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A bite to the finish

The implications of *Apple v Apple*

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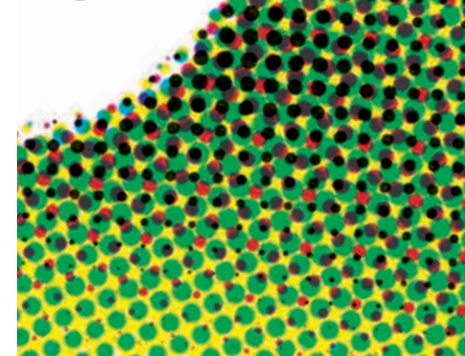
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A survey of success

Proving actual dilution before the US courts is a tricky proposition. Even the lower standard of likelihood of dilution provided under the pending Federal Trademark Dilution Revision Act will not guarantee success if plaintiffs do not get to grips with the basic principles of survey evidence

The interest prompted by the Federal Trademark Dilution Revision Act of 2006 (FTDRA) shows that dilution remains a hot topic in the United States. At the heart of the debate are what constitutes dilution and how dilution can be proven.

The Federal Trademark Dilution Act (FTDA), implemented in 1996, sought to unify the disparate standard that had emerged from the various states' statute and case law in that regard. But the FTDA did not settle the interpretation of what constitutes dilution. At one time, some courts had held that a plaintiff could prevail by showing that there was a likelihood of dilution. This required a showing only of "the mere fact that consumers mentally associate the junior user's mark with a famous mark". In 2003 the Supreme Court held in *Moseley v V Secret Catalogue Inc* that the plaintiff claiming dilution of its mark must prove actual dilution, not just likelihood of dilution. Unfortunately, the Supreme Court did not define what constitutes actual dilution and how to prove it. This makes trademark dilution a difficult proposition to prove.

The law is set to change again. The FTDRA provides that the owner of a famous mark may seek injunctive relief against another mark that is likely to cause dilution, regardless of whether actual dilution can be demonstrated. This may make a federal dilution claim a more realistic option for famous mark owners, some of which at the moment are put off by the uncertainty of the outcome of such a course of action. However, success will still elude them if they do not respect the basic rules relating to survey evidence.

The easy way

The FTDA provides that it is illegal to use a famous trademark in a way that reduces "the capacity of the famous mark to identify the goods of its owner" or, in other words, that lessens its uniqueness. When the junior mark is identical to the famous mark, proving actual dilution is easy. Survey evidence is not even necessary. The Supreme Court in *Moseley* ruled that the use of an identical mark by the junior user can be considered circumstantial evidence proving actual dilution.

This standard was applied by the Eastern District of Michigan in the case of *General Motors Corp v Autovation Technologies Inc* (317 F Supp 2d 756, 764 (ED Mich 2004)). The infringer was selling automotive foot pedals bearing marks that were identical to several famous marks used by General Motors, such as CORVETTE, TAHOE and SILVERADO. Since the pedals bore marks that were identical to the famous GM marks, the court ruled that there was "reliable, circumstantial proof of actual dilution" under the *Moseley* standard. No further proof was necessary; actual dilution was assumed to have taken place.

Doing it wrong

Proving actual dilution is much more difficult when the marks are not identical. The field of trademark dilution law in the United States is littered with examples of failed attempts to use survey evidence to prove actual dilution, especially after *Moseley*.

In 2004 a district court in New York rejected Louis Vuitton Malletier's survey submitted to prove dilution of the design of one of its bags (340 F Supp 2d 415 (SDNY 2004)). Louis Vuitton had premiered a line of handbags featuring its famous LV logo along with geometric shapes in a multicoloured array on black and white backgrounds. The new bags were extremely successful in the fashion world and were soon imitated by other makers, including Dooney & Bourke. Dooney & Bourke did not use the LV logo on its bags, instead using its own DB logo in a similar multicoloured style. Louis Vuitton sued Dooney & Bourke on various claims, including US federal dilution law.

In an attempt to prove actual dilution of its famous mark, Louis Vuitton introduced survey evidence. The expert had conducted a survey in which 96 respondents were asked a series of questions regarding their reaction to being shown the Louis Vuitton and Dooney & Bourke handbags. For example, respondents were asked how they would feel if they owned one of the Louis Vuitton bags and then saw that the Dooney & Bourke bags were being sold. Based on the respondents' answers, the expert categorized them as either diluted or not diluted. The expert concluded that dilution was seen in 23% of the respondents.

The survey evidence was rejected by the district court for the following reasons:

- The expert had not been objective. He had stopped the survey after speaking to 58 participants who did not provide the desired response and then started the survey again, but the survey did not include the responses of these original 58 people.
- The definition of 'diluted' used by the expert when categorizing

There is no cut-and-dried formula for conducting a successful survey, but most courts consider the following factors in deciding how much weight, if any, should be given to survey evidence.

Qualification as an expert: Academic degrees are not necessary to qualify as an expert under US law, but the ideal expert will usually have one or more degrees from recognized academic institutions. The majority of surveys are conducted by experts in the field of marketing.

Another favourable characteristic is professional experience conducting survey research, preferably in the field of dilution or at least general trademark law. This experience may have been gained from working on other legal matters, or it may be as a result of research conducted for other reasons. Publication in scholarly journals and other honours are also helpful qualifications.

Defining the proper population or universe: To prove trademark dilution, survey evidence must be conducted among the relevant group of consumers, also known as the proper universe. Only famous marks can be diluted under federal law in the United States. Therefore, the proper universe of consumers includes all actual and prospective purchasers of the products or services represented by the famous mark.

There is no strict rule about how many people must be questioned during the survey, although the survey should be statistically meaningful. The court in the *Louis Vuitton Case* (340 F Supp 2d 415 (SDNY 2004)) held that a sample of 96 consumers was too small. The plaintiffs in the *Kellogg Case* (192 F Supp 2d 790 (WD Tenn 2001)) had more success when they submitted survey results obtained from consumers they approached in shopping centres in eight different major metropolitan areas from across the United States. While the court in *Kellogg* did not state the exact number of respondents, a successful survey generally should include approximately several hundred respondents and allow the expert to draw a statistically significant conclusion from the number of people interviewed.

Beyond identifying an appropriately large number of survey respondents, the expert must be able to demonstrate that the respondents are representative of the larger group that the survey is intended to represent: actual or prospective consumers of the products or services designated by the mark. Once that target group of consumers is identified, the survey participants should be selected by a method that can be shown in court as likely to produce some form of random sample. This method can be as simple as

interviewing random people in a shopping centre. The key is to avoid any appearance of picking and choosing respondents.

Question format: Questions should be clear, easy to understand and not leading. The best questions require a simple response. For example:

- “What company or companies do you associate with this mark?”
- “Can you think of any other company or companies that you associate with this mark?”
- “Have you ever purchased any products made by company X?”
- “Are you familiar with company Y?”

The above questions require straightforward responses that are easy for the person administering the survey to interpret and record. They are also easy to categorize later when the expert analyzes the survey results and presents them in court. These are the kinds of question that were successfully used by the plaintiffs in the *Kellogg Case*.

Courts will generally be sceptical of surveys that rely on vague, open-ended or leading questions. Examples of unsuccessful questions can be seen in the *Louis Vuitton Case*: “I would like you to suppose you actually owned one or both of the [Louis Vuitton] bags I am handing to you. If you actually owned one or both of these bags, how would knowing that the [two Dooney & Bourke] wristlets were also being sold in the multicoloured pattern on both white and black make you feel?” Such a question is long, rambling and hard for the respondent or the court to understand. Any response elicited would likely be vague and impossible to categorize impartially. Such an open-ended question also leaves room for the interviewer to lead the respondent and influence answers through tone of voice and prompting.

Other concerns: Survey credibility can be greatly helped by making sure that interviewers are blind to the survey’s purpose and desired outcome, as well as by training interviewers to ensure that questions are administered and responses tallied in a consistent manner. In the field of survey research, data obtained from double-blind studies is considered the most valuable. Double-blind studies are those in which neither the interviewer nor the respondent knows the survey’s underlying purpose.

To make data presentations consistent with accepted principles of survey research, the expert should also be prepared to explain in detail the method used to identify the relevant population and select an appropriate sample of participants from that population. Methods of statistical analysis are varied; the important thing is for the expert to be able to explain what was done and point to other accepted research that has used a similar method.

the survey responses was overly broad. The expert included responses that indicated a loss of desirability among those who were diluted. However, dilution is the loss of the capacity of a trademark to identify and distinguish its owner’s goods and services, not a loss of desirability.

- The expert often ignored the substance of the respondents’ answers and classified them as diluted based solely on the inclusion of a single word or phrase in their response when there was no objective basis for that classification.

Another failed attempt to use survey evidence to prove actual dilution in the post-*Moseley* era can be found in the Second Circuit’s opinion in *Playtex Products Inc v Georgia-Pacific Corp* (390 F 3d 158, 161 (2d Cir 2004)). The case involved a dispute between the maker of a line of pre-moistened towelettes sold under the famous mark WET ONES and a junior user marketing a similar product called Quilted Northern Moist-Ones.

Playtex, the manufacturer of WET ONES, sued under the federal dilution statute. As part of its attempt to prove actual dilution of the famous WET ONES mark, Playtex submitted survey evidence. The court’s opinion does not give extensive details on how the survey was conducted, but it does point out a crucial flaw in the survey that future plaintiffs should attempt to avoid. Playtex’s expert had

showed respondents index cards with the words ‘Moist-Ones’ and ‘Wet Ones’ written on them. No other context was given to the marks. The index cards did not show the competing products as they were marketed in their packaging, nor did the cards include the words ‘Quilted Northern’.

These omissions were ruled to be important since the junior user’s product was always packaged and marketed as Quilted Northern Moist-Ones. By taking the ‘Moist-Ones’ phrase out of context, the results of the survey were rendered useless and the court ruled that the survey evidence could not be offered to prove actual dilution.

Learning from others’ mistakes

There are important lessons to be learned from these rejected surveys:

- Not all pilot studies conducted for the purpose of improving a survey are bad – the *Louis Vuitton* court made sure to emphasize that point in a footnote – but if a survey appears to be restarted only because respondents are not giving the desired answers, then it is likely that a court will conclude that the survey was done incorrectly.
- Survey questions must be drafted to show *dilution*. Questions that do not relate to the ability of a mark to identify and distinguish goods and services are irrelevant.

- Survey answers must be classified objectively.
- A successful survey should show both the famous mark and the junior user's mark in the context in which they appear in the marketplace. Surveys should not rely on abstract depictions of the marks taken out of context to how they are seen in the marketplace.

Doing it right

Examples of successful uses of survey evidence are much harder to come by.

One good example of a plaintiff successfully presenting survey evidence to show actual dilution can be seen in the 2001 Western District of Tennessee case of *Kellogg Co v Exxon Mobil Corp* (192 F Supp 2d 790 (WD Tenn 2001)). Although this case was decided before the Supreme Court's decision in *Moseley*, the district court applied an actual dilution standard.

The dispute centred on the famous TONY THE TIGER mark used by Kellogg since 1952 to market its breakfast cereal Frosted Flakes. The junior user was Exxon Mobil, which had been using a cartoon tiger to market its gas stations on and off for over 30 years. The real problem arose in the 1990s when Exxon began using the cartoon tiger to market its convenience stores, as well as food and beverage products within those stores. Kellogg took issue with Exxon's use of the CARTOON TIGER mark to promote food items and sued under the federal dilution statute.

On Exxon's motion for summary judgment, the court was faced with the question of whether Kellogg had presented evidence that could support its claim for actual dilution of the famous TONY THE TIGER mark. Kellogg successfully defeated Exxon's motion for summary judgment by submitting survey evidence of actual dilution.

Kellogg's expert conducted a survey in which shopping centre customers in eight different metropolitan areas were shown four separate items bearing the Exxon CARTOON TIGER mark. Those four items included two plastic cups available with beverage purchases at Exxon's convenience stores as well as two Exxon print advertisements making use of the Exxon CARTOON TIGER mark. The survey respondents were asked two questions after being shown the items:

- "What company or name or brand, if any, comes to mind when you see this tiger?"; and
- "What other companies or names or brands, if any, come to mind when you see this tiger?"

If the survey respondent included the name Kellogg as an answer to either of the two questions, the response was categorized as Kellogg, regardless of whether Exxon was also included as an answer to either question. If the respondent answered Exxon to either question and did not include Kellogg in either answer, the response was categorized as Exxon. The results of the survey were shown to be strongly in Kellogg's favour: each of the items registered about 70% of the consumers answering Kellogg, with only about 20% answering Exxon with no mention of Kellogg. The court accepted these survey results as evidence of actual dilution.

Dilution plaintiffs can learn from the Kellogg survey, which was clear and easy to understand. The sample size was appropriate and taken from diverse areas of the country. The respondents' answers were coded using a clear methodology that left little room for the person administering the survey to make judgement calls and twist the results. The CARTOON TIGER mark was shown to survey respondents in the form that it appears in the marketplace: on Exxon beverage cups and advertisements.

Most importantly, the survey was focused on proving that the junior user's mark diminished the capacity of the famous mark to identify its own products. This is the key factor. The court in *Kellogg*

Possible types of survey

In an amicus brief submitted to the Supreme Court in *Moseley*, the United States outlined three types of consumer survey that could be used to show actual dilution:

- a survey that asks consumers what products they associate with the famous mark. If consumers who are not aware of the junior mark identify only products made by the owner of the famous mark, while consumers who are aware of the junior mark identify products made by both the owner of the famous mark and products made by the owner of the junior mark, an inference of dilution may be warranted;
- a survey that asks consumers to name the attributes they associate with a famous mark. If consumers who are aware of the junior mark name fewer positive attributes or more negative attributes than consumers who are not aware of the junior mark, an inference of dilution may be warranted; and
- a survey that asks consumers to rate a particular quality of a famous mark. If consumers aware of the junior mark give a significantly different rating than consumers who are not aware of that mark, an inference of dilution may be warranted.

held that the survey could at least potentially demonstrate "that the similarity between Tony the Tiger and the cartoon tiger has led a majority of consumers to associate Exxon's products with Kellogg and has thus diminished Kellogg's ability to identify its own products using the TONY THE TIGER mark."

General principles

The *Kellogg Case* shows that, while proving dilution by a non-identical mark is a high burden, it can be met with the right consumer survey.

A few general principles should be kept in mind when constructing any type of consumer survey. First, all survey evidence presented in US federal courts must comply with the Federal Rules of Evidence. The most important requirements of these rules are as follows:

- The expert must be able to demonstrate that he or she possesses sufficient qualifications as an expert;
- The expert must be capable of showing that his or her testimony is based on reliable principles and methods;
- The data used by the expert to form his or her opinion must be of a type reasonably relied upon by experts in the particular field; and
- The data used by the expert to form his or her opinion does not have to be admissible in evidence.

Second, and crucially, surveys must be done properly (for more on this aspect, see "Key factors to successful survey evidence"). Owners of famous marks should keep this in mind before embarking on the hazardous journey that is a US federal dilution claim. [WTR](#)

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