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Actual Confusion: The Best Evidence of Likely Confusion?

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Actual Confusion

- It is generally accepted that a party does not need to produce evidence of actual confusion to prove a claim of likelihood of confusion.
- Policy: Trademark owners should not be required to suffer actual harm before obtaining protection.

- The Courts have long recognized that a trademark Plaintiff should not be penalized for acting to protect its rights before it has been damaged by actual confusion.

Lois Sportswear, U.S.A., Inc., 799 F.2d 867, 875 (2d Cir. 1986) (“It would be unfair to penalize appellee for acting to protect its trademark rights before serious damage has occurred.”)

- Evidence of actual confusion remains one of the most important factors in the multi-factor likelihood of confusion test and Courts give such evidence substantial weight.

Resorts of Pinehurst, Inc. v. Pinehurst National Corp., 148 F.3d 417 (4th Cir. 1998).

Actual Confusion

- The challenge for practitioners is determining what kind of actual confusion evidence to present and when and how much evidence is necessary to prove likelihood of confusion.
- Problems with such evidence include:
 - vague
 - unreliable
 - ambiguous
 - de minimis
 - hearsay
- Courts have divergent views on the relevancy and weight given to actual confusion evidence.

Actual Confusion

Some Courts believe evidence of actual confusion compels a finding of likelihood of confusion even in the absence of other proof.

Most Courts view evidence of actual confusion as only one of the factors to be weighed in determining a likelihood of confusion.

Summary of Presentation:

- Identify what types of actual confusion evidence is most relevant to prove likelihood of confusion.
- How much evidence is necessary to support a claim of likelihood of confusion.
- How does the absence of actual confusion evidence impact the likelihood of confusion determination from a defendant's and plaintiff's point of view.

- When is evidence of actual confusion persuasive or harmful to plaintiffs' case.
- Provide some helpful insight/tips to guide practitioners decisions regarding the presentation of actual confusion evidence.

What types of evidence of actual confusion is most relevant and probative?

- I. What types of evidence of actual confusion is most relevant and probative?
 - Evidence of actual confusion is generally shown by:
 - Live testimony by actual or prospective consumers claiming they were confused.
 - Business records showing documented instances of actual confusion.
 - Mistaken purchases.
 - Complaints by consumers that they are confused.

What types of evidence of actual confusion is most relevant and probative?

- Mislabeled or other mistakes by distributors or retailers.
 - Example: Competitors labels or stickers placed on the bottle of the competing product.
- Wrong calls or visits by consumers seeking the others goods.
- Misdirected mail or e-mail.
- Misdirected deliveries.
- Misattribution in newspapers.
- Evidence obtained from the Internet.

What types of evidence of actual confusion is most relevant and probative?

- Evidence purporting to show actual confusion obtained from the Internet.
 - Such evidence is increasingly common but may be denied by the Court because it is not an official record and there is no basis for the credibility of the document without testimony.
 - Safer, Inc. v. Owen Mess Investments, Inc.*, TTAB e FOIA Opposition No. 91176445 (T.T.A.B. Feb. 23, 2010).
 - The Trademark Trial and Appeal Board addressed whether evidence obtained from the Internet including websites, advertising, business publications, and reports and studies were admissible.

What types of evidence of actual confusion is most relevant and probative?

- The Board held that web pages are admissible self authenticating documents if its date of publication or date that it was accessed and printed is indicated on the document.
 - Case dealt with fame but is instructive for trademark owners seeking to rely on evidence obtained from the Internet to show actual confusion.

What types of evidence of actual confusion is most relevant and probative?

- Inquiries about whether the parties are affiliated or connected are not generally by themselves evidence of actual confusion.

What types of evidence of actual confusion is most relevant and probative?

- Questions about an affiliation or connection can indicate a distinction in the mind of consumers rather than confusion.

Duluth News-Tribune v. Mesabi Publication Company, 84 F.3d 1093 (8th Cir. 1996)

- In *Duluth News*, Plaintiff circulated the newspaper under the name *Duluth News-Tribune*.
- Defendant began circulating a Saturday newspaper titled *Saturday Daily News Tribune*.

What types of evidence of actual confusion is most relevant and probative?

- Plaintiff sued for trademark infringement claiming the following incidents of actual confusion:
 - Plaintiff's receipt of Defendant's mail and phone calls.
 - A reporter who alleged he routinely identified himself as working for the News Tribune and that on a particular occasion he was asked "which News Tribune?"

What types of evidence of actual confusion is most relevant and probative?

- Plaintiff's receipt of phone calls asking whether the two newspapers are associated.
- Plaintiff's receipt of a subscription for the Defendant's newspaper.
- Plaintiff's receipt of a reader's letter proposing corrections to an article that appeared in defendant's paper.

What types of evidence of actual confusion is most relevant and probative?

- The 8th Circuit Court of Appeals noted that the question to the reporter who was asked to specify which News Tribune he worked for indicated a distinction in the mind of the questioner rather than confusion.

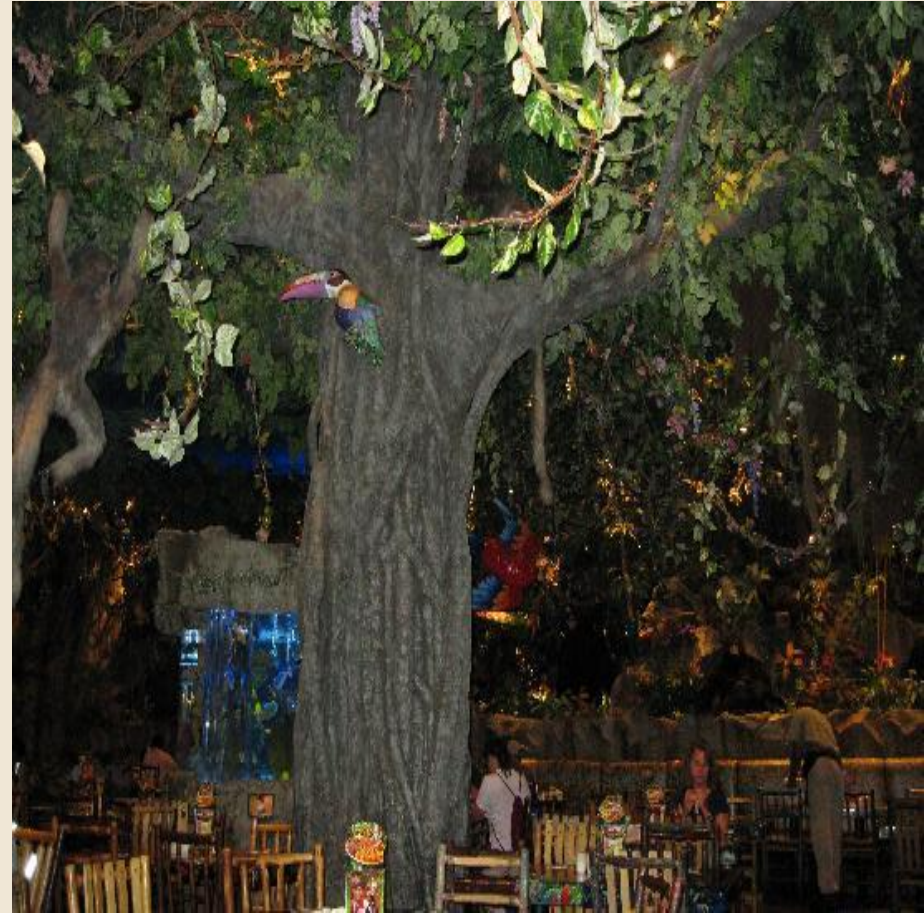
What types of evidence of actual confusion is most relevant and probative?

- The Court noted that the nature of the question itself demonstrates an understanding that at least two newspapers contained the words “News” and “Tribune”.
- The inquiry itself reflects an absence of confusion.
- Inquiries are generally given less weight than confusion in the context of a purchase.

What types of evidence of actual confusion is most relevant and probative?

- The Court has distinguished the holding in *Duluth News-Tribune* finding that consumer inquiries in cases of reverse confusion are relevant and admissible particularly when consumers inquire to the senior user as to whether it was affiliated or connected with the junior user.
- *Rainforest Café, Inc. v. Amazon, Inc.* 86 F. Supp. 2d 886, 901-903 (D.Minn. 1999).

What types of evidence of actual confusion is most relevant and probative?



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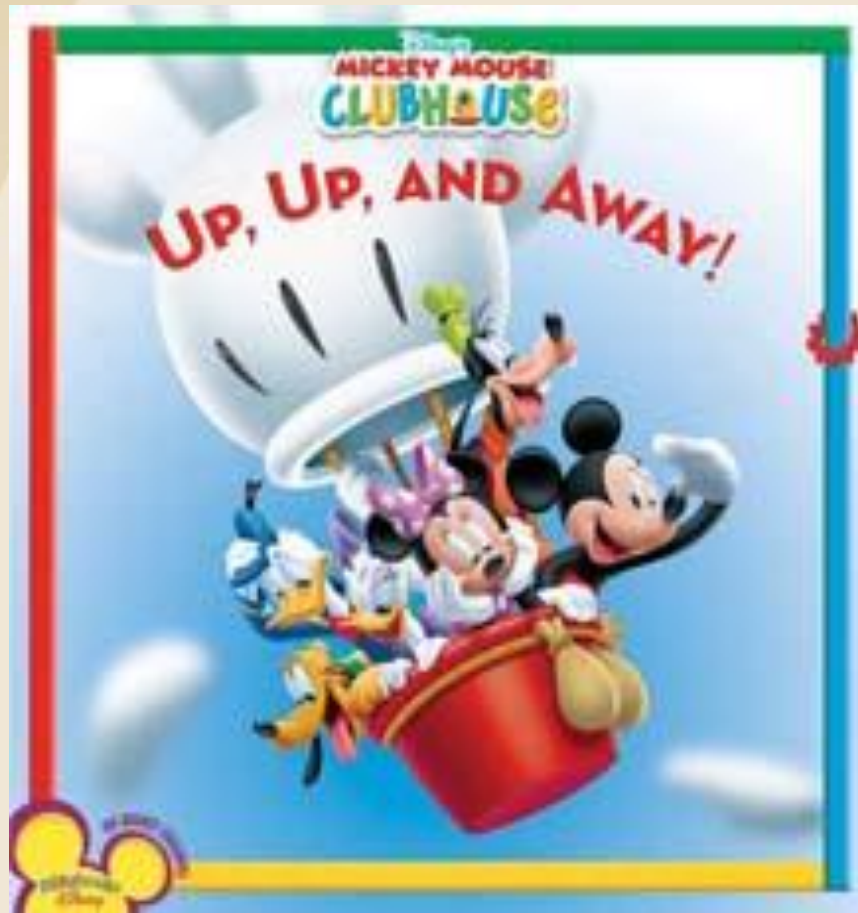
- Other types of purported instances of actual confusion receive little weight.
 - Temporary or fleeting instances of confusion are generally not given much weight.
 - Linguistic or spelling error.
 - misspellings of a muppet character named spam do not indicate source confusion with hormel spam.
 - misdirected telephone calls when there is only a single listing.

What types of evidence of actual confusion is most relevant and probative?

- Note: Relevant consumers must be confused:
 - Most Courts give greater weight to purchasers and potential purchasers for point of sale confusion.
 - Family members and friends that are not confused make bad witnesses for actual confusion.

What types of evidence of actual confusion is most relevant and probative?

Davis v. Walt Disney Co. 430 F.3d 901, 904-905 (8th Cir. 2005).



What types of evidence of actual confusion is most relevant and probative?

- Confusion of professional buyers serves as strong evidence that the average consumer is likely to be confused.

What types of evidence of actual confusion is most relevant and probative?

Kemp v. Bumble Bee Seafoods, Inc., 398 F. 3d 1049, 1057-1058 (8th Cir. 2005)



What types of evidence of actual confusion is most relevant and probative?

- Evidence of confusion to the general public is required for post sale confusion and harm to reputation.
- Note: The problem of hearsay
 - Evidence submitted by Plaintiff's employees such as misdirected calls and letters may be subject to hearsay objections.

What types of evidence of actual confusion is most relevant and probative?

Duluth News-Tribune v. Mesabi Publication Company,
84 F.3d 1093 (8th Cir. 1996)

- Employees of Duluth News testified regarding misdirected phone calls and mail.
- The 8th Circuit Court held that such testimony was hearsay given the lack of opportunity to cross examine the caller or sender regarding the reason for the confusion

What types of evidence of actual confusion is most relevant and probative?

- Most Courts find testimony of Plaintiff's employees does not constitute hearsay because it is not offered to prove affiliation or connection of the parties but only the confused state of mind of the consumer.
 - e.g. the consumer thought the businesses were the same

How much evidence of actual confusion is necessary?

II. How much evidence of actual confusion is necessary?

- Practitioners should be cautious to avoid a false sense of security because there is no absolute scale as to how many instances of actual confusion is sufficient.
- As a general rule, the more instances of actual confusion, the more likelihood consumers are confused.

How much evidence of actual confusion is necessary?

- On the one hand evidence of a small number of circumstances of actual confusion is often considered de minimis.

Therma-Scan, Inc. v. Thermoscan, Inc., 295 F.3d 623 (6th Cir. 2002).

- Therma-Scan presented evidence of actual confusion consisting of six misdirected emails received in the last 2 out of 10 years

How much evidence of actual confusion is necessary?

- The Court stated that the 6 e-mails were de minimis in light of 3.2 million products sold during that period.
- The Court further observed that the misdirected e-mails were explained by inattentive or careless consumers.

How much evidence of actual confusion is necessary?

- In contrast, fewer instances of actual confusion are necessary when the product is inexpensive because consumers are less likely to complain.

How much evidence of actual confusion is necessary?

- *Beer Nuts v. Clover Club Foods Co.*, 805 F. 2d 920, 231 U.S.P.Q. 913 (10th Cir. 1986).



-Beer Nuts sued Clover Club alleging trademark infringement of its BEER NUTS trademark by Clover Club's use of the mark BREW NUTS.

-The District Court found that there was no likelihood of confusion because the BEER NUTS and BREW NUTS trademarks were not similar in appearance and the meaning of the word BREW is broader than the word BEER and the Clover Club trademark appears on the BREW NUTS package.

How much evidence of actual confusion is necessary?

-On appeal the Tenth Circuit Court of Appeals noted that the District Court incorrectly concluded that Beer Nuts presented no evidence of actual confusion which supported the conclusion that confusion about the source of Brew Nuts was unlikely.

-The Court stated that the products were inexpensive and therefore it would be exceedingly difficult to detect instances of actual confusion and purchasers were unlikely to bother to inform the trademark owner.

How does the absence of actual confusion impact likelihood of confusion?

- No instances of actual confusion needed when products are inexpensive.

Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc., 457 F.3d 1062, 1077 (9th Cir. 2006).

How does the absence of actual confusion impact likelihood of confusion?

-Au-Tomotive Gold, Inc. produced and sold license plates, license plate frames, and key chains containing the Volkswagen and Audi word marks and logos.

-Au-Tomotive Gold filed a Declaratory Judgment Complaint seeking a declaration that its use of Audi and Volkswagen license plates and key chains did not constitute trademark infringement.

-Volkswagen and Audi filed counterclaims and the District Court found that the Au-Tomotive use of Audi and Volkswagen did not create a likelihood of confusion in part because there was no evidence of actual confusion.

How does the absence of actual confusion impact likelihood of confusion?

- On appeal the 9th Circuit Court of Appeals noted that Volkswagen and Audi offered no evidence of actual confusion.
- In response the Court stated that the lack of actual confusion is not particularly noteworthy in part because the class of products sold by Au-Tomotive Gold are relatively inexpensive and unsophisticated and do not require a great deal of precision and care to fulfill their purpose.

How much evidence of actual confusion is necessary?

- The following factors should be considered when determining how much evidence of actual confusion is needed to support a claim of likelihood of confusion:
 - Evaluate the total number of consumer transactions. The smaller the number of incidents of confusion in relation to the number of transactions generally means the evidence is weak.

How much evidence of actual confusion is necessary?

- Consider the duration and the extent of the co-existence between the parties. More evidence may be required when the parties have co-existed for a long time in the same market.
- Determine the ability of consumers to report confusion. Consumers are less likely to report confusion when the products are inexpensive. In many instances consumers will not report the confusion and will instead avoid the brand.

How much evidence of actual confusion is necessary?

- Consider the stage of the proceedings. If the plaintiff is seeking a Temporary Restraining Order, the plaintiff may not have the opportunity to obtain evidence of actual confusion.
- Evaluate the quality of the evidence and what inferences can be drawn from the other likelihood of confusion factors.

How does the absence of actual confusion impact likelihood of confusion?

- III. How does the absence of actual confusion impact likelihood of confusion?
- Defendants will argue that the lack or absence of evidence of actual confusion means there is no likelihood of confusion.
 - Generally an absence of evidence of actual confusion does not necessarily prevent a finding of likelihood of confusion.
 - In order for the absence of actual confusion to be significant, there must have been an opportunity for it to occur.

How does the absence of actual confusion impact likelihood of confusion?

- The defendant should determine if there has been significant use of the marks in the same geographic area for a substantial period of time without actual confusion.
 - Courts generally consider the parties' volume of transactions and advertising.
- The following are cases where no likelihood of confusion was found when limited or no evidence of actual confusion was presented.

How does the absence of actual confusion impact likelihood of confusion?

Scotch Whiskey Association v. Majestic Distilling Co., 958 F.2d 594 (4th Cir. 1992).

- No instances of actual confusion and twenty-five years of co-existence and millions in sales.

Lever Bros. Co. v. Am. Bakeries Co., 693 F.2d 251 (2d Cir. 1982).

- No actual confusion and 63 million in combined sales and co-existence for three years.

How does the absence of actual confusion impact likelihood of confusion?

Am. Standard, Inc. v. Scott Fetzer & Co., 200 U.S.P.Q. 457, 462 (T.T.A.B. 1978).

- No actual confusion and two years of co-existence and .5 million in sales.

How does the absence of actual confusion impact likelihood of confusion?

- Other cases where some instances of actual confusion were presented resulting in no likelihood of confusion.

Sun Banks of Fla., Inc. v. Sun Fed. Sav. & Loan Association, 651 F2d. 311 (5th Cir. 1981).

- Less than 15 instances of confusion and three years of substantial transactions and advertising.

How does the absence of actual confusion impact likelihood of confusion?

George & Co. v. Imagination Entertainment Ltd., 575 F.3d 383, 399, 91 U.S.P.Q. 2d 1786 (4th Cir. 2009).

- Four instances of confusion held de minimis in light of 500,000 units sold annually.

How does the absence of actual confusion impact likelihood of confusion?

- From the Defendant's point of view, the absence of actual confusion is significant if:
 - The parties have co-existed a long time and Defendant has large volume of sales.
 - The other confusion factors are weak such as similarity of the marks.
 - The Court may expect more instances of actual confusion given the length of time the parties have co-existed in the same market.

How does the absence of actual confusion impact likelihood of confusion?

- From the Plaintiff's point of view, the absence of actual confusion may be fatal in some instances or otherwise explained as follows:
 - Low volume of sales by both parties.
 - There is little time during which actual confusion may have occurred.
 - Evidence of actual confusion may not have been communicated to the trademark owner. For example, a retailer who hears of confusion may not inform the trademark owner that supplies the goods.

How does the absence of actual confusion impact likelihood of confusion?

- The absence of confusion may be explained when the marks have been used in different markets or geographical remote areas.
- The product cannot be meaningfully inspected by consumers.

How does the absence of actual confusion impact likelihood of confusion?

- Impact of absence of actual confusion in responding to registration refusals at the Trademark Office and Ex Parte Appeals.
 - Self serving declarations by the trademark owner that they know of no actual confusion is generally of limited value since they are not subject to scrutiny.
 - In some limited instances the Trademark Trial and Appeal Board has found that certain facts may support a finding that the absence of actual confusion is probative of no likelihood of confusion.

How does the absence of actual confusion impact likelihood of confusion?

In re Association of the United States Army, 85 U.S.P.Q. 2d 1264 (T.T.A.B. 2007).

- The applicant submitted a declaration that it had co-existed with or interacted with the owner of the cited registered mark for over 50 years without any instances of actual confusion and that during that time applicant's headquarters and the owner of the registered marks were located in Washington D.C.
- The Trademark Trial and Appeal Board held that the evidence of long concurrent use of the marks in the same geographic area was sufficient to establish the absence of evidence of lack confusion was significant and entitled to some weight in the Board's likelihood of confusion analysis.

When is actual confusion evidence persuasive vs. harmful?

IV. When is actual confusion evidence persuasive vs. harmful?

Actual Confusion or Survey Evidence and Injunction
(n=126)

	Actual Confusion or Survey Evidence Presented		
Injunction Granted?	All	No	Yes
No	50.0%	57.4%	44.4%
Yes	50.0%	42.6%	55.6%
	100.0%	100.0%	100.0%

When is actual confusion evidence persuasive vs. harmful?

- Table 1 shows the association between the presentation of actual confusion/survey evidence and whether the Court issued an injunction.
- The study showed that 50% of the cases reviewed were granted an injunction.
- When actual confusion evidence was presented, injunctions were granted in 55.6% of the cases.
- When no actual confusion evidence was presented only 42.6% of the cases were granted an injunction.

When is actual confusion evidence persuasive vs. harmful?

- The overall results showed little statistical significance.
- The study went on to further examine and identify the key factors of actual confusion evidence that supported an injunction.

When is actual confusion evidence persuasive vs. harmful?

Actual Confusion Evidence and Injunction (n=126)

	Actual Confusion Evidence		
Injunction Granted?	None	Marginal	Meaningful
No	57.1%	70.0%	25.0%
Yes	42.9%	30.0%	75.0%
	100.0%	100.0%	100.0%

When is actual confusion evidence persuasive vs. harmful?

- Table 2 focuses on incidents of actual confusion and injunction outcomes.
- The study showed that injunctions were granted in 75% of the cases when plaintiff presented meaningful, substantial, and reliable evidence of actual confusion of at least five or more incidents by parties disinterested in the outcome (not plaintiff's employee or relative).
- Only 42.9% of the cases issued an injunction when no evidence of actual confusion was presented.
- Only 30% of the cases issued an injunction when marginal evidence was presented.

When is actual confusion evidence persuasive vs. harmful?

- Marginal evidence was described as evidence that is weak in magnitude or quality.
- Such evidence was characterized by poor witness testimony, lack of credibility, and witnesses that were not from the relevant class of consumers.

Tips and guidelines for proving actual confusion

- V. Tips and guidelines for proving actual confusion.
- The presentation of unreliable evidence of actual confusion weakens the plaintiff's case. If the evidence for actual confusion is weak, plaintiff's should consider not using it because it may do more harm than good.
 - Weak evidence sends a message to the Court that the plaintiff's case is weak. The Court could conclude that more reliable evidence was not available.

Tips and guidelines for proving actual confusion

- Evaluate the number of instances of actual confusion along with the kind of persons confused and the degree of confusion.
 - incidents involving actual or potential purchasers will likely receive greater weight
- Meaningful evidence of actual confusion and survey evidence are more important in cases involving dissimilar marks or unrelated goods and services.

Tips and guidelines for proving actual confusion

- Consider the duration and extent of the co-existence between the parties, the longer the parties have co-existed without many instances of confusion the weaker the evidence.

Tips and guidelines for proving actual confusion

- From the defendant's perspective, actual confusion evidence should be attacked as de minimis or evidencing mistake or carelessness. The defendant should also highlight any significant periods of time or places where actual confusion should have appeared but did not.
- If the impact of losing a case is significant, the plaintiff's should consider using actual confusion evidence if available and a survey in most instances.



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