

Flawed Consumer Survey Wipes Out \$54 Million Verdict in Trademark Infringement Dispute

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by J. Michael Keyes



In trademark infringement cases, consumer survey evidence can be a powerful tool. It can also badly malfunction, as Black & Decker recently experienced. In Black & Decker v. Positec USA, the trial court demolished a \$54 million jury verdict because Plaintiff's case was

constructed upon a hopelessly flawed consumer survey. The trial court's post-trial ruling should act as a cautionary tale to trial counsel and consumer survey experts alike: If you venture from survey designs that are tried & true, you may be feeling black & blue.

This was a garden variety trademark and trade dress infringement dispute. Black & Decker (B&D) sued Positec for selling power tools and accessories that used B&D's "yellow and black" trade dress. As is customary in these types of disputes, B&D retained an expert to conduct consumer surveys, including a "likelihood of confusion" survey that was considered by the jury. The survey participants were shown a photograph of two rows of boxed power tools, which according to Plaintiffs, was taken at Home Depot. All of the products depicted in the photo were Plaintiff's DeWalt products, except one, which was a Rockwell product sold by Defendants. Participants were asked if they believed that all the products were put out by the same company. 47% answered that question in the affirmative. This was the only "evidence" of confusion offered by Plaintiff at trial, which apparently was effective as the jury returned a verdict of \$54 million in favor of B&D.

The Defendant moved for a new trial and the trial court granted it due to the significant flaws in the survey. Here is what doomed the survey and, ultimately, the verdict:

1. Lack of causation. A properly-designed likelihood of confusion survey tests whether the the trademark or trade dress at issue causes confusion. Curiously, B&D's expert said his survey was not designed to test "causality." Rather, it was "observational."

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As the expert explained, his survey showed, “[t]he confusion [that] was caused by the tendency to overlook the obvious”—in other words, the “idea of putting the same packages together and somebody just thinking that they’re the same without looking carefully at them.” It is not clear (at least not to me) what distinction the expert was making here. Regardless, an expert needs to be able to testify that the allegedly infringing trademark or trade dress has caused confusion. That’s the whole point of why consumer surveys are offered in the first place.

2. The expert did not replicate marketplace conditions. In any survey, it is important to show the respondents the goods in a manner that bears some relationship to how consumers would encounter them in the marketplace. The survey expert did not do so here. Instead, he “staged” the placement of these tools together in the photograph without being able to establish that the consumer would encounter them in this side-by-side manner. The survey stimulus is a central aspect of a survey’s validity. The expert and counsel need to nail this down and make sure the selection of the stimulus is as close to bulletproof as possible.
3. No other evidence of actual confusion. B&D’s only evidence of confusion was the expert’s survey. Because that was thrown out, and there was no other evidence of actual confusion, the court found that “there is a high probability that [the expert’s] flawed testimony unfairly influenced the jury’s verdict.”

This case is a good reminder of a few bedrock principles regarding consumer surveys in Lanham Act cases. First, counsel needs to drill down with the expert and make sure that he or she understands that a survey tests causality relative to the claims at issue in the case. Second, don’t build your survey on sand. The expert should follow established methodologies that have been approved and blessed by the courts. Finally, make sure that careful attention is paid to the survey stimulus. The expert needs to be very clear on why the stimulus was chosen and how it represents a reasonable approximation (under the circumstances) of marketplace conditions.

Survey design choices aren’t always black & white, but straying too far from established methods could leave counsel, expert, and client feeling rather blue.