Will a Survey Enhance the Chances of Winning Your Trademark Infringement Case?

By James T. Berger

I. Introduction

Is it worth doing a likelihood-of-confusion survey for a trademark infringement case? Is it going to help win the case? This is a question survey experts get all the time. Thanks to some recent academic studies and an analysis of the *Daubert* environment, we have some guidance on this issue.

II. Surveys v. Direct Evidence

Shari Seidman Diamond, Northwestern University Professor of Law and Psychology and research professor of the American Bar Association, and David J. Franklyn, director of the McCarthy Institute for IP and Technology Law at the University of San Francisco School of Law, have co-authored *Trademark Surveys: An Undulating Path*, published in the Texas Law Journal (June 28, 2014). The article discusses several studies aimed at gauging the success rates of lawsuits that make use of consumer surveys.

Diamond and Franklyn set the stage for the analysis by discussing surveys versus other forms of evidence. They point out that trademark law considers three main types of evidence for evaluating the likelihood of confusion: (1) survey evidence; (2) direct evidence; and (3) argument by inference. They point out that direct evidence is often considered the strongest form of evidence. It includes testimony by confused consumers or misdirected letters. Unfortunately, it may be difficult to obtain direct evidence. Often a junior user has just begun to market its product when the senior user brings an infringement action to prevent consumer confusion. In such cases, direct evidence of confusion is unlikely to exist because consumers who otherwise may have been confused may not be aware of the deception because the products have not yet appeared in the marketplace, or advertising for such products has not yet been created.

The alternative to direct evidence is survey evidence, which can measure whether a significant number of relevant consumers are likely to be confused by a mark. As Diamond and Franklyn point out, courts have long accepted survey evidence performed by qualified survey experts. A survey assessing likelihood of confusion exposes the allegedly infringing mark to consumers and measures their reactions. Among the factors to be considered in designing a survey are the identity of relevant consumers, the nature of the mark, and how consumers encounter the mark in commerce. Over time, courts and researchers have come to recognize that many likelihood-of-confusion surveys attempt to establish causation. When causation is a factor, the survey often requires appropriate control groups or control questions. The issue of a "control" survey or "control" question has become a crucial factor in evaluating the worth of a survey focusing on causation.

Dozens of scholars have examined court decisions to assess the role of surveys. Diamond and Franklyn single out Graeme W. Austin (Victoria University of Wellington), who studied cases over a 10-year period between 1993 and 2003 and found that surveys were introduced in 57.4% of trademark cases that went to final judgment. Diamond and Franklyn conclude that surveys "may not be ubiquitous in reported cases involving allegations of likelihood of confusion, but they frequently play a central role in the progress of the trademark and deceptive advertising litigation before cases appear in court opinions." They note that surveys "are most likely to be commissioned when other evidence in the case is equivocal," which is "precisely when they are most likely to influence decisions." They call surveys "valuable tools in trademark litigation even when they are not deployed in trial" because they "provide an important reality check on mark evaluation and effective leverage in settlement negotiations." Surveys also "help inform clients and shape strategy with insight into actual consumer perceptions and their legal significance."

Diamond and Franklyn review a number of studies that address whether surveys play a major role in the success or failure of the lawsuit.

A. Beebe Study

The first study discussed by Diamond and Franklyn was performed by Barton Beebe in 2006. At the time of the study, Beebe was associate professor at the Benjamin N. Cardozo School of Law. He identified 331 published opinions in all 13 circuits between 2000 and 2004 that made use of likelihood-of-confusion surveys. Diamond and Franklyn write that Beebe's findings showed that survey evidence "thought by many to be highly influential, is in practice of little importance." Beebe found that only 65 (20 percent) of the 331 opinions he studied discussed survey evidence, while only 34 (1 percent) credited the survey evidence. Although the rulings in 70 percent of those cases credited the survey, those 24 cases represented only 7 percent of the opinions he studied."

According to Diamond and Franklyn:

> [Beebe's] finding that similarity of marks is the single most important factor makes

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intuitive sense. When marks are extremely similar, the situation borders the realm of counterfeiting and free riding, which usually tends to overpower other factors. But Beebe also identified two other influential factors: the defendant's intent when it favored a likelihood of confusion, and the proximity of the parties' goods when that factor disfavored a likelihood of confusion. He also concluded that the intent and actual confusion factors "exert an inordinate degree of influence" on the outcome of the rest of the factors. Moreover, the similarity of the marks and defendant intent were weighted so strongly by judges that they could trigger a finding of confusion despite the outcomes of any other factors. In essence, Beebe theorized that judges essentially looked at just a few factors to decide infringement and then rationalized the rest in order to obtain a coherent outcome.

According to Diamond and Franklyn, Beebe "ultimately concluded that judges were indeed short-circuiting the multifactor balancing test, relying on two or three of the factors (at least similarity of marks and proximity of goods in almost all cases) in a 'take the best' strategy." They suggest that judges "may evaluate factors to be consistent with the outcome they favor on other grounds" and that "faced with a persuasive survey that shows evidence of likelihood of confusion, the marks may appear more similar than they might have appeared in the absence of the survey." In that case, they argue, it "would not be the similarity of the marks, but rather the survey, that led to a finding of likelihood of confusion."

B. Sarel and Marmorstein Study

Diamond and Franklyn next address a study performed by Professors Dan Sarel and Howard Marmorstein of the University of Miami Business School. The Sarel/Marmorstein study was performed in 2009 to determine the effect of survey evidence in trademark infringement cases where the central issue was likelihood of confusion. They analyzed 126 cases decided between 2001 and 2006. In every case, the plaintiff possessed an "undisputed, valid trademark."

They used independent coders to evaluate whether the marks were similar and if the goods were sold in high or low proximity to one another. They also looked at whether the plaintiff had presented a survey and, if so, whether the court had accepted it. Their results differed dramatically from Beebe's. In approximately one-third of the studied cases, plaintiffs offered likelihood-of-confusion surveys, and the results suggest a substantial impact in cases in which the parties' marks or goods or services were dissimilar.

The Sarel/Marmorstein study showed that survey evidence increased the success rate on the likelihood-of-confusion issue by 24.2 percent. When the plaintiff introduced survey evidence for dissimilar products, the survey evidence increased the plaintiff's success in obtaining an injunction by about 60 percent. Where the marks were dissimilar, they found that it was almost impossible to obtain an injunction without a survey: Only 4 percent of plaintiffs were able to obtain an injunction without using a survey, while 61.5 percent obtained an injunction with a survey. If the court rejected the survey, no plaintiff succeeded in obtaining an injunction. Even where the goods and/or trademarks were similar, the admission of surveys increased the chances of winning by 17-20 percent.

C. Bird and Steckel Study

The most recent study was performed by University of Connecticut Professor Robert C. Bird and New York University Professor Joel H. Steckel. They analyzed 533 published cases from between 2000 and 2006. They found that only 16.6 percent of them discussed survey evidence, and from this they concluded that consumer surveys "are neither 'universally influential' nor 'used as often as some would imply.'"

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These three studies show that surveys may be valuable, especially in securing an injunction. It is impossible to say definitively as a general matter whether a survey will or will not help win the case, and it bears noting that Diamond/Franklyn did not evaluate the quality of the survey—a key factor in its impact.

Another major factor in the value of a survey—its admissibility—is discussed below.

III. The *Daubert* Factors

Three major Supreme Court decisions have significantly changed the playing field in terms of the use of experts in performing surveys, writing reports, and testifying in depositions and at trial in intellectual property cases. The first case was *Daubert v. Merrell Dow Pharmaceuticals* in 1993, followed by *General Electric Co. v. Joiner* in 1997, and finally *Kumho Tire Co. v. Carmichael* in 1999. These three rulings are known as the "*Daubert* trilogy" or often simply "*Daubert*." A *Daubert* motion is pretrial motion to exclude as inadmissible the work product and/or testimony of an "unqualified" expert.

Daubert concerned the admissibility of scientific expert testimony; *General Electric* held that abuse of discretion is the proper standard of review of a trial court's decision as to whether expert testimony is admissible; and *Kumho Tire* held that the judge should function as a gatekeeper for all expert testimony, scientific and non-scientific. In *Daubert* the Court provided criteria for judges to use in determining whether scientific evidence is sufficiently reliable to be admissible:

1. Whether the research technique has general acceptance or is widely known or whether it has attracted only minimal support;
2. Whether standards and controls governing the application of the scientific methodology exist;
3. Whether the expert's methods or techniques can be tested, and, if so, whether such methods or techniques have been tested;
4. Whether the theory or technique has been subjected to peer review and publication; and
5. Whether the scientific technique has a known or potential rate of error.

Daubert is based on the rationale that juries do not understand the principles and nuances of scientific research and that if such opinions are highly subjective, the court should be able to keep them away from an impressionable jury. In practice, *Daubert* has opened the door to a great deal of motion practice that is not, in most cases, justified.

If the expert's findings are particularly damaging to one side, the obvious rationale for filing a *Daubert* motion is the chance the judge will eliminate the expert and his or her findings. Most judges view *Daubert* motions skeptically and carefully evaluate both the qualifications of the expert and his or her findings. It is very hard to exclude an expert who has had experience testifying and whose work has been accepted by the courts. Scientific research covers a wide area and many issues, and in complex litigation interpretations of the evidence vary from expert to expert. Moreover, there is no one method of conducting a survey. Since judges are not survey experts trained to perform scientific research, it is difficult to exclude an experienced survey research expert. In such cases, there generally is a survey and a report by the survey expert as well as a rebuttal report by another survey expert retained to analyze and provide a critique of the initial survey. It is not unusual for both sides to file *Daubert* motions. Most judges, who typically lack the knowledge to assess the merits of a survey, will not exclude a credible research effort and generally will rule instead that the survey expert and the critiquing expert should be subjected to "rigorous cross examination."

An important consideration in the application of *Daubert* is the background of the survey expert. Professor Shari Seidman Diamond, in "Reference Guide on Survey Research," which is part of the *Reference Manual for Scientific Evidence* published by Federal Judicial Center, spells out the required experience and education for a qualified survey expert. Some survey experts come from the social sciences with experience in psychology and sociology, while others come from the business and marketing disciplines.

The *Daubert s*tandards are, it should be noted, subject to debate. Complex litigation often requires creative solutions that involve the use of techniques never used previously. For example, the emergence of the internet as a research tool opens up myriad possibilities that were previously unavailable. Researcher and survey expert Gabriel Gelb has performed a number of highly effective surveys using internet technology. Such a technique arguably is "not widely known" and may have "attracted minimal support," in the language of *Daubert*. As for the "peer review and publication" criterion, there is, again, something of a "chicken or egg" issue: Clearly, a novel creative technique will be applied prior to being subjected to any peer review. Does that mean the technique lacks sufficient indicia of merit to be admissible?

Scientific research requires an understanding of the complex issues relating to the specific case, an understanding of relevant target markets, and a pragmatic willingness to try new or advanced methodologies to obtain accurate answers and data. The key is that such research should be scientific in nature and utilize those key principles of scientific research.

IV. Conclusion

Is it worth it to do a survey for a likelihood-of-confusion trademark case? Is it going to help win the case? The answer is a strong MAYBE. If the plaintiff has no other direct evidence, a survey may be mandatory. However, the survey must be performed by a survey expert with a track record. The survey has to conform to scientific research methodology and use an accepted protocol. The *Daubert* cloud hangs over any case using a survey expert.