); *see also* J. Thomas McCarthy, *Trademarks and Unfair Competition* § 24.91 (4th ed.) (defining “famous” trademarks as those that are “truly prominent and renowned”) (citing *Thane Int’l v.*

Trek Bicycle Corp., 305 F.3d 894, 910-11 (9th Cir. 2002) (concluding that the Federal Trademark Dilution Act only protected a trademark that is a “household name”). The Eleventh Circuit also has not yet ruled on the meaning of the terms “identical” or “confusingly similar” under the ACPA.

A defendant’s bad faith is not enough; the plaintiff must prove a bad faith *intent to profit*. *S. Grouts & Mortars, Inc. v. 3M Co.*, 575 F.3d 1235, 1246 (11th Cir. 2009). This statutory requirement of an intent to profit correlates with the ACPA’s purpose – namely, “to ‘curtail one form of cybersquatting – the act of registering someone else’s name as a domain name for the purpose of demanding remuneration from the person in exchange for the domain name.’” *Id.* (quoting *Schmidheiny v. Weber*, 319 F.3d 581, 582 (3d Cir. 2003)). For this reason, “[a defendant] cannot be liable for registering or using [a plaintiff’s] trademark with a bad faith intent to profit if it . . . ‘believed and had reasonable grounds to believe that the use of the domain name was . . . lawful.’” *Pensacola Motor Sales Inc. v. E. Shore Toyota, LLC*, 684 F.3d 1211, 1226 (11th Cir. 2012) (second alteration in original) (quoting 15 U.S.C. § 1125(d)(1)(B)(ii) (2012)).

10.8 Trademarks – False Advertising

[Name of plaintiff] claims that [name of defendant] is liable for false advertising. To prove [his/her/its] claim, [name of plaintiff] must prove the following facts by a preponderance of the evidence:

- [Name of defendant]'s advertisements were false or misleading;
- [Name of defendant]'s advertisements deceived, or had the capacity to deceive, consumers;
- The deception had a material effect on purchasing decisions;
- The misrepresentation affected interstate commerce; and
- [Name of plaintiff] has been, or is likely to be, injured as a result of the false advertising.

There are two ways in which [name of defendant]'s advertisement may be false or misleading: it may be literally false, or it may be literally true but misleading. If an advertisement is literally false, then it is presumed to deceive, or to have the capacity to deceive, consumers, and [name of plaintiff] need not prove that deception.

Additionally, [name of plaintiff] must prove the materiality of [name of defendant]'s advertising by showing that [name of defendant]'s deception is likely to influence consumers' purchasing decisions.

_____.

False Advertising

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

1. [Name of defendant]'s advertising is false or misleading?

Answer Yes or No _____

If your answer is "Yes," then go to Question No. 2. If your answer is "No," then your foreperson should sign and date the last page of this verdict form.

2. [Name of defendant]'s advertising deceives, or has the capacity to deceive, customers?

Answer Yes or No _____

If your answer is "Yes," then go to Question No. 3. If your answer is "No," then your foreperson should sign and date the last page of this verdict form.

3. [Name of defendant]'s deception has a material effect on the customer's purchasing decisions?

Answer Yes or No _____

If your answer is "Yes," then go to Question No. 4. If your answer is "No," then your foreperson should sign and date the last page of this verdict form.

4. The product or service misrepresented by [name of defendant] affects or involves interstate commerce?

Answer Yes or No _____

If your answer is “Yes,” then go to the special interrogatories on Defenses and Remedies in either the jury charges for Infringement of Registered Trademark or Infringement of an Unregistered Trademark. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

Trademarks—Contributory False Advertising

[Name of plaintiff] claims that [name of defendant] is liable for contributory false advertising based on the false advertising of another party. To prove [his/her/its] claim, [name of plaintiff] must prove the following facts by a preponderance of the evidence:

- The other party engaged in false advertising; and
- [Name of defendant] contributed to the other party’s false advertising either by knowingly inducing or causing the false advertising, or by materially participating in it.

_____.

Contributory False Advertising

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

1. [Name of other party] engaged in false advertising?

Answer Yes or No _____

If your answer is “Yes,” then go to Question No. 2. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

2. [Name of the defendant] intended to participate in or actually knew about the false advertising?

Answer Yes or No _____

If your answer is “Yes,” then go to Question No. 3. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

3. [Name of defendant] actively and materially contributed to the other party’s false advertising either by inducing or causing the conduct, or in some other way working to bring it about?

Answer Yes or No _____

If your answer is “Yes,” then go to the special interrogatories on Remedies in either the jury charges for Infringement of Registered Trademark, Infringement of an Unregistered Trademark, or False Advertising. If your answer is “No,” then your foreperson should sign and date the last page of this verdict form.

SO SAY WE ALL.

Foreperson's Signature

DATE: _____

ANNOTATIONS AND COMMENTS

The false advertising remedies are largely identical to the remedies for infringement of registered and unregistered trademarks.

The statutory basis of the direct false advertising cause of action is 15 U.S.C. § 1125(a)(1)(B). The five-part test for liability is taken from *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1308 (11th Cir. 2010), and *N. Am. Medical Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1224 (11th Cir. 2008), although an alternative phrasing of that test appears in *Suntree Techs., Inc. v. Ecosense Int'l, Inc.*, 693 F.3d 1338, 1348-49 (11th Cir. 2012). The relationship between literal falsity and the actual or likely deception prerequisite for liability is taken from *Osmose*, 612 F.3d at 1319.

The test for contributory false advertising is taken from *Duty Free Ams., Inc. v. Estee Lauder Cos.*, 797 F.3d 1248, 1274-76 (11th Cir. 2015); *cf. Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 854, 102 S. Ct. 2182, 2188, 72 L. Ed. 2d 606 (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 contributorially responsible for any harm done as a result of the deceit.”).

11.1 Trade Secrets - Misappropriation of a Trade Secret

[Name of plaintiff] claims that [name of defendant] misappropriated a trade secret belonging to [name of plaintiff].

To prove [his/her/its] claim, [name of plaintiff] must prove the following facts by a preponderance of the evidence:

- 1: [Name of plaintiff] owns a valid trade secret; and
- 2: That trade secret relates to a product or service used in, or intended for use in, interstate or foreign commerce, that [name of plaintiff] calls [name of trade secret(s)]; and
- 3: [Name of defendant] misappropriated that trade secret.

[Name of plaintiff] claims [he/she/it] owns [name of trade secret(s)].

To prove that [name of plaintiff] owns [name of trade secret], [he/she/it] must prove that [name of trade secret] is [his/her/its] property.

Trade Secret. A trade secret may take many forms, including all forms and types of financial, business, scientific, technical, economic, or engineering information. A trade secret may include patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes. A trade secret may be tangible or intangible. A trade secret does not have to be stored, compiled, or memorialized. But if it is, it does not have to be stored, compiled, or memorialized in any particular manner, such as physically, electronically, graphically, photographically, or in writing.

To qualify as a trade secret, [name of plaintiff], must prove the following by a preponderance of the evidence:

- 1: [Name of trade secret] is not generally known to another person who can obtain economic value from the disclosure or use of the information;
- 2: Another person cannot readily discover [name of trade secret] through proper means;
- 3: [Name of trade secret] derives independent economic value, actual or potential, from not being known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information; and
- 4: [Name of plaintiff] has taken reasonable steps to keep [name of trade secret] secret.

Interstate or Foreign Commerce. [Name of plaintiff] claims that [name of trade secret] relates to a product or service used in, or intended for use in, interstate or foreign commerce. Use or intended use of the product or service in interstate commerce means that the product or service involves travel, trade, transportation, or communication between a place in one state and a place in another state. Use of the product or service in foreign commerce means that the product or service involves travel, trade, transportation, or communication between a place in the United States and a place outside of the United States.

Misappropriation. [Name of plaintiff] claims that [name of defendant] acquired, disclosed, or used [name of trade secret] without the right to do so.

This is called “misappropriation.”

For [name of plaintiff] to prove that [name of defendant] misappropriated [name of trade secret], [name of plaintiff] must prove the following by a preponderance of the evidence:

- 1: [Name of defendant] acquired, disclosed, or used [name of trade secret] without [name of plaintiff]'s express or implied consent; and
- 2: [Name of defendant] knew or should have known that [name of trade secret]
 - i. was derived from or through a third person who used improper means to acquire the trade secret;
 - ii. was acquired under circumstances giving rise to a duty to maintain the secrecy of [name of trade secret] or limit the use of [name of trade secret], or
 - iii. was derived from or through a third person who was under a duty to maintain the secrecy of or limit the use of [name of trade secret].

“Improper means” may include theft, bribery, misrepresentation, breach or inducement of a breach of duty to maintain secrecy, and espionage through electronic or other means.

Each act of acquiring, disclosing, or using [name of trade secret] may constitute a separate act of misappropriation.

“Express consent” is consent that is clearly and unmistakably stated.

“Implied consent” is consent that is inferred from one’s conduct rather than from one’s direct expression.

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

1. [Name of trade secret] is [name of plaintiff]'s property?

Answer Yes or No _____

If your answer is "No," this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is "Yes," go to the next question.

2. [Name of trade secret] is not generally known to another person who can obtain economic value from the disclosure or use of the information?

Answer Yes or No _____

If your answer is "No," this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is "Yes," go to the next question.

3. [Name of trade secret] is not readily discoverable through proper means?

Answer Yes or No _____

If your answer is "No," this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is "Yes," go to the next question.

4. [Name of trade secret] derives independent economic value, actual or potential, from not being known to, and not readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information?

Answer Yes or No _____

If your answer is “No,” this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is “Yes,” go to the next question.

5. [Name of plaintiff] has taken reasonable steps to keep [name of trade secret] secret?

Answer Yes or No _____

If your answer is “No,” this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is “Yes,” go to the next question.

6. [Name of trade secret] relates to a product or service used in, or intended for use in, interstate or foreign commerce?

Answer Yes or No _____

If your answer is “No,” this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is “Yes,” go to the next question.

7. Acquired, Used or Disclosed Without Consent: [Name of defendant] acquired, used, or disclosed [name of trade secret] without express or implied consent?

Answer Yes or No _____

If your answer is “No,” this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is “Yes,” go to the next question.

8. Improper Means:

(a) [Name of defendant] acquired [name of trade secret] and knew or should have known that [name of trade secret] was acquired by improper means?

Answer Yes or No _____

(b) [Name of defendant] knew or should have known [name of trade secret] was derived from or through a third person who used improper means to acquire [name of trade secret]?

Answer Yes or No _____

(c) [Name of defendant] knew or should have known [he/she/it] had a duty to maintain the secrecy of the trade secret or limit use of [name of trade secret]?

Answer Yes or No _____

(d) [Name of defendant] knew or should have known [name of trade secret] was derived from or through a third person who had a duty to maintain the secrecy of [name of trade secret] or limit use of [name of trade secret]?

Answer Yes or No _____

If your answer is “Yes” to any of the subparts of this question (8(a) – (d)), go to the next question. If your answer is “No” to all of the subparts of this question (8(a) – (d)), this ends your deliberations, and your foreperson should sign and date the last page of this verdict form.

ANNOTATIONS AND COMMENTS

Private Right of Action. *See* 18 U.S.C. § 1836(b)(1).

Owner. The Defend Trade Secrets Act of 2016 defines “owner” as “the person or entity in whom or in which rightful legal or equitable title to, or license in, the trade secret is reposed.” 18 U.S.C. § 1839(4). The court will need to give an appropriate instruction if the plaintiff claims a right to the trade secret other than through legal title.

Definition of Trade Secret. Section 4 of the Defend Trade Secrets Act states that “trade secret ha[s] the meaning[] given . . . in section 1839 of title 18, United States Code,” which defines trade secret as follows:

all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if--

(A) the owner thereof has taken reasonable measures to keep such information secret; and

(B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information;

18 U.S.C. § 1839(3). The legislative history to the Defend Trade Secrets Act provides that the “definition of a trade secret [is not] meaningfully different from the scope of that definition as understood by courts in states that have adopted the [Uniform Trade Secrets Act].” S. Rep. No. 114-220, at 10 (2016). The legislative history also notes that a trade secret consists of three parts: “(1) information that is non-public; (2) the reasonable measure taken to protect that information; and (3) the fact that the information derives independent economic value from not being publicly known.” H.R. Rep. No. 114-529, at 2 (2016).

Interstate Commerce. *See* 18 U.S.C. § 1836(b)(1). The legislative history notes that the “jurisdictional nexus to interstate or foreign commerce is identical to the existing language required for Federal jurisdiction over the criminal theft of a trade secret under § 1832(a).” S. Rep. No. 114-220, at 5 (2016).

Misappropriation. *See* 18 U.S.C. § 1839(5).

Improper Means. *See* 18 U.S.C. § 1839(6).

Consent. *See* 18 U.S.C. § 1839(5).

11.2 Trade Secrets – Affirmative Defense – Statute of Limitations

[Name of defendant] claims that [name of plaintiff]'s lawsuit was not filed within the time set by law, which is within three years after the claimed misappropriation occurred. To succeed on this defense, [name of defendant] must prove that the claimed misappropriation of [name of plaintiff]'s trade secret(s) occurred before [insert date three years before date of filing]. The law considers a continuing misappropriation as a single misappropriation. Therefore, you should determine whether the claimed misappropriation is a single misappropriation that began before or after [insert date three years before date of filing].

However, the lawsuit was still filed by [name of plaintiff] on time if [name of plaintiff] proves that before [insert date three years before date of filing], [name of plaintiff] did not discover, nor with reasonable diligence should have discovered, the claimed misappropriation of [name of plaintiff]'s trade secret(s).

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

1. [Name of plaintiff] discovered, or should have discovered through the exercise of reasonable diligence, before [insert date three years before the date of filing] about the claimed misappropriation?

Answer Yes or No _____

If your answer is “Yes,” this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is “No,” go to the next question.

ANNOTATIONS AND COMMENTS

See 18 U.S.C. § 1836(d).

11.3 Trade Secrets – Affirmative Defense – Lawful Means of Acquisition

Discovery of a trade secret by lawful means is permitted under the law. [Name of defendant] did not use improper means to obtain [name of plaintiff]'s trade secret(s) if [name of defendant] proves that [name of trade secret] was lawfully acquired by [name of defendant] at the time of the alleged misappropriation.

Lawful acquisition by [name of defendant] may include reverse engineering, independent derivation, or other lawful means.

Reverse Engineering. [Name of defendant] has the right to disassemble and scrutinize products that are available on the marketplace and obtained through that marketplace. "Reverse engineering" is the process of starting with a lawfully obtained product and then working backwards to figure out how the product was developed or manufactured, or to determine the ingredients or make-up of that product. If [name of defendant] acquired the information by reverse engineering a lawfully obtained product, then there was no misappropriation.

Independent Derivation. [Name of defendant] has the right to independently obtain, discover, develop, or compile [name of plaintiff]'s trade secret(s). For example, information can be lawfully acquired if [name of defendant] derived [name of trade secret] from publicly available sources.

SPECIAL INTERROGATORIES TO THE JURY

Do you find by a preponderance of the evidence that:

1. [Name of defendant] lawfully acquired [name of plaintiff]'s trade secret by reverse engineering, independent derivation, or in some other lawful way?

Answer Yes or No _____

If your answer is “Yes,” this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is “No,” go to the next question.

ANNOTATIONS AND COMMENTS

See 18 U.S.C. § 1839(6)(B) (Improper means “does not include reverse engineering, independent derivation, or any other lawful means of acquisition.”).

11.4 Trade Secrets – Damages – Compensatory

If [name of plaintiff] has not proved [his/her/its] claim for misappropriation of trade secrets, your verdict must be for [name of defendant] on this claim, and you do not consider damages.

If [name of plaintiff] has proved [his/her/its] claim for misappropriation of trade secrets, you must decide the issue of damages.

To the extent that it is not duplicative (that is, double counting), you may award either:

(1) the amount

(i) of [name of plaintiff]'s actual damages suffered as a result of [name of defendant]'s misappropriation of [name of trade secret]; and (ii) [name of defendant]'s unjust enrichment that is a result of [his/her/its] misappropriation of [name of trade secret], even if that amount is more than the actual damages suffered by [name of plaintiff]

OR

(2) the amount of a reasonable royalty for [name of plaintiff]'s unauthorized disclosure or use of [name of trade secret].

If you choose to award [name of plaintiff] damages, you must choose to award damages based on either (1) actual damages plus unjust enrichment or (2) a reasonable royalty.

SPECIAL INTERROGATORIES TO THE JURY

1. Actual Damages and Unjust Enrichment

What, if anything, do you the Jury award in actual damages suffered by [name of plaintiff] as a result of [name of defendant]'s misappropriation of [name of trade secret]?

\$ _____

What, if anything, do you the Jury award [name of plaintiff] for [name defendant]'s unjust enrichment that is a result of [name of defendant]'s misappropriation of [name of trade secret]?

\$ _____

2. Reasonable Royalty

Instead of awarding damages to [name of plaintiff] for actual damages or unjust enrichment, you may award a reasonable royalty to [name of plaintiff] for [name of defendant]'s unauthorized disclosure or use of [name of trade secret]. What, if anything, do you the Jury award [name of plaintiff] as a reasonable royalty against [name of defendant]?

§ _____

ANNOTATIONS AND COMMENTS

The statute provides that a court may award:

- (i)(I) damages for actual loss caused by the misappropriation of the trade secret; and
- (II) damages for any unjust enrichment caused by the misappropriation of the trade secret that is not addressed in computing damages for actual loss; or
- (ii) in lieu of damages measured by any other methods, the damages caused by the misappropriation measured by imposition of liability for a reasonable royalty for the misappropriator's unauthorized disclosure or use of the trade secret.

18 U.S.C. § 1836(b)(3)(B).

The damages language in the Defend Trade Secrets Act is drawn directly from § 3 of the Uniform Trade Secrets Act. *See* S. Rep. No. 114-220, at 9 (2016); H.R. Rep. No. 114-529, at 13 (2016). The legislative history suggests that the remedy of a reasonable royalty is a remedy of last resort. *See* S. Rep. No. 114-220, at n.17 (2016); H.R. Rep. No. 114-529, at n. 13 (2016).

11.5 Trade Secrets – Damages – Exemplary

If you find that [name of defendant] has engaged in willful and malicious misappropriation of the trade secret, you may award “exemplary” damages, that is, damages meant to make an example of [name of defendant]. Exemplary damages may be awarded in an amount not more than two (2) times the amount awarded for compensatory damages (i.e. the amount awarded for either actual damages plus unjust enrichment or for a reasonable royalty).

SPECIAL INTERROGATORIES TO THE JURY

1. Do you find that [name of defendant] willfully and maliciously misappropriated [name of plaintiff]'s [name of trade secret]?

Answer Yes or No _____

If your answer is “No,” this ends your deliberations, and your foreperson should sign and date the last page of this verdict form. If your answer is “Yes,” go to the next question.

How much, in addition to amount of damages you have already awarded, do you award [name of plaintiff] as exemplary damages?

\$ _____

ANNOTATIONS AND COMMENTS

See 18 U.S.C. § 1836(b)(3)(C). The exemplary damages language in the Defend Trade Secrets Act is similar to § 3(b) of the Uniform Trade Secrets Act. *See* S. Rep. No. 114-220, at 9 (2016); H.R. Rep. 114-529, at 13 (2016).

Exemplary damages (and attorneys' fees) are limited in certain circumstances. *See* 18 U.S.C. § 1833(b)(3)(C).