Working Together
Marketing Law

Gelb Consulting Group, Inc.

1011 Highway 6 South
Suite 120
Houston, Texas 77077

P + 281.759.3600
F + 281.759.3607
www.gelbconsulting.com

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Both Marketers and attorneys can help protect a company's intellectual property.

A marketing vice president, by no means atypical, finishes his "rounds" at an industry trade show and shakes his head. "We're the leader in our category," he says. "So when I go from booth to booth, I see competitive products that look like ours, are packaged like ours, with names that seem like ours, and one competitor promotes its brand with brochures that track what ours say."

His next thought may be: "Let's sue." But before doing so, it pays to understand what roles marketing managers can play in successful litigation, whether your company initiates an infringement claim or must defend against one. First, marketing managers should build inherent distinctiveness into a product and its marketing components as early as possible. Next, if you do see imitation, then collect evidence that customers confuse "imitating" brands with your brand. Last, if a lawsuit is initiated either by your firm or a rival, a marketing manager can assist (with a light touch) a litigation survey expert who will help protect your company's intellectual property by showing the extent of confusion in the marketplace.

The first role, creating inherent distinctiveness, is best recognized before the launch of any consumer or industrial product or the opening of any "first" retail outlet since all of these attract imitators as they become successful. The more a design, name, logo, or package is unusual (think pink Owens Corning insulation); the easier it is to protect. In the case of names, distinctiveness has the additional advantage of making it easier to defend against an assertion by a rival that the name is generic and therefore anyone is free to use it. The trademarked "Scotch tape" and "Kleenex tissues" are still protected brand names, more easily defended than "sticky-tape" or "pop-ups" might have been.

The second issue for marketing managers is awareness of how attorneys demonstrate confusion and how you can help. If a rival's product looks like yours or is packaged like yours – or if the trucks in which it is delivered look like yours – some customer of that rival may have contacted your company, mistakenly demonstrating that they thought they had bought a product that your company made. If every salesperson and customer service employee, as well as everyone in marketing management within your company, has been told where to send written evidence of such confusion and told to ask callers to put a telephoned complaint in writing (e-mail is fine), your lawyers will be able to show confusion more easily than they would without such material.

Regardless of their ability to demonstrate actual confusion, however, your attorneys are extremely likely to ask a litigation survey expert to conduct research demonstrating "likelihood of confusion" – or lack of such likelihood, depending on which side your company is on. That task differs significantly from commercial marketing research. Marketing managers need to understand the litigation survey process to (1) provide help and (2) recognize that litigation surveys cannot be judged by the standards applied to conventional marketing surveys. (They should therefore be reassured, not concerned, when research for a lawsuit is handled differently.)

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The logic behind this disparity in how surveys are undertaken should be a familiar one to marketing managers. Different target markets evaluate any product using different criteria. In the case of a survey as a product undertaken for successful litigation, the ultimate evaluators are not a company's management, even though they pay for the survey, but rather a judge or a jury. In other words, the criteria shift once your company or your outside counsel receives or sends out letters to competitors asserting infringement of trademarks, trade dress, or copyrights; false advertising; or other causes for substantial damage claims. And by understanding legal criteria, a marketing manager can make available critical information that can influence the usefulness of the survey available to the attorney's survey research expert.

What kinds of surveys do such experts undertake? Often, the point is to measure whether actual and prospective buyers believe these two brands come from a common source – based on the "look and feel" of two branded products (trade dress), their names, their logos, or their packaging. Further, they are measuring whether more respondents express that belief in a common source for the two brands in question than they do concerning other possible combinations or pairings. A control of some kind will be expected as a baseline, with surveys for litigation typically required to measure "noise" and to subtract such results from overall findings.

Here is a brief summary of other principles for a legal survey:

The population must be relevant to the legal issue. If that issue is whether potential buyers are confused about the source of a product, then nobody's opinion matters except potential buyers. The burden is on the survey research expert to show that the individuals surveyed are drawn from that population.

Opinions from that population are the point of the survey, but guessing is not an opinion. Discouraging guessing by having an interviewer say "if you don't know, please say so" increases confidence that the survey has elicited actual opinions. Therefore, respondents in litigation surveys are given that instruction repeatedly, rather than simply having the interviewer code a "don't know" response when it is offered.

Skepticism concerning the validity of the findings from a survey goes way up when challenged by a survey expert brought in by the other side. Were these opinions really gathered from the people whose opinions matter? Interviewers must be experienced professionals who are professionally supervised, and at least a j20% independent verification standard is expected.

Exhibit 1: Differences between commercial and legal surveys

	Commercial Survey	**Legal Survey**
Number of questions	Many	As few as possible
Questions on demographics	Many	Few or none
Analysis	Extensive	Minimal
Recommendations	Extensive	None
Client involvement	High	Moderate to low
Quality control	High	Very high

In summary, the mandate is for high quality in every sense. Interestingly, however, there is no parallel mandate for large samples or long questionnaires. Breaking out into sub-samples will hardly ever be required or even be helpful; thus the sample size need not be large enough to provide for statistical comparison of sub-groups. Furthermore, asking a few questions as are needed to establish the point makes excellent sense because every question can be challenged by opposing experts.

Invading Turf

In a recent case, the makers of AstroTurf,the “original” artificial surface for athletic fields, sued a competitor for using the AstroTurf name as a metatag to draw prospects to that competitor’s Web site. The competitor answered that AstroTurf has become a generic term and produced a survey of athletic directors and coaches to try to prove its point.

The AstroTurf survey expert pointed out that only a small fraction of high school and college athletic personnel were in the target population due to the high cost of installing such surfaces – upward of $800,000. The competitor survey had failed to qualify the survey participants as being in the market for such an expensive expenditure, although in fact only 5% of all high schools and colleges are financially able to buy or consider buying artificial turf. Thus, the stated opinions of 95% of those surveyed by the other side could not be viewed as relevant. The jury and judge found that the AstroTurf mark had not become generic.

Clearly, information about who buys a branded product, at what cost, and through what channels comes most effectively from a company’s own marketing management. In the case of AstroTurf, the marketing team informed the survey expert about what made the opposing survey inapplicable. The marketing team can also provide useful information if the other side’s expert has surveyed industrial buyers who never see the product in its original package when the relevant population is distributors. In still other cases, marketers have been able to point out to their own attorney’s expert that the other side has surveyed users of a product who were not involved in the purchase process at all.

What else can a marketing manager do to help the litigation survey expert? Most of what

comes to mind can be summarized as what not to do. Suggesting that attorneys contract with a market researcher who has helped your company's marketing program, but lacks experience in litigation research, will not be helpful. IP cases most often are brought under the Lanham Act of 1946 (since amended), and those cases will be tried in federal court. Federal courts are very strict in requiring an expert witness to possess specific experience on the issue which he or she is offering testimony. Furthermore, you certainly don't want to offer to assist in preparing a questionnaire. Testifying survey experts are required to write the questionnaire and closely supervise the research process with little input from their client attorneys, let alone client marketing managers.

Another caveat should be offered for marketing managers who might see a litigation-focused survey as a fine opportunity for program-focused marketing research. Yes, those are your actual or potential customers being questioned. And, yes, the quality of the survey research will be high. However, it is always a mistake to suggest tossing in a question or two about the new model introduced last month or a new pricing plan. The less asked the better. There are plenty of opportunities to undertake marketing research that will not have its results viewed by a judge or jury. So under no circumstances should the survey have even on "piggyback" question added with the sole aim of helping the marketing program. Anything that an expert on the other side can attack will be attacked, possibly for allegedly biasing respondents or for confusing them.

The need for a survey to be "bulletproof" doesn't mean, however, that a company in an IP dispute is better off if it does no survey at all. Failing to do so may be a mistake. Some judges believe that certain IP issues can be decided only when the "relevant population" gives it opinion about trademark or trade dress or related issues of perception.

Last Resort

Resorts of Pinehurst v. Pinehurst National and Pinehurst Plantation involved a claimed infringement of the term "Pinehurst." The defendants claimed that Pinehurst was the name of a town in North Carolina; thus they were free to use it for their golfing communities. The federal judge was shown a national survey on behalf of the original owner of the name Pinehurst, which demonstrated that Pinehurst was a famous name to golfers and that the defendants' use of Pinehurst in their names created substantial confusion. Based on this survey, the judge ruled there was infringement by the two latter golf communities, and he issued an injunction against both. In affirming this decision of infringement and requiring an immediate permanent injunction, the Fourth Circuit Court of Appeals relied heavily on this survey that was uncontroverted by the defendants. Not presenting a survey with results refuting those presented doomed the defendant's case in this instance.

The bottom line may be that simply understanding how this kind of survey differs from conventional research will at least allow the marketing manager a good night's sleep, once it's clear that the research is being handled sensibly. It won't be handled as other research would be handled and won't result in marketing recommendations. With luck, however, it will allow your company to fight off a spurious lawsuit by demonstrating a lack of confusion. If

competitors are filling a trade show with look-alikes, it also will allow you to distinguish your brand from that of rivals.

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About the Authors

Gabriel M. Gelb is a senior consultant at Gelb Consulting Group Inc., a 39-year-old research firm headquartered in Houston. He may be reached at ggelb@gelbconsulting.com.

Betsy Gelb is professor of marketing and entrepreneurship at the University of Houston. She may be reached at gelb@uh.edu.

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