Proving (Or Disproving) Likelihood of Confusion at the Preliminary Injunction Stage

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PI Motions are Important

- Many trademark cases are about the injunction rather than damages
- The outcome of the PI motion often leads to a resolution of the case
- Because irreparable harm is presumed, whether the court believes there is a likelihood of confusion is often the driving factor.

The Plaintiff's Advantage

- Plaintiff has to act fast but not that fast
- Plaintiffs prepare evidence on their timetable and can leave the bad stuff out
- If the marks and goods are similar, many judges are initially inclined to think that an injunction is appropriate

Defendant's Case: Even the Playing Field

- Consider seeking expedited discovery
  - Rule 26(d) allows the court to modify the normal time limitations for "good cause."
  - A request for expedited discovery is hard for the plaintiff to oppose. What's the plaintiff's argument as to why you shouldn't have some opportunity to discover relevant facts?
  - Be targeted with the discovery you seek. Interrogatories and a 30(b)(6) deposition work well

Defendant's Case: Shift the Equities

- Can you counterclaim attacking the plaintiff's registration?
- Can you argue inexcusable delay?
  - Generally, a delay of three months or less is acceptable
  - A delay of more than six months gives the defendant a good argument that there is no irreparable harm
  - There's a great article in the September-October 2009 edition of The Trademark Reporter that catalogs delay cases by circuit. See Sandra Edelman, "Delay in Filing Preliminary Injunction Motions: 2009 Edition," Vol 99 TMR.

Use These Written Materials

- Designed for cutting and pasting (go for it!)
- Good case cites and language
- Evidence checklist for each likelihood of confusion factor

Setting the Stage

- Frame the standard of review in your favor
- Plaintiff:
  - Lanham Act designed to protect marks from "pirates and cheats." Coca-Cola Co. v. Purdy, 382 F.3d 774 (8th Cir. 2004)
- Defendant:
  - PI is an "extraordinary remedy." Calvin Klein Cosmetics, 815 F.2d at 503.
  - Burden is heavy where PI "will give plaintiff substantially the relief it would obtain" after trial. Dakota Indus. v. Ever Best, 944 F.2d 438, 440 (8th Cir. 1991)

Strength of Mark – Plaintiff's Case

- Plaintiff wants to show that the mark has "extensive public recognition and renown"
  - Length of use
  - Products (or dollars) sold
  - Geographic scope
  - Ad dollars
  - Advertising scope/reach
  - Favorable reviews, media coverage and awards
  - Consumer awareness studies
  - Market for collateral goods
  - Minimize third party uses (generally in reply brief)

Strength of Mark – Defendant's Case

- Can you argue the mark or portions of the mark are descriptive?
- Is the mark commercially weak due to third party uses?
  - Trademark searches
  - News stories
  - Internet searches
- Consider expedited discovery if plaintiff's showing is weak or incomplete

Similarity Between Marks

- "Sight, sound and meaning" test
- Plaintiff:
  - Argue the overall impression is highly similar
  - Don't forget similarities in design elements, fonts and colors
- Defendant:
  - Common words do not create a *per se* inference of similarity
  - Any difference can be highlighted and emphasized

Similarity Between Marks

- Emphasize market conditions if it helps you. Use the natural tendency to compare side by side when it doesn't.
- Remember ECF is black and white.

Degree of Competition

The court considers “the extent to which the products differ in content, geographic distribution, market position and audience appeal.” J & B Wholesale, 621 F. Supp. 2d at 686 (D. Minn. 2007).

Degree of Competition: Plaintiff's Case

- Direct competition not required
- "Complementary" products are close enough (like "pancake mix and pancake syrup") J & B Wholesale Distrib. v. Redux, 621 F. Supp. 2d. 679 (D. Minn. 2007)
- Don't forget on-line competition

Degree of Competition: Defendant's Case

- A close relationship is required
- Can you emphasize sales in different locations, to different audiences, through different channels or with different advertising strategies?
- Expedited discovery to explore these differences?

Intent

Evidence of intent to pass off goods "raises an inference of likelihood of confusion." Squirt Co., 628 F.2d at 1091.

Intent: Plaintiff's Case

- Direct evidence at PI stage rare
- Create inference based on knowledge of mark
- "Out of entire universe of contrived terms," defendant chose one like plaintiff's. Advantus Capital Management, 2006 WL 2916840
- Prior relationship helps show intent
- Bolster case with other bad acting

Intent: Defendant's Case

- Knowledge of plaintiff's product and intent to compete is not enough. Luiginos, 170 F.3d at 833
- Affirmatively show your client's good faith
- Tell your adoption story
- Use of disclaimer or house mark?
- Did the defendant do a trademark search or seek legal advice?
- Can you argue that the mark reflects the characteristics of the product?

Degree of Care

- The cases focus on the price of the product and the specialization of the consuming class
- Check for case law that deals with your particular category of goods.

Actual Confusion

- 8th Circuit case law is confusing as to what is persuasive evidence
  - Weight is given to the number and extent of instances of actual confusion. Life Tech., Inc. v. Gibbco Scientific, Inc., 826 F.2d 775, 777 (8th Cir. 1987);
  - In Davis v. Walt Disney Co., 430 F.3d. 901, 904-05 (8th Cir. 2005), the court found that actual confusion weighed in favor of appellants where appellants had evidence from two affidavits showing actual confusion.

Actual Confusion, Cont

- Incidents of confusion have been discounted as *de minimis*
  - Munsingwear, Inc. v. Jockey Int'l, 31 U.S.P.Q.2d 1146, 1151 (D. Minn. 1994) (two letters standing alone are *de minimis* proof of actual confusion); Lasermaster v. Sentinel Imaging, 931 F. Supp. 628, 635 (D. Minn. 1996) (plaintiff's evidence of two instances of actual confusion insufficient to warrant granting a preliminary injunction)
- Inattentiveness
  - Duluth News-Tribune, 84 F.3d at 1098 (evidence of misdirected phone calls and letter constitutes unreliable hearsay, and shows inattentiveness on the part of the caller or sender rather than confusion)

Actual Confusion, Cont.

- Evidence from plaintiff's employees has been rejected as hearsay or lacking foundation
  - Frosty Treats v. Sony Computer Entm't., 426 F.3d 1001, 1009-10 (8th Cir. 2005) (finding testimony from the plaintiff's branch manager that over a period of two years about five to ten people had been actually confused was likely inadmissible hearsay and amounted to no more than a scintilla of evidence)
  - Vitek Systems, 675 F.2d at 193 (seven of plaintiff's employees testified that customers were confused)

Actual Confusion, Cont.

- Inquires as to whether there is a connection between plaintiff and defendant can be discounted because they show that the inquirer understood the entities are distinct
  - Duluth News Tribune, 84 F.3d at 1098 (an inquiry regarding which newspaper a reported worked for was not evidence of confusion)
  - Fisher Stoves, Inc. v. All Nighter Stove Works, 626 F.2d 193, 195 (1st Cir. 1980) (questions about whether companies are affiliated is not evidence of confusion)

Actual Confusion: Plaintiff's Case

- Actual confusion evidence is not necessary
- The absence of actual confusion evidence is not significant if defendant's conduct is new.
  - Advantus Capital Management, 2006 WL 2916840 ("The absence of demonstrated confusion, especially when plaintiff has prudently attempted to forestall it, does not weigh for or against either party on the issue of confusion.")
- "[A] few examples of actual confusion are sufficient to demonstrate that the marks are confusing." U.S. v. Washington Mint LLC, 115 F. Supp. 2d 1089, 1102 (D. Minn. 2000)

Actual Confusion: Plaintiff's Case (cont'd.)

- Avoid hearsay
- External witnesses are better
- Lay foundation
- Check the Internet for confusion evidence

Actual Confusion: Defendant's Case

- There is no probative or admissible evidence of confusion
  - Hearsay/foundation
  - "*de minimis*" (must be an "appreciable number")
  - Inattentiveness
  - Inquiries are not confusion. Duluth News Tribune, 84 F.3d at 1098
  - Plaintiff's own employees are not persuasive
- Court should expect actual confusion evidence after one year of use of the accused mark. Northland Ins. v. Baylock, 115 F. Supp. 2d 1108, 1121-22 (D. Minn. 2000)

"New" D. Minn. Cases

- J & B Wholesale Distributing, Inc. v. Redux Beverages, LLC, 621 F. Supp. 2d 678 (D. Minn. 2007) (Davis, J.)
  - NO NAME mark arbitrary and strong
  - Defendant used same mark with an energy drink
  - Third party uses of NO NAME unrelated to food or drink products entitled to little weight
  - Degree of competition weighed in favor of likelihood of confusion
  - Degree of care weighed in favor of likelihood of confusion
  - Lack of actual confusion was not entitled to significant weight
  - Injunction GRANTED

"New" D. Minn Cases

- MSP Corp. v. Westech Instruments, Inc., 500 F. Supp. 2d 1198 (D. Minn. 2007)(Davis, J.)
  - Plaintiff's marks NGI and NEXT GENERATION for pharmaceutical measuring device suggestive
  - Defendant sought a license agreement from plaintiff before adopting the mark WESTECH NEXT GENERATION. Sales not yet begun.
  - Degree of care and absence of actual confusion weigh in favor of Defendant
  - A "close question," but injunction GRANTED

Questions?

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