

AN IN-DEPTH EXAMINATION OF TRADEMARK LITIGATION STRATEGIES

AND SPORT BRANDS

A Dissertation

by

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ABSTRACT

The right for trademark owners to pursue litigation against those who may infringe upon or dilute their trademark is vital, as intellectual property rights provide a major source of revenue for the sport industry. Any unauthorized uses of a brand's trademark has the potential to confuse consumers as to the source of the goods/service or dilute the brand's equity, which could result in loss of revenue for the trademark owner. Creating and protecting a brand's trademarks falls on marketers and trademark lawyers, and multiple studies have highlighted the significance of the relationship between brand management and trademark law. Legal developments impact marketing strategies, which in turn, lead to innovations in marketing research that influence how the courts apply legal protections. To protect a brand from trademark infringement and dilution, litigation is an important strategy. However, litigation is expensive and lawyers typically do not have the requisite statistical training to enable the development of optimal strategies. Therefore, the overall aim of this dissertation is to provide an in-depth examination of the trademark protection strategies by sport brands, to further inform best practices regarding trademark litigation.

The purpose of the first study is to provide guidance to sport brands regarding trademark enforcement and protection. The study identifies the different trademark litigation strategies utilized by adidas and Converse, and the subsequent results from each. The second study is quantitative and analyzes adidas' legal strategy for protecting its brand from potential trademark infringement through the outcomes of its trademark

litigation cases. The third study is also quantitative, employing binary logistic regression to examine the use of consumer surveys in trademark litigation. These studies build upon each other, by showing multiple litigation strategies and providing probabilities of favorable outcomes based on certain variables. This research extends previous studies by using predictive quantitative analyses for trademark litigation in sport brands, and further examining the use of consumer survey in trademark infringement and trademark dilution litigation.

DEDICATION

I would like to dedicate this dissertation to my Nanny, Bonnie Johnson. You're my heart.

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The biggest of shout-outs to my husband, Eric Brown. There is something to be said for finding the other piece of your soul, and I'm so grateful we found each other. While you are not quite as funny as me, you still make me laugh all the time and I love every day with you. Thank you for always having the wine ready along with a hug. I love you.

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CHAPTER I

INTRODUCTION

Brands and trademarks are an essential part of a sport organization, as the trademark represents and distinguishes the brand. A trademark plays an important role for companies, as it is a major, valuable asset (Sichel, 2017). Consumers can use these trademarks to identify the brand and associate trademarks with the level of quality the brand produces. The right for trademark owners to pursue litigation against those who may infringe upon their mark is vital, as intellectual property rights provide a major source of revenue for the sport industry. Any products or services that come onto the market and have the potential to confuse consumers as to the source of the goods/service could result in loss of revenue for the trademark owner. This is why it is important for sport brands to take note of litigation trends, and even the use of survey evidence to provide proof consumers are confused by infringing marks, or that their brand is potentially being diluted by the offending mark.

Trademarks lie at the heart of branding, which is critical in the sport business world. Therefore, the overall aim of this dissertation is to provide an in-depth examination of the trademark protection strategies by sport brands. This chapter introduces the background to the research based on the legal aspects of marketing with a focus on trademarks and branding, as laying the foundation of the intersection between law and marketing is essential in understanding how to best protect a brand from infringement and dilution.

As an introduction, Chapter 1 broadly examines trademark law, branding, and brand management, as well as the intersection between trademark law and marketing. This chapter provides justification of the significance of the research, as well as identifying the gaps within the literature. The specific research objectives delineate the focus and scope of this dissertation. Finally, Chapter 1 concludes with a summary of the subsequent chapters in the dissertation.

Background to the Research

Trademark Infringement

From a legal perspective, a “trademark is a brand or part of a brand that is given protection because it is capable of exclusive appropriation” (Levy & Rook, 1981 p.144). The Federal Trademark Act of 1946 (“Lanham Act”) prohibits the unauthorized use of a registered trademark. The Lanham Act was established to protect consumers from deceitful products and protect businesses from unfair competition (Cohen, 1991). This unauthorized use is known as “infringement” and section 1114 of the Lanham Act, permits an owner of a federally registered trademark to bring a trademark infringement action when another person uses in commerce any reproduction, counterfeit, copy or colorable imitation of a registered mark in conjunction with the sale, offering for sale, distribution or advertising of any goods or services on or in connection with which such use is likely to cause confusion or to cause mistake, or to deceive (15 U.S.C. § 1114(1)(a) (2005)).

Trademark law is based on the premise that imitation strategies may confuse consumers and cause them to purchase products and services they do not intend to

purchase (Foxman, Mueling & Berger, 1990). The main issue in trademark infringement is the likelihood of consumer confusion as to the source of the mark. Trademarks allow those who are exposed to the mark in the commerce to learn the goods or services bearing the specific mark emanate from a single source, which means the trademark has acquired secondary meaning (Loken, Ross, & Hinkle, 1986). Similarities between marks may result in the misattribution of the source of origin or identify by the consumer. Thus, the Lanham Act provides trademark owners protection from imitation products or look-a-like marks that may cause consumers to mistake the original mark with the similar or knock-off mark.

Consumer Confusion

As previously discussed, the rudimentary issue regarding trademark confusion centers on consumer confusion (Miaoulis & D'Amato, 1978). The doctrine of likelihood of confusion in trademark law accommodates a legal notion that the schematic association between a trademark and goods or services designated by the mark is the central value of the mark (Cho & Moorman, 2014). This psychological link is presumed to influence consumers' repeated purchases of some goods or services based on their positive consumption experience and/or in response to other marketing efforts conducted by the mark's owner. Therefore, if this association is somewhat disrupted by another deceptively similar mark or other allegedly infringing activities, it would devalue the core function of the trademark and consumer confusion would likely ensue (Manta, 2007).

To prevail in a trademark infringement case, the complaining party must establish that it holds a valid trademark, the defendants used the offending mark in commerce in connection with the sale or advertising of any goods, and the defendant used the mark in a manner that is likely to cause consumer confusion (Arthur, 2014). Miaoulis and D'Amato (1978) provided basic premises and judicial guidelines centering on consumer confusion in trademark infringement cases:

- 1) The court has assumed the consumer does not have the time or desire to examine a trademark in detail;
- 2) While it is assumed the unwary customer has the brand image stored in his memory, there is no assumption that a side-by-side comparison is readily available or that he would even be aware of the defendant's mark;
- 3) The court assumes the buyer is not likely to thoroughly examine the marks with a great deal of care, therefore, the first impression of the mark is important.

These guidelines are limited and do not provide a clear definition of what constitutes consumer confusion; however, there has been a growing tendency for courts to allow the use of consumer surveys to measure the likelihood of confusion between trademarks. Trademark law allows some social science information to be introduced that examines the state of mind of consumers in trademark litigation such as anecdotal evidence (Wheble, 2009), experimental data (Lipton, 1987), and consumer survey evidence (Jones, 1989). The consumer survey evidence is the most widely used and accepted form of social science methodology in the field because it can measure the state of mind of a consumer more efficiently and can be more cost-effective for the company (Cho &

Moorman, 2014). Survey evidence is typically introduced in conjunction with an expert, as the expert will be able to testify to the validity of the methodology and will make inferences based on the results of the survey. McGeveran and McKenna (2013) noted while there is no absolute quantitative threshold for determining what level of confusion is actionable, many court decisions have been based on surveys showing 15% confusion or less. However, this number has varied based on the circuit and the case at hand.

Trademark Dilution

While the Lanham Act protects consumers from confusion, there was no provision in the Act to protect the value of a trademark from being diluted due to unauthorized use (Peterson et al., 1999). The Federal Trademark Dilution Act of 1995 (FTDA) is an amendment to the Lanham Act, and it details dilution, provides potential dilution remedies, presents factors used in determining whether a trademark is distinctive or famous, and specifies uses of a famous trademark that are not subject to the FTDA (Peterson et al. 1999). The FTDA is clear that trademark dilution differs from trademark infringement. The latter requires establishing a likelihood of consumer “confusion, mistake or deception” regarding the source, affiliation or sponsorship of the products or services (Morrin & Jacoby, 2000). Trademark dilution requires no such demonstration. In instances of trademark dilution, consumer “confusion, mistake or deception” can be, but need not be, present. Thus, even if consumers are fully aware that, though they bear the same mark, two different goods or services come from two different and completely independent sources (i.e., consumers are not confused), a case still can be made that the mark has been diluted (Morrin & Jacoby, 2000).

Trademark dilution is essentially the reduction in brand equity (Magid et al., 2006; Simonson, 1993). Two forms of reduction in brand equity potentially caused by dilutive use of a trademark were conceptualized by Simonson (1993). The first, blurring, occurs when psychological associations between a senior mark and its products are weakened by a junior mark so that consumers have a harder time activating and retrieving their memory associations that link the senior mark to its typical product category (Simonson, 1993). This dilution reduces the brand power in terms of the brand awareness in Keller's (1993) model (Cho, 2015). The second form of brand equity reduction due to dilutive uses is tarnishment, which is related to brand image (Magid et al. 2006). Evaluative dilution refers to the harmful effects a noncompeting junior mark may have on a senior mark. If the junior mark's product is incongruent with the senior mark, consumers may develop negative feelings towards the senior brand (Simonson, 1993), thus effecting the brand's equity and value.

Brand Image and Brand Equity

Keller (1993) defined brand image as a consumer's observations about a brand that are linked to brand associations preserved in the consumer's memory. These brand images influence consumer buying behavior and help build long-lasting brand equity with consumers (Aaker & Keller, 1990). These positive brand associations allow consumers to distinguish the product from competing brands (Faircloth, Capella, & Alford, 2001). A brand seeks to deliver a favorable image that designates a source of goods; when it satisfies the legal standard, it is recognized as a trademark (Cho, 2015). The strategic implications of brands cannot be overstated, as these branding strategies

are typically made at the highest level of a firm (Peterson et al., 1999). Trademarks can provide companies with a competitive advantage and help increase revenue streams, as the product or service can have a unique association that differentiates it from other products (Keller, 1998).

Aaker (1991) defines brand equity as a set of brand assets and liabilities linked to a brand's name or symbol that add or subtract value to a product or service or for a consumer. These categories are: (1) brand awareness; (2) perceived quality; (3) brand associations; and (4) brand loyalty. Keller (1993) took a more consumer behavior perspective to brand equity. The author defined customer-based brand equity as the differential effect that brand knowledge has on the consumer or customer response to the marketing of that brand. With this definition, a brand is said to have positive customer-based brand equity when consumers react more favorably to a product when the brand is identified, as compared to a fictitious named or unnamed version of the product (Wits & Wensley, 2002). According to Keller (1993), the structure and elements of brand knowledge that eventually creates customer-based brand equity consists of cognitive, schematic, and attitudinal valences that compositely form psychological configurations of a brand. Brand knowledge is defined in terms of brand awareness and brand image, and Keller (1993) conceptualizes brand knowledge according to the characteristics and relationships of brand associations. Well-identified brand knowledge may influence consumer's brand choices and enhance their positive consumption experience (Cho, 2015).

Much of the recent marketing and branding literature examines confusion surrounding trademarks by surveying consumers about their knowledge and perceptions of the brand. This allows brand managers to understand and assess the financial value consumers attach to a certain brand. According to Cho (2015), brand knowledge has financial value because, as previously mentioned, the higher the level of identification or knowledge of a brand, the more likely consumers are to repeat purchases and associate positive experiences with the brand. Thus, an identical, substantially similar, or unsavory mark could threaten the association consumers make with the mark, creating a potential decline in brand equity.

Brand Management and Trademark Law

Multiple studies have highlighted the significance of the relationship between brand management and trademark law (Cho, 2015; Cho & Moorman, 2014; George, 2005; Ohm, 2013; Le Peru, 2004). Bennett (1995) defines a brand as a “name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers” (p.27). A firm’s brands are among its most valuable assets and frequently transcend its tangible assets (Drescher, 1992). A substantial amount of resources must be consumed to build a strong mark that can accurately designate the source of products and effectively conveys a desirable image (Aaker, 1991). This branding, which can come in the form of a trademark, allows consumers to identify products more easily and create a consistency in purchasing.

Branding allows companies to distinguish themselves from their competition and protects both the consumer and producer from competitors’ products that appear to be

similar or identical (Aaker, 1991). A strong brand is one that is composed of “identifiable, enduring and meaningful” components (Wallace, Wilson, & Miloch, 2011, p. 426); moreover, consumers are increasingly able to identify specific products and services simply by their logo (Clement, 2002). Brands and trademarks are virtually synonymous, and what marketers terms brands, lawyers term trademarks. The difference between the terms is in the wording each use; lawyers use “distinguish” to identify the brand while marketers use “differentiation” to represent a brand’s real or perceived uniqueness (Steckel, Klein, & Schussheim (2006). Marketers are concerned with creating, maximizing, maintaining, and/or leveraging brand equity; lawyers are concerned with obtaining and defending trademarks (Peterson, Smith & Zerillo, 1999). Aaker (1991) noted building a strong mark that accurately designates the source of products and effectively conveys a desirable image requires a significant resource investment. Trademark owners may lose the incentive to maintain the high quality of their products if “free-loaders” are able to easily use the intellectual property without authorization (Cho, 2015).

The Intersection of Trademark Law and Marketing

While trademark law views trademarks and brands as synonymous, Desai (2012) contends brand scholarship and practice recognize this is not necessarily the case. Brands are regulated by trademark law, even though trademarks are essentially a subset of brands. Marketing literature discusses the formation of the brand image and trademark, which allow consumers to identify with and build brand equity with that product or service. Once consumers have established a firm preference for a brand, they

use the trademark to short-circuit the search process (Miaoulis and D'Amato, 1978). This may make them more easily misled by imitations because less time and attention are devoted to the purchase. Desai (2012) notes trademark law only recognizes the economic function, while the overall branding strategy is to build a connection with consumers, so the consumer will look beyond price when making a purchase decision.

Consumer confusion and brand confusion have been investigated in the marketing literature throughout the years. Trademark infringement litigation enforced research efforts concerning the physical similarity of original brand and me-too products (c.f., Miaoulis & D'Amato 1978; Loken, Ross & Hinkle 1986; Foxman, Muehling & Berger 1990; Kapferer 1995). Because consumers transfer attributes from the original brand to similar imitational products, manufacturers of original products should have a strong interest to restrain imitators (Schweizer, Kotouc, & Wagner, 2006). The research process enabled the judges to settle disputes of manufacturers in courtrooms. While research on brand confusion exclusively focuses on the physical similarity of products, research on consumer confusion extends this research interest by capturing the store environments multi-dimensionality.

Significance of the Research and Structure

Trademarks carry legal weight in terms of representing a brand and protects specific aspects of the brand. Brands should federally register their trademarks, as they are then provided exclusive rights to prevent others from marketing products with the same or confusingly similar mark. By creating a unique mark, a brand can secure investment in marketing efforts and the mark helps promote loyalty with consumers. The

mark also creates a reputation for their brand, provides an image representative of their company, and offers coverage in relevant markets in which the business operates (WIPO, 2017). The importance of trademarks to brands and how to best protect the marks is discussed throughout each section of this dissertation. Marketers and trademark lawyers should work in conjunction with each other to create a unique mark that can also be protected by the brand.

The importance of this dissertation provides academics and practitioners with knowledge on best strategies for protecting their brands and trademarks. The purpose of the first study is to provide guidance to sport brands regarding trademark enforcement and protection. The study identifies the different trademark litigation strategies utilized by adidas and Converse, and the subsequent results resulting from each. The second study is quantitative and analyzes adidas' legal strategy for protecting its brand from potential trademark infringement through the outcomes of its trademark litigation cases. The third study is also quantitative and examines the use of consumer surveys in trademark litigation. These studies build upon each other, by showing multiple litigation strategies and providing probabilities of favorable outcomes based on certain variables. This research extends previous studies by using predictive quantitative analyses for trademark litigation in sport brands, and further examining the use of consumer survey in trademark infringement and trademark dilution litigation. Figure 1 conceptualizes the flow of the chapters in a diagrammatic form.

Figure 1.1: Framework of Discussion

Chapter I	Introduction Background of the research. Significance of the research.
Chapter II	Study I - A Tale of Two Trademarks An analysis of the trademark protection strategies of adidas and Converse.
Chapter III	Study II - Think like adidas A quantitative analysis of adidas' legal strategy for protecting its brand from potential trademark infringement through outcomes of its trademark litigation cases.
Chapter IV	Study III - Survey Use in Trademark Litigation Quantitative study that examines the use and treatment of consumer surveys in trademark infringement and dilution cases.
Chapter V	Conclusion Implications of results and recommendations for marketing and brand managers and academic researchers. Limitations of the research. Future research.

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CHAPTER II

A TALE OF TWO TRADEMARKS: A US ANALYSIS OF THE PROTECTION

STRATEGIES OF ADIDAS AND CONVERSE

Overview

Each day consumers are presented with numerous advertisements and marketing communications regarding goods and services. To break through the clutter, strong brands must have products and services that are distinguishable to consumers. Unfortunately, as brands seek to become more identifiable, they may be confronted with competing products that will use similar names, packaging or slogans to influence consumer purchase decisions. One of the best strategies to combat unfair marketing tactics by competitors is through the registration and protection of a trademark.

Recently, adidas and Converse have been characterized as being aggressive in their trademark protection strategies. Using these companies as a foundation, the purpose of this article is to provide guidance to sport brands regarding trademark enforcement and protection. First, the authors discuss the history of adidas and Converse and their approaches to trademark protection. Next, the strategies of these companies are compared and contrasted. Lastly, the authors provide recommendations to sport brands regarding best trademark protection practices.

Introduction

Branding allows companies to distinguish themselves from their competition and protects both the consumer and producer from competitors' products that appear to be similar or identical (D. A. Aaker, 1992). A strong brand is composed of "identifiable, enduring and meaningful" components (Wallace, Wilson, & Miloch, 2011), and consumers are increasingly able to discern products and services simply by their logo (Clement, 2002). With this in mind, a brand seeks to deliver a favorable image that designates a source of goods; when it satisfies the legal standard, it is recognized as a trademark (Cho, 2015). A trademark identifies a company's goods or services through a name, word, symbol, device, or any combination thereof. Trademarks can be a slogan, such as "Just Do It" from Nike, a paw-print design by New Millennium, or the Three-Stripe mark associated with adidas apparel. If an individual or company uses a sport brand's trademark without their permission, there may be a valid claim for trademark infringement.

Undoubtedly, the market is saturated with sport goods and services, which makes obtaining a trademark essential for brand development, management, and protection. Specifically, trademarks provide companies with a competitive advantage and help increase revenue streams, as the product or service has a unique association differentiating it from other products (Peterson, Smith & Zerillo, 1999). Multiple sport companies have pursued legal action against competitors to protect their trademarks, but the term 'trademark bullying' has surfaced during certain litigation. Trademark bullying occurs when a trademark owner harasses or intimidates another business beyond a

reasonable scope allowed by the law (Sullivan & Curran, 2015). High volume plaintiffs, or trademark bullies, are considered brands who file at least 10 cases per year (Brachmann, 2016). Adidas has averaged at least 9 filings per year over the past decade, which is considered aggressive compared to other sport brands.

While adidas has been under fire for actively filing lawsuits against competitors, for years Converse utilized a cease-and-desist letter approach rather than pursuing litigation. The two strategies are in stark contrast and offer interesting analyses, as protecting intellectual property rights can be an expensive, yet necessary expenditure (USDOC, 2017). This study examines and compares how adidas and Converse have protected their marks over the past decade. A review of each brand and their trademark protection strategies will be used to provide guidance and implications for sport brands.

Trademark Registration and Protection

Famous trademarks are broadly recognized by consumers, which makes them vulnerable to numerous types of actionable harm, including confusion, dilution, tarnishment, and other injuries based on damage to brand equity (Alexander & Heilbronner, 1996). In 1946, Congress passed the Federal Trademark Act, known as the Lanham Act, to provide trademarks with comprehensive federal protection. The Lanham Act protects trademarks from competing products, services, or goods that could cause consumer confusion or deception in the marketplace (Lanham Act, 1946). Likelihood of confusion accommodates the legal notion that the schematic association between a trademark and goods/services designated by the mark is the central value of the mark (Cho & Moorman, 2014).

Inherently distinctive trademarks, which are fanciful, arbitrary, or suggestive, immediately qualify for legal protection (Economides, 1988). *Abercrombie & Fitch Co. v Hunting World Inc.* (1986) established trademark law relies upon the distinctiveness test to characterize legally protected marks from unprotected ones. Therefore, if this association is disrupted by another deceptively similar mark or other allegedly infringing activities, it would devalue the core function of the trademark and consumer confusion would likely follow (Manta, 2006a). Marks not inherently distinctive can be legally protected if they have acquired a secondary meaning or are deemed to have acquired distinctiveness. In this instance, the owner must establish there is an association between the trademark and origin of the good in a consumer's mind (Economides, 1988).

The United States Patent and Trademark Office (USPTO) is the federal agency responsible for reviewing the registration of, and ultimately granting, US patent and trademark protection (United States Patent and Trademark Office, 2017). The USPTO requires trademark or service mark applications be based on an authentic intention to use the mark in commerce with goods, or in connection with services in the near future (United States Patent and Trademark Office, 2017). This is termed an intent-to-use (ITU) application; however, one must show actual use of the mark in the marketplace in connection with certain goods and/or services prior to registering the mark. Brands can also seek trademark protection for potentially infringing goods/services outside the US. The United States International Trade Commission (USITC) is the federal agency tasked with investigating matters of trade domestically, as well as conducting global safeguard investigations and adjudicating cases involving imports that purportedly infringe upon

intellectual property rights (USITC, 2017). Section 337 of the Tariff Act of 1930 specifically addresses intellectual property issues, and allows complainants to file a request for investigations based on unlawful importation of products into the US, sale for importation into the US, or sales within the US after importation that may infringe upon domestically registered trademarks (Lafuze & Stanford, 1992).

As the global nature of a brand expands, it is increasingly important to register and manage marks internationally. Patents and trademarks are considered territorial, and a US trademark is not protected under another country's trademark law. Subsequently, a trademark application must be filed in each country. To ease the burden of multiple country registration filings, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) streamlines the process by requiring one application in which US applicants can simultaneously seek protection in 99 countries (Trademarks, 2014). The Madrid Protocol is a more efficient way for trademark holders to concurrently obtain protection of trademarks internationally (*WIPO-Administered Treaties*, 2007). International trademark protection can be expensive, but brands should ensure they prioritize where they need brand protection and have local counsel contacts in countries their product is trademarked.

Lessons from adidas and Converse

About adidas

The Adidas Group was founded in Bavaria, Germany in 1924 by Adi Dassler. His brother, Rudolf Dassler soon joined the business, which became the "Gebrüder Dassler Schuhfabrik" (Dassler Brothers Shoe Factory), and the group specialized in

equipping athletes with track shoes (Mahdi, Abbas, Mazar, & George, 2015). The most notable time in the group's early days came during the 1936 Olympics in Berlin, where Jesse Owens won four gold medals while wearing the Dassler Brothers' product. Eventually, the partnership deteriorated and Adi registered "Adi Dassler Adidas Sports Schuhfabrik" (adidas) in 1949, creating a separate apparel company. That same day, Adi registered the soon-to-be-famous three-stripe mark manufactured on the apparel ("adidas," 2017).

Three parallel stripes have become synonymous with the name adidas, as the sponsoring of association football stars such as David Beckham and Lionel Messi has elevated the popularization of the stripes ("adidas team," 2017). Over the years, adidas expanded the three parallel stripe mark to be included on sportswear and sporting equipment, in addition to athletic footwear. Adidas is the exclusive apparel provider for Major League Soccer (MLS), and recently reached a six-year, \$700 million extension with MLS (Smith, 2017). Adidas also sponsors international association football club teams, including Bayern Munich and Real Madrid, along with national teams such as Argentina, Spain, and Germany, events such as the Boston Marathon (*adidas* 2012), and approximately 94 colleges/universities (*adidas team*, 2017). The stripes typically appear on the shoulder, with the adidas logo displayed prominently on the right side of the chest.

adidas's Strategy

The three-stripe trademark has become vital to the distinctiveness of adidas's brand, and has been considered "famous" by courts since the 1970's (McKelvey, 2008).

Recently, adidas has been accused of pursuing trademark infringement claims too aggressively against manufacturers who use any number of stripes on its products. In *Forever 21, Inc. v adidas* (2017), the plaintiffs filed suit against adidas asserting the company should not have a monopoly over all striped clothing, and multiple claims by adidas against Forever 21 showed an aggressive pattern. The complaint also contended adidas asserts no clothing can have any stripes without infringing upon adidas' trademarks and accused the brand of being a trademark bully. Some sport brands argue adidas is within their rights to protect its brand from infringement (Cho 2015); others believe adidas has over-policed its marks and may be filing frivolous claims (Howard, Kerin, & Gengler, 2000). Regardless, adidas has retained ownership of their mark for many years which can seemingly be contributed to their strategy of pursuing litigation against use of stripes on apparel, merchandise, and trademark registration applications.

Adidas has an extensive history of pursuing litigation against any company seeking to register a mark with stripes. In the last decade alone, an examination of cases available through Bloomberg Law revealed adidas has filed 93 trademark infringement lawsuits. The company has also actively protected the three-stripe mark beyond the scope of athletic apparel. In February 2017, adidas filed a notice of opposition with the USPTO for a registration of a mark by Tesla Motors. Tesla attempted to register a stylized number 3 made with three identical horizontal stylized lines but soon abandoned the registration after adidas opposed (Andree, 2017). In the same year, the Barcelona Football Club filed an application to register a mark for sporting articles consisting of seven vertical stripes, with the stripes alternating between the colors blue and garnet.

The Club also abandoned registration of the mark, even though there was no proof consumers may confuse seven stripes with the adidas three-stripe mark (Andree, 2017).

About Converse

Converse was founded in 1908 as the Converse Rubber Shoe Company, which specialized in making rubber goods including boots and galoshes. The original Converse shoe, which bore the “All Star” trademark, was a high-top sneaker introduced in 1917. In 1923, Converse’s sales manager, Charles “Chuck” Taylor, marketed himself as a great basketball player and added his name to the shoe (Wei-Haas, 2016). The popularity of the All Star high-top shoes soared in the 1930’s, and Converse became one of the first footwear companies to leverage an athlete endorsement. During the 1936 Olympic finals, the US men’s basketball team sported the shoes in patriotic blue and red pinstripes (Wei-Haas, 2016). In 1957, the low-top version of the Chuck Taylor All Star was introduced into US commerce and was tailored for everyday casual wear.

Even though athletes and celebrities promoted the All Star shoes in the 1980’s, Converse struggled financially throughout the 1990’s and eventually filed for bankruptcy in 2001. Converse emerged through bankruptcy after being acquired by Nike in 2003 (Linshi, 2014). As of 2014, Converse has sold over a billion pairs of shoes with their signature trademarks – which include a midsole design comprising a toe bumper and toe cap, along with an upper and/or lower stripe, as well as the “star in circle” logo. Between the years 2012-2014, in *Converse, Inc. v Certain Footwear Products* (2014), the company claimed over \$30 million was spent on advertising and promoting their

signature marks in the US alone and has grossed more than \$2.4 billion in the US in the past decade.

Converse's Strategy

In *Converse*, the company asserts prior to 2000, their brand protection efforts were consistent in monitoring counterfeit products and policing protected marks. However, resources for trademark enforcement were scant leading up to bankruptcy in 2001, and protection was limited to cease-and-desist letters to potential trademark infringers. Around 2007, Converse identified an increasing number of counterfeit products entering European markets. In response, Converse incorporated more overt and covert features, or “tells,” to their footwear as a way for consumers to identify an authentic pair of Converse shoes. These efforts did nothing to decrease the rise of counterfeit goods, as Converse seized over a million pairs of counterfeit shoes worldwide during 2011. According to *Converse*, this number doubled between 2012 and 2014, as international counterfeit goods became more difficult for consumers to differentiate from authentic Converse shoes. Converse did not actively begin enforcing its international trademark rights again until 2010 at the World Shoe Accessories (WSA) trade show, focusing their efforts on foreign contract manufacturers. The shoe company sent out more than 180 cease and desist letters, which had little to no effect on infringers.

In 2014, Converse filed lawsuits against 31 companies, including Wal-Mart, K-Mart, Skechers, FILA, Ed Hardy and Ralph Lauren, alleging trademark infringement (Abrams, 2014). The lawsuits asserted companies were copying the rubber bumper design at the front of the shoe, the “toe cap” above the bumper, and the lines or stripes

running around the sides of their signature shoes (Rozansky, 2016). Converse simultaneously filed a complaint with the USITC, alleging violations of section 337 of the Tariff Act of 1930, as an attempt to stop the importation of counterfeit products from entering the US (USITC, 2017). Multiple defendants fought back, alleging Converse was participating in anti-competitive actions and using the lawsuit to extort monetary settlements (Rozansky, 2016). Ultimately, the USITC issued a sweeping General Exclusion Order (GEO), which barred the importation of any shoe bearing Converse's trademark diamond-patterned outsole (Pearson, Pond, & Belagodu, 2016), but other trademark registrations were reversed and deemed invalid due in large part to decades (since the 1920s) of unrestricted use of similar looks by competitors. The USITC ruled the rubber bumper, the toe cap, and the stripes on the sides lacked enforceable rights (Donahue, 2017c); a decision which was in stark opposition to the federal protection afforded to these registered marks.

Strategic Comparison

Adidas's and Converse's strategies to protect their trademarks may be contrasting, yet both can be seen as aggressive tactics in their own right. Converse's strategy of filing lawsuits and USITC complaints on the same day against 31 companies convinced 21 of respondents to settle (Rozansky, 2016). Converse was able to obtain default judgements against five others (Pearson et al., 2016). Adidas unceasingly pursues litigation to safeguard their three-stripe trademark, and has claimed victories due to the distinctiveness their trademark has acquired through secondary meaning. The courts have ruled in favor of adidas multiple times because consumers more than likely

associate the three-stripes with the source rather than the product itself (Daniels, 2017). On the other hand, Converse lost multiple trademarks after the USITC said the design of Converse's sneaker lacked the necessary secondary meaning needed to qualify for trade dress protection under the Lanham Act (Donahue, 2017a).

Nonetheless, adidas and Converse have provided brands valuable information for protecting their trademarks and trade dress. Adidas has been accused of being a trademark bully, with companies alleging adidas tries to monopolize the use of stripes by heavily policing the attempted registration or use of stripes, reaching beyond the scope of the sport apparel industry (Donahue, 2017b). Nevertheless, adidas has managed to continuously protect the use of stripes by competitors, as the likelihood of stripes becoming generic is high if not unremittingly defended.

Even though Converse believed the popularity of the Chuck Taylors would uphold the registered marks, the lack of litigation prior to 2014 provided an opportunity for the design to become broadly used by competitors. While the USITC issued the GEO, competitors such as Wal-Mart, Skechers, New Balance, and Highline United will be allowed to continue importation of similar shoes so long as they do not include Converse's diamond sole (Townsend, Pearson, Pond, & Belagodu, 2017). Sport brands should heed this outcome, as this decision indicates if companies are not actively monitoring and policing potential infringers and counterfeits, they may lose one or more of their most valuable assets.

Recommendations and Conclusion

The sport brand marketplace is rapidly growing, and brands looking to distinguish themselves from competitors should seek to establish distinctive trademarks. Trademarks should be easily identifiable to consumers, as this association allows consumers to determine the source/origin of a particular good/service. In the case of a counterfeit product, creating “tells” will allow consumers to differentiate an authentic product from a fake one. For example, when Nike released the Air Jordan 13, there was a unique hologram on the shoe bottom and ankle to aid consumers with counterfeit detection (Betschart, 2015).

Additionally, when considering an application for a trademark, companies should first conduct a trademark search of the USPTO database and state government databases of trademark registrations to assess the risk of using the proposed trademark (Lemper, 2012). This is to help prevent future problems regarding goods/services utilizing similar marks. However, registering a trademark is only the first step in establishing and maintaining protection of the mark. Many companies seek litigation for potential trademark infringement, though some choose to issue cease-and-desist letters prior to taking legal action. Unfortunately, cease-and-desist letters are not legally binding and formal complaints may be the only option a company has to protect against unauthorized use.

Maintaining a trademark also requires continuous use by the registered owner, known as “use it or lose it” (Kane, 2002). A trademark has the potential to last indefinitely, unless the mark is abandoned or, as in Converse’s case, loses its distinctive

nature. Sport brands would be well-advised to maintain use of registered marks in commerce and build associations for consumers between the trademark and the source of the good. The stronger the associations for consumers, the more likely brands will be able to retain validity of their trademarks and protect against infringers.

Unquestionably, policing a trademark is crucial for guarding against infringing products and counterfeiters. The takeaways from this study show actively policing and defending registered marks are in the best interest of the brand, even if competitors believe the brand to be a “trademark bully.” Adidas is a noteworthy example of a sport brand willing to put money behind the protection of their mark. Without a distinctive mark, a brand fails to seize the opportunity to create and build an incredibly valuable asset. A legal team that actively monitors potential use of a mark and responds to infringers promptly will enable a sport brand to vigorously safeguard their trademark. While adidas has been successful at protecting against the use of stripes by other brands, Converse did not fare as well. Companies should not rely solely on cease and desist letters, and even though making the product more distinctive is prudent, following through with litigation in the case of unauthorized use may be the best strategy to retain a brand’s most valuable asset. Brands should work with experienced international trademark lawyers who have a network of local counsel contacts in other countries. Protecting a brand’s intellectual property can be expensive, but as Converse showed, the potential to lose business and previously registered marks to counterfeiters may be greater.

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CHAPTER III

THINK LIKE ADIDAS: A QUANTITATIVE ANALYSIS OF ADIDAS' THREE- STRIPE TRADEMARK PROTECTION STRATEGIES

Overview

A company's trademark represents one of its most valuable assets, and this asset should be fiercely protected. Particularly, sport companies such as adidas and Nike have shown proactive trademark protection can lead to strong maintenance of a mark and can assist companies with distinguishing itself from its competitors. While a strong trademark protection policy is merited, litigation remains prohibitively expensive. Therefore, sport brands should be strategic with trademark protection, and the use of statistical methods can facilitate this endeavor.

Utilizing binomial logistic regression analyses examining litigation claims and outcomes, this study provides a model for predicting best trademark litigation tactics for sport brands. The results suggest plaintiffs are more likely to receive damages and injunctive relief when filing claims such as counterfeiting, trademark dilution, deceptive trade practice, and false designation of origin. The study concludes with recommendations for sport brands when filing trademark infringement claims.

Introduction

Trademarks are one of the most valuable assets to a sport brand (Awdeh, 2015). As a source identifier of a product or service, trademarks create goodwill with consumers, which is the value consumers associate with the particular product, service, or brand as a whole (Awdeh, 2015). Federally registered trademarks enjoy protection under the law and provide rights holders the ability to seek injunctions and monetary relief from infringing goods. To distinguish famous marks from others, trademark law relies upon the distinctiveness test set forth by *Abercrombie & Fitch Co. v. Hunting World, Inc.* (1976). Protecting inherently distinctive marks, or marks that are fanciful, arbitrary, and suggestive, is a vital venture for brands, and federal law provides owners of famous marks a cause of action against an individual or entity whose mark is deceptively similar (U.S.C. § 1114(1)(a) and § 1125(a)(1) (2012)).

Intellectual property litigation is known to be a lengthy and expensive endeavor, with the cost of defending a trademark typically in the six figure range (Lickson, 2013). The American Intellectual Property Law Association (AIPLA) calculated the average costs of intellectual property litigation in 2015, and depending on the amount in controversy, companies involved in trademark litigation could potentially spend between \$200,000 to \$1.4 million through discovery alone. These numbers ballooned to average costs of \$350,000 upwards to \$2.1 million if a trial ensued (AIPLA, 2015). These costs can include outside and local counsel, any services by paralegals, travel and living expenses, court reporter fees, preparations of exhibits, analytical testing, expert witnesses, translators, surveys, jury advisors, and a multitude of other expenses.

Trademark owners have a responsibility to police and maintain their marks, which can come in the form of opposing trademark registrations by other applicants or filing claims against brands who use imitating or similar trademarks in commerce. Brands must unremittingly police and maintain their trademarks, or they are at risk of losing the registration (USPTO, 2017). Sport brands are no different, and many of these brands have used litigation as a tool to enjoin an offending party from using their mark.

When analyzing how best to protect a trademark, brands must be able to value the trademark in terms of product or service identity, potential confusion that may occur by the alleged infringing mark, and how much, financially, the company is willing to spend on the protection. Previous research has supported the use of statistical methods to analyze litigation outcomes (Bonner, Palmrose, & Young, 1998; Chien, 2011; Clement & Otto, 2007; Franck & Wylie, 2015; Terpstra & Baker, 1988; Wongchaisuwat, Klabjan, & McGinnis, 2016). However, there is a dearth of scholarly research from which to glean best practices for developing trademark protection strategies; this fact remains true in the sport brand literature as well. Thus, this case study seeks to fill this gap by quantitatively analyzing a sport brand's legal strategy in regards to its trademark protection tactics.

Predicting Outcomes in Litigation

There has been ample research exploring the prediction of litigation outcomes for years in multiple fields. Terpstra and Baker (1988) investigated case variables and sexual harassment litigation outcomes. The results showed if a complainant has been the victim of a serious type of harassment, has witnesses and notified management of the issue, it

would be less expensive for the employers to settle out of court. Bonner, Palmrose, and Young (1998) examined whether certain types of financial reporting fraud resulted in a higher likelihood of litigation against independent auditors. The authors found auditors were more likely to be sued when financial statements were common or when frauds came from fictitious transactions. Franck and Wylie (2015) looked to predict outcomes in investment treaty arbitration, and found the most critical variables to predicting these outcomes involved investor identities and the experience of parties' lawyers.

These examples show the range of scholarship devoted to predicting outcomes in litigation. However, in the area of intellectual property, most research has focused on patent litigation. Wongchaisuwat, Klabjan, and McGinnis (2016) developed predictive models to estimate the likelihood of litigation for patents and the expected time to litigation. Chien (2011) designed an analysis to predict patent litigation and found litigation-bound patents could be identified ahead of time. This finding encouraged companies to focus on fewer high-risk patents identified by the model, which would save time and expense.

The sport management literature regarding predicting outcomes in litigation has been scarce. Clement and Otto (2007) examined the results of court decisions involving headfirst entry into water injuries from 1990 to 2005 to determine the factors that would produce a more favorable outcome towards the plaintiff. The findings produced best case scenarios for attorneys on both sides regarding head injuries sustained in pools. The results also provided risk managers insight into what injuries incurred by plaintiffs would be most favorable to the plaintiff when confronted with certain defenses.

To date, there has been little to no research involving prediction of outcomes in trademark litigation, especially in the field of sport management. Trademarks are a brand's most valuable asset, and many sport brands are valued in the billions of dollars. Nike is the most valuable sport brand as of 2017, with a brand value of \$29.6 billion (Forbes, 2017). The Dallas Cowboys are the most valuable sport team brand at \$896 million, while the most valuable event brand is the NCAA Men's Final Four with a valuation of \$228 million (Forbes, 2017).

Although there is limited quantitative research analyzing the influence of specific claim variables on outcomes associated with trademark litigation, it is clear positive developments from this type of research are possible. Sport brands may be wary of trademark litigation due to costs, but being able to predict the likelihood of favorable outcomes may encourage brands to continuously police and maintain their marks. Adidas is an excellent platform to examine and help brands determine the best combination of claims in order to be successful. Adidas is known for aggressively pursuing trademark litigation against any individual or company attempting to or already using stripes in commerce, and for decades, the sport brand has successfully settled and litigated lawsuits involving defendants such as Forever21, Skechers, Puma, Walmart, and Sears, to name a few (Mantor, 2017). Therefore, the purpose of this study is to analyze adidas' trademark lawsuits over the past decade and to draw inference regarding potential best practices when sport brands are developing legal strategies.

Types of Claims

The Lanham Act, 15 U.S.C. § 1051 seq., (Lanham Act) is the federal statute protecting federally registered trademarks and service marks from unauthorized use, unfair competition, and deceptive marketing that could potentially confuse consumers as to the source of the good or service. The Lanham Act also prohibits false designation of origin, which occurs when a manufacturer misrepresents the country of origin or maker of its product (Lanham Act, 15 U.S.C. §1125 (2016)).

The most common of claims filed by trademark owners are trademark infringement, trademark dilution, counterfeiting, false designation of origin, and unfair competition. Other claims that can be included in trademark infringement litigation are trade dress infringement, trade dress dilution, cybersquatting, injury to business reputation, and common law civil conspiracy. Although many of these claims are filed simultaneously, courts will analyze each separately. However, for the purposes of this study, only the five most common claims are discussed in further detail below.

Trademark Infringement

Trademark infringement is the most frequently pleaded claim in trademark lawsuits. Brands seeking to prove trademark infringement must show they have ownership of the protected trademark, unauthorized use without consent, and there is a likelihood of consumer confusion resulting from the infringing use (Cho & Moorman, 2014). Courts may use the eight-factor tests from *AMF Inc. v. Sleekcraft Boats* (1979) to determine the likelihood of confusion stemming from the infringing use. The following are considered collectively: (1) strength of the plaintiff's mark, (2) the use of the mark

by the defendant, (3) similarity of the two marks, (4) evidence of actual confusion, (5) defendant's intent, (6) the marketing/advertising channels used by both plaintiff and defendant, (7) sophistication of the buyer or the cost of the good, and (8) plaintiff's potential for product expansion (*AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)). While trademark infringement is a common claim by brands defending their mark, there are a myriad of other types of claims brands use to help in litigation.

Trademark Dilution

The Trademark Dilution Act of 1995 was created to provide trademark owners of famous marks with protection from infringing products that may potentially dilute the unique value of the plaintiff's mark (Cho, 2015). Courts have identified two types of dilution: tarnishment and blurring. The former occurs when the infringing use tarnishes the reputation of the brand, while the latter focuses on whether the distinctiveness of the famous mark is impaired by association with the similar mark or name (Kaiser, 2005). For years, the burden of proof in trademark dilution claims has been a point of contention, but Congress enacted the Trademark Dilution Revision Act of 2006 following the *V Secret Catalogue, Inc. v Moseley* (2003) case, which states: "the owner of a famous mark ... shall be entitled to an injunction against another person who ... commences use of a mark ... that is likely to cause dilution by blurring or ... tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury" (Trademark Dilution Act, 15 U.S.C. § 1125(c)(1), 2012). Dilution claims are typically accompanied by trademark

infringement and/or counterfeiting claims, as likelihood of trademark dilution may be difficult to prove.

Counterfeiting

The Lanham Act defines a counterfeit trademark as a spurious mark which is indistinguishable from or identical to a registered trademark (Lanham Act § 45, 15 U.S.C. § 1127 (2016)). Counterfeiting is knowingly and intentionally affixing a false trademark to a product (Bamosy & Scammon, 1985). The intention behind counterfeiting is to fraudulently deceive consumers into mistakenly purchasing what they believe to be the genuine product. Counterfeiting claims have a tendency to favor the plaintiff, as the defendant's intent is typically very clear (Beebe, 2006). However, counterfeit claims only pertain to federally registered trademarks, so if a trademark is not registered, the plaintiffs must rely on a trademark infringement claim (Sommers, 1999).

False Designation of Origin

False designation of origin occurs when an individual or brand uses a trademark in commerce that may mislead a consumer as to the origin of the mark. This transpires when the manufacturer misrepresents the country of origin or maker of the good (Lanham Act § 43(a), 15 U.S.C. §1125(a) (2016)). Such an occurrence can lead consumers to make purchases based on false information.

Unfair Competition

Unfair competition refers to deceptive trade practices meant to confuse consumers as to the source of the product (LII, 2007a). Trademark infringement is the most customary example of unfair competition. It can also include practices such as false

advertising, false representation of products or services, and bait and switch selling tactics (LII, 2007a). All of which are in violation of the Lanham Act, and each may result in multiple outcomes in favor of a trademark infringement plaintiff.

Outcomes

There are multiple outcomes resulting from a trademark owner being able to successfully prove infringement. The court may order an injunction, require destruction of infringing products, award damages, and/or order the defendant to pay for the plaintiff's attorney's fees (USPTO, 2014). A temporary injunction, commonly known as a temporary restraining order, can be issued by the Court in the short-term, until the Court is able to issue something more enduring. A preliminary injunction is an order by the court requiring parties to cease certain actions, and in trademark litigation, this is typically the use of the alleged infringing trademark after a judge considers both sides of the lawsuit. A permanent injunction preserves this status of non-use indefinitely ("Understanding Injunctions," 2017).

Section 1117 of the Lanham Act details several bases for monetary relief in trademark litigation, also known as damages. These include (1) accounting of defendant profits, (2) damages sustained by the plaintiff, (3) recovery of costs of the action, and (4) attorney's fees awarded to the successful party (15 U.S. Code § 1117). It is not uncommon for litigation strategies to include a claim for damages and injunctive relief simultaneously.

The remaining outcomes considered in this study include declaratory judgment and jury trial. Declaratory judgment is a legally binding judgment from the Court that

resolves legal uncertainty for the litigants, and does not requires the parties to do anything (LII, 2007b). A right to a jury trial is permitted under the Sixth Amendment, which allows for an impartial jury of the state to determine the outcome of a case (LII, 2009).

Methodology

Using Stata 14.0, a binary logistic regression was conducted to analyze the types of claims by adidas in relation to the outcomes for trademark litigation.

Brand Selection

Adidas is one of the more prominent sport brands actively pursuing trademark litigation against not only other sport brands, but any person or brand attempting to or actively using trademarks that include stripes. This proactive nature has made adidas the target of “trademark bully” claims (*Forever 21 v. adidas, Inc.* 2017), but the brand has managed to retain registration of their three-stripe mark for over six decades.

Data Collection and Coding

Using Bloomberg Law, a content analysis of cases between January 2007 - February 2017 were examined; a total of 93 cases were obtained. For a case to be included in this study, information detailing the types of claims and outcomes was required. This left 77 cases to be evaluated.

Type of claim included trademark infringement, trade dress infringement, trade dress dilution, unfair competition, counterfeiting, trademark dilution, deceptive trade practice, false designation of origin, cybersquatting, injury to business reputation, common law unfair competition, breach of contract, and common law civil conspiracy.

The outcomes were comprised of jury trial, declaratory judgement, permanent injunction, damages, injunctive relief, and damages and injunctive relief jointly. Data was assigned a value of 1 if the type of claim occurred (e.g., 1=claim occurred, 0=otherwise). Outcomes were assigned a value of 1 or 0 also, 1=outcome did occur, 0=otherwise.

For the binary logistic regression, each outcome (dependent variable) was regressed upon each type of claim (independent variable) individually, as each claim is considered autonomously by a jury or fact finder. Permanent injunction as an outcome variable was excluded from the analysis, as there was only one instance of adidas filing this type of claim.

Results

Jury trial as an outcome variable yielded the largest numbers for adidas ($n=41$) out of the 77 cases examined; totaling to approximately 53% of the sample. Injunctive relief ($n=18$) comprised 23% of the outcome sample, followed by damages and injunctive relief ($n=12$) at 16%, damages ($n=4$) at 5%, and declaratory judgement ($n=2$) rounding out the analysis with 3% of the sample. Table 1.1 displays the correlation table, which shows no variables were highly correlated. From the factors found to be significant, the odds ratio can then be interpreted. Tables 1.2 provide the results of the odds ratios for each factor in relation to the outcome. The odds ratio is the multiplier that shows how the odds change for a one-unit increase in the value of X . In interpretation of the results, the author refers to an outcome as more or less likely to occur. This is in reference to an identical claim without the variable(s) in question.

Injunctive Relief

Table 1.3 presents logistic regression estimates utilizing each individual type of claim to injunctive relief as the outcome variable with good model fit, $\chi^2 = (7, n=18) = 0.38, p = 0.9998$. Counterfeiting produced negative statistically significant results ($p < .05$), indicating the odds of adidas receiving an injunctive relief outcome was .26 times less likely to occur when the claim was for counterfeiting than if they did not file a counterfeiting claim. Common law unfair competition was also statistically significant ($p < .05$), with the odds of this type of claim being .09 times less likely to occur when injunctive relief was awarded.

The odds of an injunctive relief outcome was 4.83 times more likely to occur when the type of claim included trademark dilution as opposed to not filing for trademark dilution. When adidas filed a claim for deceptive trade practice, they were 4.83 times more likely to be awarded injunctive relief. The odds of injunctive relief as a result of filing an injury to business reputation claim was 5.40 times that of claims that did not include injury to business reputation.

The largest likelihood resulted from a breach of contract claim, as adidas was 14.93 times more likely to receive an injunctive relief outcome as opposed to not claiming breach of contract. The odds of receiving an injunctive relief outcome was .09 times less likely to occur when pleading common law unfair competition.

Damages and Injunctive Relief

Table 1.5 presents logistic regression estimates investigating each individual type of claim to damages injunctive relief as the outcome variable with good model fit, $\chi^2 =$

(4, $n=12$) = 6.23, $p=0.1827$). Adidas was 4.50 times more likely to receive a favorable outcome of damages and injunctive relief when they filed a counterfeiting claim.

However, when filing claims for trademark dilution or deceptive trade practice, respectively, the outcome was .102 less likely to result in damages and injunctive relief. The odds of adidas receiving this outcome when filing for false designation of origin was 4.84 times more likely to occur as opposed to not filing this claim. Adidas was also 6.125 times more likely receive damages and injunctive relief when filing for common law unfair competition than if they did not include this specific claim.

Jury Trial

Table 1.6 presents logistic regression estimates examining each individual type of claim to jury trial as the outcome variable with a good model fit as well, $\chi^2 = (9, n=41) = 15.16, p=0.0865$. While most of the results were non-significant, a breach of contract claim was statistically significant ($p < .05$). This indicates the odds of the lawsuit resulting in a jury trial was 0.15 times less likely when adidas filed a breach of contract claim as opposed to not seeking a jury trial for breach of contract.

Discussion

A notable finding for adidas included the trademark dilution claims, as they were 4 times more likely to receive injunctive relief when filing this type of claim as opposed to not. Section 43(a) of the Lanham Act, 15 U.S.C. §1125(c) entitles owners of famous marks an injunction against commercial use of a mark or trade name that is likely to cause dilution by tarnishment or blurring, regardless of whether actual or likely confusion exists. The plaintiff also does not have to show competition or actual

economic injury. This is interesting to observe, as trademark dilution has been claimed difficult to prove; yet, it does not require an extensive burden of proof. Federal law is favorable to famous marks. So, sport brands may be more likely to prevail with a dilution claim when seeking injunctive relief.

A counterfeiting claim was less likely to result in an outcome of injunctive relief, but had a much higher probability of receiving damages and injunctive relief, collectively. False designation of origin was also almost 5 times more likely to result in an outcome of damages and injunctive relief, which is typically filed in conjunction with a counterfeiting claim. These results are intuitive, as Section 1117(b) of the Lanham Act allows for plaintiffs to pursue special monetary remedies against counterfeit products, which are meant to intentionally mislead and deceive consumers into believing the counterfeit is the actual registered product. A plaintiff can recover actual damages and profits or statutory damages if the use of the counterfeit was willful. Specifically, brands may have a higher probability of receiving damages and injunctive relief when filing for counterfeiting, as the courts take the counterfeiting problem seriously. As long as a brand can prove the counterfeiting use was willful or malicious, the likelihood of a favorable outcome is higher than seeking injunctive relief alone.

Jury trial comprised the largest percentage of outcomes associated with adidas' filings, which is interesting to note as breach of contract was the lone statistically significant predictor variable to appear in the regression results. This indicates a potential for defendants to argue against breach of contract allegations by adidas regarding previous settlements. The findings also suggest even though adidas may be

successful in litigation previously with certain defendants, these individuals or brands may find new ways to incorporate stripes into their products and/or marks. Thus, trademark litigation is a continuous cycle for adidas.

Implications and Future Research

This study expands on previous research conducted in patent litigation, by applying regression methods to predict legal outcomes in trademark litigation. The results of this analysis further confirm the value of quantitative methods to identify and verify critical components of a successful legal strategy. Moreover, there has been little previous research specific to strategies for sport brand trademark litigation best practices. This is important because as the value of sport brands increase, the likelihood of potential damage due to trademark infringers and counterfeiters may increase as well.

For sport practitioners and trademark litigators, this study provides a model for brands to examine their own strategies. As previously stated, trademark litigation can be lengthy and costly. Given the time, trouble and expense associated with litigation, sport brands would be best served by being proactive in protecting their trademarks. The ability to more efficiently identify higher probability strategies could reduce the prohibitive cost and manpower investment associated with proactive legal tactics.

Actively policing attempted and actual use of the mark in commerce by sending cease-and-desist letters, filing claims with the United States International Trade Commission (USITC) to stop importation of counterfeit goods, and initiating oppositions to trademark registration filings are all ways to attempt to avoid the expense of litigation. Unfortunately, in some instances, litigation may be the only effective method to protect a

brand's trademarks against competitors. Although the results of this study yielded useful information, future research should include more sport brands, to increase the sample size of cases. This would provide a more robust predictive model for sport brands seeking to build better trademark litigation strategies.

Conclusion

The results of this study aides sport brands by highlighting the types of claims most likely to deliver certain favorable outcomes. Specifically, this study determined that an adeptness to predict the likelihood of more favorable outcomes enables brands to have a more successful litigation process. While trademark litigation is lengthy and expensive, this study allows sport brands to draw inference from adidas' trademark litigation practices. In particular, adidas' strategy revealed numerous litigation tactics which could be used to protect trademarks. Adidas also showed brands that being vigilant is of utmost importance to being successful, and other brands should follow adidas' lead. Sport brands must understand trademark litigation is not only about protecting the brand, it is about protecting their consumers, which will always pay dividends.

Table 1.1. Correlations.

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
1 Trademark Infringement	1																			
2 Trade Dress Infringement	0.0471	1																		
3 Trade Dress Dilution	0.0471	1	1																	
4 Unfair Competition	0.6875	0.0686	0.0686	1																
5 Counterfeiting	0.0962	0.1838	0.1838	0.0311	1															
6 Trademark Dilution	0.2776	0.1698	0.1698	0.3174	-0.765	1														
7 Deceptive Trade Practice	0.2776	0.1698	0.1698	0.3174	-0.765	0.101	1													
8 False Designation of Origin	0.1959	-0.148	-0.148	0.1958	0.6957	0.8714	0.8714	1												
9 Cybersquatting	0.1199	0.1031	0.1031	0.0354	0.561	0.5424	0.5424	0.4286	1											
10 Injury to Business Reputation	0.0956	0.1096	0.1096	0.139	0.1491	0.3443	0.3443	-0.3	0.2091	1										
11 Common Law Unfair Competition	0.1575	0.1355	0.1355	0.2291	0.7372	-0.798	-0.798	0.7395	0.4846	0.2747	1									
12 Breach of Contract	0.0717	0.1096	0.1096	0.0174	0.2981	0.269	0.269	0.2222	0.2091	0.0455	0.2747	1								
13 Common Law Civil Conspiracy	0.0269	0.0231	0.0231	0.0391	0.1257	-0.136	-0.136	0.0843	0.224	0.0468	0.1705	0.0468	1							
14 Jury Trial	0.1325	0.0542	0.0542	0.0222	0.0333	0.0549	0.0549	0.0205	0.0333	0.1381	0.0124	0.2869	0.1224	1						
15 Declaratory Judgement	0.0382	0.0329	0.0329	0.0556	0.1789	-0.028	-0.028	0.0511	0.1176	0.1667	0.1099	0.0667	0.0187	0.1743	1					
16 Permanent Injunction	0.0269	0.0231	0.0231	0.0391	0.1257	-0.136	-0.136	0.0843	0.224	0.0468	0.1705	0.0468	0.0132	0.1224	0.0187	1				
17 Injunctive Relief	0.1473	0.1112	0.1112	0.0131	0.2577	0.279	0.279	-0.213	0.1316	0.3007	0.3054	0.476	0.0634	0.5895	0.0902	0.0634	1			
18 Damages	0.1295	0.0637	0.0637	0.0404	0.1072	0.175	0.175	0.1377	0.0506	0	0.2128	0.1291	0.0363	0.3375	0.0516	0.0363	0.5725	1		
19 Damages & Injunctive Relief	0.0608	0.0985	0.0985	0.0884	0.255	0.3642	0.3642	0.2846	0.0447	0.1754	0.3293	0.1754	0.267	0.4585	0.0702	0.0493	0.2373	0.1359	1	

Table 1.2. Declaratory Judgement as Outcome Variable.

Variable	Coeff	Std. Error	Odds Ratio	Std. Error
Trademark Infringement	-		-	
Trade Dress Infringement	-		-	
Trade Dress Dilution	-		-	
Unfair Competition	-		-	
Counterfeiting	-		-	
Trademark Dilution	0.350	1.434	0.705	0.580
Deceptive Trade Practice	0.350	1.434	0.705	0.580
False Designation of Origin	0.633	1.435	1.885	2.704
Cybersquatting	1.386	1.440	4.000	5.774
Injury to Business Reputation	1.872	1.454	6.500	9.454
Common Law Unfair Competition	-		-	
Breach of Contract	-		-	
Common Law Civil Conspiracy	-		-	

Note. $n=2$.

* $p<0.10$, ** $p<0.05$, *** $p<.01$

Table 1.3. Injunctive Relief as Outcome Variable.

Variable	Coeff	Std. Error	Odds Ratio	Std. Error
Trademark Infringement	-1.270	1.039	0.281	0.292
Trade Dress Infringement	-		-	
Trade Dress Dilution	-		-	
Unfair Competition	-0.099	0.865	0.906	0.783
Counterfeiting	-1.355**	0.624	0.258	0.161
Trademark Dilution	1.576**	0.684	4.833	3.306
Deceptive Trade Practice	1.576**	0.684	4.833	3.306
False Designation of Origin	-1.232	0.686	0.282	0.200
Cybersquatting	-0.912	0.810	0.402	0.325
Injury to Business Reputation	1.686**	0.684	5.400	3.696
Common Law Unfair Competition	-2.356**	1.063	0.092	0.098
Breach of Contract	2.704***	0.759	14.933	11.335
Common Law Civil Conspiracy	-	-	-	-

Note. n=18.

* p<0.10, ** p<0.05, ***p<.01

Table 1.4. Damages as Outcome Variable.

Variable	Coeff	Std. Error	Odds Ratio	Std. Error
Trademark Infringement	1.314	1.231	0.269	0.331
Trade Dress Infringement	-	-	-	-
Trade Dress Dilution	-	-	-	-
Unfair Competition	0.405	1.151	0.667	0.768
Counterfeiting	0.802	0.870	0.448	0.390
Trademark Dilution	1.562	1.107	4.769	5.278
Deceptive Trade Practice	1.562	1.107	4.769	5.278
False Designation of Origin	1.266	1.108	0.282	0.313
Cybersquatting	0.492	1.119	0.611	0.684
Injury to Business Reputation	9.160	1.133	1.000	1.133
Common Law Unfair Competition	-	-	-	-
Breach of Contract	0.997	0.910	2.711	2.466
Common Law Civil Conspiracy	-	-	-	-

Note. n=4.

* p<0.10, ** p<0.05, ***p<.01

Table 1.5. Damages and Injunctive Relief as Outcome Variable.

Variable	Coeff	Std. Error	Odds Ratio	Std. Error
Trademark Infringement	-0.631	1.200	0.532	0.639
Trade Dress Infringement	1.052	1.268	2.864	3.630
Trade Dress Dilution	1.052	1.268	2.864	3.630
Unfair Competition	-0.676	0.885	0.508	0.450
Counterfeiting	1.504**	.713	4.500	3.210
Trademark Dilution	2.280***	.818	0.102	0.084
Deceptive Trade Practice	2.280***	.818	0.102	0.084
False Designation of Origin	1.577**	.670	4.840	3.246
Cybersquatting	0.288	0.735	1.333	0.980
Injury to Business Reputation	-	-	-	-
Common Law Unfair Competition	1.812***	0.677	6.125	4.145
Breach of Contract	-	-	-	-
Common Law Civil Conspiracy	-	-	-	-

Note. n=12.

Table 1.6. Jury Trial as Outcome Variable.

Variable	Coeff	Std. Error	Odds Ratio	Std. Error
Trademark Infringement	1.291	1.178	3.636	4.285
Trade Dress Infringement	0.585	1.247	1.795	2.238
Trade Dress Dilution	0.585	1.247	1.795	2.238
Unfair Competition	0.145	0.747	1.156	0.864
Counterfeiting	-0.1334	0.459	0.875	0.401
Trademark Dilution	0.223	0.467	1.250	0.580
Deceptive Trade Practice	0.223	0.464	1.250	0.800
False Designation of Origin	-0.086	0.480	0.917	0.439
Cybersquatting	-0.164	0.562	0.848	0.478
Injury to Business Reputation	-0.803	0.674	0.448	0.302
Common Law Unfair Competition	0.054	0.494	1.055	0.521
Breach of Contract	1.872**	.821	0.154	0.126
Common Law Civil Conspiracy	-	-	-	-

Note. $n=41$.

* $p<0.10$, ** $p<0.05$, *** $p<.01$

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CHAPTER IV

SURVEY USE IN TRADEMARK LITIGATION

Introduction

Trademark infringement law seeks to protect the consumer and to reduce their search cost (Magliocca, 2000), while also ensuring protection of the mark for the trademark owner. In order to prevail in a trademark infringement claim, the claimant must establish that it holds a valid trademark, the infringing mark is being used in commerce, and the unauthorized use of the mark is likely to confuse consumers (Arthur, 2014). The core infringement standard for trademark law is likelihood of consumer confusion regarding the source of the product or good (Magliocca, 2000). An alternative approach to trademark protection is dilution, which is focused on safeguarding the advertising power of the mark (Magliocca, 2000). The owner of a famous mark can bring action against any unauthorized use of the mark that may dilute, or diminish, the distinctive quality of the mark through blurring or tarnishment (“Overview of Trademark Law,” 2003). The burden of proof in a dilution case lies not with consumer confusion, but on proving a likelihood of dilution, or demonstrating there may be a reduction in brand equity due to the non-authorized use of the mark by another (Kruger & Boshoff, 2015). Trademark infringement and dilution are separate claims, and are the two main trademark-related causes of action (“Overview of Trademark Law,” 2003). To provide proof either has occurred, there has been a growing tendency to rely on consumer survey evidence in order to measure likelihood of confusion between similar marks (Miaoulis & D’Amato, 1978), or dilution of the original mark.

However, research has shown courts have been inconsistent with the treatment, or absence, of survey evidence in trademark litigation. The attitude towards surveys varies among jurisdictions (Zhan, 2017). While the courts may not require survey evidence to show the likelihood of consumer confusion, some courts may draw an adverse inference from a party's failure to produce one, especially if the party failing to produce is the plaintiff (Edelman, 2000). The failure on the plaintiff to commission its own survey when the defendant tenders a survey has led courts to negatively weigh the lack of survey against the plaintiff's argument of consumer confusion, even when an expert for the plaintiff argues against the reliability of the defendant's survey (*Rush Industries Inc. v Garnier LLC*, 2007). The absence of survey evidence has weighed prejudicially against plaintiffs on many occasions, especially if they are large corporations with the means to undertake a survey (Dyck, 2012). Conversely, the inconsistency of the courts has even faulted defendants, who bear no burden of proof in trademark infringement cases, for failure to conduct a survey (Bird & Steckel, 2012). In other instances, the Court has declined to give controlling weight to either survey on the question of actual confusion when both parties have submitted surveys to bolster their claims (*Adidas America Inc. v Skechers USA Inc.*, 2016).

Though Courts may be unpredictable when it comes to the weight given to a survey, the use of survey evidence has become more prevalent in trademark infringement cases (Edelman, 2000). Various researchers consider surveys crucial to successfully demonstrating a trademark is worthy of protection (Dalton & Horowitz,

2006), and others have remarked the courts have seen trademark owners as less than serious about a case if no consumer survey is presented (McCarthy, 2008).

There is a dearth of research regarding the impact that surveys have on the outcome of trademark infringement and dilution court cases. The authors found only one sport specific study analyzing survey evidence on the outcome of cases, which is problematic due to the fact that intellectual property rights provide a major source of revenue for the sport industry (Hylton, 2011). The National Football League (NFL) brings in millions of dollars in revenue with the sale of sportswear, athletic equipment, and other NFL trademarked items (Pavony & Thomas, 2012). Given the significant commercial value of trademarks in the sport industry, brands and organizations are pursuing more aggressive tactics to protect their intellectual property rights (Hylton, 2011). Some of the most valuable brands are sport brands, and these brands have become more attentive and active in enforcing their trademark rights (Cho, 2015). Nike and adidas control a majority of the sport-related brand market share, and are also extremely proactive in their trademark protection litigation (Au, 2017). Nike is one of the top parties listed in amount of damages won from trademark infringement cases filed between 2005 and 2016, while adidas is one of the top plaintiffs in trademark litigation cases filed between 2015 and 2016 (Au, 2017). Sport brands should take note of trademark litigation trends and the use of survey evidence to provide proof that likelihood of confusion or dilution exists, as trademarks lie at the heart of branding, which is critical in the sport business world (“WIPO-Administered Treaties: Protocol

Relating to the Madrid Agreement Concerning the International Registration of Marks,” 2007).

This study goes beyond the scope of survey use in sport trademark litigation to encompass brands in multiple industries, as all trademark holders can benefit from quantitative analysis examining the best way to protect their trademarks by utilizing consumer surveys. This analysis aims to understand survey use from a broader perspective, which will provide a more robust model for consumer survey evidence and trademark litigation for sport brands. Building on the work from Bird and Steckel (2012), this research focuses on the impact consumer surveys have on the likelihood of confusion aspect in trademark infringement cases. Given that trademark dilution is also a concern for brands, a second study is conducted to measure the impact consumer surveys have on trademark dilution cases. As dilution is still an elusive topic to study, it is becoming more widespread as brands seek to protect their brand equity from potentially harmful free-riders.

Thus, the purpose of this article is to provide guidance and advice to legal and marketing practitioners, while contributing to the consumer survey literature. Part I of this paper provides a general background of survey evidence, its inconsistent treatment in the courts, and the lack of research on survey evidence regarding sport brands. Part II discusses trademarks and trademark law, outlining the differences between infringement and dilution and how best to protect brands from trademark infringement. Part III details the research on consumer survey use in the marketing and legal literature, along with the types of surveys used in litigation and the admissibility of the surveys. Part IV discusses

the use of survey evidence in trademark infringement litigation, and Part V examines survey use in trademark dilution litigation. Part VI will evaluate the role of survey evidence between the years 2007-2017. Part VIII reports the findings of the quantitative investigation of survey use for trademark infringement and dilution cases. Part VIII discusses the implications of this study for marketing and legal practitioners.

Trademarks and Trademark Law

A trademark is, at its core, a product or service source identifier that enables consumers to determine the source or origin of these products or services and can make informed purchased decisions (Cho & Moorman, 2014). Trademarks originally were limited to conventional word marks or image marks, but have expanded to include colors, sounds, and even smells (Diamond & Franklyn, 2013). Accompanied by its goodwill, which is a brand's reputation and patronage (Jacobsen, 2001), trademarks are a valuable form of intellectual property and one of a brand's most intangible assets (Magid, Cox, & Cox, 2006). A large body of research has found that a respected brand name or trademark can substantially enhance consumer perceptions of a product's quality (Aaker, 1997). As a consequence, companies possessing respected trademarks reap significant fiscal benefits (Beebe, 2008). Barton Beebe, a legal scholar, thought of trademarks as requiring three elements, also deemed the "triadic structure of the trademark": (1) the perceptible symbol; (2) the type of use; and (3) the function (Beebe, 2008). If consumers are unable to make a connection between the mark and source of the products or services, the trademark does not adequately identify and distinguish the manufacturer's or seller's goods from those made or sold by others.

Trademark law is based in part on the premise that imitation strategies may confuse consumers and cause them to purchase products and services they do not intend to purchase (Foxman, Muehling, & Berger, 1990). Free-riders may mimic trademarks or trade dress (packaging, labeling, or containerization) in order to piggyback on the reputation of a mark holder (Upadhye, 1997). Nonetheless, similarity does not necessarily constitute trademark infringement. For a trademark owner to prevail in a trademark infringement case, some amount of consumer confusion must be present (Kahn, 2003). The burden to prove likelihood of confusion falls on the plaintiff, which is to show consumers are likely to be confused (as to source or origin) by the defendant's use of a trademark. The doctrine of likelihood of confusion in trademark law accommodates a legal notion that the schematic association between a trademark and goods or services designated by the mark is the central value of the mark (Cho & Moorman, 2014). This psychological link is presumed to influence consumers' repeated purchases of some goods or services based on their positive consumption experience and/or in response to other marketing efforts conducted by the mark's owner. Therefore, if this association is disrupted by another deceptively similar mark or other allegedly infringing activities, it would devalue the core function of the trademark and consumer confusion would likely ensue (Manta, 2006b).

Trademark dilution is identified as the reduction of the capacity of a famous trademark to identify and distinguish goods and services, regardless of the presence or absence of competition between the products/goods/services, or likelihood of confusion, mistake or deception (Trademark Dilution Act, 2012). The concept was originally

introduced by Fred Schechter, a trademark practitioner and academic. Schechter argued the mark actually sells the goods and in cases of unauthorized trademark use on non-competing products, there would be a gradual, whittling away of the identity of the mark in the public's mind (Schechter, 1927). He argued dilution should only apply to truly unique (arbitrary, suggestive, or fanciful) marks, or rather, marks with a high degree of recognition among the relevant consumers in the trade (Upadhye, 1997). The degree of recognition of a mark in a dilution claim is of utmost importance, as the primary mark holder must first be able to prove the mark is famous to show the trademark has been diluted.

To protect a brand from trademark infringement, litigation is an important strategy. Brands must show the mindset of consumers and how individuals view the original mark after being exposed to the potentially infringing mark. Consumer surveys have become a popular method to assess the mindset of consumers regarding similar products or services. Some courts were hesitant to allow survey evidence even when consumer confusion was the central issue (Thornburg, 2004a), but proponents of survey use argued the increased use of surveys in court can only enhance the judges' sophistication in evaluating survey methodology (Morgan, 1990). Strong consumer survey results can counter or support a trademark infringement claim (Upadhye, 1997). While actual confusion and likelihood of confusion are separate constructs, survey evidence can allow litigants to produce evidence regarding either issue. Although survey evidence plays a critical role in trademark litigation, many disagree on the weight afforded by courts, or if it is actually a necessity. Others have found survey evidence

provides no weight towards trademark infringement claims due to the multiple factors utilized in likelihood of confusion analysis (Beebe, 2006). There is also no consensus as to a gatekeeping methodology for survey evidence (Cho & Moorman, 2014). Therefore, there is a pressing need for continuous research on consumer survey use in trademark litigation in order to establish additional evidence and to better develop consensus among the methodologies used.

Research on Consumer Survey Use

Consumer confusion is not only examined by legal scholars, but is also of importance in marketing literature (Foxman et al., 1990; Kapferer, 1995; Mitchell & Papavassiliou, 1999). Marketing research on trademark infringement and consumer confusion has typically focused on physical similarity of original brand and me-too products (Schweizer, Kotouc, & Wagner, 2006) while much of legal research on consumer confusion has centered on case analyses. Both marketers and lawyers both have an interest in promoting and protecting trademarks in order to build brand equity (Petty, 2011) The marketing power of a brand lies in its foundations of brand equity, strong favorable brand associations, and high brand awareness by consumers (Steckel, Klein, & Schussheim, 2006) Similarly, a trademark identifies the brand to consumers and fundamentally contains the same constructs that comprise brand equity (Steckel et al., 2006) which is vulnerable to harm by competitors. Well-known trademarks are valuable to marketers because they enhance a company's goodwill by creating positive associations with consumers (Shakow, 1998) and should be protected vigorously from potential free-riders (Cho, 2015). Both marketers and lawyers have argued a trademark

has become the key sales association for consumers rather than simply the product itself or the company that makes the product (Petty, 2011). If one firm uses another's famous trademark in a way that leads to consumer confusion, the value of the brand for the established owner could diminish (Bird & Steckel, 2012). For logo and trademark designs, artistic proficiency and marketing expertise are essential, as brands seek to establish an enduring image of a company (Cho, 2015). Brands spend considerable amounts of time and money building brand awareness and association among consumers (Krasnikov, Mishra, & Orozco, 2009); therefore, when others improperly use the mark for non-authorized purposes, it may disparage, defame, or dilute the distinctive value of brands (Cho, 2015). Trademarks are also seen as strategic marketing tools (Austin, 2003) and researchers have argued marketers must become more familiar with trademark law (Cohen, 1986). Therefore, legal and marketing research on consumer confusion should intertwine. Legal developments impact marketing strategies (Bird & Steckel, 2012) which, in turn, lead to innovations in marketing research that influence how courts apply legal protections (Austin, 2003).

The consumer survey is one of the most widely studied methods of providing marketers with insight into consumer perception of a brand and purchase intentions (Ilieva, Baron, & Healey, 2002). It is also cited by legal researchers. Survey research by experts has ranged from examining admissibility of surveys as evidence at trial (Ford, 2005) to data-driven research on the use of consumer surveys in court (Jacoby & Morrin, 1998). Trademark survey expert Jacob Jacoby and Professor of Marketing Maureen Morrin reviewed numerous federal court cases from 1994 through 1997 and found courts

heavily discounted survey evidence. The authors also determined that a lack of consensus exists on how to measure the likelihood of confusion in trademark infringement cases. A study by academic researchers, Dan Sarel and Howard Marmorstein, analyzed a larger dataset including federal trademark infringement cases from between 2001 through 2006 (Sarel & Marmorstein, 2009). The study examined the link between the plaintiff's survey presentation and actual confusion evidence and injunction outcomes. The authors reported when plaintiffs submit survey evidence, there is a modest improvement in their litigation outcomes. Furthermore, the authors concluded the probability of winning increased slightly when showing actual confusion using survey evidence (Sarel & Marmorstein, 2009).

Barton Beebe examined the varying application of consumer surveys across circuits of multifactor tests for likelihood of confusion in trademark cases from 2000 through 2004 (Beebe, 2006). Beebe utilized regression analysis to investigate the factors most influential in determining likelihood of confusion in trademark infringement cases. The study found most courts were not analyzing all of the likelihood of confusion factors (Beebe, 2006). Beebe discovered the court's findings regarding the factors: (1) similarity of marks, (2) proximity of the goods, and (3) strength of plaintiff's marks strongly favored confusion in a majority of plaintiff verdicts (Beebe, 2006).

While Beebe's study only briefly focused on survey data, Bird and Steckel (2012) took Beebe's data and expanded the analysis through 2006. The authors built upon Beebe's data and research on multifactor tests of trademark infringement and consumer surveys, and focused on what impact surveys have on the outcome of court

cases. The results concluded surveys were used infrequently in trademark infringement cases, treated subjectively by the courts, and had the potential to be either dispositive or useless depending on the context of the underlying evidence (Bird & Steckel, 2012). The types of surveys utilized in courts are also extremely important, as the Fifth Circuit has repeatedly rejected the simple word association survey and refuses to believe these surveys provide legitimate evidence of likelihood of confusion.¹

Types of Surveys Used

There are multiple types of trademark question formats that courts find acceptable when testing for likelihood of consumer confusion. The most notable are the Exxon Format, the Eveready Format, and the Squirt Format (Thornburg, 2004b).

The Exxon Format is based on trademark survey questions from the Fifth Circuit case *Exxon Corp. v. Texas Motor Exchange of Houston, Inc.* (1980). This format asks respondents to indicate the first thing that comes to mind when they see the junior mark. A senior user is simply the first business to adopt and use the mark in commerce, any subsequent user of the mark is referred to as a junior user. This test assumes if the senior mark comes to mind when seeing the junior mark, consumers are likely to confuse the two marks (Simonson, 1993a). Arguments against this format suggest the results tend to be inflated confusion estimates, and if the junior and senior marks are truly confused, the consumer is unlikely to identify the senior mark. The Fifth Circuit's follow up questions to the consumers' initial responses, such as "what makes you say that" differentiates this

¹ See *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 264 (5th Cir., 1980); *Holiday Inns, Inc. v. Holiday Out in America*, 481 F.2d 445, 448 (5th Cir. 1973).

test from simple word-based association tests (Simonson, 1993a). For a plaintiff seeking to demonstrate likelihood of confusion exists due to similarity of names, this test may persuade a court to rule in their favor (Thornburg, 2004b).

Unlike the Exxon Format, the Eveready Format involves asking questions that more directly focus on the issue of confusion.(Simonson, 1993a) The Seventh Circuit found this format acceptable in *Union Carbide Corp. v. Ever-ready, Inc.* (1976). Survey respondents are shown the junior product and then asked: “(1) Who do you think makes this brand? (2) What makes you think that? and (3) Name any other products put out by this brand” (Simonson, 1993a). Survey experts are seeking responses that include the name of the senior mark to connote evidence of likelihood of confusion (Thornburg, 2004b). Arguments against this format include the survey creates potentially leading or suggestive questions (Simonson, 1993b), and the Eveready Format suggests confusion when in reality none may exist (Thornburg, 2004b).

The Squirt Format is the most recently accepted form of trademark survey questions based upon the 1980 decision by the Eight Circuit (Thornburg, 2004b) The original format came from *Squirt Co. v. Seven Up Co.* (1980) and supporters of this format claim it provides a direct comparison and measure of confusion (Simonson, 1993b). Criticisms of the format include that it can underestimate the level of consumer confusion when two names are very similar, as consumers may find it illogical for the same company to use both names. The Squirt Format differs from the Eveready Format because the Squirt Format allows consumers to see a side-by-side comparison of the junior and senior marks during the survey (Simonson, 1993b). In these surveys,

consumers are asked whether the junior and senior marks originate from the same or different companies. For example, “Do you think SQUIRT and QUIRST are from the same or different company?” (Woods, 2008). This format is similar to the Exxon Format in that there are criticisms revolving around potentially leading questions about associations between two marks consumers may not have normally considered. Regardless of this criticism, the Squirt Format is one of the most popular and acceptable forms of trademark survey in litigation (Thornburg, 2004b). However, there are still doubts over the admissibility of this format by courts.

Admissibility of Surveys

Doubts over the admissibility of surveys have centered on their use of sampling techniques and status as hearsay evidence (Diamond, 2000). A substantive amount of trademark disputes revolve around proving the reputation of a trademark or the existence of likelihood of consumer confusion (Zhan, 2017). A properly conducted survey is likely to assist litigants in cases, as long as the survey is properly conducted according to judicial standards for survey research (McCarthy, 2008). The elements include:

- (i) the universe is properly defined;
- (ii) a proper representative sample is drawn from that universe;
- (iii) questions must be asked in a clear, precise and non-leading manner;
- (iv) surveys must be double-blind;
- (v) data gathered must be accurately reported;
- (vi) data analysis must be done in accordance with accepted statistical

principles; and

(vii) whether the persons conducting the survey are recognized experts.

The admissibility of a consumer survey lies with the “gatekeeper”, the judge, who ascertains whether the survey expert’s findings fall within the acceptable standards of Rule 702 and 703 of the Federal Rule of Evidence (FRE) (Mueller & Kirpatrick, 1995). Expert testimony in trademark litigation is typically used to determine both the validity of the methodology for the survey and the meaning of the outcomes (Cho & Moorman, 2014). All expert opinion testimony, whether scientific or technical, falls under the requirements outlined in Rule 702:

(a) the expert’s scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;

(b) the testimony is based on sufficient facts or data;

(c) the testimony is the product of reliable principles and methods; and

(d) the expert has reliably applied the principles and methods to the facts of the case (Notes of advisory committee, FRE, 702) .

In other words, Rule 702 requires expert testimony to be reliable as well as relevant and to assist the trier of fact (judge or jury) in reaching a verdict. Rule 703 provides the ability for such expert to rely upon the survey itself in testifying (Notes of advisory committee, FRE, 703). The rule states:

An expert may base an opinion on facts or data in the case that the expert has been made aware of or personally observed. If experts in the particular field would reasonably rely on those kinds of facts or data in forming an opinion on the subject, they need not be admissible in evidence....

Surveys fall under Rule 803 when considering admissibility under the hearsay rule (Notes of advisory committee, FRE, 803). Although consumer surveys testing for likelihood of confusion are offered for the truth of the matter stated, courts have often found these surveys are not hearsay (Thornburg, 2004b) In *Zippo Manufacturing Co. v. Rogers Imports, Inc.* (1963), the court ruled survey evidence was admissible in trademark infringement cases irrespective to the hearsay rule. However, *Zippo* (1963) emphasized the admissibility of survey evidence still depends on the “circumstantial guarantees of trustworthiness”, which must be proved by the party introducing the survey evidence (Brogan, 1996). *Piper Aircraft Corp. v Wag-Aergo, Inc.*, (1984) found surveys are not hearsay “because the survey merely recorded the present sense impression and existing state of mind of the interviewees....”

The use of surveys in trademark infringement cases can be incredibly important, as these cases virtually demand survey research due to consumer perception being at the core of the claim (Diamond, 2000) Testimonies by experts describing the results of a well-done survey can further give credibility to a trademark infringement claim, and is an efficient way to inform the trier of fact about a large and representative group of potential witnesses (S. Diamond, 2000). It is common for opposing parties to refute the other expert’s survey collection method and/or analysis. Generally, any alleged technical deficiencies affect the survey’s weight and not its admissibility (*Jellibeans, Inc. v Skating Clubs of Georgia, Inc.*, 1983). Flaws in methodology must be ‘serious and pervasive’ to justify exclusion under Rule 702 (*1-800 Contacts, Inc. v. Lens.com, Inc.*, 2013).

While survey evidence can provide valuable information and further bolster a litigant's claim, a poorly conducted survey by an unqualified expert can hinder a likelihood of confusion claim. In *Valador, Inc. v. HTC Corporation* (1984), the court found: (1) the expert was not qualified to present his proffered opinions; (2) the survey did not cover the proper universe; (3) survey did not replicate market conditions; (4) survey did not employ a control; (5) survey did not employ recognized methodology; and (6) survey employed leading or suggestive questions. The defendants moved for, and were granted, the exclusion of the plaintiff's expert on the question of likelihood of confusion.

Survey evidence in trademark litigation is also admissible in terms of the federal standard for scientific evidence expressed in *Daubert v. Merrell Dow Pharmaceuticals, Inc.* (1993). The United States (U.S.) Supreme Court provided judges the role of "gatekeeper" when dealing with scientific evidence and emphasized four factors to be used as criteria in consideration of the reliability of all scientific evidence: (1) whether a technique at issue has been tested in actual field conditions; (2) whether the technique has undergone peer review and publication; (3) whether a technique provides a known or potential error rate; and (4) whether a technique used has been generally accepted by the relevant scientific community (*Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 1993). As consumer surveys are a prevalent method in social science research regarding data collection, statistical analysis, manipulation check, etc., most consumer surveys would satisfy *Daubert* (Cho & Moorman, 2014).

Survey Evidence in Trademark Infringement Litigation

Established owners of trademarks can pursue litigation for trademark infringement if they believe there has been violation of the Federal Trademark Act of 1946 (Lanham Act), which prohibits the unauthorized use of a trademark that may cause confusion or mistake, or deceive consumers. Section 1114 permits a trademark owner of a federally registered trademark recourse against another person who:

use[s] in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in conjunction with the sale, offering for sale, distribution or advertising of any goods or services on or in connection with which such use is likely to cause confusion or to cause mistake, or to deceive (15 U.S.C. § 1114).

In simpler terms, the purpose of the Lanham Act is two-fold: (1) to protect consumers from confusion in commerce as to the source of goods, and (2) to protect the goodwill associated with a trademark holder's goods and investment (Cody, 2002).

The Lanham Act permits trademark owners to pursue action against any unauthorized use of protected marks. In trademark infringement cases, the plaintiff bears the burden to show potential consumer confusion regarding the source of a good or service due to the defendant's unauthorized use of a mark (Blum, Fox, Hayes, & Xu, 2010). There are three types of actionable confusion: (1) source confusion, (2) affiliation confusion, and (3) reverse confusion (Upadhye, 1997). Source confusion lies at the heart of trademark law and occurs when a consumer mistakenly believes a junior user's goods originate from the source of the senior user's mark (Bone, 2012). To prove infringement in source confusion, the public does not necessarily need to know the identity of the

senior source, but rather believe both products originate from the same source (Oddi, 1986).

Affiliation, or sponsorship, confusion occurs when the consumer believes the junior user's mark is somehow affiliated, sponsored, or connected with the senior user (*Nike, Inc. v. Just Did It Enters*, (1993). Establishing likelihood of confusion in affiliation confusion is not as clear, as courts have given no resolution as to how similar the trademarks must be to be actionable (*Helene Curtis Indus., Inc. v. Suave Shoes Corp.*, 1989).

Finally, reverse confusion occurs when the marks used in commerce by the infringing party causes the consuming public to believe the senior user's products originate or are sponsored by the junior user (Upadhye, 1997). The junior marks, which are first to hit the market and are the more recognizable brands, use their size and goodwill in the mark to overwhelm the senior user. Reverse confusion is difficult to determine for courts. While the senior user may have a property interest in protecting the mark, the public may benefit more from the junior user's adoption of the mark (Feldman, 2003).

For likelihood of confusion, a claimant's evidence of what they believe to be actual confusion may be insufficient to support the burden of proof required by courts (Jones, 1988). Evidence of actual confusion, such as mistaken purchases, would be the most helpful for trademark infringement cases, but courts generally understand the difficulty of obtaining this type of evidence (Allen, 1994). Trademark law allows parties in trademark litigation to introduce scientific information assessing the state of mind of

consumers such as anecdotal evidence, experimental data, and consumer survey evidence (Cho & Moorman, 2014). Consumer surveys may be the most widely used social science methodology out of the three due to the relatively lower cost and the ability to more efficiently measure the consumer's state of mind (Cho & Moorman, 2014). A consumer survey is an "instrument used to gather data on the beliefs and attitudes of consumers towards trademarks or products" (Bird, 1998). Although survey evidence has previously been rejected as hearsay (McCarthy, 1996), or of pertaining little material value (Bednall, Gendall, Hoek, & Downes, 2012), many jurisdictions now welcome the use of surveys as their value becomes more noteworthy.

In determining the issue of trademark confusion, plaintiffs not only must show they possess a valid, protectable trademark, but also that the use of the defendant's mark is likely to cause confusion among the consuming public (Allen, 1994). Courts assess consumer confusion with the likelihood of confusion test, and while the elements of the test vary amongst the thirteen federal circuits, there is an underlying common theme in all of the multi-factor tests (Upadhye, 1997). These include an examination of the similarity of the marks, strength of the plaintiff's mark, proximity of the products, whether the defendant acted in bad faith, and the existence of actual confusion (Edelman, 2000). The Ninth Circuit utilizes eight factors to analyze likelihood of confusion that were articulated in *AMF Incorporated v. Sleekcraft Boats* (1976) and now commonly referred to as the *Sleekcraft* test:

- (i) strength of the mark;
- (ii) proximity of goods;

- (iii) similarity of the marks;
- (iv) degree of care exercised by purchasers;
- (v) evidence of actual confusion;
- (vi) similarity of the marketing channels;
- (vii) defendant's intent in selecting the mark, and;
- (viii) likelihood products will expand and overlap

The Second Circuit relies on *Polaroid Corp. v. Polarad Electronics Corp.* (1961) factors the Seventh Circuit considers factors developed from *Helene Curtis Industries, Inc. v. Church & Dwight Co.*, (1977) and the Federal Circuit utilizes factors from *E.I. DuPont de Nemours & Co* (1973). To prove likelihood of confusion between marks, litigants have typically presented three different types of evidence: expert witnesses, visual comparisons, and survey evidence (Bird & Steckel, 2012) The latter, while being touted by courts as the most direct method of showing likelihood of confusion amongst consumers, is used infrequently and treated subjectively (Bird & Steckel, 2012) Obtaining and using survey evidence can also be time-consuming, expensive, and some experts may experience logistical issues associated with locating an appropriate universe of individuals to participate in the study (Edelman, 2000). It has also been said trademark survey evidence is unreliable, open to interpretation, and unable to produce useful results (Bunker, Stovall, & Cotter, 2004).

However, courts have called consumer surveys some of the most direct and persuasive evidence available to show trademark infringement (Bird & Steckel, 2012). Survey evidence allows litigants the opportunity to provide the court with consumer data

showing that actual confusion is prevalent or non-existent. Coupled with occurrences of actual confusion, results from a survey can increase the probability the court finds a likelihood of confusion outcome (Jones, 1988). This data can be gathered through various means such as shopping mall queries, telephone contacts, and internet surveys (Gelb & Gelb, 2007).

One study identified two major trademark infringement cases that shaped sport trademark protection policy and involved the use of survey evidence to prove consumer confusion (Cho & Moorman, 2014). In *MLB Properties, Inc. v. Sed Non Olet Denarius, Ltd.* (1993) MLB Properties and the Los Angeles Dodgers sued the Brooklyn Dodger Sports Bar and Restaurant in New York City for trademark infringement. The federal district court found in favor of the defendants based on fatal flaws within the survey. The survey evidence was rejected because the plaintiffs were only able to show an associational connection and determined multiple questions in the survey were suggestive or leading, which resulted in invalid responses. Therefore, without the survey evidence, the court found no proof of actual confusion.

In *Indianapolis Colts, Inc. v Metropolitan Baltimore Football Club Ltd. Partnership*, survey evidence was successfully used by the Colts to demonstrate consumer confusion. The Appellate Court faulted the defendants for not producing evidence countering the Colt's survey findings. This case showed how survey evidence could be instrumental in a trademark infringement claim with which likelihood of confusion is a central issue (Brogan, 1996). *Colts* was also the only sport trademark case

so far to emphasize both the role and admissibility of survey evidence in sport trademark litigation (Cho & Moorman, 2014).

A more recent case involved *Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College, et al. v. Smack Apparel Company, et al.* (2006). The University and its trademark licensees sued Smack Apparel for trademark infringement, dilution, and common law unfair competition for selling sportswear bearing the school colors, logos and designs. The court concluded the only evidence of actual confusion in the case was the survey evidence presented by the plaintiffs. However, the survey was deemed unnecessary due to the defendants admitting they used the school colors and other indicia with the intent of identifying the University plaintiffs as the subject of the message expressed in the shirt design. While the survey was not considered in this particular case, the plaintiffs still sought to provide as much evidence of confusion as possible. Even though a trademark dilution claim does not require the plaintiff to show a likelihood of consumer confusion, consumer surveys can provide evidence the original mark is being diluted, or harmed, by the use of a non-authorized mark.

Survey Evidence in Trademark Dilution Litigation

In addition to the traditional claim for infringement, trademark dilution law provides mark owners another federal claim against unauthorized users (Cho, 2015). The Federal Trademark Dilution Act of 1995 (FTDA) entitles owners of famous marks to an injunction against the unauthorized use of a mark in commerce that may cause dilution by blurring or tarnishment, regardless of the presence or absence of actual or likely

confusion, of competition, or of actual economic injury (Trademark Dilution Act, 15 U.S.C. § 1125(c)(1), 2012).

Under the Act, a plaintiff who possesses a famous trademark may enjoin another owner which is likely to weaken the unique value of the plaintiff's mark in terms of "blurring" or "tarnishment." The statute provides the definition of "blurring" and "tarnishment":

"[D]ilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.... "[D]ilution by tarnishment" is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark (Trademark Dilution Act, 15 U.S.C. § 1125(c)(1), 2012).

The issue in trademark law that has been widely debated revolved around whether owners of famous marks had to show likelihood of dilution or actual dilution. In *Moseley v. V. Secret Catalogue, Inc.* (2003), the U.S. Supreme Court ruled the legal standard for federal dilution claims required the plaintiff to show actual dilution. This was amended two years later, as Congress passed the Trademark Dilution Revision Act of 2006 which articulated the burden of proof required under law would be the likelihood of dilution, not actual dilution (Long, 2006).

While some courts may find both dilution and traditional trademark infringement in a single case, the two causes of action are actually mutually exclusive, according to J. Thomas McCarthy (1996):

Any one person either does or does not think that the similarly branded products or services are affiliated or connected. If he does not, then dilution may or may not occur in that person's mind, depending on the strength of the senior user's mark, and other factors. If he does mistakenly think there is a connection, then traditional trademark infringement has occurred. 'Dilution is not occurred in that person's mind...for dilution...[is] a state of mind that recognizes independent sources and affiliation.

Traditional trademark infringement addresses consumer confusion, but trademark dilution is more focused on protecting against semiotic harm to the owner of a famous trademark. Following the *Moseley* decision, the court gave a backhanded endorsement to the use of survey research by grouping it with other means of establishing actual dilution. Despite the slight validation, dilution surveys have a difficult time surviving admissibility at trial (Thornburg, 2004b), as there is no standard criteria for surveying dilution. Trademark owners believe dilution to be harmful but have difficulty explaining why, and many courts have been reluctant to enforce dilution laws over the years (Tushnet, 2007). Still, the concept of trademark dilution is somewhat elusive (Bunker et al., 2004), but direct evidence seldom exists for dilution and therefore the use of surveys is still desirable (McCarthy, 1996).

In 2007, Nike filed a lawsuit against a biotech laboratory supply company for using the name, Nikepal (*Nike, Inc. v. Nikepal, Inc.*, 2007). Nike employed Phillip Johnson of Leo J. Shapiro and Associates, a Chicago-based market research firm, to conduct a consumer survey to measure the likelihood of dilution of the Nike brand as a

result of Nikepal's use of the Nikepal mark. The majority of respondents acknowledged they were not likely to confuse the two marks; however, 87% associated Nikepal with Nike, indicating that when exposed to the Nikepal mark, they thought of Nike and/or its products. The court weighed Mr. Johnson's survey in favor of Nike, which considered in conjunction with the other likelihood of dilution analysis factors, allowed Nike to prevail on its federal and state dilution claims. Cases such as this one show how consumer survey evidence can bolster claims of trademark dilution, and more brands should take note of survey use in trademark litigation. While many brands may not have the resources Nike has, it is imperative to provide a quantitative analysis of the recent trends in how consumer surveys can affect the outcomes of trademark infringement and dilution cases.

Methodology

Data Collection

The data for this empirical study was collected from published opinions in trademark infringement and trademark dilution cases involving confusion written by federal trial court judges in the United States between 2007 and 2017. This time period is a continuation of the Bird and Steckel study (2012), which examined cases between 2000 and 2006. Following the same coding methods as Beebe (2006) and Bird and Steckel (2012), data was obtained through Westlaw using search terms to capture any opinion which discussed the use, misuse, or lack of, survey evidence in each trademark infringement and trademark dilution case.

First, the data was analyzed to determine how often survey evidence was used in trademark infringement and trademark dilution cases. Second, we utilized logistic regression to quantitatively measure the influence of the survey on the outcome of the case whether submitted by the plaintiff or defendant. We also investigated the trends of allowing or affording weight to survey evidence in each circuit. Ultimately, we expected to find litigants are more likely to receive favorable outcomes when producing their own consumer survey evidence to support trademark infringement or dilution claims.

Analysis and Justification

The analysis was performed in multiple stages. The first step detailed how often litigants submit surveys as evidence in trademark infringement and trademark dilution cases. We examined the frequency of use of survey evidence in these cases over the past decade. A high frequency of use could indicate support for the belief survey evidence has become *de rigeur* (Edelman, 2000) and is necessary to prove likelihood of confusion (Simonson, 1993a). This deepens the discussion of the influence of science on judicial decision making (Bird & Steckel, 2012), as research has noted judges may be predisposed to “junk science” due to their lack of empirical and mathematical training (Meyerson & Meyerson, 2009). The frequency of survey use combined with the frequency of favorable results for the survey submitter allows for the speculation of whether merely submitting a survey, regardless of quality, weighs positively on quality and persuasiveness of other evidence presented (Bird & Steckel, 2012).

Only cases containing discussion of survey evidence are included in the remaining analyses. The dataset was coded to note whether the plaintiff or defendant

submitted the survey. In a case where both parties submitted a survey, it was coded accordingly. The plaintiffs and defendants were separate analyses, as parties have different motivations for producing survey evidence. For example, in consumer confusion cases, the plaintiffs bear the burden of persuasion and would be more compelled to produce survey evidence (Manta, 2006b). There is a lower burden of persuasion for defendants, as the defendants only must show the plaintiff's evidence was deficient (Manta, 2006b). Thus, the quantity of surveys and survey effectiveness might differ between parties (Bird & Steckel, 2012).

The second step of the analysis includes two studies: Study 1 focuses on trademark infringement outcomes, while Study 2 examines trademark dilution outcomes. Each study contained a series of logistic regressions to produce insight into the effectiveness of surveys. Binary logistic regression was appropriate in this instance as outcomes are binary (i.e. the outcome either occurred or it did not occur): $\Pr(\text{Confusion Found}) = f(\text{Predictive Variables})$ and $\Pr(\text{Dilution Found}) = f(\text{Predictive Variables})$. The dataset reports whether a submitted survey was credited by the court, and if the judge indicated that, despite any flaws, the survey contained some probative value in favor of the party submitting the survey. Previous literature has indicated survey evidence can be a powerful indicator of consumer confusion in the minds of some judges, and submission of survey evidence the court deems to have probative value may influence the outcome of the case (Bird & Steckel, 2012).

Our analysis also sought to determine the causal relationship between the strength of a plaintiff's claim on grounds unrelated to survey evidence and the

effectiveness of in-court survey evidence (i.e., does a weak overall case for trademark infringement suggest that a consumer survey will be more impactful than a strong case?). The study also determined whether the submission of a survey by a defendant and no submission by a plaintiff adversely affects the plaintiff. Studies have shown courts to make adverse inferences from plaintiffs not submitting a survey, especially when a plaintiff is considered to have the resources and the defendant is the only party to submit survey evidence (Edelman, 2000).

We also analyzed how survey evidence was treated in each circuit. Quantitative studies focusing on the effectiveness of survey evidence on the outcome of a case have generally focused on how the multifactor likelihood of confusion tests varied amongst circuits, but none have analyzed if there is a difference in survey treatment depending upon the circuit.

Results and Discussion

This section includes the results of the multiple analyses. For ease of interpretation, we discuss the odds ratios for each significant finding. We also detail how the outcomes expand upon previous research on consumer survey use in trademark litigation. Some of the results contradict previous outcomes (Bird & Steckel, 2012), but the results reinforce the notion that survey evidence is still valuable and influential in trademark litigation.

While marketing and legal literature, along with many courts, detail the importance of survey evidence, our data confirm previous quantitative analyses that survey evidence is still not widespread in reported trademark litigation (Bird & Steckel,

2012). Out of 843 cases reviewed for the dataset between the years of 2007 and 2017, only sixty-nine (12%) discuss survey evidence. This could indicate companies may not desire to spare the cost for a consumer survey which is not an absolute in achieving a favorable outcome. However, this analysis only accounts for the surveys admitted into evidence and discussed by the judge during litigation, thus we are unaware if companies have previously conducted surveys to force a settlement or received unfavorable results prior to litigation. Data was also collected on judge characteristics, as well as survey type, if available. However, both variables were eliminated as each produced too small of a sample size for analysis.

Likelihood of Confusion in Trademark Infringement Cases

Table 2.1 includes eleven regression models for trademark infringement cases where consumer confusion surveys were conducted by either the plaintiff, defendant, or both. Each model tests the impact of different survey-related variables on the court's finding of a likelihood of confusion, including whether a survey was credited by the court or not. A credited survey is when the judges has indicated that, despite any innate flaws within the survey, the evidence contained as least some probative value in the case. Model 1 examines the relationship between probability of a court finding a likelihood of confusion and whether or not the plaintiff submitted the survey. This model tests only the submission of the survey, with no consideration of other factors that may impact an outcome of likelihood of confusion. The results show a positive and significant relationship between a plaintiff submitting a survey and a finding of likelihood of confusion. This finding is in contrast to Bird and Steckel's (2012) analysis

and shows courts may be more favorable to plaintiff submitted surveys. Without taking other non-survey evidence into account, and regardless of whether the survey was credited by the court, plaintiffs were over five and a half times more likely to receive a likelihood of confusion when submitting a survey than when they did not.

Model 2 examines the relationship between not only a plaintiff submitting survey evidence and the likelihood of confusion outcomes, but also the presence of a defendant survey. Bird and Steckel found a plaintiff-submitted survey in this model did not yield significant results and a defendant's submission of a survey was negatively correlated with a likelihood of confusion outcome. However, our analysis concluded that while the defendant-submitted survey did not produce significant results, a plaintiff submitting a survey was almost four times more likely to receive a favorable outcome. As previously discussed, plaintiffs and defendants have different evidentiary burdens in trademark litigation cases. When a plaintiff is the only party submitting a survey, the courts may treat this evidence differently and more favorably. A defendant bears no burden in a trademark infringement case, so intuition would assume the submission of a survey by both parties may cause the courts to view the evidence differently. Previous research has found a defendant submitted survey may counterbalance the "halo-effect" a plaintiff-submitted survey has when there is no other scientific evidence to rebut the infringement claim (Bird & Steckel, 2012). However, these results, without accounting for credited surveys or the circuits, show courts may becoming more favorable to plaintiff-submitted surveys, regardless of whether defendant submits their own survey evidence.

In Model 3, plaintiff and defendant credited surveys are included as variables in the regression. While each party may submit a survey, the courts may rule one or both as inadmissible due to methodological issues. This model takes into account when both parties have submitted surveys and the surveys have also been credited by the courts as being admissible into evidence. Bird and Steckel (2012) found significant relationships between a plaintiff-submitted survey, defendant's survey, and a plaintiff-credited survey regarding a likelihood of confusion decision. Unsurprisingly, our results indicate when a plaintiff submits a survey that is credited, the credited survey is strongly and significantly correlated with an outcome of likelihood of confusion. When a plaintiff survey is credited, the outcome is nine times more favorable to the plaintiff. For defendants, Model 3 shows a court-credited survey submitted by a defendant has no statistically significant impact on the outcome of the dispute. Defendants may take note of these findings, that while basic methodology is important, surveys submitted by defendants are not subjected to the same rigor as the plaintiff. Therefore, it may not matter whether the defendant survey is credited or not, as the presence of a defendant-submitted survey may be enough to neutralize the plaintiff's survey, contingent upon if the plaintiff's survey is credited or not.

Model 4 examines the impact of non-survey evidence on a likelihood of confusion outcome, with the three *Polaroid* factors determined by Beebe (2006) as being universally examined by all circuits. As previously noted, each circuit has its own factors to examine in trademark infringement cases, but there are four factors shared by all federal circuits. Actual confusion was eliminated from the analysis because some courts

view consumer surveys to be evidence of actual confusion (Bird & Steckel, 2012). These variables include the similarity of the two marks, similarity of the products, and the proximity of the goods in the marketplace. This models tests whether a given factor favoring or disfavoring a likelihood of confusion outcome has an impact on the case. Bird and Steckel (2012) found positive and significant relationships between the factors favoring confusion with a likelihood of confusion, as well as negative and significant correlations between the likelihood of confusion outcome and the factors not favoring confusion. The current results show that all three factors are positively and significantly correlated with a finding of likelihood of confusion. Each factor is influential, demonstrating when a court finds the marks are similar, the plaintiff's mark is strong, or the proximity of the goods in the marketplace favors confusion, the court is more likely to reach a favorable conclusion of likelihood of confusion for the plaintiff. Conversely, when the court determines these factors favor no confusion between the marks, there was no significant impact on the outcome. This seems counter-intuitive, as one would expect when the three factors are found to not favor confusion, the results would be negatively correlated with a likelihood of confusion outcome. This may indicate that plaintiffs in the survey evidence data were more likely to partake in litigation when they had a stronger case for showing the similarity of the marks, the strength of their mark, and could provide evidence the goods were in close proximity.

Model 5 builds upon the previous model by including the plaintiff-submitted survey variable. In conjunction with the non-survey evidence, the court was over twelve times more likely to find an outcome of likelihood of confusion when a plaintiff

submitted a survey, along with the similarity of the two marks and the strength of the plaintiff's marks favoring confusion. The proximity of goods was not significant, signifying courts may be more likely to rely on the similarity and strength factors when a consumer confusion survey is involved. Model 6 includes the addition of the defendant-submitted survey, with no change in relationships between the variables and a likelihood of confusion finding. The defendant-submitted survey was not significant, which demonstrates when the plaintiff-submitted survey is taken into account with mark similarity and strength of the mark, courts were nine times more likely to find a likelihood of confusion outcome.

Model 7 is a continuation of the previous two models, as we add the presence of credited surveys by each party. Bird and Steckel (2012) found all variables to be statistically significant except for the defendant's credited survey, and that survey evidence remained influential in likelihood of confusion cases even when the influence of the *Polaroid* factors were taken into account separately. This analysis shows the strength of the plaintiff's mark amongst the public is the only significant variable, which suggests that the courts are nearly seven times more likely to find an outcome of likelihood of confusion when they consider the mark to be strong. This implies courts may rely heavily on the strength of the plaintiff's mark, when the other factors are considered separately, along with both parties submitting surveys that are credited.

Model 8 deviates from previous quantitative analyses of consumer surveys in trademark infringement but expands the analyses by examining the relationship between a likelihood of confusion outcome and a plaintiff-submitted survey, depending upon the

circuit the case was litigated. The results are homogenous across the circuits, as there are no significant correlations between each circuit and the outcome. As shown in Model 1, a plaintiff submitting a survey, independent of other considerations, is almost six more likely to receive a favorable outcome of likelihood of confusion. Model 9 considers both plaintiff and defendant-submitted surveys along with the circuits. This model is in stark contrast to Model 2, where the plaintiff-submitted survey produced significant results, without taking in account whether the survey was credited, other non-survey evidence, and the circuits. In this model, there were no statistically significant findings. The results are analogous to previous research where a defendant submitting a survey alongside a plaintiff may produce a scientific neutralizing effect, notwithstanding accreditation or other factors. These results confirm previous analyses (Bird & Steckel, 2012) that it is the presence of the defendant-submitted survey, not its quality or methodology, which has a favorable impact for the defense. When circuits are accounted for, courts may not give weight to either survey in favor of a likelihood of confusion outcome when both parties have submitted surveys.

Model 10 analyzed the relationship between both plaintiff and defendant-submitted surveys, each being credited, along with the circuit variables. The model produced only one positive and statistically significant result. A credited plaintiff submitted survey was fourteen times more likely to result in an outcome of likelihood of confusion. Model 11 extends this examination, and includes all variables in the data: (1) plaintiff-submitted; (2) defendant-submitted; (3) plaintiff survey credited; (4) defendant survey credited; (5) similarity of marks favoring confusion; (6) similarity of marks

favoring no confusion; (7) strength of plaintiff's mark favoring confusion; (8) strength of plaintiff's mark favoring no confusion; (9) proximity of goods favoring confusion; (10) proximity of goods favor no confusion; (11) First Circuit; (12) Second Circuit; (13) Third Circuit; (14) Fourth Circuit; (15) Fifth Circuit; (16) Sixth Circuit; (17) Seventh Circuit; (18) Eighth Circuit; (19) Ninth Circuit; (20) Tenth Circuit; (21) Eleventh Circuit. When a plaintiff survey was credited, in consideration with the non-survey evidence and the circuits, plaintiffs were more than 150 times more likely to receive a favorable outcome of likelihood of confusion. The results from Models 10 and 11 indicate that survey evidence remains influential in likelihood of confusion cases, and credited plaintiff surveys continue to increase the probability of a likelihood of confusion finding. Overall, these models show that while survey evidence is still not prevalent in trademark infringement cases, the use of surveys can still be very persuasive and should be part of the cost-benefit analysis conducted by brands prior to pursuing litigation.

Table 2.2 provides more insight into how the strength of the likelihood of confusion factors combined with a plaintiff-submitted survey effect the outcome. The results are interesting, revealing that in our data, plaintiffs were more likely to present survey evidence even when they had a strong case or a weak case regarding the confusion factors. Previous research has shown consumer surveys are most impactful when the likelihood of confusion factors are of middling strength (Bird & Steckel, 2012). These findings show in cases where plaintiff's submit surveys and can show strong evidence of similarity of marks, the strength of their mark, and how close in

proximity the goods are in the marketplace, courts typically find in favor of confusion. That is not unexpected and supports the research by Bird and Steckel (2012) and Beebe (2006), as the surveys may be used by plaintiffs to ensure the courts understand they are serious about pursuing an injunction against potential infringers.

The plaintiffs involved in litigation where courts found the similarity evidence and strength of the mark to be weak, surveys did not appear to help as much. However, over 30 percent of cases identified as having weak evidence were able to show confusion through consumer surveys. This is a fascinating finding, as courts are to take into consideration multiple factors prior to a decision on whether likelihood of confusion exists between the marks. The results indicate courts may be extremely favorable to plaintiff-submitted surveys in trademark infringement cases, and even with a weak case, surveys retain significant persuasive power with the courts.

Likelihood of Dilution in Trademark Dilution Cases

There were 134 federal cases involving trademark dilution claims and survey discussions available in Westlaw from 2007-2017, with only 59 providing survey evidence. Table 2.3 details the results of fourteen regression models for trademark dilution cases where consumer surveys were mentioned or conducted by either the plaintiff, defendant, or both. Each model tests the impact of surveys on the court's finding of a likelihood of dilution. In trademark dilution litigation, proof of fame is required. Survey evidence can be helpful in testing whether a mark is famous (Jacoby & Zadra-Symes, 2013) Truly famous brands, such as Nike, may not have to use surveys to prove nationwide fame, as they are able to provide evidence of long-term use and

widespread press coverage. However, just because a mark is famous does not necessarily mean a court will find in favor of dilution. Courts may consider other factors, such as the defendant's use in commerce, whether it was used after the mark was famous, or whether the distinctiveness of the mark is impaired by the defendant's use. Data was collected on each of these variables, but due to multicollinearity issues the last two variables, use after mark was famous and whether the distinctiveness of the mark was impaired, were not included in the analysis.

Models 1 and 2 mirror the results from the first two models in the trademark infringement cases, as the submission of only a plaintiff survey is five times more likely to result in a likelihood of dilution outcome. Once a claimant has proven their mark to be famous, submitting a survey to show how the other mark is dilutive only strengthens a case. The submission of a defendant survey did not produce significant results, but the plaintiff-submitted survey was still five times more probable to result in a favorable outcome. Model 3 considers surveys submitted by both parties and each credited by the courts, which provides further evidence that when courts consider and credit both surveys, they may negate the submission of the other. Therefore, when both are credited, neutralization of the scientific "halo effect" of plaintiff-submitted surveys by a defendant submitting a survey is still prevalent in trademark dilution litigation, without consideration of other factors.

Model 4 shows the relationship between a court finding a mark has achieved fame and a likelihood of dilution outcome. When brands can show they own a famous mark in dilution litigation, they are 25 more times likely to receive a favorable result of

likelihood of dilution. This is intuitive, as brands must show their mark is famous in order to successfully make a dilution claim. Model 5 expands on the previous model with the addition of the court finding the defendant used the mark in commerce. If a plaintiff can show their mark is not only famous, but the defendant has used the mark in commerce, the case is fourteen times more likely to result in a likelihood of dilution outcome. This is not unexpected, as these two factors are essential in a dilution claim.

Model 6 examines the correlation of a plaintiff-submitted survey, alongside a mark deemed famous by the courts, and a finding of likelihood of dilution. A plaintiff-submitted survey, when accounting for fame, was four times more likely to result in a likelihood of dilution outcome. Model 7 produced similar results, with the addition of the defendant-submitted survey. These results are not unexpected, as the mark being recognized as famous is required, and should not change the significance of the submission variables from previous models. Courts appear to favor a likelihood of dilution outcome when plaintiffs provide proof of fame, along with surveys showing evidence of dilution.

Model 8 shows the relationship between a plaintiff-submitted survey and a likelihood of dilution with the addition of variables identifying the mark as famous, and whether the defendant used the mark in commerce. The plaintiff-submitted survey was not significant, but fame and use in commerce produced statistically significant findings. The results indicate when a court finds the mark is famous and the mark is being used in commerce by the defendant, a likelihood of dilution was over eleven times more probable. The results for Model 9 were similar, as the addition of the defendant-

submitted survey did not produce significant results. This is not unanticipated, as a defendant-submitted survey is rare for litigation, so courts may decide to not give weight to either when both parties submit surveys contradicting the opposition. When the court found a mark to be famous and determined the defendant was using the mark in commerce, consideration of the submission of surveys did not appear to have an effect on the outcome.

Model 10 includes when both parties submit survey evidence and each are credited by the courts, if the plaintiff's mark is famous, and whether the defendant used the mark in commerce. This model produced anticipated results, however, the probability of a likelihood of dilution outcome jumped exponentially when the plaintiff's survey was credited. When a plaintiff's survey was credited, the court was over 120 times more likely to rule in favor of likelihood of dilution. This shows a trend that a plaintiff submitting a survey into evidence that is credited, along with proof of fame and use by defendant in commerce, signals to the court they have ample proof to show a likelihood of dilution.

Models 11 and 12 analyze plaintiff-submitted and defendant-submitted surveys in conjunction with circuits. The circuits were not statistically significant, but plaintiff-submitted survey was positive and significantly correlated with a finding of likelihood of dilution. These results are similar to Model 1 and 2, demonstrating courts respond favorably to plaintiff-submitted surveys, without deference to other dilution factors. The circuit does not seem to matter in dilution cases, which is an interesting finding in its own right. One would expect there may be differences in circuits regarding dilution

cases, as there are no guidelines on how to determine likelihood of dilution. However, the circuits were not significant in any model in Table 3.

Model 13 examines the relationships between both parties submitting surveys that are credited, along with the circuits. None of the variables were significant, but when the dilution factors, fame and use in commerce, were added into Model 14, the court determining the mark was famous produced significant results. When courts take into account both credited surveys, along with the dilution factors, the fame of the mark appears to be the most persuasive. Factoring all variables into consideration, the mark being famous was over sixty times more likely to provide an outcome of likelihood of dilution. These findings throughout the models show survey evidence is influential in trademark dilution litigation. A brand must be able to prove their mark is famous, and if they are able to provide a consumer survey to show potential dilution, they have a higher probability of succeeding in a dilution claim.

Survey Evidence in Sport Trademark Litigation

Out of the trademark infringement and dilution cases analyzed, only seven involved sport brands and survey evidence. However, two of the cases had only one party submit, while the other five involved both parties submitting surveys. Due to the small sample size, it is inappropriate to analyze the data with the selected regression. Nonetheless, there are still interesting observations to note. Sport brands are increasingly involved in trademark infringement and dilution disputes but could potentially be utilizing survey evidence to force settlements prior to litigation. Also, this analysis only examined consumer surveys admitted and discussed during litigation, whereas sport

brands may be more likely to employ surveys prior to litigation that involve brand awareness or level of recognition surveys that display the strength of their marks.

Sport brands are also gaining wider national and global recognition,² and may be better positioned to provide evidence of the strength of their mark, which is one of the essential factors in determining likelihood of infringement (Beebe, 2006). Many sport brands may also possess the funds to pursue litigation against potential infringers and dilutive uses of their marks (Au, 2017), whereas their counterparts may be forced to relinquish use of the mark without litigation. This is not to say sport brands are more likely to win an infringement case, just that the trend indicates sport brands are no more likely to use survey evidence than brands in other industries.

Evaluating the Role of Survey Evidence in Trademark Litigation

Consumer surveys in trademark litigation can be used to sway a court that likelihood consumer confusion exists (or does not) between trademarks. Courts have even noted the importance of survey evidence in likelihood of confusion cases (*McNeil Nutritionals, LLC v. Heartland Sweeteners LLC*, 2008) Some research has called surveys crucial in successfully demonstrating a trademark is worthy of federal protection (Dalton & Horowitz, 2006). Other research identified consumer survey evidence in a trademark dispute represented one of the most important decisions a trial counsel would make (Thornburg, 2004b).

² Nike is not only the most valuable sports apparel brand, but the most valuable apparel brand in the world. *See*, (Friedman, 2015)

The abundance of literature detailing the importance and use of consumer surveys in trademark litigation would suggest conducting and submitting surveys has become a universally accepted common practice. While not widespread, there is an upward trend in courts discussing survey evidence. Our data showed 182 cases where the federal trial court judge mentioned consumer surveys in their opinions. Between 2000 and 2006, Robert Bird and Joel Steckel found surveys were mentioned in only 17 percent of cases (Bird & Steckel, 2012) which reveals courts may be becoming more reliant on surveys in trademark litigation as that number has increased to over 20 percent for 2007 through 2017.

Research on consumer surveys has also indicated courts may make an adverse inference when litigants do not submit surveys to provide further evidence of confusion (Edelman, 2000). Based on these findings, judges are not as quick to denounce litigants' claims of infringement or dilution based on the absence of a survey. Our data collection showed less than 4 percent of judges inferred there was a weak case due to the absence of a survey. Nonetheless, the submission of surveys, especially by plaintiffs, can make or break a case due to methodological issues. Judges have not been reluctant to exclude or give little weight to consumer surveys if they are methodologically flawed. Poorly conducted surveys have even caused trial courts to toss out multi-million dollar verdicts in trademark cases.³ Accordingly, plaintiffs should ensure they are following proper

³ The Plaintiff's survey showed 47% confusion and the jury returned a verdict of \$54 million in favor of Black & Decker. However, the judge found the expert's survey lacked causation and did not properly replicate market conditions. The Defendants were granted a new trial due to significant flaws in the survey. *See (Black & Decker Corporation v. Positec USA Inc., 2015 WL 1543262).*

methodological guidelines when conducting their survey, as the findings in this paper show they are much more likely to receive a favorable outcome when their survey is credited.

Although our trademark infringement data shows defendant-submitted surveys may not normally be subjected to the same methodological rigor as plaintiff surveys, there have been instances where poorly conducted surveys by defendants have also negatively impacted their case.⁴ Based on the analysis, defendants should be careful when choosing to submit surveys. Courts should treat survey evidence equally, but this study finds surveys are treated differently dependent upon which party submitted the evidence. Plaintiffs bear the burden of proof in trademark litigation, and the results show courts afford more favoritism to plaintiff credited surveys than to defendants' surveys. This leads the researchers to question whether defendants should spend the resources conducting surveys, or instead, hire experts to testify against methodological flaws in the plaintiff's survey.

Our findings regarding the submission and accreditation of surveys in trademark dilution litigation differs somewhat from the infringement survey results. When both parties submit surveys that are credited by the court, the effect on the outcome is neutralized. These results suggest companies, on both sides of the aisle, involved in dilution claims should embrace a legal strategy of using survey research to support their

⁴ Defendants were unable to prove their smiley face mark had acquired secondary meaning. The judge also ruled the survey to measure consumer confusion was overly inclusive and did not approximate real-world marketplace conditions. *See Smith v. Wal-Mart Stores, Inc.*, 305 F. Supp. 2d 652, S.D. Miss. 2003)

cases. However, these should not be retroactive, instead, companies should consider commissioning surveys proactively. This can be done in conjunction with the legal and marketing teams for a brand. Marketers and lawyers should be working together throughout the process of creating the trademark, as lawyers will be able to conduct and evaluate preliminary searches prior to the team committing to a specific mark (Mostafa, 2015) This allows the implementation of the mark into commerce to be smoother, and provides the legal team with valuable information and evidence to protect their mark from potential infringement and dilution.

Frequently obtaining perceptions of the strength of a mark can be done by the marketing and legal teams. Regular and systematic surveys regarding a trademark, whether a senior or junior user, enables a company to provide evidence of established or growing fame as well as brand awareness. Surveys are important in trademark dilution cases, as protection only applies to “famous” trademarks, yet there is no universal standard for determining fame. Senior users of a mark can intermittently establish fame of their mark by conducting surveys to understand how well their mark is established in the minds of the public (Shanti, 2001). A junior user, however, can utilize surveys to establish a senior mark is not sufficiently famous to merit dilution protection (Bunker et al., 2004). Both parties should understand the trend shows survey research in dilution cases can provide strong evidence to bolster their case. Marketing and legal teams for companies should work together internally to conduct surveys that provide not only the brand with valuable information, but follow legal guidelines so these surveys can also be

admissible in trademark cases. Commissioning surveys together may spare the expense of having to conduct new and expensive surveys strictly for litigation.

Implications and Future Research

The probative value of a comprehensive trademark survey may not always justify the cost, and the issue with courts interpreting survey data in legal cases is that there are no universal standards by which to make the interpretations (Bunker et al., 2004). This study provides insight into the potential impact consumer surveys can have on the outcome of trademark infringement and dilution cases. Courts still appear to display litigant-status preference, as plaintiffs are still more heavily favored when submitting surveys. This provides valuable information for brands, that surveys can strengthen a plaintiff's case, even when courts do not find confusion for each variable in the multi-factor tests. Regarding trademark infringement cases, it may be in the best interest of the plaintiff to provide the court with survey evidence. Defendants, on the other hand, may want to conduct further cost-benefit analyses to determine if the value of conducting the survey is worth more than providing an expert to dispute the plaintiff's survey methodology and admissibility.

Our research also adds another element to the literature on survey evidence by quantitatively analyzing the effect consumer surveys have on a likelihood of dilution outcome. These findings show that, if both parties' surveys are credited, the courts may not give favorable weight to either. This is essential for litigants in trademark dilution cases to understand. Plaintiffs must prove their mark is famous, which is typically done through consumer surveys. The defendants can utilize surveys in multiple ways: (1)

conduct a survey to show the plaintiff's mark has not acquired fame; or (2) show their mark has no effect on the senior mark's distinctiveness. The Supreme Court has previously dismissed the difficulty and expense of producing evidence to prove dilution (*Moseley et al. v. V Secret Catalogue, Inc., et al.*, 2003), and this study recommends that both parties should consider submitting surveys in order to prove or disprove dilution.

Brands are essential for creating commercial value, and sport businesses are no exception (WIPO, 2018a). Intellectual property lies at the heart of the marketable opportunities offered by the sports world; it also helps to secure the economic value of sport (WIPO, 2018b). With potentially millions of dollars at stake in the value of a brand (Bird & Steckel, 2012), firms should be consistently monitoring unsanctioned uses of their marks in commerce. As sport brands become more well-known, they are more vulnerable to abusive and unauthorized use of their marks (WIPO, 2018a). Sport brands, as well as individual athletes managing their own brands, should take note of the trends regarding survey evidence in trademark litigation. A recent successful infringement case for an athlete involved Michael Jordan, who used a survey in a trademark dispute with Qioadan in China. The more successful a team or an athlete is, the more recognizable and valuable the brand. The value associated with their mark may be more than worth it to periodically conduct consumer surveys to assess brand perception and awareness. The surveys would not only track the mark's place in the minds of consumers, but help establish a baseline to make it easier to argue infringement and dilution of their mark. These surveys could, in turn, be used prior to litigation to deter potential infringers and diluters from continued use of their marks.

Future research should include a more in-depth cost-benefit analysis of using consumer surveys in trademark litigation, dependent upon the strength of the other likelihood of confusion or dilution factors. Also, it would be interesting to examine all trademark litigation involving sport brands, and determine if their legal strategies follow the overall trends in trademark protection. Future studies should investigate the strengths and weakness of consumer surveys used in trademark litigation, in order to create consumer surveys that have higher persuasion with the courts.

Conclusion

Consumer surveys are still not used in trademark litigation as often as research would suggest. This does not mean surveys are not valuable, as some brands may be using surveys prior to pursuing litigation or in order to force the other party to abandon use of their mark, if they are using surveys at all. In order for brands to conduct a meaningful cost-benefit analysis, they must understand the relationship between multi-factor tests, survey evidence and actual outcomes. While consumer surveys are not required in trademark litigation, nor necessarily easy or inexpensive to commission, this study shows there are situations where it may be most prudent to produce survey evidence. In most cases, the findings indicate plaintiffs should seriously consider conducting a survey, as the potential impact of not prevailing in a trademark infringement case could cost the plaintiff their trademark, i.e. their brand.

This article also provides insightful information to both marketers and trademark lawyers, as well as contributing to the consumer survey literature. Every brand name or image used in commerce is a trademark, and the management issues of these involve

trademark law. Trademark protection is the core of an effective brand protection strategy. Brands should not simply rely on their own perceptions of their mark when fighting against trademark infringement and dilution. Trademark infringement and dilution surveys, conducted by marketing and legal experts, can provide direct evidence about consumer confusion or dilution that may be difficult to obtain by visual comparisons or expert testimony alone. Continued assessment of the use and receptiveness of survey evidence will be vital in understanding the most cost-beneficial methods for brands protecting their marks.

Table 2.1. Binary Logistic Regression Relating Surveys to Probability of Finding Likelihood of Confusion.

VARIABLE	MODEL 1	MODEL 2	MODEL 3	MODEL 4	MODEL 5	MODEL 6	MODEL 7	MODEL 8	MODEL 9	MODEL 10	MODEL 11
Plaintiff Submitted	1.727(5.626)***	1.322(3.750)*	0.117(1.123)		2.548(12.778)**	2.21(9.218)*	1.085(2.960)	1.765(5.839)*	1.300(3.671)	0.836(2.307)	2.187(8.911)
Defendant Submitted		-0.560(0.571)	0.371(1.449)			-0.336(0.714)	-0.146(0.864)		-0.593(0.553)	18.302(8.880)	20.111(5.422)
Plaintiff Survey Credited			2.215(9.158)**				1.458(4.298)			2.642(14.044)*	5.033(153.373)***
Defendant Survey Credited			-1.376(0.253)				-0.723(0.486)			-19.052(5.320)	-20.489(1.266)
Similarity of Marks Favoring Confusion				1.699(5.469)***	2.137(8.471)**	1.974(7.197)*	1.703(5.488)				0.256(1.292)
Similarity of Marks Favoring No Confusion				0.144(1.155)	-0.953(0.385)	-0.972(0.378)	-1.055(0.348)				-1.706(0.182)
Strength of Plaintiff's Mark Favoring Confusion				1.871(6.492)***	1.612(5.014)*	1.726(5.620)*	1.925(6.853)*				6.624(752.913)
Strength of Plaintiff's Mark Favoring No Confusion				-0.556(0.573)	-0.264(0.768)	0.005(1.005)	0.718(2.051)				4.170(64.744)
Proximity of Goods Favoring Confusion				1.156(3.179)*	0.612(1.844)	0.594(1.811)	0.154(1.166)				-2.639(0.071)
Proximity of Goods Favoring No Confusion				-1.272(0.280)	-0.505(0.603)	-0.680(0.507)	-0.867(0.420)				-
First Circuit								-	-	-	-
Second Circuit								1.256(3.51)	-0.800(0.923)	0.195(1.215)	0.383(1.467)
Third Circuit								-	-	-	-
Fourth Circuit								1.684(5.390)	0.139(1.149)	1.749(5.751)	0.638(1.890)
Fifth Circuit								1.619(5.0496)	0.123(1.131)	1.229(3.418)	3.282(26.629)
Sixth Circuit								1.203(3.329)	-0.384(0.681)	0.113(1.119)	4.749(115.435)
Seventh Circuit								-	-	-	-
Eighth Circuit								1.684(5.390)	0.139(1.149)	0.818(2.265)	-
Ninth Circuit								1.407(4.084)	-	-	-
Tenth Circuit								-	-	-	-
Eleventh Circuit								-	-	-	-
Constant	-1.322(.267)*	-0.762(0.467)	-0.602(0.548)	-1.651(0.192)***	-3.302(0.037)*	-2.929(0.053)	-2.406(0.090)	-2.657(0.076)	-0.492(0.611)	-1.792(0.167)	-6.881(0.001)
-2 LOG LIKELIHOOD	43.429	42.500	35.042	57.037	23.001	22.696	21.380	36.269	34.003	23.438	12.188
Pseudo R ²	0.092	0.098	0.256	0.463	0.497	0.496	0.525	0.113	0.106	0.384	0.6796

* p<0.10, ** p<0.05, ***p<.01

Table 2.2. Plaintiff Confusion Survey with Multi-Factor Test Variables & Likelihood of Confusion Outcome.

Variable	Strong Similarity		Middling Similarity		Weak Similarity
No Survey - Confusion	2		2		3
Survey - Confusion	14		5		6
Survey - No Confusion	2		4		11
No Survey - No Confusion	3		3		5
Observations	25		14		19

Table 2.3. Binary Logistic Regression Relating Surveys to Probability of Finding Likelihood of Dilution.

VARIABLE	MODEL 1	MODEL 2	MODEL 3	MODEL 4	MODEL 5	MODEL 6	MODEL 7	MODEL 8	MODEL 9	MODEL 10	MODEL 11	MODEL 12	MODEL 13	MODEL 14
Plaintiff Submitted	1.674(5.333)***	1.631(5.109)**	-0.100(0.905)			1.493(4.49)*	1.397(4.042)*	0.588(1.801)	0.520(1.682)	-2.041(-0.130)	2.247(9.461)**	2.111(8.259)*	0.822(2.274)	-2.199(0.111)
Defendant Submitted		0.406(1.500)	0.476(1.610)				1.04(2.847)		1.064(2.899)	0.1962(1.217)		0.788(2.199)	0.725(2.065)	-1.202(0.301)
Plaintiff Survey Credited			2.647(14.109)							4.855(128.417)*			1.652(5.220)	3.881(48.470)
Defendant Survey Credited			-0.751(0.472)							-0.024(0.976)			-0.137(0.872)	3.266(26.211)
Famous Mark				3.245(25.650)***	2.471(11.839)**	3.12(22.600)***	3.293(26.913)***	2.454(11.633)**	2.666(14.387)*	3.071(21.568)*				4.223(68.256)*
Defendant Used Mark in Commerce					2.672(14.463)*			2.437(11.442)*	2.441(11.489)*	2.717(15.131)**				4.268(71.407)
First Circuit											-0.280(0.756)	-0.470(0.625)	-0.582(0.559)	6.495(661.57)
Second Circuit											0.401(1.493)	0.426(1.531)	0.495(1.641)	0.443(1.557)
Third Circuit											-	-	-	-
Fourth Circuit											-	-	-	-
Fifth Circuit											1.305(3.686)	1.410(4.093)	1.435(4.201)	1.368(3.927)
Sixth Circuit											-0.555(0.574)	-0.584(0.558)	-0.686(0.504)	0.689(1.991)
Seventh Circuit											-	-	-	-
Eighth Circuit											1.305(3.686)	1.015(2.760)	1.073(2.934)	3.711(40.889)
Ninth Circuit											0.520(1.682)	0.629(1.876)	0.732(2.079)	1.684(5.388)
Tenth Circuit											1.305(3.686)	1.409(4.093)	1.435(4.201)	0.976(2.653)
Eleventh Circuit											-	-	-	-
Constant	-0.981(0.375)***	-1.040(0.353)	-0.999(0.368)**	-2.603(0.074)***	-3.781(0.023)***	-2.949(0.052)***	-3.254(0.039)***	-3.790(0.023)***	-4.141(0.016)***	-4.473(0.001)***	-1.305(0.271)	-1.409(0.244)	-1.435(0.238)	-7.356(0.001)*
-2 LOG LIKELIHOOD	35.330	35.187	33.122	25.959	-20.566	24.127	23.529	20.360	19.841	-16.226	29.289	28.970	28.504	12.59
Pseudo R2	0.093	0.097	0.150	0.316	0.458	0.365	0.380	0.464	0.477	0.573	0.160	0.169	0.183	0.630

* p<0.10, ** p<0.05,
***p<.01

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CHAPTER V.

CONCLUSION

The purpose of this dissertation was to provide an in-depth examination of the trademark protection strategies by sport brands. These studies focused on in-depth analyses of trademark strategies by sport brands such as trademark infringement and trademark dilution. The first paper was conceptual in nature, as I examined the history of adidas and Converse and their approaches to trademark protection. The strategies of these companies were compared, as adidas has been able to maintain their three-stripe trademark but Converse lost multiple distinct marks associated with their shoes. Adidas has been a vigilant and proactive in protecting their intellectual property, to the point where other brands have accused them of trademark bullying. Converse, on the other hand, attempted to further distinguish an already distinctive trade dress, which resulted in the loss of multiple federal trademark protections. This has allowed other brands to capitalize on the success of Converse shoes, without fear of repercussion. Lastly, I provided recommendations to sport brands regarding best trademark protection practices.

The second study was a continuation of the first, as this paper sought to determine the most effective trademark litigation strategies. While there has been ample research exploring the prediction of litigation outcomes for years in multiple fields and using statistical methods to analyze these outcomes, the sport management literature regarding this area has been scarce (i.e. one study exists). Adidas served as an excellent platform to examine and help brands determine the best combination of claims in order

to be successful, as the brand is known for aggressively pursuing trademark litigation against any individual or company attempting to or already using stripes in commerce. These litigation tactics could provide sport brands with insight into how best to protect their mark because intellectual property litigation can be time-consuming and expensive. This study specifically examined what types of claims brands should include in litigation to be most successful. Utilizing binary logistic regression, the most notable results showed adidas was five times more likely to receive injunctive relief when filing for injury to business reputation, fifteen times more likely to receive injunctive relief when there was a breach of contract claim, and six times more likely to receive both damages and injunctive relief when filing common law unfair competition. Trademark dilution is difficult to prove, but the results indicated adidas was almost five times more likely to receive injunctive relief when filing for trademark dilution. This signifies owners of famous marks filing for dilution may be more likely to see favorable results in litigation (i.e., the court ruling for the infringing product to stop being made). Furthermore, sport brands should include this claim in their filings, as they do not have to show competition, actual economic injury, or even that consumer confusion exists or is likely to exist. This study provided a model for sport brands and legal practitioners to examine their own trademark litigation strategies, and the results further confirm the value of quantitative methods to identify and verify critical components of a successful legal strategy.

Trademark infringement relies on the likelihood of consumer confusion, and surveys are one of the most direct ways to prove/disprove confusion exists; however,

there is an inconsistency in the use of surveys in trademark litigation. Through research of trademark infringement and the use of consumer surveys in litigation, irregularities were found, such as when litigants should use surveys and conflicting deference depending on which circuit the case was filed. In the data researched, surveys measuring likelihood of dilution were even scarcer, even though the small sample of brands using surveys were able to leverage surveys as weight towards a more favorable outcome. The results from Chapter IV showed consumer survey use, while still not widely prevalent during litigation, has been trending upwards over the past decade. While courts should give equal consideration to both parties' surveys, evidence shows the courts are still more likely to favor plaintiff-submitted surveys over defendants. The findings also indicate consumer surveys have an increasing role in trademark litigation, and claimants should be prepared to conduct a survey prior to litigation.

Implications and Future Research

Scholars have noted marketing managers rarely work closely with the legal team of their firms. This is an issue for a multitude of reasons, as marketers may not realize the scope of trademark categories, such as sounds, smells, shape, motion, and color. This dissertation is important because litigation is expensive, and many lawyers do not have the statistical training to provide quantitative analysis for themselves or clients. Brands should be willing to put money behind protecting their mark; without a distinctive mark, a brand fails to seize the opportunity to create and build an incredibly valuable asset. Brand lawyers could utilize this research to better protect their intellectual property and be more informed on when or if to use a consumer survey, and which claims in litigation

are more likely to produce a favorable outcome for the claimants. This research also has the potential to influence the outcome of litigation from a statistical standpoint.

Recognizing the importance of trademarks is important for all industries, but even more so for the sport world. The results of these studies confirm the value of quantitative analysis to identify and predict favorable litigation strategies and outcomes. Future research should include more sport brands and organizations, in order to provide a more in-depth analysis and predictive model for the sport industry regarding trademark protection. Future research will seek to develop a survey instrument for brands that would withstand the rigor of trademark infringement and dilution litigation.

Also, trademark dilution is a relatively understudied area in sport management, especially tarnishment. Future studies would be longitudinal in nature, as research has found dilution is difficult to prove in short periods of time. It has yet to be empirically examined whether trademark dilution (tarnishment or blurring) of famous sport related marks would truly be damaging to their distinctive value. This type of analysis would be able to provide better clarity of what trademark dilution looks like for sport brands, and whether this effect may differ from other types of brands.