**Litigation surveys have special rules**

By GABRIEL M. GELD

If your company is naming a new product line, it probably would not be wise to use the "X" letter, as in XFL, X-Men and such, trademarked products as Microsoft's Windows XP system and Nissan's Tierra model. In fact, last year companies filed 1,000 requests for X-marked trademarks with the U.S. Patent and Trademark Office, says Terrell Kraner at the trademark search firm CCH Counseax.

As the "X" names demonstrate—in the technology field especially—its emphasis on tech-sounding prefixes and suffixes—most product names are potentially subject to prior claims. In another example, domain names that simulate known brands or company names are open to charges of cybersquatting and subsequent damages. As the selection of names is depleted by domain applications, attorneys are filing more lawsuits to protect their clients' intellectual property rights, and the trademark litigation growing out of this trend calls on the expertise of marketing researchers.

Federal courts are in favor of objective surveys to help determine if conflicts between names result in what is called "likelihood of confusion," a legal concept meaning that two names are so alike, consumers might think they come from the same source. But surveys employed in litigation are required to meet strict standards. The minimum standards for surveys in litigation are found in the Manual for Complex Litigations, published by the Federal Judicial Center. They include these criteria:

- The population was properly chosen and defined.
- The data were accurately reported.
- The data were analyzed against statistical principles.
- The questions asked were clear and not misleading.
- Proper interviewing procedures were followed.
- The process ensured objectivity; for example, the interviewers were not aware of the purpose of the survey.

These standards may be old hat to experienced researchers, but in legal situations, they call for extra-careful analysis. For example, if two companies with different product lines dispute ownership of a name, which company's customers and prospects should be surveyed? (Typically, but not always, the other company's customers are most likely to be confused by the junior company's use of the similar name.)

Surveys are problematic if the respondent group is too broadly or narrowly defined. In Schwinn Bicycle Co. v. Ross Bicycles Inc., a case involving exercise bicycles, the court disregarded a survey of fitness professionals, because they were not representative of the general consuming public. But in another case, American Basketball Association v. AMF Volt Inc., which addressed the protectability of a basketball in red, white and blue colors, the survey encompassed individuals who played basketball, and that population was deemed too broad. The survey should have included only those who purchased a basketball.

Meanwhile, survey designers may not have free rein in constructing questionnaires. The courts have found certain questions to be useful and others not so helpful. For example, if two companies are disputing a name, one company may defend itself by claiming the senior user's name has become generic—that is, coming from multiple sources and not protectable. To test whether consumers consider a name generic, the courts have approved two basic approaches, commonly called the Teflon model and the thermos model. In the Teflon format, respondents are given a description of what constitutes a brand name (say, Ford) and what is a generic term (cars), and are then asked if a group of specific terms, including the term in contention, are brand (Teflon) or generic (nonstick surface). In the thermos format, respondents are asked, "If you were going to a store to buy a container that keeps cold liquids cold and hot liquids hot, what would you ask for?" (Two books that outline how to conduct legal surveys and what questions are more likely to be permissible are McCarthy on Trademarks and Unfair Competition, by J. Thomas McCarthy, and Trademark Surveys, by Phyllis J. Weltzer. Also, Journal of Public Policy and Marketing has published several useful articles about trademark infringement issues.)

Marketing researchers who prepare surveys for litigation will have to develop thick skins, as the opposing side will search for ways to attack their work. Typically, the opposing side will take one or both of two positions: They will employ their own expert to critique your survey or retain an expert to conduct a counter-survey.

When a case is attacked, the opponent's expert will usually point out its "flaws." In briefs opposing the survey, attorneys have called the researcher on the other side "intellectually dishonest. So when an attorney hates a researcher, he probably will call for a "bulletproof survey," which may or may not be possible, unless unlimited funds are available.

Actually, as noted in McCarthy's book, several courts have held there is no such thing as a container that keeps cold liquids cold and hot liquids hot. What would you ask for?"

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**Growth in intellectual property and trademark litigation calls on marketing researchers' expertise.**

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Cuba making most of the Internet

The discovery of the Internet's potential hit Fidel Castro's government like an electrical surge in an ungrounded socket during last year's custody battle over Elian Gonzalez.

An Internet latecomer, Havana now deftly uses it to spread its political message by subverting the information curtain surrounding the island since the trade embargo was imposed four decades ago. Americans and other foreigners can now visit more than 200 government sites that explain communist Cuba's view of the battle over Elian, the U.S. trade embargo and Washington's crackdown on Americans who break the law to travel to the island.

But Havana also has discovered an important side benefit to its Web presence: potential revenue from services and products advertised on those pages.

By diverting payments through third-country banks not affected by American trade sanctions, people outside Cuba are using credit cards—even ones issued by U.S. banks—to pay for things ranging from hotel rooms to gifts for relatives on the island.

Generating income while "publishing the truth about Cuba in the world" are two main goals of Cuba's Internet program, says Melchor Gil Morell, vice minister of informatics and communications.

"It is not legal for American citizens to purchase Cuban items from these sites," says Tasia Sciliano, a spokeswoman at the U.S. Treasury Department's Office of Foreign Assets Control. Still, it's unclear how buyers would be identified, because purchases are made through banks in third countries.

Because the practice is new, there are no statistics on how many people, if any, have been prosecuted for such purchases, "but any enforcement would be targeted at people buying, not companies selling," Sciliano says.

For those seeking free information about the enigmatic island just 93 miles from American shores, there are numerous links to sites about Cuban history, politics and government, arts and music, all of the state-operated newspapers and even a calendar of upcoming events. Another site, cubaviblo-com, has communist Cuba's arguments for eliminating the U.S. trade embargo.

Then there are the products and services. On the government's main Web site, CUBAN.com, a service called Quick Cash lets people use Visa, Mastercard or American Express to send money to a Cuban account within 24 hours. The payment is diverted through a bank in Canada, which has no embargo, and then forwarded.

The state tourism company Cubancan, meanwhile, has a site that allows online shoppers to buy gifts ranging from television sets to oil of vina for folks in Cuba. For a short message to loved ones on the island, a service called "e-scriba"—a play on the Spanish word for "writer"—allows anyone with a credit card to send a note to anyone in Cuba.

Foreign entrepreneurs, such as the British travel agency T&M International Marketing Ltd., operate similar Cuba sites. T&M International's GoCuba site claims to be the first to provide an Internet payment system for travelers visiting the island, beginning in 1998. The company recently launched cubafligt-store.com, which lets consumers use credit cards to buy gifts for people in Cuba, much like the Cubancan site. Payments are made through banks in the British Virgin Islands.

"There are hundreds of thousands of Cubans around the world who miss their families," says T&M president Stephen Marshall. "Now, if you miss your grandma, you can send her flowers in 48 hours."

—Anita Snow for The Associated Press

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What to expect on witness stand

a perfect survey. In recognition of this practical aspect of survey construction and implementation, what judges rule on is the weight given to a particular survey, or how believable or useful it is. A judge may criticize one aspect of a survey but allow it to be brought into evidence if its deficiencies are seen as minor.

These guidelines for trademark infringement surveys also apply to several other types of litigation surveys. For example, surveys have been used to estimate the potential damages in cases of infringement. Another application is that of trade dress claims, in which a company is accused of copying the appearance of a product. Whatever the application, the lesson is that the criteria for legal surveys are stringent and, at the same time, potentially daunting. The researcher who submits evidence in court should have knowledge and self-confidence in equal measure.

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