Trademark Confusion And The Confusing Eveready Survey

by Rebecca Kirk Fair, Stephen Cacciola, and Maggie Hadley; Analysis Group, Inc.

Law360, Boston (October 23, 2018, 2:03 PM EDT)


Rebecca Kirk Fair


Stephen Cacciola


Maggie Hadley

On Sept. 28, 2018, the United States District Court of the Southern District of New York ruled against a motion to exclude a Squirt survey submitted by the plaintiff in the trademark dispute *Hypnotic Hats Ltd. v. Wintermantel Enterprises LLC.*[1] The court acknowledged that the survey's presentation of the two competing marks in close proximity — a hallmark of the Squirt survey design — did not replicate marketplace conditions because the two marks generally target separate markets through separate channels, and would rarely be encountered side by side. However, the court opined, "an Eveready survey would also be inappropriate" to measure consumer confusion in this case, as the senior mark "is not 'top of mind.'"[2] This assertion, presented briefly in a footnote as if it were a settled matter, is in reality somewhat contentious.

Since its first use in *Union Carbide Corp. v. Ever-Ready Inc* in 1976,[3] the Eveready trademark and/or trade dress survey has become a widely accepted litigation survey design. The survey typically consists of a single stimulus presented to respondents, followed by a battery of questions about the stimulus' source, sponsorship and affiliation. This simplicity and standardization leaves little room for critiques when it comes to the format of the survey, making it an attractive and safe option for cases in which the two competing marks do not appear side by side in the marketplace.

However, the Eveready survey sparks much debate when it comes to its applicability, specifically with regards to the importance of fame of the senior (i.e., preceding) mark. (Or junior mark, in cases of reverse confusion.) In "McCarthy on Trademarks and Unfair Competition," J. Thomas McCarthy notes that the Eveready survey "assumes" its respondents have prior awareness of the senior mark, and that it is "especially appropriate" in cases involving widely known marks.[4] Similarly, in "Trademark and Deceptive Advertising Surveys," Jerre B. Swann and Shari Seidman Diamond write that the Eveready survey is "the gold standard," specifically when the tested mark or product is "top of mind, i.e., highly accessible."[5]

As such, claims of insufficient fame and recognition for all but the most famous marks represent an almost obligatory element of rebuttals to Eveready surveys. At the same time, one of the eight criteria for determining likelihood of confusion, as established by *Polaroid Corp. v. Polarad Electronics Corp.*,[6] is strength of the mark, and most senior users submit evidence that their marks are well-known and recognizable. A review of court opinions on this topic reveals that courts have noted the contradiction between plaintiffs' simultaneous claims of confusion and lack of fame. The following cases illustrate how courts have grappled with this apparent inconsistency.

In 2016, Citigroup Inc. brought a consumer confusion case against AT&T Services,[7] alleging that AT&T's "AT&T's Thanks" program infringed upon Citigroup's "ThankYou" mark. Citigroup cited the tens of millions of dollars it had spent on publicizing its ThankYou programs as proof of its mark's strength. At the same time, it argued that the mark had low "top-of-mind" awareness, rendering the Eveready survey conducted by AT&T inappropriate. In its opinion denying Citigroup's motion for a preliminary injunction against AT&T, the court twice noted the "tension between Citigroup's argument that its THANKYOU marks are commercially distinctive for the purposes of evaluating their strength, but are not 'top-of-mind' for the purposes of designing consumer confusion surveys."[8] This opinion effectively ended the case, as both parties agreed to drop it shortly thereafter.[9]

E.&J. Gallo Winery v. Proximo Spirits Inc., in which Proximo Spirits alleged that a Gallo bottle design infringed upon the trademark and trade dress of Proximo's "1800 Tequila," provides a similar example. Proximo's filings vigorously asserted the fame of 1800 Tequila's trademark and trade dress. However, Proximo argued for the exclusion of Gallo's Eveready survey on the grounds that "consumers do not have a … widespread recall or awareness of 1800 Tequila" or its trade dress.[10] After noting its uncertainty about the relevance of the trade dress' fame, the court responded by quoting Proximo's popularity claims, including that "substantial sums have been expended on promotion and advertising in order to establish and maintain consumers' awareness and recognition of the 1800 Trade Dress and to create an association in their mind [sic] between the 1800 Trade Dress and its source and origin."[11] As a result, the court denied Proximo's motion to exclude Gallo's expert witness testimony, and in January 2012, ultimately ruled on summary judgement in favor of Gallo, dismissing the trademark infringement claims.[12]

The court in *Simon Prop. Group LP v. mySimon Inc.*[13] took an even firmer stance in its critique of senior user and plaintiff Simon Prop. Group's survey proposal. SPG asserted that it would not consider conducting an Eveready, in part because any universe of survey respondents would lack sufficient knowledge of SPG's name and mark. The court called this logic "completely at odds with SPG's entire theory of this case," and suggested that "it amounts to an admission (or at least a confident prediction) that an Eveready survey is unlikely to show evidence of confusion here."[14] The court found the alternative surveys proposed by the plaintiff unacceptable, but ultimately SPG was able to convince a jury that there was confusion with respect to the mark, without the use of a consumer confusion survey. It is worth noting that the defendant did produce an Eveready survey, which showed negligible confusion, and while the court declined to overturn the jury's decision, it "did not attribute great weight to [SPG's] attacks" on the Eveready.[15]

These examples aside, acknowledgement of a mark's strength does not guarantee that a court will decide fame is not an issue; some opinions seem to accept the dissonance in claiming a mark is famous enough for confusion to occur, yet not famous enough for an Eveready survey to be applicable. For instance, the opinion for *Kreation Juicery Inc. v. Shekarchi*[16] details the social media following, millions spent on brand promotion, and recognition in national and local lifestyle media of Kreation Juicery restaurant (the plaintiff and senior user), concluding that "the commercial strength of the 'Kreation' mark is strong."[17] For its Eveready survey, the defendant narrowed the universe to respondents in neighborhoods near Kreation Juicery locations, who indicated that they had recently or were likely to soon purchase the type of food offered by the restaurant. Still, the court agreed with the plaintiff's claims that the defendant "had the burden of establishing that the senior mark is 'well known'" and had failed to do so.[18] The court thus granted Kreation Juicery's motion for a preliminary injunction with regards to the "Kreation" mark.

Courts have confronted this contradiction for decades, and there is no end in sight. Inherent in the tension that arises from plaintiffs simultaneously claiming confusion and lack of fame are two questions that have yet to be addressed by the courts: First, does a mark need to be famous to meet *Polaroid v. Polarad*'s "strength" requirement, and if so, how famous? *Polaroid v. Polarad* did not provide a clear standard, and since then courts have rarely attempted to quantify a threshold for a "strong mark" in terms of metrics such as revenue or customer base, though senior users routinely submit these data as evidence. Second, is Swann and Diamond's "top of mind" quality interchangeable with fame? While Swann and Diamond conflate this characteristic with "commercial strength,"[19] perhaps it is up to the courts to refine this definition. A brand could enjoy a large customer base, high levels of awareness, and abundant publicity, yet fail to be encapsulated by a reasonable definition of "top of mind."

In its dismissal of the potential use of an Eveready, the court in *Hypnotic Hats v. Wintermantel* briefly noted that the senior mark's not being "top of mind" "counts against actual confusion."[20] This observation comes closer to definitively addressing the Eveready debate than many courts have ventured, but was undercut by the decision to admit the Squirt survey regardless. Unless future court opinions take a bolder stance, the admissibility and relevance of the Eveready survey design will remain somewhat unpredictable in trademark and trade dress cases.

Rebecca Kirk Fair is a managing principal, Stephen Cacciola is a vice president and Maggie Hadley is a senior analyst at Analysis Group Inc.

Endnotes

1 Hypnotic Hats v. Wintermantel Enters., No. 1:15-CV-06478 (ALC), 2018 U.S. Dist. LEXIS 168205 (S.D.N.Y. 2018).
2 Id. at *47 n.10.
3 Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366 (7th Cir. 1976).
4 McCarthy, J.T., McCarthy on Trademarks and Unfair Competition, 4th Ed., 1996, § 32:173.50.
5 Trademarks and Deceptive Advertising: Surveys, eds. Swann, J.B., and Diamond, S., ABA, 2012, p. 53.
6 Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir. 1961).
7 Citigroup Inc. v. AT&T Servs., No. 16-cv-4333, 2016 U.S. Dist. LEXIS 106435 (S.D.N.Y. 2016).
8 Id. at *21.
9 Stipulation of Voluntary Dismissal, Citigroup Inc. v. AT&T Servs., No. 16-cv-4333, 2016 U.S. Dist. LEXIS 106435 (S.D.N.Y. 2016).
10 E.&J. Gallo Winery v. Proximo Spirits, Inc., 583 Fed. Appx. 632, *8 (9th Cir.).
11 Id. at *11.
12 Gallo v. Proximo Spirits, Inc., No. CV-F-10-411, 2012 U.S. Dist. LEXIS 10669 (E.D. Cal. Jan. 30, 2012).
13 Simon Prop. Group L.P. v. mySimon, Inc., 104 F. Supp. 2d 1033 (S.D. Ind. 2000).
14 Id. at *51-52.
15 Simon Prop. Group L.P. v. mySimon, Inc., No. IP 99-1195-C H/G, 2001 U.S. Dist. LEXIS 852, *47 (S.D. Ind. Jan. 24, 2001).
16 Kreation Juicery, Inc. v. Shekarchi, No. CV 14-658, 2014 U.S. Dist. LEXIS 180710 (C.D. Cal. Sept. 17, 2014).
17 Id. at *15.
18 Id. at *20.
19 Trademarks and Deceptive Advertising: Surveys, eds. Swann, J.B., and Diamond, S., ABA, 2012, p. 54.
20 Hypnotic Hats v. Wintermantel Enters., No. 1:15-CV-06478 (ALC), 2018 U.S. Dist. LEXIS 168205 (S.D.N.Y. 2018) at *47 n.10.