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February 2000

AMERICAN BAR ASSOCIATION'S LITIGATING TRADEMARK, TRADE DRESS SEMINAR
by: **Kent A. Brasseale II & G. Michael Schopmeyer**

As e-commerce and the global economy grow, trademark and trade secret disputes are increasing. It is against this backdrop that the ABA held its first conference on trademark litigation. Panelists reported 2,981 trademark cases were filed in the federal courts last year and 81 went to trial. This area of the law has one of the highest settlement rates. Consequently, very few of 650 federal trial judges across the country have actual experience with a trademark trial.

Panelists confirmed that the remedy typically sought in most trademark cases is an injunction. Rarely, they reported, are damages or attorney's fees awarded. Most judges dislike preliminary injunctions, preferring parties pursue a speedy trial and permanent injunction instead. According to the speakers, Judges do not like it when a large corporation succeeds in obtaining an injunction, and then moves ahead to pursue damages against a smaller infringing company.

"Trade dress," namely the colors, configurations and shapes of a trademark product(s) and packaging, continues being a trademark law battlefield. You may recall, legal trade dress protection was only recently recognized under our trademark laws. Today, we are routinely called for advice in this area. A good portion of this seminar focused on the emerging issues regarding such claims.

"Dilution" claims, another emerging area of trademark practice, also filled this seminar's playbill. Recent cases and statutory enactments have rejected the old trademark law doctrine that the infringing party must be selling a product or service competitive with the trademark owner. Under a "dilution" theory, the owner of a non-competitive product's mark can prevail if that owner's mark has achieved a "distinctive quality" In other words, "Coke" might prevail in preventing a glass company from marketing a "Coke" brand of tableware. As you may guess, this new theory is generating a slew of cases as the circuits are adopting the bright line tests for when "dilution" applies.

The panelists emphasized the recent court interpretations on "likelihood to confuse" in trademark infringement claims, and "functionability" in trade dress infringement cases. According to some panelists, the key piece of evidence is testimony of actual confusion. Others contended objectively prepared surveys denoting confusion are better. Surveys are very expensive, reportedly now running from \$50,000-\$75,000. One speaker reported many companies will do a pilot survey in the range of \$7,000-\$12,000. For survey evidence to withstand cross-examination, a sample set of 200-400 respondents, preferably chosen from at least four (4) sites within the plaintiff's market area may be needed. In some instances, the failure to conduct and introduce survey evidence has been held as a permissible basis to draw negative inference against a plaintiff.

Some other important points are:

- Protective orders are coming under fire. Absent a good trade secret or confidential business information showing, courts are beginning to favor an open courtroom.
- Cyber-squatters (passive owners registering another's trademark as a domain name) are being successfully challenged throughout the country. This is a growing source of trademark disputes.
- It is important to use focus groups to review the appeal and credibility of key witnesses in making choices of who to call to the stand

- The most important depositions are those taken at the start of the case, because they set the tone with the opposing side, and determine whether one's legal arguments are supported by strong or weak evidence. Many times, the parties have never met until this first deposition. We were reminded, settlements are hastened when a "human" face is brought into a case.
- The speaker on alternative dispute resolution ("ADR") procedures, such as mediation and arbitration, came from our Cleveland CLA affiliate. He gave a great presentation on the benefits of ADR, including settlement strategies using gradual name change remedies. He stressed the importance of reducing any agreements to writing before a mediation session is adjourned.
- Of special interest was a unscheduled appearance by the Los Angeles attorney who last month succeeded in a verdict of \$145,000,000 versus Pfizer. The court still had not ruled on attorney fees, lost profits and prejudgment interest, which he says will amount to in excess of an additional \$60,000,000. According to the panelists, this was the largest verdict ever received in a trademark case. He said the secret to his success was based in two parts: (1) adoption of the "Little Train That Could" attitude; and (2) a lady named Mary who gave him, his clients and key witnesses massages throughout the preparation and trial process (only in California). He indicated the trial judge ruled against his client every step of the way. He said he didn't get his opening statement started before Pfizer was objecting. He said he had very little jury experience, but did object sparingly compared to Pfizer. He said he used lots of visuals in his presentation. This 2-month trial took the jury just 3 hours to decide. Interestingly, the jury foreman was a Pfizer shareholder. This 8-person law firm ran a 2-hour mock jury trial some weeks before the actual litigation. Interestingly, that mock jury came back at almost the same figure as the actual jury awarded. Each side used three survey experts for their case. He thought the case turned over evidence discovered denoting that Pfizer had considered dropping the Trovan drug name in dispute, when Pfizer thought Johnson & Johnson had an interest in the trademark. But when Pfizer discovered it was the smaller plaintiff company, it preceded nevertheless. Big and small companies alike should prepare for increased contentiousness in trademark and trade dress cases.