Surveys in Trademark Litigation: Likelihood of Confusion and Dilution
Leveraging Survey Evidence to Demonstrate Consumer Perception in the Marketplace and Avoid Fatal Errors

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Surveys in Trademark Litigation: Likelihood of Confusion and Dilution

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In a typical Eveready format, a respondent is first shown an exemplar, photograph or advertisement of defendant's trademarked (or "dressed") product and is asked an open-ended "source confusion" question, "Who makes or puts out ___ ?," followed by "Why do you say that?" "Sponsorship" and "affiliation" confusion questions often follow, frequently in closed-ended form:

Do you believe that whoever makes or puts out ___ 
ONE, is sponsored or approved by another company;  
TWO, is not sponsored or approved by any other company; or  
THREE, you don't know or have no opinion?  
[If ONE] What other company? [and] Why do you say that? 
and/or

Do you believe that whoever makes or puts out ___ 
ONE, has a business affiliation or connection with another company;  
TWO, does not have a business affiliation or connection with any other company; or  
THREE, you don't know or have no opinion?  
[If ONE] With what other company? [and] Why do you say that? 

Where the owner of the senior mark is substantially anonymous and the defendant's goods are in a different category, the respondent may be asked: "Please name any other products put out by the same company that puts__________ out."
In Squirtco, respondents heard radio ads for SQUIRT and QUIRST, and were then asked "Do you think SQUIRT and QUIRST are put out by the same company or by different companies?," followed by "What makes you think that?"

Showing a respondent only two stimuli generates extreme demand effects and can produce "noise" levels as high as 80%. Today, traditional Squirts are infrequently utilized:

the fair and non-leading way in which experts now conduct this type of survey is to show the plaintiff's and defendant's product in the context of a number of products about which they would be questioned. This removes the spotlight from the products of the plaintiff and defendant, helps avoid making obvious what the survey is about, and makes the survey more realistic and less leading.

Respondents, e.g., are shown an array (including senior and junior uses) and are asked:

Do you think that each of these brands is from a separate company, or do you think that two or more are from the same company or are affiliated or connected? If you don't know, please feel free to say so.

[If TWO OR MORE FROM SAME COMPANY OR AFFILIATED/CONNECTED]

Which two or more brands do you believe are from the same company or are affiliated or connected? [and] Why do you say that?

In a second variant:

A respondent sees in a first room a stimulus of the allegedly infringed brand; then sees in a second room a line-up of brands in the same product category, including the allegedly infringing brand; and is asked whether any products in the line-up "come from the same maker or company as the product ... I showed you [in the first room]?" Rather than on an immediate juxtaposition of the junior and senior brands, it relies on recent memory to make the allegedly infringed brand accessible.
At Wilson Sporting Goods

Nike Running Shoes

Strange salesperson helped me

Good value for the money

Can wear with jeans, too

Look good

Long-wearing tread

Cost $94

Weight

Feels soft to run in

Cushioning

Brooks

New Balance

Status brand

Wear cushioned socks

Lace shoes tightly

How to run lightly

Feelings after a long, hard run

Avoid sore knees

Proud

Tired

Relaxed

Last fall
1. Cognitively, "a unique brand name and cohesive brand identity are ... the most powerful pieces of information for consumers ... enabling [them] to efficiently organize, store, and retrieve information from memory."

2. "The[se] cognitive networks in memory ... play a fundamental role ... in interpreting incoming information from the outside world."

3. To identify a stimulus in an Eveready format, a respondent searches memory for what s/he "already knows" and "[w]hen stimulus information offers a sufficient match to [an accessible] schema possessed by the perceiver, the schema is called up from memory and used ... to guide inferences" - a process referred to as pattern matching.
1. The comparison for weak marks must be aided by showing respondents both marks as they would be seen in the marketplace.

2. Initially, respondents were shown only the marks at issue (Squirt and Quirst) and asked whether they came from the same or different cos.; found to produce demand effects; suggested a connection.

3. Currently, respondents are shown an array or a sequential line-up- removes the spotlight from the marks at issue.

4. In making LOC assessments, respondents resort to the representative heuristic: in responding to "probabilistic questions," *i.e.*, whether A originates from B, "the probabilities are evaluated by the degree to which A resembles B .... [W]hen A is highly representative of B, the probability that A originates from B is judged to be high .... [I]f A is not similar to B, the probability that A originates from B is judged to be low."
Consumer surveys conducted by party-hired expert witnesses are prone to bias. There is such a wide choice of survey designs, none fool-proof, involving such issues as sample selection and size, presentation of the allegedly confusion products to consumers involved in the survey, and phrasing of questions in a way that is intended to elicit the surveyor's desired response ... from the survey respondents.
[The survey expert] was able to obtain a ... representative sample of 300 American consumers of whole-ham products, email them photographs of [Cracker Barrel Old Country Store] sliced spiral ham, and ask them in the email whether the company that makes the ham also makes other products - and if so what products. About a quarter of the respondents said cheese. It is difficult to know what to make of this. The respondents may have assumed that a company with a logo that does not specify a particular product doesn't make just sliced spiral ham. So now they have to guess what else such a company would make. Well, maybe cheese.

[The expert] showed a control group of 100 respondents essentially the same ham, but make by Smithfield- and none of these respondents said that Smithfield also makes cheese. [The expert] inferred from this that the name "Cracker Barrel" on the ham shown the 300 respondents had triggered their recollection of Cracker Barrel cheese, rather than the word "ham" being the trigger. That is plausible, but its relevance is obscure. Kraft's concern is not that people will think that Cracker Barrel cheeses are made by CBOCS but that they will think that CBOCS ham is made by Kraft, in which event if they have a bad experience with the ham they'll blame Kraft.
In some stores, absent the preliminary injunction entered in this case, CBOCS hams would have been sold "side by side" with Cracker Barrel cheese "while in other stores the cheeses and the hams would have been displayed in different in different areas of the store .... By examining the 'lift' (greater sales) if any that CBOCS hams obtain by proximity to the Kraft Cracker Barrel label, an expert witness might be able to estimate the extent of consumer confusion."
So you now know:

1. LOC assessments require a comparison
2. With Eveready, the comparison occurs in the mind; with Squirt, it occurs in the market
3. The cognitive basis for those formats
4. Why an Eveready is unaided, whereas a Squirt is aided
5. An Eveready is the gold standard for top of mind marks
6. Where the products are proximate an Eveready alone cannot disprove LOC
7. Modern Squirts also have cognitively sound underpinnings for proximate marks
8. Closed-ended questions are not inherently leading
9. Mental or temporal proximity sufficient to put both marks in recent memory is a prerequisite for use of the Squirt format
10. How to deal with dueling experts
11. How to deal with judges who venture beyond their expertise
12. No format exists for testing weak marks that are not proximate because there is no possibility of confusion
13. It costs $2.50 to ride MARTA
Trademark Dilution Surveys

Joshua M. Dalton

Partner, Boston Office
Dilution Claims: Back from the Dead

  • Required plaintiff to prove actual dilution in order to prevail on trademark dilution claim.

• 2006: Congress revives dilution claims by enacting the Trademark Dilution Revision Act (TDRA), which lowered the standard to “likelihood of dilution.”

• 2010: TTAB sustains dilution claim on final judgment in *National Pork Board*, confirming viability of dilution claims under TDRA.
Dilution Claims: Back from the Dead

• The National Pork Board successfully opposed registration of THE OTHER RED MEAT for salmon based on likelihood of dilution by blurring of THE OTHER WHITE MEAT

• Evidentiary home run for National Pork Board
  • $550 million in national advertising/marketing over a 20-year period
  • substantial third-party advertising and cross-promotional activities
  • nonlitigation brand tracking studies showing brand recognition at 85%+
  • nonlitigation survey from Northwestern University showing fifth-most recognized slogan in America, with 80% recognition
  • Harvard Business School case study
  • unsolicited media coverage/pop culture references
  • appearance on published lists of famous marks
Elements of a Dilution Claim

1) the plaintiff owns a famous mark that is distinctive
2) the defendant is using a mark in commerce that allegedly dilutes the plaintiff’s famous mark
3) the defendant’s use of its mark began after the plaintiff’s mark became famous, and
4) the defendant’s use of its mark is likely to cause dilution by blurring or tarnishment.
The Fame Standard

• A mark is famous 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.” TDRA, 15 U.S.C. § 1125(c)(2)(A).

• Examples of famous marks: NIKE, HOT WHEELS, BLACKBERRY, NASDAQ, ROLEX, MOTOWN

• Dilution fame requires “more stringent showing” than fame for likelihood of confusion. Coach Serv’s v. Triumph Learning LLC, 668 F.3d 1356, 1373 (Fed. Cir. 2012).
The Fame Factors

1. The duration, extent, and geographic reach of advertising and publicity of the mark.
2. The amount, volume, and geographic extent of sales of goods or services offered under the mark.
3. The extent of actual recognition of the mark.
4. Whether the mark was registered.

Lanham Act § 43 (c) (2) (A)
Niche Fame Insufficient

• TDRA standard “was intended to reject dilution claims based on niche fame, *i.e.* fame limited to a particular channel of trade, segment of industry or service, or geographic region.” *Dan-Foam A/S v. Brand Named Beds, LLC*, 500 F.Supp. 2d 296, 307 n. 90 (S.D.N.Y. 2007).

• “One of the major purposes of the TDRA was to restrict dilution causes of action **to those few truly famous marks** like Budweiser beer, Camel cigarettes, Barbie Dolls, and the like.” *Bd. of Regents, Univ. of Tex. Sys. v. KST Elec. Ltd*, 550 F. Supp. 2d 657, 679 (W.D.Tex. 2008).
Examples of Niche Markets

- **College sports**
  - *Board of Regents*, 550 F. Supp. 2d at 678 (University of Texas longhorn logo “famous only within the niche market of college sports fans.”)

- **Contemporary furniture**
  - *Heller Inc. v. Design Within Reach, Inc.*, No. 09 Civ. 1909 (JGK), 2009 WL 2486054, at *4 (S.D.N.Y. Aug 14, 2009) (Trademark for “Bellini Chair” well known only to “relevant public interested in contemporary furniture.”)

- **Baby products**
  - *Luv n’ Care, Ltd. v. Regent Baby Products Corp.*, 841 F. Supp. 2d 753 (S.D.N.Y. 2012) (trademarks associated with cups, bottles, pacifiers, teething keys not recognized beyond niche baby products market)

- **Office Supplies**
  - *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999) (rejecting market research studies where survey universe was targeted at Avery Dennison client list, “users and purchasers of office products,” and “office supply consumers”)

Niche Demographics

• Showing fame among targeted consumer demographics may no longer be sufficient under the TDRA’s “general consuming public” standard.

• *Coach Services v. Triumph Learning LLC*, 668 F.3d 1356, 1376 (Fed. Cir. 2012).
  • Study showing awareness of COACH brand among women ages 13-24 not sufficient to show fame where plaintiff “provided no evidence of brand awareness among women generally, or among men”).

  • Finding CRAYOLA color scheme famous where survey found 92% of mothers of children ages 2-12 think of CRAYOLA when asked to name a brand of crayons.
“Source of Goods”

• The mark must be widely recognized as a source designation, so the recognition cannot be derived from generic or descriptive properties, and it is not sufficient to show that respondents have heard the term before.

• However, commodity promotional slogans are not considered “generic”. See National Pork Board, at 37.
  
  • Pork
  • Beef
  • Eggs
  • Cotton

The Fabric of Our Lives®
Fame Surveys

• Sample questions for fame surveys:
  • What is the first brand that comes to mind in X industry?
  • What brand is the most recognizable in X industry?
  • Have you seen this brand in the past month?
  • Visual surveys: show respondents image and ask what brand comes to mind (see Hummer on next slide).
How Famous?

• No “bright line percentage” required to show fame, but one court has recognized 75% as a good rule of thumb.
  
  • See American Mensa, Ltd. v. Inpharmatica, Ltd. 2008 U.S. Dist. LEXIS 99394 (D. Md. 2008) (“Although the Court does not require a bright line percentage of survey responses, . . . [the suggestion that surveys for famous marks should show recognition of around 75% of the consuming public] is persuasive and reflects results in other cases.”).

• Successful brand awareness results in fame surveys:
  
  • Hummer: 71%
    
    • General Motors Co. v. Urban Gorilla, LLC, 2010 U.S. Dist. LEXIS 136711 (D. Utah 2010) (71% of respondents state “GM” or “Hummer” when shown a boxy, military-style vehicle).

  • VISA: 99%
    
    • Visa Int’l Serv. Ass’n v. JSL Corp., 590 F. Supp. 2d 1306, 1316 (D. Nev. 2008) (99% of respondents aware of the VISA brand, with 85% naming VISA when asked for brand names of payment cards).

  • Crayola: 82%
    
Timing and Non-Survey Evidence

• Proving fame requires evidence showing that fame existed “prior to the defendant’s application or use of its mark.”

• This makes it crucial to maintain an archive or database that could provide evidence of fame in the event of future litigation.

• In addition to brand awareness studies, brand owners should maintain consistent and thorough records of:
  • U.S. annual advertising/sales expenditures
  • nationwide advertising campaigns targeting the general public
  • third-party media coverage, including brand rankings

• Fame is the most significant hurdle to a successful dilution claim, so brand owners should be proactive in compiling a record that could satisfy the heavy evidentiary burden should litigation arise.

Source: ABA Landslide
Likelihood of Dilution

• After proving that its mark is famous, a plaintiff must prove that “the defendant’s use is likely to cause dilution by blurring or tarnishment.”

• Tarnishment
  • “Association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark,” 15 U.S.C. § 1125(c)(2)(b)
  • Usually concerns unsavory associations with sex, drugs, or crime.
  • Tarnishment is easier to prove than blurring, and generally does not require the use of surveys.
Dilution by “Blurring”

- Blurring occurs “when a substantial percentage of consumers, upon seeing the junior party’s use of a mark on its goods, are immediately reminded of the famous mark and associate the junior party’s use with the owner of the famous mark, even if they do not believe that the goods come from the famous mark’s owner.” *Nike Inc. v. Maher*, 100 U.S.O.Q. 2d 1018,1030 (T.T.A.B. 2011).
Proving Dilution by Blurring

• Lanham Act § 43 (c)(2)(B) sets forth nonexclusive six factor test for likelihood of dilution by blurring:
  1. The degree of similarity between the mark or trade name and the famous mark.
  2. The degree of inherent or acquired distinctiveness of the famous mark.
  3. The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
  4. The degree of recognition of the famous mark.
  5. Whether the use of the mark or trade name intended to create an association with the famous mark.
  6. Any actual association between the mark or trade name and the famous mark.
Does association = dilution?

• Supreme Court thought not in *Moseley*:
  • “[T]he mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actual dilution . . . For even though [consumers] may be reminded of the [plaintiff] when they see [defendant’s mark], it will by no means follow that they will associate [plaintiff’s mark] with [defendant’s products], or associate it less strongly or exclusively with [plaintiff’s products]. ‘*Blurring*’ is not a necessary consequence of mental association.”

• Luckily for plaintiffs, Congress and the courts have rendered such specificity unnecessary by treating association as sufficient to establish dilution.
  • TDRA’s lower standard of “likelihood of dilution” means there is no need to show actual dilution.
  • TDRA’s “actual association” factor calls for association surveys.
Surveys on the Plaintiff’s Mark?

• In an amicus brief filed in *Moseley*, the Solicitor General proposed two alternatives to association tests, that exposed respondents to the plaintiff’s mark rather than the defendant’s, and attempted to measure actual dilution.
  • Design 1: Ask two groups of consumers (one familiar with D’s mark and one not) what products they associate with the plaintiff’s famous mark. If control group identifies only P’s mark and other group identifies both, inference of dilution arises.
  • Design 2: Same two group setup, but ask respondents to name attributes they associate with the plaintiff’s mark and compare positive/negative responses between groups.

• This approach is logically sound, but methodologically tricky.
  • How to identify and segregate consumers without asking leading questions?

• So far, the Solicitor General’s proposed tests have not come to fruition, and association tests seem perfect sufficient in the dilution context, provided they have sound methodology . . .
Surveys on the Defendant’s Mark

1. Expose respondents to defendant’s mark (preferably in the context consumers are normally exposed to it).
2. Ask respondents what, if anything, it calls to mind.
3. Hope that respondents name plaintiff’s mark.
The Relevant Universe

• While fame surveys require a broad national universe of respondents, association surveys generally target only consumers or potential consumers of defendant’s mark.

• Examples:
  • Respondents who had “purchased seafood or fish” in the past. *National Pork Board*, at 34 (salmon).
  • Respondents who had visited a gourmet food store within the prior 12 months. *Schieffelin & Co. v. Jack Co. of Boca, Inc.*, 1992 WL 156560 (S.D.N.Y. 1992) (defendant’s “Dom Popignon” popcorn was distributed only in gourmet food stores and restaurant gift shops).
How much association is enough?

• Again, no bright-line rule, but clearly a much lower threshold than the fame analysis.

• **Not enough**: 14%, *Pharmacia Corp. v. Alcon Labs, Inc.*, 201 F. Supp. 2d 335 (D.N.J. 2002)

• **Good enough**:
  • 35%, *National Pork Board*. 
Controls

- Controls are crucial!
  - Kellogg displays Exxon’s cartoon tiger, respondents name Tony the Tiger, Frosted Flakes, or Kellogg at ~70%
  - But, court rejects because survey had no control to eliminate those who would think of Tony upon seeing *any* cartoon tiger, not just Exxon’s mark.
Tough Questions: The Legacy of Moseley

• While proof of actual dilution is no longer required, the Moseley line of thinking may still be a viable defense for a dilution defendant to raise.

  • Survey showing mental association between defendant’s children’s book (featuring a beetle-like car) and plaintiff’s BEETLE mark did not necessarily show that consumers were likely to form a different impression of plaintiff’s mark and thus failed to show dilution.
  • Court accepts defendant’s citation to Moseley for proposition that association is not necessarily dilution.
Dilution Takeaways

• Dilution is alive and well after TDRA and National Pork Board, but succeeding on a dilution claim is no walk in the park.

• Dilution fame is difficult to prove and requires comprehensive evidence of national recognition.
  • Counsel should advise brandowners to maintain thorough records of advertising expenditures, brand awareness, media coverage, and other evidence that may help establish fame.
  • Fame surveys must target a broad universe, geographically and demographically.

• Dilution itself is easier to prove, and requires a simple but careful association survey.
  • Determine relevant universe based on defendant’s channels of trades.
  • Use controls to ensure admissibility and persuasiveness of results.
Thank you!

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