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Trademark Surveys: Identifying the Relevant Universe of Confused Consumers

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INTRODUCTION

Imagine spending tens of thousands of dollars on expert witness fees to prosecute a trademark infringement case. Imagine spending tens of thousands more dollars developing the demonstrative evidence necessary to establish a prima facie case—evidence that includes a consumer survey to be proffered as proof that the defendant’s infringement has created actual trademark confusion. Now imagine the judge rejecting the survey because it fails to identify the relevant universe of consumers. Your case is sunk!

Too often, litigants engage in such costly and time-consuming evidence generation that is of little or no value at trial. Trademark

surveys are expensive,¹ hence they should be constructed carefully with emphasis on identifying the relevant universe of consumers.²

As with any survey, in order to be probative or dispositive, the proper class of respondents must be interviewed.³ Because the crux of any trademark infringement case is the infringing mark's effect on the typical consumer, a survey is normally required to measure that effect.⁴ Consequently, failure to properly identify the relevant group or universe of consumers in a trademark survey can be fatal to the trademark holder's case.⁵

This Article explains the ways in which identification of the relevant universe of consumers is an integral part of a trademark holder's infringement case. Part I discusses the reasons for employing trademark surveys to establish trademark infringement. Part II examines the policies that underlie the prevention of consumer confusion and develops the temporal relationship theory and the spatial relationship theory to explain when consumer confusion occurs. Part III analyzes various types of consumers to identify their roles in the relevant universe of consumers in various situations. Part IV analyzes cases in which the court has determined the

1. See *Trademarks: Protection of Merchandising Properties in Professional Sports*, 21 DUQ. L. REV. 927, 961 (1983) (reporting that preparation of a consumer survey presented in a trademark case cost in excess of \$500,000).

2. See Helene D. Jaffe, *Avoiding the Pitfalls: Use of Consumer Surveys in Lanham Act Cases*, 8 SUM. ANTITRUST 30, 32 (1994) (stating that the first step in conducting a survey is to define the universe of consumers who actually purchase or use the products in question); see also *Ringling Bros. Barnum & Bailey Combined Shows v. Utah Div. of Travel Dev.*, 955 F. Supp. 605 (E.D. Va. 1997) (noting that purchasers of defendant's products ought to be the appropriate universe for a survey).

3. See, e.g., *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7th Cir. 1976) (finding that in a survey applied to light bulbs, flashlights, and batteries, the universe consisted of the general population); *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513 (10th Cir. 1987) (finding that in a survey applied to fishing reels, the universe consisted of persons over 14 years of age who had fished in fresh water in the previous 12 months); *Piper Aircraft Corp. v. Wag-Aero, Inc.* 741 F.2d 925 (7th Cir. 1984) (finding that in a survey applied to airplane parts, the universe consisted of all owners of private airplanes, regardless of whether they did their own repair work).

4. See Larry C. Jones, *Developing and Using Survey Evidence in Trademark Litigation*, 19 MEM. ST. U. L. REV. 471, 479-80 (1989).

5. See, e.g., *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 264 (5th Cir.), cert. denied, 449 U.S. 899 (1980) (according no value to consumer survey results because the survey failed to test the proper universe of consumers).

evidentiary effect of a survey based on an improper universe. This Article concludes that failure to identify the proper universe can be fatal to a survey proponent's case.

I. TRADEMARK SURVEYS ARE USED TO ESTABLISH TRADEMARK INFRINGEMENT

A trademark is a powerful commercial tool that assures consumers they will get exactly what they want.⁶ A trademark also identifies a particular product and associates that product with a particular source or manufacturer.⁷ Consequently, in the market context, a trademark can shorten shopping time because a consumer can recognize the desired product by mark alone, rather than by examination of the entire label and packaging.⁸

Such reduction in shopping time can occur only when the mark maintains a grip on the consumer's mind.⁹ Corporations spend millions of dollars on advertising to implant specific product or service characteristics within the minds of target customers.¹⁰ Trademark law seeks to protect this intangible asset, which is carried around in the minds of consumers.

6. See Shashank Upadhye, *Rewriting the Lanham Trademark Act to Prohibit the Importation of All Gray Market Goods*, 20 SETON HALL LEGIS. J. 59, 84 n.156 (1996). Often times, however, consumers do not get exactly what they want because even identically trademarked goods are of inferior quality. *See id.*

7. *See Keds Corp. v. Renee Int'l Trading Corp.*, 888 F.2d 215, 218 (1st Cir. 1989) (stating that because a trademark owner spends time, money, and energy in presenting its product to the public, the owner's investment should be protected from misappropriations by pirates and cheats).

8. *See* William Landes & Richard Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 269 (1987). Landes and Posner provide examples of this phenomenon. *Id.* at 268-70. According to Landes and Posner, allowing another decaffeinated coffee manufacturer to use the name "Sanka" would destroy any benefit in having an identifying brand name. *Id.* at 269. If consumers have a positive experience with a particular brand, it is more efficient for them to simply purchase the product by its trademark. *See id.* at 269.

9. *See* 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 2:5, 3:6 (4th ed. 1996); *Door Sys., Inc. v. Pro-Line Door Sys., Inc.*, 83 F.3d 169, 170 (7th Cir. 1996).

10. *See Golden Bear Int'l v. Bear USA*, 969 F. Supp. 742, 744 (N.D. Ga. 1996) (stating that trademark holder spent over thirty five million dollars advertising the clothing).

Knowing that a trademark can maintain such a grip on the minds of consumers, a marketer often mimics a trademark or trade dress¹¹ in order to obtain a free ride on the reputation of the primary mark holder. This is often referred to as trading off the goodwill of others.¹² A mere similarity between two trademarks, however, does not mean that there is trademark infringement.¹³ Rather, to establish trademark infringement, the trademarks must be confusingly similar to the relevant public, that is, in the minds of the relevant consumers.¹⁴

The analytical construct for trademark infringement necessarily examines the mark in question; it must be distinctive in order to receive protection. The trademark holder can sue for infringement only if the mark is distinctive.¹⁵ Distinctiveness can be either inherent or acquired. Coined,¹⁶ fanciful,¹⁷ arbitrary,¹⁸ or suggestive

11. Trade dress generally refers to the products packaging, labeling, or containerization. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); Jamison Dean Newberg, *The Same Old Enchilada? The Supreme Court Simplifies the Protection of Inherently Distinctive Trade Dress in Two Pesos v. Taco Cabana*, 13 REV. LITIG. 299 (1994).

12. Trademark law is premised on the idea that when a party has expended resources to develop an identification for its product, it is not equitable to allow another to trade on that party's goodwill and reputation to promote his own goods or services. See Tara J. Goldsmith, Note, *What's Wrong with this Picture? When the Lanham Act Clashes with Artistic Expression*, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 821, 829 (1997).

13. See *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 643 (7th Cir. 1993) (noting that others can produce designs similar to the trademark as long as there is no likelihood of consumer confusion).

14. See *Continental Motors Corp. v. Continental Aviation Corp.*, 375 F.2d 857, 861 (5th Cir. 1967) ("Confusion, or the likelihood of confusion . . . is the real test of trademark infringement."); MCCARTHY, *supra* note 9, § 23:1.

15. See *Weight Watchers Int'l v. Stouffer Corp.*, 19 U.S.P.Q. 2d 1321, 1328-29 (S.D.N.Y. 1990).

16. A coined mark is an artificial word that has no language meaning except as the mark. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). For example, "KODAK" has no language equivalent and is a purely invented word. See *Big O Tire Dealers v. Goodyear Tire & Rubber*, 408 F. Supp. 1219, 1242-43 (D. Col. 1976), *aff'd*, 561 F.2d 1365 (10th Cir. 1977).

17. A fanciful mark is an invented word also but has some relationship to another word. See *Abercrombie*, 537 F.2d at 9. For example, "FAB" is shortened for fabulous but "FAB" in and of itself has no language meaning. See *Big O Tire Dealers*, 408 F. Supp. at 1242-43.

18. An arbitrary word has a real language counterpart but does not describe or suggest the underlying product by use of the word. See *Abercrombie*, 537 F.2d at 9. For ex-

marks¹⁹ are inherently distinctive. On the other hand, descriptive marks are not inherently distinctive and thus, to receive protection, such marks must acquire secondary meaning.²⁰ Generic marks are never entitled to protection, as they are purely descriptive of the products.²¹ Once a mark is deemed protectable, the mark holder may avail himself of the trademark infringement laws.

A. *Consumer Surveys and the Test for Likelihood of Confusion*

Traditional trademark infringement analysis begins with the likelihood of confusion test.²² The elements of the test vary among

ample, "APPLE" is a mark for computers in addition to having an everyday language counterpart, namely the fruit.

19. A suggestive mark is a word that suggests what the product is without actually describing it. *See id.* For example, "STRONGHOLD" suggests that the underlying product holds something together strongly but does not describe whether the product is a nail, screw, adhesive, glue, Velcro, or a bolt. *See Big O Tire Dealers*, 408 F. Supp. at 1242-43.

20. *See Abercrombie*, 537 F.2d at 9-10. The primary meaning of a word is the pure description of it; the secondary meaning of a word may cause the product-source association. For example, the primary meaning of "IVORY" is what an elephant's tusk is made of, whereas, the secondary meaning is the association that "IVORY" is a brand name of soap. Secondary meaning is shown when the public has come to associate the total image of the mark with one source. *See Inwood Labs., Inc. v. Ives Labs, Inc.*, 456 U.S. 844, 851 n.11, 214 U.S.P.Q. 1 (1982).

21. *See Abercrombie*, 537 F.2d at 9. Generic marks identify the product. *See id.* For example, "Aspirin," "Kleenex," "Thermos," and "Elevator" have fallen victim to genericide. *See, e.g.,* *Haughton Elevator Co. v. Seeberger*, 85 U.S.P.Q. 80 (Dec. Com. Pat. 1950) (canceling "escalator" trademark as becoming generic); *King-Seeley Thermos Co. v. Aladdin Indus., Inc.*, 321 F.2d 577, 138 U.S.P.Q. 349 (2d Cir. 1963) ("Thermos"); *Bayer Co. v. United Drug Co.*, 272 F. 505 (D.C.N.Y. 1921) ("Aspirin"); *DuPont Cellophane Co. v. Waxed Prods. Co.*, 85 F.2d 75, 30 U.S.P.Q. 332 (2d Cir.) ("Cellophane"), *cert. denied*, 299 U.S. 601, 299 U.S.P.Q. 601 (1936); *Coca Cola Co. v. Snow Crest Beverages*, 162 F.2d 280, 73 U.S.P.Q. 518 (1st Cir.) ("Cola"), *cert. denied*, 322 U.S. 809, 75 U.S.P.Q. 365 (1947).

22. *See WCVB-TV v. Boston Athletic Ass'n*, 926 F.2d 42, 45 (1st Cir. 1991) ("The trademark statute does not give the appellants any 'property right' in their mark except 'the right to prevent confusion.'"). The likelihood of confusion test was first coined in *Polaroid Corp. v. Polarad Electronics*, 287 F.2d 492, 495 (2d Cir. 1961), where the court stated the factors to be (1) the strength of the mark; (2) the degree of similarity between the marks; (3) the proximity of the goods; (4) the likelihood that the prior owner will bridge the gap; (5) evidence of actual confusion; (6) defendant's good faith in adopting the mark; (7) the quality of the defendant's products; and (8) the sophistication of the buyers. *Id.* These eight factors are referred to as the Polaroid Factors.

the several circuits.²³ Nevertheless, the proper identification of the consumer is a common theme underlying several elements in the test. Most often, the identification of the consumer is part of the sophistication-of-the-consumer element or the evidence-of-actual-confusion element in the test. Because a trademark survey typically is used to establish these elements, properly identifying the consumer is a significant concern. In short, strong consumer survey results can counter a defendant's argument that the plaintiff

23. Although the factors are generally the same, circuits vary as to the wording and number of factors. See, e.g., *Pignons SA de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir. 1981); *Western Publishing Co. v. Rose Art Indus., Inc.*, 910 F.2d 57, 61 (2d Cir. 1990); *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1229 (3rd Cir. 1978); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984); *Roto-Rooter Corp. v. O'Neal*, 513 F.2d 44, 45 (5th Cir. 1975); *Frisch's Restaurants v. Elby's Big Boy*, 670 F.2d 642, 648 (6th Cir.), cert. denied, 459 U.S. 916 (1982); *Nike Inc. v. Just Did It Enters.*, 6 F.3d 1225, 1228 (7th Cir. 1993); *SquirtCo v. Seven Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979); *Beer Nuts v. Clover Club Foods Co.*, 711 F.2d 934, 940 (10th Cir. 1983); *Dieter v. B & H Indus.*, 880 F.2d 322, 326 (11th Cir. 1989); *In re EI duPont*, 476 F.2d 1357, 1361 (C.C.P.A. 1973); *G.H. Mumm & Cie v. Desnoes & Geddes, Ltd.*, 917 F.2d 1292, 1295 (Fed. Cir. 1990). The D.C. circuit looks to guidance from the Ninth, Seventh, and Second Circuits. See *Delmatoff, Gerow, Morris, Langhans, Inc. v. Children's Hospital Nat'l Med. Center*, 12 U.S.P.Q. 2d 1136, 1139 n.9 (D.C. Cir. 1989); *Carl Karcher Enters. v. Stars Restaurants Corp.*, 35 U.S.P.Q. 2d 1125, 1128 (T.T.A.B. 1995).

The most extensive list of factors used in the test is from *In re E.I. du Pont*, 476 F.2d 1357, 1361 (C.C.P.A. 1973) wherein the court stated that the following thirteen factors must be examined: (1) the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression; (2) the similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use; (3) the similarity or dissimilarity of established, likely to continue trade channels; (4) the conditions under which and buyers to whom sales are made, that is, impulse versus careful, sophisticated purchasing; (5) the fame of the prior mark (sales, advertising, length of use); (6) the number and nature of similar marks in use on similar goods; (7) the nature and extent of any actual confusion; (8) the length of time during and conditions under which there has been concurrent use without evidence of actual confusion; (9) the variety of the goods on which a mark is or is not used (house mark, family mark, product mark); (10) the market interface between the applicant and the owner of the prior mark: (i) a mere consent to register; (ii) agreement provisions designed to preclude confusion, for example, limitations on continued use of the marks by each party; (iii) assignment of a mark, application registration, and goodwill of the related business; and (iv) laches and estoppel attributable to the owner of the prior mark and indicative of lack of confusion; (11) the extent to which applicant has right to exclude others from use of its mark on its goods; (12) the extent of potential confusion, whether de minimus or substantial; or (m) any other established fact probative to the effect of use. *Id.*

failed to prove actual confusion.²⁴

B. *Consumer Surveys and the Requirements for Protectable Marks*

Consumer identification is significant in determining whether the putative mark warrants any protection. For example, it is axiomatic that descriptive marks are not protectable without showing acquired distinctiveness through secondary meaning.²⁵ Accordingly, when faced with a contestable trademark,²⁶ a defendant will always argue that the mark warrants no protection unless the trademark holder proves secondary meaning. Suggestive marks, on the other hand, are protectable without this showing.²⁷ Secondary meaning can be established by showing survey evidence, the length and manner of use of the name, the nature and extent of advertising and promotion of the name, the volume of sales, and in-

24. See, e.g., *Allied Mktg. Group, Inc. v. CDL Mktg., Inc.*, 878 F.2d 806, 813 (5th Cir. 1989) (finding that it is not necessary to demonstrate actual confusion in order to prevail on a trade dress infringement claim); *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 704 (5th Cir. 1981) (noting that it would be “exceedingly difficult to detect instances of actual confusion when, as here, the goods are relatively inexpensive and their actual properties are exactly identical”); *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 521 (10th Cir. 1987) (noting that a finding of no actual confusion is not fatal to a case); *Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366, 383 (7th Cir. 1976) (holding it unnecessary to show actual confusion).

25. Under the incontestable mark provisions of the Lanham Act, Trademark Act of 1946 (“Lanham Act”), ch. 540, 60 Stat. 427 (codified as amended at 15 U.S.C.A. §§ 1051-1127 (West 1998 & Supp. 1998)), an incontestable mark cannot be challenged on the grounds that the mark is descriptive. 15 U.S.C. § 1065 (1994). Therefore, the proprietor of a disputably descriptive mark should file the necessary affidavits to transform the mark into an incontestable one. An incontestable descriptive mark owner need not proffer any evidence of secondary meaning.

As another note, registered trademark infringement is governed by section 32(1) of the Lanham Act. 15 U.S.C. § 1114(1). Trade dress, unregistered mark infringement, and unfair competition are governed by section 43(a) of the Lanham Act. *Id.* § 1125(a). Also, the new federal dilution statute is governed by section 43(c) of the Lanham Act. *Id.* § 1125(c).

26. See *id.* § 1065. Under this provision, an allegedly descriptive mark becomes incontestable once the section 8 and section 15 affidavits are filed and accepted. *Id.* Therefore, a defendant cannot defeat the mark by alleging descriptiveness because descriptiveness is not one of the enumerated defenses. See *id.* § 1115(b) (listing the sole grounds for challenging the validity of an incontestable mark).

27. See *Harlem Wizards Entertainment Basketball v. NBA Properties*, 952 F. Supp. 1084, 1092-93 (D.N.J. 1997).

stances of actual confusion.²⁸ Consumer identification in properly conducted surveys will prove secondary meaning and bestow protection to a descriptive mark.

C. *The Role of the Survey in a Dilution Claim*

Consumer identification plays a role in establishing dilution. The Lanham Act²⁹ defines dilution as “the lessening of the capacity of a famous trademark to identify and distinguish goods and services, regardless of the presence or absence of (1) competition between the owner of the famous mark and the other parties, or (2) likelihood of confusion, mistake, or deception.”³⁰ Dilution occurs when tarnishment³¹ or blurring³² erodes a famous mark’s power to identify and distinguish goods and services.³³ Dilution applies only to famous marks, that is, marks with a high degree of recognition among the relevant consumers in the trade.³⁴ Therefore, in a

28. See *Security Center v. First Nat’l Security Centers*, 750 F.2d 1295, 1301 (5th Cir. 1985).

29. Trademark Act of 1946 (“Lanham Act”), ch. 540, 60 Stat. 427 (codified as amended at 15 U.S.C.A. §§ 1051-1127 (West 1988 & Supp. 1988)).

30. *Id.* § 1127.

31. Tarnishment arises when a famous trademark is linked to goods of poor quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering beliefs about the owner or its products. See *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1191 (E.D.N.Y. 1972).

32. Blurring typically involves the “whittling away of an established trademark’s selling power and value through its unauthorized use by others upon dissimilar products.” See *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989).

33. See *Ringling Bros-Barnum & Bailey Combined Shows v. Utah Division of Travel*, 42 U.S.P.Q. 2d 1161, 1166 (1997).

34. See *Mead Data*, 875 F.2d at 1030. The elements in determining whether the putative mark is famous includes:

- (i) the degree of inherent or acquired distinctiveness of the mark; (ii) the duration and extent of use of the mark in connection with the goods; (iii) the duration and extent of advertising and publicity of the mark; (iv) the geographical extent of the trading area in which the mark is used; (v) the channels of trade for the goods with which the mark is used; (vi) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom the [injunction] is sought; (vii) the nature and extent of use of the same or similar marks by third parties; and (viii) whether the mark was registered under the Trademark Act of 03 March 1881, or the Trademark Act of 20 February 1905, or on the principal register.

Panavision Int’l L.P. v. Toeppen, 945 F. Supp. 1296, 40 U.S.P.Q. 2d 1908, 1913 (C.D.

dilution case, because the mark must be famous, the degree of recognition of the mark in the trading areas or channels of trade is of key importance. In any case, any party seeking to proffer a trademark survey at trial must first determine the persons to whom the mark is famous.

In sum, the dilution, likelihood of confusion, and secondary meaning tests require the parties to determine the relevant universe of consumers who would be confused by an infringing mark. Only when the relevant universe of consumers is clearly identified can the parties complete a trademark survey. More courts are insisting on surveys to evidence the likelihood of confusion, the fame, or the secondary meaning of marks.³⁵ Failure to produce such a survey, or producing a defective survey, is inevitably fatal to the survey proponent's case.³⁶ It is noteworthy that in one case in which neither party produced any consumer survey, a judge admonished the attorneys for both for laxity.³⁷ But failure to produce a survey may cause more than embarrassment for lawyers; it may preclude a finding of actual confusion.³⁸

D. Evidentiary Rules for Surveys: Making the Proper Proffer

Because judges give great weight to the results of a survey,³⁹ the implication is that plaintiffs and defendants should proffer a

Cal. 1996).

35. See Jones, *supra* note 4; Helene D. Jaffee & Robert G. Sugarman, *The Use of Experts and Survey Evidence in Copyright, Trademark and Unfair Competition Litigation*, 463 PLI/PAT. 477, 477 (1996).

36. See Jaffee & Sugarman, *supra* note 35, at 477.

37. See *Gimix, Inc. v. JS & A Group*, 213 U.S.P.Q. 1005, 1006 (N.D. Ill. 1982), *aff'd on other grounds*, 699 F.2d 901 (7th Cir. 1983); see also *Eagle Snacks, Inc. v. Nabisco Brands, Inc.*, 625 F. Supp. 571, 583 (D.N.J. 1985); *Springs Mills, Inc. v. Ultracashmere House, Ltd.*, 532 F. Supp. 1203, 1218 n.25 (S.D.N.Y. 1982), *rev'd*, 689 F.2d 1127 (2d Cir. 1982). Failure to produce a survey while having the economic resources to do so is not looked upon fondly. See *Information Clearing House, Inc. v. Find Magazine*, 492 F. Supp. 147, 161 (S.D.N.Y. 1980).

38. See *Essence Communications, Inc. v. Singh Indus.*, 703 F. Supp. 261, 269 (S.D.N.Y. 1988). The lack of survey evidence counts against finding actual confusion. See *Casa Editrice Bonechi, SRL v. Irving Weisdorf & Co.*, 37 U.S.P.Q. 2d 1417, 1425 (S.D.N.Y. 1995) (noting strong disfavor with the plaintiff who produced evidence of actual confusion by testimony but failed to produce a survey or opinion poll).

39. See 2 T. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION, § 32:55 (2nd ed. 1984).

proper survey to prove or refute the issues at trial. Thus the use of a survey is not without its own attendant problems.⁴⁰ Because a survey measures within a certain degree of statistical deviation,⁴¹ the criteria for the trustworthiness of survey evidence are extensive.⁴² First, the universe must be properly defined.⁴³ Second, a representative sample of that universe must participate in the survey.⁴⁴ Third, the questions asked of respondents must be framed in a clear, precise, and non-leading manner.⁴⁵ Fourth, the survey must be a double-blind study, that is, sound interview procedures must be followed by competent interviewers who have no knowledge of the litigation or the purpose for which the survey is being conducted.⁴⁶ Fifth, the data gathered must be reported accurately.⁴⁷ Sixth, the data must be analyzed in accordance with accepted statistical principles.⁴⁸ Finally, the whole process must be conducted objectively.⁴⁹

As with any other type of evidence, the survey is subject to attack. The most common attacks include objections for hearsay, bias, and inadequate definition of the universe of respondents.⁵⁰

40. See *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 684, 137 U.S.P.Q. 413 (S.D.N.Y. 1963); *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 385-88 (7th Cir. 1976). The survey data must assure the trier of fact of its reliability and also act as a basis of foundation for expert testimony. See FED. R. EVID. 703.

41. See *William H. Morris Co. v. Group W*, 66 F.3d 255, 258 (9th Cir. 1995) (requiring a plaintiff to show that a statistically significant part of the consuming public was misled in a false advertising claim under section 43(a) of the Lanham Act).

42. See *Weight Watchers Int'l, Inc. v. Stouffer Corp.*, 19 U.S.P.Q. 2d 1321, 1330-31 (S.D.N.Y. 1990).

43. See *id.* at 1330.

44. See *id.*

45. See *id.* at 1330-31.

46. See *id.* at 1331.

47. See *id.*

48. See *id.*

49. See *id.*

50. See HANDBOOK OF RECOMMENDED PROCEDURES FOR THE TRIAL OF PROTRACTED CASES, reprinted in 25 F.R.D. 351, 429 (1960) (stating the guidelines for the admissibility of survey evidence). Because this Article focuses on the definition of the universe and the survey methodology, with the exception of the following text, it does not discuss bias in the questions. Objections to questions premised on bias tend to focus on the use of leading questions or the sequence of questions asked; some questions tend to dupe the respondent into responding wrongly or improperly. See *Ralston Purina Co. v. Quaker Oats Co.*, 169 U.S.P.Q. 508, 509 (T.T.A.B. 1971); *Wuv's Int'l, Inc. v. Love's Enters.*,

Hearsay objections are most often summarily dismissed.⁵¹

II. POLICY CONSIDERATIONS FOR PROHIBITING CONFUSION

Trademark and trade dress law are designed to protect consumers from confusingly similar marks.⁵² Generally, it is believed that consumers are unable to distinguish between different products. As a result, they require re-education each time they purchase a product. Therefore, trademark protection allows the trademark holder to distinguish its own goods from those of its competitors by creating a public association with the goods.⁵³ In this manner, the public association creates the goodwill.⁵⁴

208 U.S.P.Q. 736, 755 (D. Col. 1980) (noting that a survey question deliberately suggested that plaintiff's restaurants may be connected with another commercial entity identified as a restaurant); *Beneficial Corp. v. Beneficial Capital Corp.*, 529 F. Supp. 445, 450 (S.D.N.Y. 1982); *Sears, Roebuck v. All States Life Ins.*, 246 F.2d 161, 171 (5th Cir. 1957) (noting that the sequence of the questions, rather than the questions themselves, tainted the results of the survey); *Esquire Sportswear Mfg. Co. v. Genesco, Inc.*, 141 U.S.P.Q. 400, 404 (T.T.A.B. 1964) (noting that the survey questions referred to the pending litigation and phrased questions in a manner sympathetic to the litigation).

51. According to the definition of hearsay in Rule 801 of the Federal Rules of Evidence, does not apply because the survey is designed for what the respondent believes, rather than the truth of what they believe. FED. R. EVID. 801 In addition, Rule 803(1) of the Federal Rules of Evidence allows for an exception to hearsay in that it allows for a present sense impression, *id.* 803(1), such as the statement, "These marks are confusing to me." Similarly, Rule 803(3) allows an exception for the respondent's state of mind. *Id.* 803(3). Finally, the catch-all provision of Rule 803(24) allows for a liberal construction of the rules and subsequent admission of the survey. *Id.* 803(24); *see also Casa Editrice Bonechi, SRL v. Irving Weisdorf & Co.*, 37 U.S.P.Q. 2d 1417, 1424-25 n.12 (S.D.N.Y. 1995). In *Casa Editrice*, the court recognized that "hearsay evidence has traditionally been considered by courts evaluating actual confusion—surveys and opinion polls, for example, though technically hearsay, are admissible to show evidence of actual confusion." *Casa Editrice*, 37 U.S.P.Q. 2d at 1424-25 n.12. In addition, "the evidence is not hearsay to the extent that the testimony evidences or otherwise expresses customers' then-existing state of mind, to wit, their confusion as to the source of plaintiff's goods." *Id.*

52. *See Peaches Entertainment Corp. v. Entertainment Repertoire Assocs.*, 62 F.3d 690, 692 (5th Cir. 1995) (noting that the Lanham Act was designed to protect both consumer's confidence in quality and source of goods and the right holder's goodwill in their products).

53. *See Goldsmith, supra* note 12, at 828.

54. *See James Burrough, Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 274, 192 U.S.P.Q. 555 (7th Cir. 1976) (holding that a trademark itself is not infringed, rather the right of the public to be free of confusion and the right of the trademark owner to control his product's reputation is infringed).

The congressional purpose behind the Lanham Act mimics the general rule of protecting the consumers and the goodwill of the mark.⁵⁵ Congress maintains that it must provide the public with a trustworthy technique for identifying products, thereby permitting the public to distinguish products.⁵⁶ Similarly, the trademark owner is rewarded for the time, effort, and money spent in presenting the product to the public.⁵⁷ Trademark owners are protected from misappropriation by pirates and cheats.⁵⁸ In short, trademark law seeks to protect the public from deceit, foster fair competition, and secure to businesspersons the advantages of their reputation and goodwill.⁵⁹

A. *Establishing Consumer Confusion*

To protect both the public and private interests in an infringement action, the mark holder must establish consumer confusion.⁶⁰ There are three types of actionable confusion: (1) confusion as to the source, (2) confusion as to sponsorship or affiliation, and (3) reverse confusion.⁶¹

55. The congressionally stated purpose for protecting trademarks under the Lanham Act is "to protect the public from deceit, to foster competition, and to secure to the business community the advantages of reputation and goodwill by preventing their diversion from those who have created them to those who have not." S. REP. NO. 79-1333, 79th Cong., at 5 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275.

56. *See* *Lever Bros. Co. v. United States*, 24 U.S.P.Q. 2d 1297, 1300 (D.C. Cir. 1992). According to Representative Fritz G. Lanham, the sponsor of the Lanham Act, one purpose of the statute was "to protect the public so that it may be confident that, in purchasing a product bearing a particular trade-mark, with [sic] it favorably knows, it will get the product which it asks for and wants to get." *Id.* (quoting H.R. REP. NO. 79-219, at 2 (1945)).

57. *See* Goldsmith, *supra* note 12, at 829.

58. *See* *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 23 U.S.P.Q. 2d 1081, 1090 n.19 (1992) (J. Stevens, concurring).

59. *See* H.R. REP. NO. 79-219, at 3. According to House Report 219, "Trade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates." *Id.*

60. *See* *Sunmark, Inc. v. Ocean Spray Cranberries*, 64 F.3d 1055, 1060, 36 U.S.P.Q. 2d 1046 (7th Cir. 1995) (noting that plaintiff must establish a likelihood of confusion in order to succeed in the infringement action).

61. *See* 3 A.R. CALLMAN, UNFAIR COMPETITION TRADEMARK AND MONOPOLIES, § 20.01-.03 (4th ed. 1983); 2 MCCARTHY, *supra* note 39, § 23.1.

1. Source Confusion

Source confusion occurs when there is a mistaken belief that the junior user's⁶² goods originate from the source of goods marketed under the senior user's mark.⁶³ That is, the confusion occurs when a consumer believes that the junior user's product is actually the senior user's product.⁶⁴ To prove infringement, the public need not know the identity of the senior source because it is sufficient that the public believes both products emanate from the same source.⁶⁵ This is known as the anonymous source rule.⁶⁶

2. Affiliation Confusion

In contrast to confusion as to the source, confusion as to sponsorship or affiliation⁶⁷ most commonly occurs when the consuming public believes that the junior user's product is somehow affiliated, sponsored, or connected with the senior user.⁶⁸ Affiliation confusion is easier to prove if the marks are used on similar or related products, but more difficult if the relation between the products is attenuated. To establish the likelihood of confusion, the test is not whether the goods are identical or competitive in nature. Rather, it is sufficient that the goods are related in some manner, or that they might both end up in a purchaser's hands who reasonably believes

62. For the sake of clarity, unless otherwise noted, a senior user is assumed to be the rightful trademark holder and the first entrant in the field. In contrast, a junior user is assumed to be the alleged infringer and most often the second comer into the field.

63. See *McCoy v. Mutsuboshi Cutlery*, 67 F.3d 917, 923-24, 36 U.S.P.Q. 2d 1289 (Fed. Cir. 1995) (involving confusion as to the source of genuine goods), *cert. denied*, 516 U.S. 1174 (1996).

64. See David S. Welkowitz, *The Problem of Concurrent Use of Trademarks: An Old/New Proposal*, 28 U. RICH. L. REV. 315 (1994).

65. See A. Samuel Oddi, *Consumer Motivation in Trademark and Unfair Competition Law: On the Importance of Source*, 31 VILL. L. REV. 1, 3 (1986).

66. See *Tone Bros. v. Sysco Corp.*, 31 U.S.P.Q. 2d 1321, 1329 (Fed. Cir. 1994). The anonymous source rule is directed to the situation where a typical buyer would not know the corporate identity of the source. See *id.*

67. See, e.g., *Equine Techs. v. Equitechnology*, 68 F.3d 542, 544, 36 U.S.P.Q. 2d 1659 (1st Cir. 1995) (sponsorship confusion).

68. See *Nike, Inc. v. Just Did It Enters.*, 28 U.S.P.Q. 2d 1385, 1387 (7th Cir. 1993). Customer "confusion" is not restricted to a mistake regarding the source of the goods; courts also consider whether the customer would believe that the trademark owner sponsored, endorsed, or was otherwise affiliated with the product. See *id.*

that the goods have a common origin because of the identical trademarks.⁶⁹ Nonetheless, there is no clear resolution of how related the parties' goods must be for the use of similar trademarks to be actionable.⁷⁰ Hence, courts will most likely afford stronger protection against use on a broader range of goods, especially where the junior user's mark is identical to that of the senior user's.⁷¹

3. Reverse Confusion

Reverse confusion, in contrast to both source and affiliation confusion, occurs when the marks used by the parties causes the public to believe that the senior user's products emanate or are sponsored by the junior user.⁷² Reverse confusion is best illustrated by way of example. In *Big O Tires Dealers, Inc. v. Goodyear Tire & Rubber Co.*,⁷³ Big O Tires Dealers, Inc. ("Big O") brought action against Goodyear Tire & Rubber Co. ("Goodyear") alleging violations of section 43(a) of the Lanham Act.⁷⁴ Big O was a tire buying organization, with a net worth of about \$200,000, that operated in about fourteen states.⁷⁵ Goodyear, the world's largest tire manufacturer, had sales in the billions.⁷⁶ Big O was the senior user of the "Bigfoot" mark on tires.⁷⁷ The reverse confusion

69. See *Helene Curtis Indus., Inc. v. Suave Shoes Corp.*, 13 U.S.P.Q. 2d 1618, 1624 (T.T.A.B. 1989).

70. See *id.*

71. See *id.*

72. See *Big O Tires Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 561 F.2d 1365, 1371, 195 U.S.P.Q. 417 (10th Cir. 1977); see also *Harlem Wizards Entertainment Basketball v. NBA Properties*, 952 F. Supp. 1084 (D.N.J. 1997); *Banff, Ltd. v. Federated Dept. Stores, Inc.*, 841 F.2d 486, 490-91 (2d Cir. 1988); *Yarmuth Dion v. D'Ion Furs*, 835 F.2d 990, 995 (2d Cir. 1987); *Fuddruckers, Inc. v. Doc's BR Others, Inc.*, 826 F.2d 837, 845 (9th Cir. 1987); *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 596 (5th Cir. 1985); *Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1003-04 (2d Cir. 1983); *Master Card Int'l, Inc. v. Arbel*, 13 U.S.P.Q. 2d 1958, 1963-64 (S.D.N.Y. 1989); *Elizabeth Taylor Cosmetics Co. v. Annick Goutal, S.A.R.L.*, 673 F. Supp. 1238, 1249 (S.D.N.Y. 1987); *International News Serv. v. Associated Press*, 248 U.S. 215, 247 (1918); *Victory Pipe Craftsmen, Inc. v. Faberge, Inc.*, 582 F. Supp. 551, 555-56 (N.D. Ill. 1984); cf. *Jeffrey v. Cannon Films, Inc.*, 3 U.S.P.Q. 2d 1373, 1381-82 (D. Col. 1987).

73. 561 F.2d 1365, 195 U.S.P.Q. 417 (10th Cir. 1977).

74. *Id.* at 1367.

75. See *id.*

76. See *id.*

77. See *id.* at 1368

occurred when Goodyear started using “Bigfoot” also.⁷⁸ Due to the sheer size and market penetration of Goodyear, the consuming public wrongly believed that Goodyear was the senior user and that Big O was somehow affiliated or sponsored by Goodyear.⁷⁹

Reverse confusion typically occurs in situations where the second-comers, such as Goodyear, use their size and market penetration in an attempt to overwhelm the first, but smaller, user.⁸⁰ If reverse confusion were not prohibited, notwithstanding the senior user’s prior use, the senior user would lose control of its mark and the goodwill created by the mark, when a junior, but larger, user utilizes the mark.⁸¹ Moreover, because the Lanham Act seeks to minimize public confusion,⁸² it attempts to prevent the public from being deceived into believing that the senior user’s product emanates from, or is sponsored by, the junior user.⁸³

B. *Temporal and Spatial Relationship Theories*

After recognizing the types of actionable confusion that can occur, the next inquiry delves into when such confusion can be measured. In any purchase time line, there are three distinct stages related to the purchase. First is the pre-purchase time period when the purchaser is contemplating the purchase or is being influenced to make a purchase. The second time frame is the actual purchase. This is the in-store period and is frequently known as the point of sale or point of purchase.⁸⁴ The actual time of the purchase is the only readily ascertainable period in the time line. By contrast, it is nearly impossible to determine exactly when the consumer began to contemplate the purchase. The final time period is the post-sale period, which normally is associated with the use of the product or

78. *See id.*

79. *See id.* at 1371-72.

80. *See id.* at 1371

81. *See id.*

82. *See* H.R. REP. NO. 79-219 (1945).

83. *See* S. REP. NO. 79-1333, at 1 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274 (describing the goals of the Lanham Act).

84. *See generally* Warren S. Grimes, *Spiff, Polish, and Consumer Demand Quality: Vertical Price Restraints Revisited*, 80 CAL. L. REV. 817 (1992) (discussing point-of-sale activities).

service or the time when others view the purchase.⁸⁵ It is similar to pre-purchase period in that it is difficult to ascertain when any post-purchase confusion ends.

Consumer confusion can be measured under both a temporal and a spatial relationship. In the temporal relationship theory, confusion vests when the confusion occurs in the purchase time line, given that the time of purchase is fixed. The temporal relationship does not distinguish between the purchaser and non-purchaser *per se* because this theory only inquires whether actionable confusion existed during the pre-purchase, point of purchase, or post-purchase time. On the other hand, the spatial relationship theory identifies the relationship between the confused person and the point of purchase person. In other words, the spatial relationship theory determines the degree of privity that exists between the purchaser and others. Given that the time of the purchase is fixed, this theory queries which of the consumers related to the purchaser may have some actionable confusion.

These theories are best illustrated by way of example. Suppose a parent goes to a toy store to purchase a toy for her child. If we were to freeze time at the point of purchase, the temporal relationship theory will determine whether the parent who buys the toy was confused before walking into the store, while purchasing the toy, or after purchasing the toy. In the temporal relationship theory, only the parent's confusion is important. The parent might have been confused in the pre-purchase period and the confusion might have carried through into the post-purchase period. In the alternative, the parent might have been confused in the pre-purchase period, but while at the store, in-store disclaimers or point of purchase posters dispelled her confusion. Because the easiest identifiable person is this purchaser, many courts focus exclusively on this person to determine whether any actionable confusion exists.⁸⁶

85. See Malla Pollack, *Your Image is My Image: When Advertising Dedicates Trademarks to the Public Domain—With an Example from the Trademark Counterfeiting Act of 1984*, 14 CARDOZO L. REV. 1392 (1993).

86. See *id.*; Molly S. Cusson, *Reverse Confusion: Modifying the Polaroid Factors to Achieve Consistent Results*, 6 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 179, 217 (1995).

To focus on purchaser confusion, though, is not enough. Many people, other than the purchaser, should be considered as well. The spatial relationship theory does exactly that. Recall that the point of purchase is fixed in time. The spatial relationship theory ascertains whom, other than the purchaser, is confused at the point of purchase. Revisiting the toy store, we find that even though it is the parent who actually purchases the toy, her child may have been confused before the parent went to the store and remains confused while the parent completes the purchase, and even afterward. Although the parent may have benefited from in-store disclaimers or other confusion dispelling tactics, the child did not.

A plaintiff who focuses only on the purchaser limits the number of potential survey respondents. Similarly, a plaintiff's case would be severely undermined if the court accepted a defendant's argument that focused on the absence of purchaser confusion.

1. Judicial Focus on Purchaser Confusion

Under the temporal relationship theory, the focus is on the purchaser and when the purchaser may have been confused. Some courts require proof that the purchaser be confused at the point of purchase.⁸⁷ Often, courts will consider the degree of care exercised by the purchaser.⁸⁸ Courts typically employ an ordinary purchaser standard.⁸⁹

Point of purchase confusion is the most widely analyzed factor for determining when confusion occurs or vests. When courts apply this approach alone, however, they act contrary to the intent behind the 1962 amendment to the Lanham Act,⁹⁰ which deleted

87. See *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 378, 207 U.S.P.Q. 465 (1st Cir. 1980); *McKee Baking Co. v. Interstate Brands Corp.*, 738 F. Supp. 1272, 1275, 17 U.S.P.Q. 2d 1528 (E.D. Mo. 1990); *American Greetings Corp. v. Easter Unlimited, Inc.*, 579 F. Supp. 607, 616, 221 U.S.P.Q. 875 (S.D.N.Y. 1983); *Beneficial Corp. v. Beneficial Capital Corp.*, 529 F. Supp. 445, 450, 213 U.S.P.Q. 1091 (S.D.N.Y. 1982).

88. See *Blue Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253, 1260, 9 U.S.P.Q. 2d 1870 (5th Cir. 1989); *Jordache Enters. v. Hogg-Wyld, Ltd.*, 828 F.2d 1482, 1487, 4 U.S.P.Q. 2d 1216 (10th Cir. 1987); *Maxim's, Ltd. v. Badonsky*, 772 F.2d 388, 227 U.S.P.Q. 316, 320 n.4 (7th Cir. 1985); see also 2 MCCARTHY, *supra* note 39, § 23.29.

89. See 3 A.R. CALLMAN, *supra* note 61, § 20.09; 2 MCCARTHY, *supra* note 39, § 23.27-29.

90. Amendment of October 9, 1962, Pub. L. No. 87-772, 1962 U.S.C.C.A.N. (76

the word “purchaser.”⁹¹ Under that amendment, Congress intended to go beyond the actual purchaser and protect potential purchasers.⁹²

After determining when confusion has occurred, the next inquiry is whether an appreciable number of ordinary purchasers are likely to be confused.⁹³ An ordinary purchaser is one who is expected to exercise that degree of care, caution, power, and perception appropriate to the kind of choice he faces in the marketplace.⁹⁴ That was the standard applied in *Hormel Foods v. Jim Henson Productions*,⁹⁵ in which the court found no confusion between Sp’am (a Muppet) and Spam (the meat product).⁹⁶ The court found the relevant inquiry to be whether an appreciable number of ordinarily prudent purchasers are likely to be misled.⁹⁷ As with any reasonably prudent purchaser standard, there is no mathematical precision to predict when that threshold is met.⁹⁸

There is an inverse relationship between the degree of care exercised and the likelihood of confusion.⁹⁹ As the degree of care increases, the likelihood of confusion decreases.¹⁰⁰ As consumers become more careful, they are more likely to examine the goods or

Stat. 773) 896.

91. *Id.*

92. See S. REP. NO. 87-2107 (1962), reprinted in 1962 U.S.C.C.A.N. 2851.

93. See *General Mills, Inc. v. Kellogg Co.*, 824 F.2d 622 (8th Cir. 1987); *Centaur Communications, Ltd. v. ASM Communications, Inc.*, 830 F.2d 1217 (2d Cir. 1987); *Lever Brothers Co. v. American Bakeries Co.*, 693 F.2d 251, 253 (2d Cir. 1982); *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1130 (2d Cir. 1979).

94. See 3 A.R. CALLMAN, *supra* note 61, § 20.09; 2 MCCARTHY, *supra* note 39, § 23.27.

95. 73 F.3d 497 (2d Cir. 1996).

96. See *id.* at 502.

97. *Id.* (citing *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 58 F.2d 44, 47 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979)).

98. See *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir. 1988).

99. See *Daddy’s Junky Music Stores v. Big Daddy’s Family Music Ctr.*, 109 F.3d 275, 280 (6th Cir. 1997).

Mathematically, the inverse relationship is expressed as $(C_d \propto 1 \setminus L_{oc})$ where C_d is the degree of care and L_{oc} is the likelihood of confusion.

100. See *Daddy’s Junky*, 109 F.3d at 285; *U.S. Surgical Corp. v. Orris, Inc.*, 1998 U.S. Dist. LEXIS 6432, at *27 (D. Kan. 1998). *But see* *Dream Team Collectibles, Inc. v. NBA Properties, Inc.*, 958 F. Supp. 1401, 1417 (finding that a high degree of care does not necessarily reduce likelihood of confusion).

services in question.¹⁰¹ Close scrutiny of goods and trademarks generally reduces the likelihood that consumers will confuse similar marks.¹⁰² One method of identifying a careful consumer is to focus on the cost of goods with respect to the proportionate care exercised.¹⁰³ As price increases, the likelihood of confusion decreases¹⁰⁴ under the assumption that higher prices prompt consumers to exercise more care.¹⁰⁵ Courts will assume that purchasers are likely to be more discriminating and source conscious when purchasing an expensive product.¹⁰⁶ Arguably, purchasers of expensive products take greater time in purchasing, investigate all of the facts, shop for competing products, and spend money only when convinced that a particular trademark on the trademarked product is precisely what is desired.¹⁰⁷ In making purchasing decisions regarding expensive goods, the reasonably prudent person standard is elevated to the standard of the discriminating purchaser.¹⁰⁸

Contrast consumer behavior with regard to costly goods with consumer behavior during the purchase of low priced items. As

101. See *Abraham Zion Corp. v. Harry P. Lebow*, 593 F. Supp. 551, 561 (S.D.N.Y. 1984).

102. See *Russian Kurier, Inc. v. Russian Am. Kurier, Inc.*, 899 F. Supp. 1204, 1210-11 (S.D.N.Y. 1995) (“[T]he sophistication of the buyers is relevant in this case in that a newspaper is a product that may be purchased without careful scrutiny, thus increasing the likelihood of confusion”).

103. See *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 616 (7th Cir. 1993); *SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

The cost of goods in relation to the care exercised can be expressed mathematically as $(P \propto C_d)$ where P is the price of the good or service.

104. See *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 28 (1st Cir. 1989).

105. See *Blue-Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253, 1260 (5th Cir. 1989); *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1487 (10th Cir. 1987).

106. See *Blue-Bell*, 864 F.2d at 1260; *Jordache*, 828 F.2d at 1487. The assumption is that where the consumer is buying an expensive product, he is likely to be deliberate in his product selection and, therefore, in his differentiation between trademarks. See *Blue-Bell*, 864 F.2d at 1260; *Jordache*, 828 F.2d at 1487.

107. See 1 JEROME GILSON, *TRADEMARK PROTECTION AND PRACTICE*, § 5.08, at 5-146, 5-148 (1993). Nevertheless, a properly trademarked good does not always reflect what the consumer wanted. This frequently occurs in sales involving parallel importation or gray market goods. See Shashank Upadhye, *Rewriting the Lanham Act to Bar the Importation of Gray Market Goods*, 20 SETON HALL LEGIS. J. 99 (1996).

108. *Weiss Assocs. v. HRL Assocs.*, 14 U.S.P.Q. 2d 1840, 1842 (Fed. Cir. 1990); 2 MCCARTHY, *supra* note 39, § 23:28, at 130.

the cost decreases, the level of care decreases because the good is cheap and it is conducive to impulse buying.¹⁰⁹ Because the purchaser is buying a low priced item and is shopping on impulse, the purchase decision is made with little or no thought nor any advance preparation.¹¹⁰ Therefore, very little care is exercised.¹¹¹

Another standard, which is not directly related to the price of the product, determines whether the purchaser is a professional buyer, that is, an individual who has come to the purchasing decision with knowledge about the goods or services.¹¹² This group is normally held to a higher standard.¹¹³ But courts sometimes commingle the standards of care regarding professional status with price.¹¹⁴ That results in an artificially high standard on the ordinary, albeit professional, purchaser if the purchased product is expensive.¹¹⁵ For example, if the price of the good is low, then a low burden will be imposed. Due to the professional status of the purchaser, however, a higher burden is imposed, which inevitably leads to a finding of no confusion as the professional standard dominates over the price standard.¹¹⁶ But some courts have found a likelihood of confusion even when dealing with expensive goods, and the purchasers were expected to exercise a high degree of

109. See *Beer Nuts v. Clover Club Foods Co.*, 805 F.2d 920, 926 (10th Cir. 1986); *Knorr-Narhmittel, A.G. v. Reese Finer Foods, Inc.*, 695 F. Supp. 787, 794 (D.N.J. 1988).

110. See *TV Land v. Viacom Int'l*, 908 F. Supp. 543, 552 (N.D. Ill. 1995) (noting that consumers take less time purchasing low cost items and haste increases the possibility of confusion).

111. See *BeerNuts*, 805 F.2d at 926; see also 1 GILSON, *supra* note 107, § 508, at 5-146.

112. See 2 MCCARTHY, *supra* note 39, § 23.29.

113. See *id.*

114. See Michael J. Allen, *The Role of Actual Confusion Evidence in Federal Trademark Infringement Litigation*, 16 CAMPBELL L. REV. 19, 45 (1994).

115. See *id.*

116. See *Blue-Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253 (5th Cir. 1989); *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482 (10th Cir. 1987); *cf.* *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 595, 225 U.S.P.Q. 540 (5th Cir. 1985); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 353, 204 U.S.P.Q. 808 (9th Cir. 1979); *Truck Equipment Serv. Co. v. Freuhauf Corp.*, 536 F.2d 1210, 1220-21, 191 U.S.P.Q. 79 (8th Cir. 1976); *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195, 171 U.S.P.Q. 769 (2d Cir. 1971); *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F. Supp. 707, 716-17, 180 U.S.P.Q. 506 (S.D.N.Y. 1973).

care.¹¹⁷

One situation warranting careful examination is that where the purchaser was confused prior to making the purchase but was no longer confused at the point of purchase. Under this analysis, actionable confusion can exist early in the purchase decision time line, even though at the time of purchase, there is no longer any confusion. For example, in *HRL Associates, Inc. v. Weiss Associates, Inc.*,¹¹⁸ the marks covered computerized maintenance, inventory, and equipment tracking software.¹¹⁹ The price of the software ranged from \$6,000 to \$10,000 and generally was purchased after the buyer was extensively exposed to literature and had experimented with the actual software.¹²⁰ Oftentimes, the evaluation period lasted over nine months after first contact.¹²¹ To this end, the defendant argued that any initial confusion was dispelled by virtue of the buyer's protracted discussion.¹²² In addition, the defendant argued that the potential consumers were sophisticated and were not confused at the point of sale.¹²³

The Trademark Trial and Appeals Board ("TTAB") ruled in *HRL Associates* that the "Trademark Act does not make a distinction between confusion arising at an early stage in the purchasing process and confusion arising at a later stage."¹²⁴ The TTAB's rationale was that the Lanham Act prohibited registration of marks that were likely to cause confusion between the marks, irrespective of when and where this confusion occurred in the marketing or the sale.¹²⁵ Furthermore, the TTAB stated that the confusion to the *potential* purchaser, early in the purchasing decision, was just as injurious as any confusion in the *actual* purchaser, during or after the time of purchase.¹²⁶ Most important, the TTAB noted that the so-

117. See *Fuji Photo Film*, 754 F.2d 591; *AMF*, 599 F.2d 341; *Truck Equipment*, 536 F.2d at 1220-21.

118. 12 U.S.P.Q. 2d 1819 (T.T.A.B. 1989).

119. *Id.*

120. *See id.*

121. *See id.* at 1822.

122. *See id.*

123. *See id.*

124. *See id.*

125. *Id.*

126. *Id.*

phistication of the purchaser in this particular scenario was not enough to overcome the likelihood of confusion of potential purchasers early in the purchase decision time line.¹²⁷

It is established that focussing purely on the purchaser leads to a finding in contradiction of the plain language of the Lanham Act. In addition, a focus on purchasers limits the universe of consumers that can participate in the trademark survey. Out of the entire universe of people, the set of all consumers—purchasers and non-purchasers—is greater than the set of purchasers. Therefore, to provide for a meaningful survey with the greatest chance of demonstrating confusion in the consuming public, the survey must identify another universe of non-purchasers who are also confused.

2. Judicial Focus on Non-Purchaser Confusion

Under the spatial relationship theory, confusion of purchasers and non-purchasers are equally important. Arguably, considering non-purchasers is more important to a plaintiff because of the increase in possible survey respondents. Since the 1962 amendment to the Lanham Act, some courts have expanded the likelihood of confusion beyond the point of sale purchaser in order to incorporate the potential purchasers and the general public.¹²⁸ The potential purchaser is one who is contemplating a purchase based on a desire to buy a certain product.¹²⁹ The general public is comprised of the people who observe others using the goods, but who are not contemplating an imminent purchase.¹³⁰ As with purchaser confusion, there are three types of non-purchaser confusion: (1) pre-sale confusion, (2) point of purchase confusion, and (3) post-sale confusion.

127. *Id.* at 1823.

128. See Pollack, *supra* note 85, at 1485; *Landscape Forms v. Columbia Cascade Co.*, 113 F.3d 373, 382 (2d Cir. 1997) (“[T]he likelihood of confusion test concerns not only potential purchasers but also the general public.”); *United States v. Hon*, 904 F.2d 803, 804-05 (2d Cir. 1990) (noting that the jury could consider confusion of members of the general public as well as the purchasing public).

129. See *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1250 (6th Cir. 1991).

130. See *generally* Pollack, *supra* note 85 (describing non-purchaser observers).

i. Pre-Sale Confusion

In the wake of the 1962 amendment, the courts have acknowledged the confusion of potential customers.¹³¹ In an early case, *Communications Satellite Corp. v. Comcet, Inc.*,¹³² the court also dealt with pre-sale confusion.¹³³ In this case, the plaintiff used “COMSAT” as a registered trade name and service mark in its worldwide satellite communications system.¹³⁴ Defendant, Comcet, Inc. (“Comcet”), marketed communication computers to process data sent over telephone and teletype lines.¹³⁵ According to the court, the case’s outcome turned on the likelihood of confusion among prospective consumers.¹³⁶ In addition, the court noted that, when the parties are not competitors, the infringement issue rests on the likelihood of confusion about the source or sponsorship of the goods and services marketed.¹³⁷ Despite the lack of an relationship between the goods, Comcet argued that its purchasers are so sophisticated and so knowledgeable that they would not be confused.¹³⁸ The court held, however, that “the expertise of purchasers does not always assure the absence of confusion. Even buyers of specialized products can assume, even be it wrongfully, that related companies are the source of goods despite them being non-competitive goods.”¹³⁹

Despite any sophistication of the consumer, pre-sale confusion can exist even if consumers do not exercise any significant care.¹⁴⁰ If potential customers are lured away from the senior user because the junior user utilized a confusingly similar mark, the result is pre-sale confusion that is actionable. In addition, pre-sale confusion, if

131. See *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F. Supp. 707, 716-17 (S.D.N.Y. 1973), *aff’d*, 523 F.2d 1331 (2d Cir. 1975).

132. 429 F.2d 1245 (4th Cir. 1970).

133. *Id.*

134. *Id.* at 1247.

135. See *id.* at 1249.

136. *Id.* at 1252.

137. *Id.*

138. See *id.*

139. *Id.*

140. See *Source Perrier, S.A. v. Waters of Saratoga Springs, Inc.*, 217 U.S.P.Q. 617 (S.D.N.Y. 1982) (holding presale confusion using the pecuniary interest rationale versus a confusion rationale).

it exists, can bolster a showing of actual confusion.¹⁴¹

In *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*,¹⁴² the plaintiff, Grotrian Steinweg, sued the Steinway & Sons, the senior user, for a declaratory judgment¹⁴³ that Grotrian Steinweg's name did not infringe on Steinway & Sons's trademark or trade names for pianos.¹⁴⁴ On the basis of surveys conducted by parties, the trial court found the presence of actual confusion between the marks.¹⁴⁵ Despite the high cost of the pianos, costing from \$5,000 to \$13,000, the sophistication of the consumer was not enough to eliminate confusion.¹⁴⁶

On appeal, the court acknowledged that the impact of confusion was significant when the parties were in direct competition over a small class of consumers.¹⁴⁷ Thus, it was inescapable that a potential purchaser of a piano, upon hearing the name Grotrian Steinweg, would associate Grotrian Steinweg's product with that of Steinway & Sons.¹⁴⁸ The *Grotrian* court held that actual confusion or potential confusion at the point of purchase need not be shown to prevail in trademark infringement.¹⁴⁹ Therefore, according to the *Grotrian* court, confusion on the part of potential consumers is an influential part of the likelihood of confusion analysis.¹⁵⁰ The *Grotrian* case is special because, despite a showing of actual confusion, the court also examined pre-sale confusion.

141. See *Blockbuster Entertainment Group v. Laylco, Inc.*, 869 F. Supp. 505 (E.D. Mich. 1994); Jeffrey R. Kuester & Peter A. Nieves, *Hyperlinks, Frames and Meta-Tags: An Intellectual Property Analysis*, 38 IDEA 243, 248 (1998).

142. 365 F. Supp. 707, 716-17 (S.D.N.Y. 1973), *aff'd*, 523 F.2d 1331 (2d Cir. 1975).

143. *Id.* A declaratory judgment action may be entertained in the district courts. See 15 U.S.C. § 2201 (1994). A declaratory judgment action is brought usually by a junior user who seeks a declaration that its use of the mark will not infringe the rights of the senior user. Moreover, if the mark is registered, a declaratory judgment action may be brought to invalidate such a registration. Consistent with the terminology of this Article, in a declaratory judgment action, the junior user is the plaintiff.

144. See *Grotrian*, 365 F. Supp. at 709.

145. See *id.* at 716.

146. See *id.*

147. See *Grotrian*, 523 F.2d at 1340.

148. See *id.*

149. See *id.* at 1342.

150. *Id.* at 1341-42.

Although potential consumer confusion has been accepted as a theory, it is not required. In *Dreyfus Fund, Inc. v. Royal Bank of Canada*,¹⁵¹ the court rejected the Royal Bank of Canada's argument that a showing of actual confusion was required.¹⁵² The court held that the legal construct only required that some confusion be proved likely, not that it must be shown to persist.¹⁵³ In this particular case, Royal Bank of Canada ("Royal Bank"), the defendant, used a lion in marketing its banking services.¹⁵⁴ Dreyfus Funds, Inc. ("Dreyfus Funds"), the plaintiff, sued to enjoin further use of the Royal Bank lion.¹⁵⁵ Royal Bank argued that the relevant consumers were sophisticated and used great care in conducting business with either Royal Bank or Dreyfus Funds.¹⁵⁶ The court rejected Royal Bank's argument that the statutory construction *required* a showing of potential purchaser confusion, and that the confusion carried through the purchasing process.¹⁵⁷ This case reiterated that actual confusion of the purchaser was neither required nor a predicate for winning trademark infringement.

In situations where the potential consumer will never have the opportunity to inspect the goods or have a face-to-face encounter with point of purchase confusion obviators, some courts have held this not to be problematic.¹⁵⁸ In *Television Enterprises Network, Inc. v. Entertainment Network, Inc.*,¹⁵⁹ the court entertained a dispute over the use of the trademark "TEN."¹⁶⁰ According to the court, although the programs were expensive, they were not expensive enough to dispel the likelihood of confusion.¹⁶¹ Because most commercial transactions were over the phone, the potential purchaser may not have known with whom they were speaking.¹⁶²

151. 525 F. Supp. 1108, 213 U.S.P.Q. 872 (S.D.N.Y. 1981).

152. *Id.* at 1124.

153. *Id.* at 1119.

154. *Id.* at 1111.

155. *See id.*

156. *See id.* at 1122.

157. *Id.*

158. *See Television Enters. Network, Inc. v. Entertainment Network, Inc.*, 229 U.S.P.Q. 47 (D.N.J. 1986).

159. 229 U.S.P.Q. 47 (D.N.J. 1986).

160. *Id.*

161. *Id.* at 49.

162. *See id.*

Thus even if a deal was not consummated, the initial confusion was damaging and wrongful.¹⁶³

In *Koppers Co. v. Krupp-Koppers, GmbH*,¹⁶⁴ the court was presented with the problem wherein actual consumers of one company were also potential consumers of the other.¹⁶⁵ Complicating matters further, both the plaintiff and defendant companies were started by the same person, but in different countries.¹⁶⁶ The parties argued that potential consumer confusion was not present due to the consumers being in different countries.¹⁶⁷ The plaintiff sued to enjoin the defendant from using “Krupp-Koppers” as a trademark in the United States.¹⁶⁸ Although a common owner founded both companies, the only relationship between them was one of direct competition.¹⁶⁹

The court ruled that the likelihood of confusion cannot be considered in a vacuum; it must be determined with respect to certain persons.¹⁷⁰ Also, according to the court, the 1962 Amendment does not restrict actionable confusion to purchasers.¹⁷¹ Therefore, the court used a broad interpretation of what constituted forbidden confusion and the class of people that the 1962 amendment was designed to protect.¹⁷² In the end, the relevant consumer universe included a class of potential consumers from foreign countries.¹⁷³

Pre-purchase confusion may exist and be actionable even where there is extensive in-person discussion and personal attention in the purchase. In an interesting case, a prior mark holder

163. *See id.*

164. 210 U.S.P.Q. 711 (W.D. Pa. 1981).

165. *Id.*

166. *See id.* at 713

167. *See id.* at 718. Plaintiff's company engaged in the design, engineering, and construction of coal gasification plants, cokes, smelters, and blast furnaces. *See id.* at 712. Mr. Koppers in Germany founded defendant's company for the same purpose (except it did not manufacture things) prior to Koppers coming to the United States and starting the plaintiff-company. *See id.* at 713.

168. *See id.* at 714.

169. *See id.* at 713.

170. *Id.* at 717.

171. *Id.*

172. *Id.*

173. *See id.*

opposed the applicant's mark at the TTAB.¹⁷⁴ The underlying products were expensive computer software management tools, which were sold to the consumer after extensive negotiations and discussion.¹⁷⁵ The applicant argued that although there might have been initial confusion, there was no confusion at the time of purchase because of the lengthy negotiations.¹⁷⁶ Basically, the applicant argued that, because the consumers were sophisticated, after the extended evaluation of the products and the discussions, there was no confusion at the time of purchase.¹⁷⁷ The TTAB held that pre-sale confusion was actionable by the opposer because confusion of the potential consumer early in the purchase decision was just as likely to cause injury to the opposer as confusion arising later.¹⁷⁸ On appeal of the TTAB decision, the Federal Circuit did not address the issue of initial confusion, but nonetheless affirmed the decision of the TTAB and held that there was a likelihood of confusion.¹⁷⁹

ii. Point of Purchase Confusion

Confusion at the point of purchase is most often, measured via the purchaser. Typically, however, there are others who, in their confusion, may influence the purchaser. The best example is the parent-child relationship. For example, in *Toys "R" Us, Inc. v. Canarsie Kiddie Shop, Inc.*,¹⁸⁰ the consumer did not exercise much care when purchasing a relatively inexpensive product.¹⁸¹ Also, in *Toys "R" Us*, the parent-purchaser was not the actual user of the product. The parent purchased the product for use by her child, and the parent-purchaser was influenced by the desires of the ac-

174. See *HRL Assocs. v. Weiss Assocs.*, 12 U.S.P.Q. 2d 1819 (T.T.A.B. 1989), *aff'd*, 14 U.S.P.Q. 2d 1840 (Fed. Cir. 1990).

175. See *HRL Assocs.*, 12 U.S.P.Q. 2d at 1820.

176. See *id.* at 1822.

177. See *id.*

178. *Id.* at 1822-23.

179. *HRL Assocs. v. Weiss Assoc.*, 14 U.S.P.Q. 2d 1840, 1842 (Fed. Cir. 1990).

180. 559 F. Supp. 1189 (E.D.N.Y. 1983).

181. *Id.* at 1199. As the cost increases, the level of care in choosing the products increases. As the price decreases, however, the level of care paid decreases, as it did in this case. See *id.*

tual user.¹⁸² In another toy case, *Warner Brothers, Inc. v. Gay Toys*,¹⁸³ the relevant non-purchasers were the children who induced their parents to buy toys for them.¹⁸⁴ These cases demonstrate that the children, at the time of the purchase by the parent, were confused.

Similarly, while examining the influencers of the non-purchasers in *Electric Design and Sales, Inc. v. Electronic Data Systems Corp.*,¹⁸⁵ the court's inquiry turned on whether actual or potential purchasers were confused.¹⁸⁶ The analysis encompassed all individuals that might know of the services and might become purchasers.¹⁸⁷ The court ruled that it was an error to deny registration of a trademark without determining the identity of "the relevant persons"—simply because the parties sold goods in the same field.¹⁸⁸ The court broadly construed "purchasers" and "potential purchasers" to include those persons, such as users, who might actually influence purchasers.¹⁸⁹ In further qualifying the universe of persons, the court held that, for commercially sold items, only those users who might influence future purchasers could be "relevant persons."¹⁹⁰

The TTAB used an expansive view of non-purchaser confusion in *American Optical Corp. v. Siemens Aktiengesellschaft*.¹⁹¹ In that case, the court ruled that the broad category of persons who might be confused included purchasers and prospective purchasers

182. *Id.* at 1199.

183. 658 F.2d 76 (2nd Cir. 1981).

184. *Id.* at 79.

185. 954 F.2d 713 (Fed. Cir. 1992). Where the Examining Attorney and TTAB determined that the application is not entitled to registration, the applicant may appeal this registration denial to the Federal Circuit Court of Appeals. See 15 U.S.C. § 1071(a)(1) (1994). Section 21(a)(1) of the Lanham Act provides, in pertinent part, for a right of appeal: "An applicant for registration of a mark . . . who is dissatisfied with the decision of the Commissioner or Trademark Trial and Appeal Board, may appeal to the United States Court of Appeals for the Federal Circuit." *Id.*

186. *Electric Design*, 954 F.2d at 718.

187. See *id.* at 716.

188. *Id.* at 719.

189. *Id.* at 718.

190. *Id.*

191. 213 U.S.P.Q. 510 (T.T.A.B. 1982).

on all levels of distribution.¹⁹² It also included those involved in the selection of the goods, namely, the decision making process.¹⁹³ *American Optical* and the other relevant cases indicate that non-purchaser confusion at the point of purchase can be interpreted broadly to include those who accompany the purchaser to the store, influence the purchaser's decisions, or make the selection but do not actually make the purchase.

iii. Post-Sale Confusion

Post-purchase confusion is really non-purchaser presale confusion. For example, consumer *A* purchases some goods and, later, consumer *B* sees consumer *A* using the goods. Consumer *B* can be confused as to the goods, which impacts on consumer *B*'s potential purchase or decision to buy the good in the future. Thus, the initial purchase by consumer *A* took place, with or without any confusion, but the second-potential purchase by consumer *B* may be clouded with confusion.

Such a situation can arise when consumer *A* purchases sneakers bearing a trademark confusingly similar to a popular brand name sneaker. If the sneakers portray some poor quality or workmanship, consumer *B* might wrongly attribute these defects to the more popular sneaker. This may negatively impact the sales of the brand name sneaker. Post purchase confusion is especially troublesome where point of purchase displays are used to minimize or destroy point of purchase confusion.¹⁹⁴ In post-purchase confusion, these disclaimers are not available for the non-point of sale potential purchaser to observe.¹⁹⁵

III. THE RELEVANT UNIVERSE OF CONSUMERS

There are several views as to whom the trademark laws are to protect. Under the expansive view, the Lanham Act protects

192. *Id.*

193. *See id.*

194. *See* *Adray v. Adry-Mart, Inc.*, 68 F.3d 362, 368 (9th Cir. 1995) (using disclaimers to obviate likelihood of confusion).

195. *See* *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 230 U.S.P.Q. 831 (2d Cir. 1986).

against confusion of any kind on the part of anyone, without limitation as to purchaser or potential purchaser.¹⁹⁶ Prior to the 1962 amendment, Lanham Act protection generally was limited to confusion by the purchaser. The 1962 amendment,¹⁹⁷ however, specifically sought to remove that limitation and have confusion encompass non-purchasers.¹⁹⁸ In contrast, under the limited view of trademark protection, the focus is on the purchaser, hence practitioners should pay particular attention to an opinion's focus on the purchaser.

Apparently, some courts fail to examine the plain language of the statute, fail to examine the legislative history to determine the scope and content of the words of the statute,¹⁹⁹ and fail to examine the legislative history to understand the policy and purpose of the statute.²⁰⁰ The consequence of those failures is the application

196. See *Marathon Mfg. Co. v. Enerlite Prods. Corp.*, 767 F.2d 214, 221, 226 U.S.P.Q. 836 (5th Cir. 1985); *Syntex Labs, Inc. v. Norwich Pharmacal Co.*, 315 F. Supp. 45, 49-53, 166 U.S.P.Q. 312 (S.D.N.Y. 1970), *aff'd*, 437 F.2d 566 (2d Cir. 1971); *Rolex Watch U.S.A., Inc. v. Canner*, 645 F. Supp. 484, 1 U.S.P.Q. 2d 1117 (S.D. Fla. 1986); *United States v. Hon*, 14 U.S.P.Q. 2d 1959 (2d Cir. 1990); *United States v. Yamin*, 868 F.2d 130, 10 U.S.P.Q. 2d 1300 (5th Cir. 1989); *United States v. Gantos*, 817 F.2d 41, 2 U.S.P.Q. 2d 1536 (8th Cir. 1987); *T & T Mfg. Co. v. A.T. Cross, Inc.*, 197 U.S.P.Q. 763 (D.R.I. 1978); *Ferrari, S.P.A. v. McBurnie*, 11 U.S.P.Q. 2d 1843 (S.D. Cal. 1989); *Redken Labs, Inc. v. Clairrol, Inc.*, 175 U.S.P.Q. 737 (C.D. Cal. 1972) (rejecting expansive view).

197. Act of Oct. 9, 1962, Pub. L. No. 87-772, 1962 U.S.C.C.A.N. (76 Stat. 773) 896. The 1962 Amendment deleted the word "purchasers" from section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), which now reads "to cause confusion or mistake or to deceive." *Id.*

198. *Id.* The legislative history contained the following rationale for the 1962 Amendment:

The bill proposes to revive the quoted expression to read "to cause confusion, or to cause mistake, or to deceive." The purpose of the proposed change is to coordinate the language here with that used elsewhere and to omit the word "purchasers." Since the provision actually relates to potential purchasers as well as to actual purchasers. The word purchasers is eliminated as to avoid the possibility of misconstruction of the present language of the statute.

Id.

199. See *Norfolk W.R. Co. v. American Train Dispatchers Ass'n*, 499 U.S. 117, 128 (1991); *Negonssett v. Samuels*, 507 U.S. 99 (1993); *Blum v. Stenson*, 465 U.S. 886, 894, (1992); *FDIC v. McSweeney*, 976 F.2d 532, 537 (9th Cir. 1992); *Ward v. Allstate Ins. Co.*, 45 F.3d 353, 354 (10th Cir. 1994); *DeOsorio v. United States INS*, 10 F.3d 1034, 1043 (4th Cir. 1993); *Mitson v. AG Eng'g & Dev. Co.*, 835 F. Supp. 572, 574 (D. Col. 1993).

200. See *Dickerson v. New Banner*, 460 U.S. 103, 110 (1983); *Crandon v. United*

of a legal doctrine that has been changed. As Justice Holmes stated, it is revolting to have no better reason for a rule of law than that it was laid down in the time of Henry IV.²⁰¹ It is even more revolting if the grounds upon which it was laid down have long since vanished, and the rule simply persists from blind imitation of the past.²⁰²

After recognizing that non-purchaser confusion is relevant, identification of these non-purchasers is a troublesome task—especially in light of the fact that failure to accurately determine the proper universe of consumers can be fatal to the plaintiff’s case. Nonetheless, compartmentalizing cases that identify different universes can help develop a cogent theory as to whose confusion is relevant. This Part identifies various categories of non-purchasers who could be confused.

A. *Users of the Goods or Services*

Purchasers of the goods or services are most often those who are confused; but not always. Non-purchaser confusion is also relevant. One group of non-purchasers is the user of the underlying product. In *Educational Testing Service v. Touchstone Applied Science Associates, Inc.*,²⁰³ the plaintiff marketed a computer based reading program trademarked “BOOKWHIZ.”²⁰⁴ The defendant marketed two whole language programs called “BROWSER” and “BOOKWIZE.”²⁰⁵ The court concluded that although the purchasers of the two products were schoolteachers, administrators, and the similarly sophisticated purchasers,²⁰⁶ it was the ultimate consumers, namely the school children, who might be confused because they lacked the sophistication to differentiate among the

States, 494 U.S. 152 (1990); *Curtiss-Wright Corp. v. Shoonejengen*, 514 U.S. 73 (1995); *Tataronowicz v. Sullivan*, 959 F.2d 268, 276 (D.C. Cir. 1992); *Reese v. United States*, 24 F.3d 228, 231 (Fed. Cir. 1994); see also Vincent Tassinari, *Patent Compensation Under* 35 U.S.C. § 284, 5 J. INTELL. PROP. L. 59 (1998).

201. O.W. Holmes, Jr., *The Path of Law*, 10 HARV. L. REV. 457, 469 (1897).

202. See *Bowers v. Hardwick*, 478 U.S. 198, 299 (1986).

203. 16 U.S.P.Q. 2d 1865 (S.D.N.Y. 1990).

204. *Id.* at 1865.

205. See *id.*

206. *Id.* at 1869.

products.²⁰⁷

In *In re Artic Electronics Co.*,²⁰⁸ there was a dispute involving use of the trademark “Mars” for an arcade game and for a bill-and-coin change machine.²⁰⁹ The court held that although the arcade owner made the purchase, the game player was the ultimate user²¹⁰ who would, perhaps, be unaware of the differences, hence confused.²¹¹ For example, if the change machine malfunctioned and the person wrongly attributed the faultiness to the video game manufacturer because of source confusion.²¹²

Ultimate users who do not necessarily make the initial order for the goods also may be confused. In *Artus Corp. v. Nordic Co.*,²¹³ a case involving color-coded shims to maintain spacing between milling machinery parts, a sales representative made the initial purchase by mail order.²¹⁴ According to the court, the end user could still become confused after receiving a product in the mail and removing all point of sale disclaimers.²¹⁵

In *Health Net v. USA Healthnet, Inc.*,²¹⁶ the court broadly expanded the universe of relevant consumers to include subscribers, doctors, hospitals, and not just direct consumers.²¹⁷ The plaintiff Health Net owned a service mark for “Health Net” as a health maintenance organization (“HMO”) and as a preferred provider organization (“PPO”).²¹⁸ The defendant USA Healthnet, Inc. (“USA Healthnet”) called for a narrow universe consisting of sophisticated insurance companies and major corporate benefits managers.²¹⁹ The plaintiff argued, on the other hand, that the universe included not only employer groups, subscribers, and mem-

207. *Id.*

208. 220 U.S.P.Q. 836 (T.T.A.B. 1983).

209. *Id.* at 837

210. *Id.*

211. *See id.* at 838

212. *See id.*

213. 213 U.S.P.Q. 568 (W.D. Pa. 1981).

214. *Id.* at 570.

215. *Id.* at 574.

216. 26 U.S.P.Q. 2d 1187 (C.D. Cal. 1993).

217. *Id.* at 1189.

218. *See id.* at 1188.

219. *See id.* at 1189.

bers, but also physicians, hospitals, and other providers of medical care.²²⁰ The court analyzed the sophistication of the consumers and determined that, despite the sophistication of the large corporate entities, the employees of the entities were not sophisticated.²²¹ The court found that it would be easy for those employees to think that the defendant's PPO or HMO was associated with the plaintiff's services.²²² In this case, the court parsed the sophistication of the consumers into its constituents and found a likelihood of confusion at the constituent level.

A particularly troublesome area of trademark law concerns the resale of salvaged goods. For example, a salvage market occurs when goods are damaged during transit, storage, fire, or flood, and are subsequently resold at a reduced price. Often, however, the ultimate user is not aware that the goods were part of the damaged lot. In the event that the ultimate user complains of deficient or slightly damaged goods, the complaint would most likely be targeted at the manufacturer or the primary source of the goods. In the absence of complaints, the source of the product does not learn that users are developing unfavorable opinions of the product.

The salvaged goods problem appeared in *Pioneer Liemel Fabrics, Inc. v. Paul Rothman Industries, Ltd.*²²³ In *Pioneer Liemel*, the plaintiff sold its fire damaged products to a middleman who, in violation of the original plaintiff-jobber contract, later resold the products to a retailer.²²⁴ The retailer sold the products to the actual users, who ultimately complained of defects.²²⁵ The court noted that because the plaintiff sold only high quality goods and did not engage in the second-hand market of its products, users expected to receive high quality goods.²²⁶ The court found without doubt that, as some users received damaged goods of inferior or questionable quality, the plaintiff lost future sales and suffered damage

220. *See id.*

221. *Id.* at 1190.

222. *Id.*

223. 25 U.S.P.Q. 2d 1096 (E.D. Pa. 1992).

224. *Id.* at 1097-98.

225. *See id.* at 1099-1100.

226. *Id.* at 1104.

to its goodwill.²²⁷

B. *Lenders, Lessors, and Investors*

Within the category of non-purchasers whose confusion is relevant, there is another group of consumers who may not even see the product, but who may rely on their own memories as to the mark. In *Rockland Mortgage Corp. v. Shareholders Funding*,²²⁸ the court ruled that in classifying a mark, the impact of the mark and not the meaning of the term is important.²²⁹ There were two classes of buyers in *Rockland Mortgage*: ordinary consumers generally seeking to refinance their mortgages, and professional consumers, such as realtors, generally seeking to obtain mortgages on behalf of new and existing home buyers.²³⁰ When the class of buyers is mixed, the likelihood of confusion is measured against the least sophisticated consumer.²³¹ This means that a likelihood of confusion can be found even if professional buyers may not be confused. The potential for duping investors or middlemen may still exist.

Consistent with the theme of duping the investor, in *Dynamet Technology, Inc. v. Dynamet, Inc.*,²³² the plaintiff engaged in the research and development of a prototype of titanium products.²³³ The plaintiff used “Dynamet” in the securities prospectus that it mailed to potential investors.²³⁴ The defendant sold titanium rod and wire and also used “Dynamet” in prospective mailings to potential investors, especially in the aircraft fastener industry.²³⁵ The TTAB determined that both companies openly and notoriously used the “Dynamet” name.²³⁶ The TTAB ruled in favor of the defendant based on its superior use of the mark.²³⁷ According to the

227. *Id.*

228. 835 F. Supp. 182, 30 U.S.P.Q. 2d 1270 (D. Del. 1993).

229. *Id.* at 1274.

230. *See id.* at 1276.

231. *See id.* at 1277.

232. 593 F.2d 1007 (C.C.P.A. 1979).

233. *Id.* at 1008.

234. *See id.* at 1009.

235. *See id.*

236. 197 U.S.P.Q. 702 (T.T.A.B. 1977).

237. *Id.* at 712.

court, the commitments from investors and financial support indicated that goodwill accumulated in the mark.²³⁸ In this case, the defendant was able to prove prior rights in the mark based on the expanded universe that included potential investors.

In *Exxon Corp. v. Humble Exploration Co.*,²³⁹ the district court identified many different consuming groups as part of the relevant universe of consumers likely to be confused.²⁴⁰ In that case, plaintiff Exxon Corp. (“Exxon”) was the successor in interest to the merger of Standard Oil Company and Humble Oil and Refining Company (“Humble Oil”).²⁴¹ Exxon continued using the Humble Oil trademark, albeit in sparing fashion.²⁴² Exxon is a well-known full-service oil and gas supplier, refiner, and explorer.²⁴³ The defendant, Humble Exploration Co. (“Humble Exploration”), started as a company that made oil and gas exploration investments for friends and clients of the company’s founders.²⁴⁴ Later, Humble Exploration actively explored for gas and oil on its own, but generally limited its activities to a five county area in southeast Texas.²⁴⁵ When defendant used the name “HUMBLE” as its trade name, Exxon sued.²⁴⁶

In analyzing the likelihood of confusion, the *Exxon* court recognized that several groups of consumers were involved, including as common purchasers, suppliers, investors, lessees, and landowners.²⁴⁷ The court implicitly accepted as evidence of actual confusion the fact that lessors and investors in defendant’s oil exploration services often asked whether the defendant was connected with the plaintiff.²⁴⁸ The court recognized that, because the defendant used the name of the well-established plaintiff Exxon, the

238. *Id.*

239. 214 U.S.P.Q. 451 (N.D. Tex. 1981), *rev’d on other grounds*, 217 U.S.P.Q. 1200 (5th Cir. 1983).

240. *Id.* at 463.

241. *See id.* at 455.

242. *See id.*

243. *See id.* at 455-56.

244. *See id.* at 456.

245. *See id.*

246. *See id.*

247. *Id.* at 461.

248. *Id.* at 462.

probability existed that potential lessors or investors might engage in business with the defendant under the false impression that the defendant was affiliated with the plaintiff. The salient point is that the purchasers of the defendant's products were oil retailers, such as gas stations, yet the confused consumer universe included land-owners or investors who were not in the market for defendant's services. The Fifth Circuit found no error in using such a broad universe.²⁴⁹

C. Distributors, Suppliers, Wholesalers, and Retailers

Distributors, suppliers, wholesalers, and retailers comprise another category of non-purchasers whose confusion is relevant to trademark infringement. In *Lon Tai Shing Co. v. Koch & Lowy*,²⁵⁰ a typical trade dress case, the plaintiff manufactured lamps and sued under section 43(a) of the Lanham Act, claiming that its lamps did not infringe upon the trade dress of the defendant's "DOVE" brand lamps.²⁵¹ The lamp was not inherently distinctive, thus, under a trade dress infringement analysis, the defendant needed to demonstrate distinctiveness²⁵² by showing secondary meaning.²⁵³ To prove secondary meaning, the court determined the universe of consumers to be "persons interested in home and office designs, including architects, designers, decorators, and up-scale sophisticated consumers."²⁵⁴ The court noted that, although these people may be purchasers, they also influence the home or office owners to purchase the lamps.²⁵⁵ In *Lon Tai Shing*, retailers and wholesalers imported the lamps for distribution to designers, other distributors, and, in rare circumstances, to end consumers.²⁵⁶

After finding secondary meaning in the lamps, the inquiry focused on the likelihood of confusion. The court expanded the uni-

249. *Exxon Corp. v. Humble Exploration Co.*, 217 U.S.P.Q. 1200, 1201 n.1 (5th Cir. 1983).

250. 19 U.S.P.Q. 2d 1081 (S.D.N.Y. 1990).

251. *Id.*

252. The defendant in a declaratory judgment action is the putative mark holder.

253. *See id.* at 1087.

254. *Id.* (citing *PAF S.R.L. v. Lisa Lighting Co.*, 712 F. Supp. 394, 402 (S.D.N.Y. 1989)).

255. *Id.* at 1088.

256. *Id.*

verse of consumers to include not only potential consumers, but also wholesalers and retailers.²⁵⁷ In the trademark survey proffered by the plaintiff, the survey expert had posed as a shopper under the pretext of wanting to purchase the lamp or purporting to purchase the lamp on someone else's behalf.²⁵⁸ In response, the defendant attacked the survey methodology. The defendant criticized the choice of suburban areas as survey locations,²⁵⁹ the defendant criticized the failure to include discount stores in the survey intercept,²⁶⁰ and the defendant asserted that survey respondents were salespeople who tended to push their own products on purchasers.²⁶¹ In dismissing those arguments, the court found that the survey response of eighteen percent was adequate to prove confusion.²⁶² The court also noted that where the universe of consumers is sophisticated—as it was with the sophisticated interior designers in *Lon Tai Shing*—a smaller universe is allowed and a smaller percentage of actual confusion need be shown.²⁶³ Therefore, practitioners should expand the universe of their surveys to encompass sophisticated consumers whenever possible, so that scant incidence of actual confusion will tip the balance in favor of the survey proponent.

In *Merriam-Webster, Inc. v. Random House*,²⁶⁴ where the issue was the trade dress of dictionary dust jackets,²⁶⁵ Merriam-Webster's only evidence of actual confusion was the testimony of several of its own salesmen, the testimony of one person who was giving the dictionary away, the testimony of another who read a review in a magazine, and photographs of Merriam-Webster and Random House dictionaries shelved side-by-side at bookstores.²⁶⁶ There was no testimony by any retail or wholesale consumer who

257. *Id.* at 1090; *see also* *Russ Berrie & Co. v. Jerry Elsner Co.*, 482 F. Supp. 980, 205 U.S.P.Q. 320 (S.D.N.Y. 1980).

258. *See Lon Tai Shing*, 19 U.S.P.Q. 2d at 1093.

259. *See id.* at 1096.

260. *See id.* at 1095-96.

261. *See id.* at 1096-97.

262. *Id.* at 1097.

263. *Id.* at 1097-98.

264. 32 U.S.P.Q. 2d 1010 (2d Cir. 1994).

265. *Id.* at 1011.

266. *See id.* at 1015.

intended to buy a Merriam-Webster dictionary, but mistakenly bought a Random House dictionary because of confusion between the trade dresses.²⁶⁷ The court found that the lack of survey evidence counted against finding actual confusion.²⁶⁸ Thus, the court concluded that Merriam-Webster failed to show actual confusion affecting purchasers.²⁶⁹

In discussing the sophistication of the relevant consumer group, the *Merriam-Webster* court stated that one must look to “[t]he general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods.”²⁷⁰ The court also noted that analysis of the sophistication factor involved individuals who are likely to purchase the product.²⁷¹ In this case, there were two pertinent classes of potential consumers, retail booksellers and individuals.²⁷²

Generally, the retail booksellers were assumed to be sophisticated buyers.²⁷³ Moreover, to order the dictionaries, the retail bookseller had to contact the particular publisher, and thus, it was virtually inconceivable that a bookseller would call Random House believing it was Merriam-Webster.²⁷⁴ Again, Merriam-Webster’s claim is implicitly based on an unstated assumption of its virtual anonymity as a dictionary publisher; that is, the consumer would not be able to distinguish the source of the dictionaries.²⁷⁵

With regard to individual purchasers, the dictionaries were sold at retail for approximately twenty dollars and designed for several years of use.²⁷⁶ Moreover, individual purchasers of dictionaries

267. *See id.*

268. *Id.*

269. *Id.*

270. *Id.* (citing *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1137 (2d Cir. 1979)).

271. *Id.*

272. *See id.*

273. *See W.W.W. Pharmaceutical Co. v. Gillette Co.*, 984 F.2d 567, 576, 25 U.S.P.Q. 2d 1593 (2d Cir. 1993).

274. *See Merriam-Webster*, 32 U.S.P.Q. 2d at 1015.

275. *See id.*

276. *See id.*

are generally literate.²⁷⁷ Therefore, designing the survey for the mark owner in this case required a dual universe model that identified both retailers and individual users.²⁷⁸

Another query regards the results of a survey of wholesalers or retailers that also includes ultimate end-users. In *Essie Cosmetics, Ltd. v. Dae Do International, Ltd.*,²⁷⁹ the trade dress of nail polish bottles and labeling were at issue.²⁸⁰ The plaintiff sold the bottles to nail salons and beauty supply houses.²⁸¹ The plaintiff interviewed survey respondents at various nail beauty trade shows and tallied over a seventy-five percent positive response rate.²⁸² The court ruled that this response rate was more than adequate to demonstrate secondary meaning among the wholesalers and retailers.²⁸³ Furthermore, implicit in the decision, the court also noted that the relevant universe of survey respondents included the ultimate end-user, that is, the consumer who walks into the salons and requests a nail polish service.²⁸⁴ Thus, in *Essie Cosmetics* case, the survey, which included ultimate end-users who increased the positive response rate, assisted in proving that the nail polish bottle trade dress had acquired secondary meaning.

D. Observers

Observers or passersby comprise another group of non-purchasers whose confusion is relevant to trademark infringement claims.²⁸⁵ In *Polo Fashions, Inc. v. Craftex, Inc.*,²⁸⁶ the defendant manufactured knit shirts bearing a breast pocket emblem that was substantially similar to the famous polo player horseman symbol

277. *See id.*

278. *See id.*

279. 25 U.S.P.Q. 2d 1849 (E.D.N.Y. 1992).

280. *Id.* at 1850.

281. *See id.*

282. *See id.* at 1850-51.

283. *Id.* at 1854.

284. *Id.*

285. *See Insty Bit v. Poly-Tech Indus.*, 39 U.S.P.Q. 2d 1961, 1967 (8th Cir.) (“[A]n action for trademark infringement may be based on consumer confusion of consumers other than direct purchasers, including observers of an allegedly infringing product in use by a direct purchaser.”), *cert. denied*, ___ U.S. ___, 117 S. Ct. 1085 (1997).

286. 2 U.S.P.Q. 2d 1444 (4th Cir. 1985).

used by Polo Fashions, Inc. (“Polo”).²⁸⁷ The defendant argued that any similarity between the emblems would not confuse a consumer because the shirt tag clearly indicated that the shirt was not an authentic Ralph Lauren Polo shirt.²⁸⁸ Although such a point of purchase disclaimer might suffice to dispel any point of purchase confusion in certain circumstances, the court expanded the universe of people whose confusion is relevant to include observers.²⁸⁹ The court noted that in the post-purchase context, an observer or passerby would not be able to see the shirt tag, and hence the source indication disclaimer would not dispel their confusion.²⁹⁰ On seeing the polo player symbol, it was likely that the observer or passerby would identify the shirt with the plaintiff, and the plaintiff’s reputation would suffer damage if the shirt appeared to be of poor quality.²⁹¹ Therefore, in a trademark survey, the universe of relevant consumers, apparently at least in the clothing line, would include general observers or passersby.

The same situation occurred in *Lois Sportwear, U.S.A., Inc. v. Levi Strauss & Co.*,²⁹² wherein Lois Sportwear, U.S.A., Inc. (“Lois Sportwear”) produced jeans with a back pocket stitch design that was strikingly similar to that used by Levi Strauss & Co. (“Levi Strauss”).²⁹³ Interestingly enough, Lois Sportwear’s product quality was not inferior to Levi Strauss’s product quality.²⁹⁴ In addition, Lois Sportwear sold its high-quality jeans in both upscale stores and cut-rate discount stores.²⁹⁵ The appellate court noted that confusion could exist in the observers and passersby.²⁹⁶ This confusion, according to the court, likely existed when observers saw the stitching patterns on the Lois Sportwear jeans, believed that Levi Strauss had finally entered the upscale jeans market, and thus, wrongly believed that the upscale quality jeans were endorsed

287. *Id.* at 1445.

288. *See id.* at 1446.

289. *Id.*

290. *Id.*

291. *See id.*

292. 799 F.2d 867, 230 U.S.P.Q. 831 (2d Cir. 1986).

293. *Id.* at 868.

294. *See id.* at 875.

295. *See id.* at 870.

296. *Id.* at 872-73.

or affiliated with Levi Strauss.²⁹⁷ In arguing that the consumers were sophisticated, the court recognized that, despite any consumer sophistication in recognizing marks, in the post-purchase context, a sophisticated passerby would in fact be confused by Lois Sportswear's stitching pattern.²⁹⁸ Therefore, in designing a survey for an item of clothing, the universe of consumers should include discount shoppers, sophisticated consumers, and general clothing shoppers.

The Federal Circuit recently addressed observer confusion in the post-sale context in *Payless Shoesource Inc. v. Reebok International, Ltd.*²⁹⁹ In that case, the appeals court held that the trial court had engaged in an incomplete analysis by failing to examine the existence of post-sale confusion among observers.³⁰⁰ Moreover, the Federal Circuit agreed with Reebok International's ("Reebok") argument that confusion could occur in post-sale observers, who see Payless Shoesource's ("Payless") shoes on the street and think they closely resemble those of Reebok.³⁰¹ Those passersby would likely note the inferior quality and falsely attribute it to Reebok, thereby causing damage to Reebok's reputation.³⁰² The inclusion of observers is important because it provides a larger universe from which to generate evidence of secondary meaning or actual confusion. It is noteworthy, however, the ordinary observer is not automatically a valid respondent because a respondent must be a potential consumer of the product in ques-

297. *Id.* at 875.

298. *Id.* at 875-76.

299. 27 U.S.P.Q. 2d 1516 (Fed. Cir. 1993). The Court of Appeals for the Federal Circuit has exclusive jurisdiction over appeals regarding patent infringement and over decisions on appeal from the Patent and Trademark Office. Normally, trademark decisions by the Federal Circuit are by virtue of appeal from the Trademark Office. In *Payless Shoesource*, the Federal Circuit had jurisdiction over the case due to design patent infringement with a supplementary claim for trademark infringement. In cases where the Federal Circuit is not vested with exclusive appellate jurisdiction, the Federal Circuit will use the law of the sister circuit of the district court sits where the case originated. *See* U.S. Philips Corp. v. Windmere Corp., 861 F.2d 695, 702, 8 U.S.P.Q. 2d 1885, 1890 (Fed. Cir. 1988).

300. *Payless Shoesource*, 27 U.S.P.Q. 2d at 1519.

301. *Id.*

302. *See id.*

tion.³⁰³ Therefore, preliminary screening of observers must necessarily include a question geared to whether the observer is also a potential consumer of the product.

Finally, the sophistication of the direct purchaser is not relevant when examining the observer in the post-sale confusion context. That is so because, in examining post-sale confusion of an observer, the sophistication of the direct purchaser can not obviate or vitiate observer confusion, as no relationship exists between the parties, except for the observer's visual experience. Such a situation presented itself in *T. Anthony Ltd. v. Malletier*,³⁰⁴ which concerned the monogramming of luggage.³⁰⁵ The court, in adopting post-sale confusion of observers, noted that the sophistication of the buyer is not relevant in this situation.³⁰⁶ The court did not accept the defendant's argument that sophistication of the buyer dispelled any observer confusion.³⁰⁷

IV. EVIDENTIARY EFFECT OF AN IMPROPER SURVEY UNIVERSE

It can be difficult to identify the relevant universe of consumers whose confusion must be proved in a trademark infringement case. Like any other evidence in litigation, the ultimate determination as to whether the universe is proper and useable will occur only at trial. In the event that the universe is improper, it is important to understand whether the survey has any utility at trial. Although a faulty survey could be categorically excluded as non-probative and prejudicial if admitted, it also could be admitted as relevant but not dispositive evidence.

A. Cases Excluding a Defective Universe Survey

There are several cases in which a proffered survey proffered was given no weight.³⁰⁸ For example, in *Spraying Systems Co. v.*

303. See *Schieffelin & Co. v. Jack Co.*, 31 U.S.P.Q. 2d 1865, 1875 (S.D.N.Y. 1994) (“[T]o be probative and meaningful, surveys must rely upon responses by potential customers of the products in question.”).

304. 30 U.S.P.Q. 2d 1214 (S.D.N.Y. 1993).

305. *Id.* at 1215.

306. *Id.* at 1216.

307. *Id.* at 1218.

308. See, e.g., *Spraying Sys. Co. v. Delavan, Inc.*, 24 U.S.P.Q. 2d 1181 (7th Cir.

Delavan, Inc.,³⁰⁹ the case concerned whether the plaintiff's mark had achieved protection by virtue of having attained secondary meaning.³¹⁰ The plaintiff offered three surveys to demonstrate the secondary meaning of the mark.³¹¹ The Seventh Circuit criticized the universe because it included only the ultimate purchasers, namely farmers, of the spray jets, when a significant number of spray jets had been sold to distributors and equipment manufacturers.³¹² Thus, the universe of farmers was under-inclusive and vitiated any value of the survey.³¹³

In *Jordache Enterprises v. Levi Strauss & Co.*,³¹⁴ the case concerned the use of "Jordache Basics 101" and Levi Strauss's mark "501" for jeans.³¹⁵ The district court criticized Levi Strauss's survey evidence as having a defective universe and found that the survey was inconclusive.³¹⁶ The court noted that the survey was irrelevant because it polled only respondents who had worn or purchased jeans in the last six months.³¹⁷ As a result, the universe did not include potential purchasers of jeans.³¹⁸ The court also reaffirmed that a survey must rely on responses by potential customers of the products in question.³¹⁹

An under-inclusive universe, which excludes one or more relevant groups, is ground for rejecting a survey.³²⁰ This situation occurred in *American Basketball Ass'n v. AMF Voit, Inc.*,³²¹ which

1992) (ruling that a survey had no evidentiary value); *Jordache Enters. v. Levi Strauss & Co.*, 30 U.S.P.Q. 2d 1721 (S.D.N.Y. 1993) (same); *American Basketball Ass'n v. AMF Voit, Inc.*, 358 F. Supp. 981, 177 U.S.P.Q. 442 (S.D.N.Y. 1973) (same), *aff'd*, 487 F.2d 1393, 180 U.S.P.Q. 290 (2d Cir. 1973).

309. 24 U.S.P.Q. 2d 1181 (7th Cir. 1992).

310. *Id.*

311. *See id.* at 1186.

312. *Id.*

313. *See id.* at 1187 n.5.

314. 30 U.S.P.Q. 2d 1721 (S.D.N.Y. 1993).

315. *Id.* at 1722.

316. *Id.* at 1729.

317. *Id.* at 1729.

318. *See id.* at 1729-30.

319. *Id.* at 1729.

320. *See American Basketball Ass'n v. AMF Voit, Inc.*, 358 F. Supp. 981, 177 U.S.P.Q. 442 (S.D.N.Y. 1973), *aff'd*, 487 F.2d 1393, 180 U.S.P.Q. 290 (2d Cir. 1973).

321. 358 F. Supp. 981, 177 U.S.P.Q. 442 (S.D.N.Y. 1973), *aff'd*, 487 F.2d 1393, 180 U.S.P.Q. 290 (2d Cir. 1973).

concerned the red, blue, and white color of basketballs.³²² The plaintiff surveyed males between ages twelve and twenty-three who played basketball within the last year.³²³ The court criticized this universe as being too narrow because it did not encompass all people who were in the market to buy basketballs.³²⁴

B. Cases Giving Some Weight to a Defective Universe Survey

A number of cases demonstrate that a survey with a defective universe is entitled to some evidentiary weight. In *McDonald's Corp. v. McBagel's Inc.*,³²⁵ the universe of consumers was slightly flawed but did not render the survey useless.³²⁶ McDonald's, the well-known fast food giant sued a New York-based bagel bakery and restaurant,³²⁷ which objected to a survey whose universe included 504 randomly selected people nationwide and 500 randomly selected persons within New York State.³²⁸ The court rejected the defendant's argument that the survey universe was too broad, noting that the broad universe was controlled by asking respondents whether they had eaten in a fast food restaurant re-

322. *Id.*

323. *See id.* at 986.

324. *Id.* at 446. Survey evidence is often criticized for being too narrow. *See, e.g.,* American Home Prods. Corp. v. Barr Labs, Inc., 656 F. Supp. 1058, 3 U.S.P.Q. 2d 1194, 1204 (D.N.J. 1987) (noting that the universe of Advil-tablet users was too narrow), *aff'd*, 834 F.2d 368 (3rd Cir. 1987); Brooks Shoe Mfg. v. Suave Shoe Corp., 533 F. Supp. 75, 215 U.S.P.Q. 358, 363 (S.D. Fla. 1981) (noting that the universe of serious runners skewed results because it should have included runners purchasing expensive and inexpensive shoes), *aff'd*, 716 F.2d 854 (11th Cir. 1983); Ferrari, S.P.A. v. McBurnie, 11 U.S.P.Q. 2d 1843 (S.D. Cal. 1989) (affording some weight to a survey based on a narrow universe); McGraw-Hill, Inc. v. Comstock Partners, Inc., 743 F. Supp. 1029, 17 U.S.P.Q. 2d 1599, 1603 (S.D.N.Y. 1990) (criticizing an universe that only sampled investors or registered representatives and failed to include people who would actually avail themselves of the defendant's products); Universal Frozen Foods Co. v. Lamb-Weston, Inc., 697 F. Supp. 389, 394, 7 U.S.P.Q. 2d 1856, 1860 (D. Or. 1987) (finding that an universe of thirty distributors was too narrow because it excluded restaurant operators who served curly fries); Vision Sports, Inc. v. Melville Corp., 888 F.2d 609, 615, 12 U.S.P.Q. 2d 1740, 1744 (9th Cir. 1989) (criticizing an universe because it had narrow age restrictions).

325. 1 U.S.P.Q. 2d 1761 (S.D.N.Y. 1986).

326. *Id.* at 1768.

327. *Id.* at 1761.

328. *See id.* at 1768.

cently.³²⁹ The court also rejected the defendant's argument that the universe was too broad because it may have included respondents who had worked for the plaintiff.³³⁰ Despite any shortcomings in the universe identified, the survey was still entitled to some probative value.

In *Insty Bit v. Poly-Tech Industries*,³³¹ the Eighth Circuit reversed the district court's decision not to grant any weight to a survey, ruling that although the universe was small, the survey respondents' answers created genuine facts for trial.³³² The Eighth Circuit did not adopt a theory that small universes are *per se* allowable; but rather, in this context, merely ruled that a survey with small universe can demonstrate sufficient issues of material fact to avoid summary judgment.³³³

In limiting its ruling to the summary judgment issue, the Eighth Circuit cited the survey for methodological errors, wherein the survey expert did not narrow the universe by asking respondents whether they intended to buy the products in the future.³³⁴ The ruling seemed to indicate that the universe should be narrowed to include those people who manifest an intent to buy the underlying product in the future, and it raised the prospect of exclusion of the survey at trial.

Similarly, in *Schieffelin & Co. v. Jack Co. of Boca*,³³⁵ a district court held the universe of consumers to be too broad, but nonetheless held the survey to be probative. The plaintiff proffered two surveys on the issue of likelihood of confusion between its mark "DOM PERIGNON," the celebrated champagne, and the mark "DOM POIGNON," the defendant's gourmet popcorn.³³⁶ The first survey used a universe that included respondents who shopped in gourmet stores, were between twenty-five and sixty-four years old, did not work in liquor stores, and did not restrict themselves to

329. *Id.*

330. *Id.*

331. 95 F.3d 663 (8th Cir. 1996), *cert. denied*, ___ U.S. ___, 117 S. Ct. 1085 (1997).

332. *Id.* at 672.

333. *See id.*

334. *Insty-Bit*, 39 U.S.P.Q. 2d at 1966-67.

335. 31 U.S.P.Q. 2d 1865 (S.D.N.Y. 1994).

336. *Id.* at 1866-67.

champagne or wine drinkers.³³⁷ The second survey proffered by the plaintiff expanded the universe to include general retail stores, persons of legal drinking age—twenty-one—and male and female respondents in proportion to their existence in the surrounding community.³³⁸ The court criticized the universe as being over-inclusive because it included all persons of legal drinking age.³³⁹ The court held to the general rule that, to be probative, the universe must include respondents who are potential customers of the products. The court criticized the survey for including respondents merely because they were legally allowed purchase liquor.³⁴⁰ The court noted that the better definition of universe would include groups of consumers who were in the market for champagne or, better yet, “DOM PERIGNON.”³⁴¹ Nevertheless, the court did not categorically reject the survey; it afforded it some probative weight.³⁴²

In *Weight Watchers, International, Inc. v. Stouffer Corp.*,³⁴³ a case wherein both plaintiff and defendant introduced surveys, the court stated that both survey universes were flawed but gave some weight to plaintiff’s survey and rejected the defendant’s survey. The court criticized the plaintiff’s survey as being too broad because it was based on women, between eighteen and fifty-five years old, who had purchased frozen food entrees in the past six months, and who had attempted to lose weight through diet or exercise during the previous year.³⁴⁴ The court declared that the universe should have been limited to those persons who had purchased diet frozen entrees or who had tried to lose weight through diet alone—not through exercise.³⁴⁵ Nevertheless, the court gave the plaintiff’s survey some weight.³⁴⁶

The defendant’s survey, however, was accorded no weight.

337. *See id.* at 1869.

338. *See id.* at 1870-71.

339. *Id.* at 1875.

340. *See id.*

341. *Id.*

342. *Id.*

343. 19 U.S.P.Q. 2d 1321 (S.D.N.Y. 1990).

344. *Id.* at 1331.

345. *Id.*

346. *Id.* at 1330.

Like the plaintiff's survey. The defendant's survey was criticized for failing to reference those losing weight by diet or those in the market for frozen diet foods.³⁴⁷ The defendant's universe included males and females, between eighteen and fifty-five years of age, who ate any frozen meal in the last six months or helped select frozen meals for the household.³⁴⁸ The court found that the errors in the universe—when coupled with additional flaws in design and interpretation of the survey—so undermined its probative value that it deserved no evidentiary weight.³⁴⁹

C. Reconciling an Improper Universe As Too Broad Or Too Narrow

In reading the courts' discussions regarding the effect of a too narrow or too broad universe, one trend appears to surface. A court will give some weight to a survey universe that is too broad, but will not give any weight to a survey universe that is too narrow. The reason may be that a broad universe is overinclusive, hence it necessarily encompasses the actual and correct universe. Consequently, the results of a survey based on an overbroad universe is still probative over how the underlying correct universe would respond to the questions. Nonetheless, an overbroad survey usually is not dispositive to the question of actual confusion.

Conversely, a survey based on too narrow an universe does not include even the minimum correct universe. Thus, no matter how well the survey is conducted, it will exclude some relevant group of consumers and cannot be used to foretell how those consumers would respond to the survey questions. Practitioners should accordingly err on the side of caution with an over-inclusive universe so that its results are probative.

347. See *id.*

348. See *id.* at 1332.

349. See *id.* at 1333.

CONCLUSION

By examining confusion in the context of how, when, and which consumers are confused, a survey proponent can maximize the value of a trademark survey. Given that surveys are becoming increasingly important and probative to the underlying issues of secondary meaning, likelihood of confusion, dilution, and genericide, a properly conducted trademark survey that examines the relevant universe of consumers is critical. It is essential to analyze the propriety of a relevant universe because that universe will dictate the outcome of the case.