

Litigation Surveys Have Special Rules



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If your company is naming a new product line, it probably would not be wise to use the “X” letter, as in XFL, X-Men and such X-marked products as Microsoft’s Windows XP system and Nissan’s Xterra model. In fact, last year companies filed 1,000 requests for X-marked trademarks with the U.S. Patent and Trademark Office, says Ternell Kearney at the trademark search firm CCH Corsearch.

As the “X” names demonstrate – in the technology field especially, with its emphasis on tech-sounding prefixes and suffixes – most product names are potentially subject to prior claims. In another example, domain names that simulate known brands or company brands are open to charges of cyber squatting and subsequent damages. As the selection of names is depleted by domain applications, attorneys are filing more lawsuits to protect their clients’ intellectual property rights, and the trademark litigation growing out of this trend calls on the expertise of marketing researchers.

Federal courts are in favor of objective surveys to help determine if conflicts between names result in what is called “likelihood of confusion,” a legal concept meaning that two names are so alike, consumers might think they come from the same source. But surveys employed in litigation are required to meet strict standards.

The minimum standards for surveys in litigation are found in the *Manual for Complex Litigations*, published by the Federal Judicial Center. They include these criteria:

- The population was properly chosen and defined.
- The sample represented the population.
- The data were accurately reported.
- The data were analyzed against statistical principles.
- The questions asked were clear and not misleading.
- Proper interviewing procedures were followed.
- The process ensured objectivity; for example, the interviewers were not aware of the purpose of the survey.

These standards may be old hat to experienced researchers, but in legal situations, they call for extra-careful analysis. For example, if two companies with different product lines dispute ownership of a name, which company’s customer and prospects should be surveyed? (Typically, but not always, the senior company’s customers are most likely to be confused by the junior company’s use of the similar name.)

Surveys are problematic if the respondent group is too broadly or narrowly defined. In *Schwinn Bicycle Co. v. Ross Bicycles Inc.*, a case involving exercise bicycles, the court disregarded a survey of fitness professionals, because they were not representative of the general consuming public. But in another case, *American Basketball Association v. AMF Voit Inc.*, which addressed the protectability of a basketball in red, white and blue colors, the survey encompassed individuals who played basketball, and that population was deemed too broad. They survey should have included only those who purchased a basketball.

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Meanwhile, survey designers may not have free rein in constructing questionnaires. The courts have found certain questions to be useful and others not so helpful. For example, if two companies are disputing a name, one company may defend itself by claiming the senior user's name has become generic – that is, coming from multiple sources and not protectable. To test whether consumers consider a name generic, the courts have approved two basic approaches, commonly called the Teflon model and the thermos model.

In the Teflon format, respondents are given a description of what constitutes a brand name (say, Ford) and what is a generic term (cars), and are then asked if a group of specific terms, including the term in contention, are brand (Teflon) or generic (nonstick surface). In the thermos format, respondents are asked, “If you were going to a store to buy a container that keeps cold liquids cold and hot liquids hot, what would you ask for?”

(Two books that outline how to conduct legal surveys and what questions are more likely to be permissible are *McCarthy on Trademarks and Unfair Competition*, by J. Thomas McCarthy, and *Trademark Surveys*, by Phyllis J. Welter. Also, *Journal of Public Policy and Marketing* has published several useful articles about trademark infringement issues.)

Marketing researchers who prepare surveys for litigation will have to develop thick skins, as the opposing side will search for ways to attack their work. Typically, the opposing side will take one or both of two positions: They will employ their own expert to critique your survey or retain an expert to conduct a counter-survey.

When a survey is attacked, the opposition's expert will usually point out its “fatal flaws.” In briefs opposing the survey, attorneys have called the research on the other side “intellectually dishonest.” So when an attorney hires a research, he probably will call for a “bulletproof survey,” which may or may not be possible, unless unlimited funds are available.

Actually, as noted in McCarthy's book, several courts have held there is no such thing as a perfect survey. In recognition of this practical aspect of survey construction and implementation, what judges rule on is the weight given to a particular survey, or how believable or useful it is. A judge may criticize one aspect of a survey but allow it to be brought into evidence if its deficiencies are seen as minor.

These guidelines for trademark infringement surveys also apply to several other types of litigation surveys. For example, surveys have been used to estimate the potential damages in cases of infringement. Another application is that of trade dress claims, in which a company is accused of copying the appearance of a product. Whatever the application, the lesson is that the criteria for legal surveys are stringent and, at the same time, potentially debatable. The research who submits evidence in court should have knowledge and self-confidence in equal measure.

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About the Author

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