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ALI-ABA COURSE OF STUDY MATERIALS
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JURY TRIALS

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I. Right to a Jury Trial

A. Generally

1. The Lanham Act, *15 U.S.C. § 1051* et seq. neither requires nor precludes a right to a jury trial.
2. Prior to 1962, trademark actions generally were viewed as nonjury matters. Where both legal and equitable forms of relief were sought, the legal relief often was determined to be incidental to the equitable relief, negating the parties' right to a jury trial.
3. *Dairy Queen, Inc. v. Wood*, 369 U.S. 469 (1962) established that a right to a jury trial exists whenever damages are sought.
 - a. In *Dairy Queen*, the Court rejected the trademark owner's contention that his money claim was "purely equitable," based on the fact that the complaint was cast in terms of an "accounting," rather than in terms of an action for "debt" or "damages."
 - b. *Dairy Queen* marked a departure from the view that the constitutional right to a jury trial of a legal issue can be lost by the characterization of the legal issue as incidental to equitable issues.

B. Assertion of a Jury Trial Right

1. Fed. R. Civ. P. 38(b) provides that any party may demand a trial by jury of any issue triable of right by a jury by serving upon the other parties a demand therefor in writing at any time after the commencement of the action and not later than ten days after service of the last pleading directed to such issue.
2. The plaintiff initially controls whether the pleading will support a jury trial demand.
3. The defendant can raise legal issues in a counterclaim, providing an independent basis for a jury demand. If the issues are closely related to the plaintiff's trademark infringement

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case, the issue of trademark infringement will be submitted to a jury whether or not the plaintiff established a jury trial right by requesting damage relief.

4. Trademark lawyers sometimes demand a trial by jury to put opposing counsel on the defensive, where they believe that opposing counsel may lack jury trial experience.

C. Role of the Judge and Jury Under Section 35(a) of the Lanham Act, *15 U.S.C. § 1117(a)*

1. All relief is "subject to the principles of equity."

2. Section 35(a) states, "*The Court* shall assess such profits and damages or cause the same to be assessed under its direction." (emphasis added). The statute thereafter assigns multiple duties to "the court":

a. "In assessing damages *the court* may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount." (emphasis added)

b. "If *the court* shall find that the amount of the recovery based on profits is either inadequate or excessive *the court* may in its discretion enter judgment for such sum as *the court* shall find to be just, according to the circumstances of the case." (emphasis added)

c. "*The court* in exceptional cases may award reasonable attorney fees to the prevailing party." (emphasis added)

3. The prevailing view is that statutory references to "the court" mean the trial judge, to the exclusion of the jury. See *Stuart v. Collins*, 489 F. Supp. 827 (S.D.N.Y. 1980) ("It appears that Congress has therefore granted an unusual power and responsibility to the judge to adjust findings so as to make them consistent with the purposes of trademark law"); see *Oboler v. Goldin*, 714 F.2d 211, 213 (2d Cir. 1983) (copyright statute).

4. Section 35 establishes a unique division of responsibility between the judge and jury.

a. The court determines whether the evidence of infringement and scienter warrants presentation of damages and/or profits evidence to the jury.

b. After the plaintiff presents its evidence, the court determines whether the evidence warrants submitting damages and/or profits to the jury.

c. After the jury returns its verdict, the court exercises its discretion to increase the award of damages, and to increase or decrease the award of profits.

D. Right to a Jury Trial Under Section 43(c) of the Lanham Act, *15 U.S.C. § 1125 (c)*

1. The Federal Dilution Statute provides in relevant part that, in an action brought under Section 43(c), "the owner of a famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of a famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity."

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2. It is unclear whether there is a right to a jury trial under the Federal Dilution Statute. See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 955 F. Supp. 598 (E.D. Va. 1997) (holding that even if willful intent is proven, the references in the statute to the court and the court's discretion, as well as principles of equity in determining relief, suggest that Congress intended to commit dilution claims to a judge).

II. Trend Towards Jury Trials

A. From 1962 through 1975, only about 6% of all trademark cases in federal courts were tried to a jury, whereas the proportion for all federal civil litigation was about 43%. See Gary Ropski, *The Federal Trademark Jury Trial--Awakening of a Dormant Constitutional Right*, 70 *Trademark Rep.* 177, 177 and n. 2.

B. *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 408 F. Supp. 1219 (D. Col. 1976) began a trend towards more jury trials in trademark cases. In *Big O*, a Colorado jury awarded nearly \$ 20 million in compensatory and punitive damages to a Colorado-based tire dealership organization, based on alleged violations by The Goodyear Tire & Rubber Company of the dealership's rights in the trademark "Big Foot." Although the award was reduced to about \$ 5 million on appeal, the award was large enough to awaken interest in the long-dormant constitutional right to trial by jury in trademark cases. See Ropski, *The Federal Trademark Jury Trial*, at 178.

C. The trend towards more jury trials in trademark cases has continued.

1. In 1976, 18.6% of the trademark cases tried in federal courts were tried before a jury. 1976 Annual Report of the U.S. Judicial Conference, at 313.

2. In 1997, the percentage had increased to 37.0%. 1997 Report of the Director of the Administrative Office of the United States Courts, Table C-4, at 154.

D. Nevertheless, jury trials in trademark cases continue to be the exception, rather than the rule.

1. In 1997, 37.0% of all trademark cases tried in federal courts were tried before a jury. By contrast, 61.9% of all civil cases in federal court reaching trial were tried before a jury. The percentage for all federal question cases reaching trial was 59.2. 1997 Report of the Director of the Administrative Office of the United States Courts, Table C-4, at 152-54.

E. If plaintiffs have been demanding jury trials with greater frequency, it may be because of a perception that a jury is more likely to award greater damages.

1. A study of the monetary relief awarded in trademark cases reported during the 1946 through 1995 period showed that the average award in trademark jury trials was \$ 1,312,134 in 1995 dollars, as compared with an average award in trademark bench trials of \$ 551,248. Although bench trials were more prevalent by almost a five to one ratio, five of the ten largest awards identified were awarded by juries. See Andrew W. Carter and Gregory M. Remec, *50th Anniversary of the Lanham Act: Monetary Awards for Trademark Infringement Under the Lanham Act*, 86 *The Trademark Reporter* 464, 470-71 (1996).

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2. It is possible that some of the disparity between jury and bench awards may exist because cases involving larger potential awards are more likely to be tried before juries. *Id.* at 471. However, a perception clearly exists that a jury is more likely to grant substantial relief in at least certain types of cases.

III. Whether to Demand a Jury Trial

A. The parties should carefully consider whether to seek a jury in a trademark case. The process by which one decides whether to demand a jury trial is as difficult as the jury selection process itself.

B. The parties should consider the following factors in deciding whether to demand a jury trial:

1. Which party, if any, is likely to be more attractive to a jury?
 - a. Is one party more sympathetic?
 - b. Is one party decidedly larger than the other and, for this reason, possibly less sympathetic to a jury?
 - c. Is one party local and others from outside the area?
2. Is any local interest implicated?
3. Does the case involve consumer products?
 - a. If a consumer products company is involved, what is the company's reputation?
4. Are there sufficient human interest aspects to the case such that a jury can be kept interested?
5. Is the plaintiff's claim of infringement likely to be readily understood by the jury?
 - a. Does the case involve competing or noncompeting products?
 - b. Are the marks virtually identical?
 - c. Is the fact situation highly complicated?
 - d. Are the territories involved overlapping?
6. Are the defenses highly technical or will they resonate with a jury, or both?
7. Is the challenged conduct arguably egregious or offensive?
 - a. Is there evidence that the public has been defrauded?
 - b. Is there evidence of willfulness?

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C. In addition to the factors outlined above, where the case is being filed in a district that has a single judge or a small number of judges, the parties should consider how the judge or judges have handled similar cases in the past.

D. Time issues also should be considered. Court calendars sometimes are such that bench trials are more readily available than jury trials. Jury trials also tend to take more time than bench trials. However, bench trials sometimes are spread out over extended time periods, and judges often take weeks or months to decide cases.

IV. Roles of the Judge and Jury

A. A trademark trial may require the judge and jury to make decisions regarding numerous issues, including the following:

1. Likelihood of confusion
2. Actual confusion
3. Descriptiveness
4. Secondary meaning
5. Strength of the mark
6. The existence of damages
7. The amount of damages
8. Increased damages
9. The existence of profits
10. The amount of profits
11. Increases or reductions in profits
12. Infringement
13. Validity
14. Fraud
15. Abandonment
16. Acquiescence
17. Estoppel
18. Laches
19. Intent

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20. Unclean hands
21. The right to an injunction
22. The scope of an injunction
23. Attorney's fees
24. Costs

B. Of these many issues, only increased damages, increases or reductions in profits, the right to an injunction, the scope of an injunction, attorney's fees and costs clearly are decided by the court rather than the jury.

C. Likelihood of confusion is the central issue in trademark litigation.

1. Traditionally, the law has characterized likelihood of confusion as an issue of fact. Some federal courts of appeals have categorized the likelihood of confusion issue as an issue of law, or a mixed question of fact and law. However, most federal circuits adhere to the view that findings on likelihood of confusion are factual issues governed by the "clearly erroneous" rule on appeal. See J. Thomas McCarthy, McCarthy on Trademarks §§ 23:67-23:73.

2. In order to make a determination regarding likelihood of confusion, a jury must consider a number of factors, including: "the strength of his make, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers." See *Polaroid Corp. v. Polaroid Electronics Corp.*, 287 F.2d 492, 495 (2d Cir.), cert. denied, 368 U.S. 820 (1961). In any particular case, it is up to the jury to decide the relative weight, if any, to be assigned to each factor in determining likelihood of confusion, as well as to evaluate the evidence itself. *Merriam-Webster, Inc. v. Random House, Inc.*, 815 F. Supp. 691, 698 (S.D.N.Y. 1993).

V. Types of Verdicts

A. General verdicts, special verdicts and general verdicts with special interrogatories all have been used in trademark jury trials.

1. General verdicts

a. A general verdict is a decision for the plaintiff or the defendant, and a decision on the legal relief requested. The court can request a separate general verdict as to each count of a complaint. The court also can instruct the jury that it should return one verdict if the facts are found one way, and a different verdict if the facts are found otherwise.

b. Advantages

(1) A general verdict gives the jury more latitude with an emotionally appealing case.

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(2) A party that expects to have an overwhelming advantage with the jury may want a general verdict because it is more difficult to attack on appeal.

c. Disadvantages

(1) A general verdict may be disadvantageous to the verdict loser because the trial judge and the appellate court will not know the jury's findings on essential factual issues, and therefore cannot conduct a meaningful review of such findings.

(2) A general verdict also can be disadvantageous to one or both of the parties because, in deciding equitable relief issues, such as the right to an injunction, the court will have to infer findings from jury instructions and the jury verdict. See *Big O Tire Dealers*, 408 F. Supp. at 1230 (stating that, where the jury's view of an affirmative defense based on the defendant's prior use of "Bigfoot" on other products could not be determined from the jury's verdict, the court would have to make its own determination based on the evidence presented).

2. Special Verdicts (Fed. R. Civ. P. 49(a))

a. Rule 49(a) provides that the court "may require a jury to return only a special verdict in the form of a special written finding upon each issue of fact." The court is required to give the jury "such explanation and instruction concerning the matter thus submitted as may be necessary to enable the jury to make its findings upon each issue."

b. Advantages

(1) A special verdict requires the jury to apply less law, focuses the jury on factual issues, and makes the jury look more carefully at the standard of proof.

(2) A special verdict simplifies the jury's task in a difficult case. It organizes the jurors' thoughts with respect to particular parties and issues.

(3) A special verdict also exposes the jury's decision-making path, facilitating appellate review. See Stephen S. Korniczky and Don W. Martins, "Verdict Forms - A Peek Into the Black Box," 23 AIPLA Quarterly Journal 617 (1995).

(4) In considering the appropriateness of equitable relief, the court has the advantage of specific factual findings on which it can base its determination.

c. Disadvantages

(1) A special verdict will be less advantageous to a party that has an emotionally appealing case, and that wishes the jury to focus more on viscerals than a focused analysis of the case.

d. Examples of the use of special verdicts in reported trademark cases include *Galaxy Chemical Co. v. BASF*, 1992 U.S. App. Lexis 17498 (7th Cir. 1992); *Anheuser-Busch, Inc. v. Labatt*, 89 F.3d 1339 (7th Cir. 1989); and *Starter Corp. v. Converse, Inc.*, 1997 U.S. Dist. Lexis 9922 (S.D.N.Y. 1997).

3. General Verdict with Special Interrogatories (Fed. R. Civ. P. 49(b))

a. Rule 49(b) provides that the court "may submit to the jury, together with appropriate forms for a general verdict, written interrogatories upon one or more issues of fact the decision of which is necessary to a verdict." As with special verdicts, the court is required to

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give to the jury "such explanation or instruction as may be necessary to enable the jury both to make answers to the interrogatories and to render a general verdict"

b. Rule 49(b) permits the judge to enter judgment pursuant to Rule 58 when the general verdict and the interrogatory answers are harmonious with each other. It also grants the trial judge broad discretion in resolving any inconsistencies both within the interrogatory answers, and between the interrogatory answers and the general verdict. "When the answers are consistent with each other but one or more is inconsistent with the general verdict, judgment may be entered pursuant to Rule 58 in accordance with the answers, notwithstanding the general verdict, or the court may return the jury for further consideration of its answers and verdict or may order a new trial." Fed. R. Civ. P. 49(b).

c. The trial judge may not enter judgment on a verdict which is inconsistent with the jury's answers to interrogatories. "When the answers are inconsistent with each other and one or more is likewise inconsistent with the general verdict, judgment shall not be entered, but the court shall return the jury for further consideration of its answers and verdict or shall order a new trial." Fed. R. Civ. P. 49(b).

d. Advantages

(1) Written interrogatories afford a means of checking the jury's application of the law to the facts.

(2) Written interrogatories also make it possible for the trial judge on motion, and for the appellate court on appeal, to review and modify the judgment originally entered without having to order a new trial.

(3) Written interrogatories, like special verdicts, tend to focus the jurors on the burden of proof and the specific elements that must be proven.

e. Disadvantages

(1) The process of resolving inconsistencies can be cumbersome. Arguably, a special verdict has all of the advantages of a general verdict accompanied by answers to interrogatories, without the procedural difficulties. See Ropski, *The Federal Trademark Jury Trial*, at 194.

f. Examples of the use of general verdicts with written interrogatories in trademark cases include *Texas Pig Stands, Inc. v. Hard Rock Cafe Int'l.*, 21 U.S.P.Q. 1641 (5th Cir. 1992); and *Miriam-Webster, Inc. v. Random House, Inc.*, 815 F. Supp. 691 (S.D.N.Y. 1993).

B. Taking Advantage of the Available Verdict Forms

1. Whether a party should seek a particular verdict form depends upon a variety of factors, including which party bears the burden of proof on the most significant issues in the case, the complexity of the issues involved, and whether the party's case is emotionally appealing.

2. If the court uses special verdicts or written interrogatories, care should be taken in preparing a recommended verdict form. Among other things, each party should carefully consider the order in which special verdicts or interrogatories will be submitted to the jury.

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3. If the court informs the parties as to the form that it intends to use, the form should be incorporated into closing argument. Among other things, the closing argument should use the same terminology as the verdict form.

VI. Trying a Trademark Case to a Jury

A. Trying a case to a jury is different than trying a case to a trial judge. It is important to pay attention to the differences, and to use the opportunities presented by a jury trial to your advantage.

B. The opening statement

1. The opening statement is incredibly important, and is the one part of the trial over which you have almost complete control. Use it to your advantage. Seize the jury's attention, get them listening, focus them on what is important, arouse their sense of justice and fair play and, most importantly, make them want to hear more.

2. The opening statement is your opportunity to introduce yourself and your client. Use the opening statement to establish a relationship with the jury. Treat the jurors as guests that you have invited into your home. Be friendly, helpful and caring, and show the jurors that they are important to you. Think about how you wish to introduce your client. If your client is a business organization, find ways to humanize it. Think also about how to refer to your client. Never say "my client" or "the corporation." If your client is an individual, use "Mr. ____" or "Ms. ____," or his or her first name, if appropriate. If your client is a business organization, use its name or informal terms such as "the company" or "the store." Make it clear that you trust, like and sympathize with your client.

3. Do not read your opening. It is fine to write out your opening as a means of preparation, but use only skeletal notes at trial. Use your notes sparingly. Do not look at them while you are talking. Instead, pause to look at your notes, and then reestablish eye contact with the jury as you resume speaking.

4. Do not tell the jury that what you say is not evidence, and do not tell them that it is a roadmap. Instead, tell a story. Use facts--a lot of facts. The opening should not be filled with conclusions, and should not be overwrought. To prepare, try telling a friend about your case. Then, in your opening statement, use the same words, the same tone, the same comfortable way that you used with your friend. Avoid legalese.

5. How you start is important. Start strong, establish your focus, and then build out with greater detail. Your first sentence should convey the most important thing that you want the jury to keep in mind. Your first several sentences should capture the entire case in a manner that is powerful.

6. Deal with your weaknesses. If you are concerned that you are representing a large business organization against a smaller organization, tell the jury, "This case is not about a big company trying to gain an advantage over a small company," and then tell them why.

7. Keep it as short as you can. Twenty minutes or a half hour is an ideal length for an opening statement. No matter what the case, it is difficult to maintain a jury's attention for more than 45 minutes. Only where absolutely necessary should your opening run longer than 45 minutes.

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C. Your jury persona

1. How you look, how you talk and what you do is extremely important in a jury trial. You should always appear comfortable and in control, and should never appear taken off guard by anything that happens in court. Maintain good posture and avoid a cluttered table. A cluttered table not only is distracting, but also conveys that you are not in control.
2. The jury should view you as honest, trustworthy and a professional officer of the court who takes the job seriously. Avoid being condescending or antagonistic towards your opponent. Be respectful to the court.
3. Let the jurors know that you consider them to be more important than yourself. Talk to the jury, rather than speechifying. Do not attempt to shove emotions down the jury's throat. Instead of telling the jury what to think or feel, use facts to arouse the jurors' emotions.
4. Demonstrate passion. This does not mean ranting or raving, but you must show the jury that you have a deep emotional commitment that drives what you say and do. Your real and personal commitment to the issues should be continual, potent and visible.
5. Control your trial team. Everyone--co-counsel, legal assistants, the client--should pay attention, look interested and appear to be satisfied with what is occurring in court.
6. Object to evidence sparingly and, when you must object, do so with apparent regret. Jurors do not like objections, because they perceive that you are trying to keep evidence from them.

D. Visual presentations

1. Use photographs, videotapes, charts and document blow-ups. Visuals have a tremendous impact on a jury, and should be used to emphasize your best evidence and most important themes.
2. The best visual that you can use is one that your opponent introduced. When your opponent uses a chart, a blown up document, a photograph or any such thing, your best rebuttal is to use your opponent's display to prove him or her wrong.

E. Cross-examination

1. You must be in control on cross-examination. Keep your cross-examination focused, and do not let the witness use cross-examination as an opportunity to repeat harmful testimony. Avoid asking open ended questions. On cross-examination, virtually every question should be leading.
2. Save harsh cross-examinations for witnesses who deserve it. Jurors generally do not like cross-examinations that are arrogant or nasty. Furthermore, if you attempt to destroy every opposing witness, you will lose credibility with the jury.
3. Follow the jury's emotions. Your attitude towards a witness on cross should mirror what you think the jury's attitude is. Before displaying anger at a witness, get the witness

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to say things that will make the jury mad. If you think that the jury is going to like the witness no matter what you do, use a gentle form of cross examination in which you persuade the witness to make admissions helpful to your client's case.

4. There are times when it is better not to cross-examine at all. You should always weigh the expected benefits of cross-examination against the risk that cross-examination will allow the witness to verify or reinforce his or her testimony, or that your failure to effectively impeach the witness will emphasize whatever harm he or she has caused.

F. Expert witnesses

1. Consider using expert witnesses to help the jury to understand difficult concepts. For example, experts frequently testify regarding Patent and Trademark Office practices and procedures.

2. Testimony in the form of an opinion or inference otherwise admissible is not objectionable because it embraces an ultimate issue to be decided by the trier of fact. See Fed.R.Evid. 704(a). Accordingly, some courts have permitted experts to testify in trademark cases regarding the presence or absence of a likelihood of confusion. Such testimony should be permitted only when the expert has specialized knowledge that would assist the jurors in understanding the evidence or determining a fact in issue. See Fed.R.Evid. 702. In general, the court should not permit conclusory testimony regarding likelihood of confusion from one who purports to be an expert in trademark law. See, e.g., *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966 (11th Cir. 1983), (expressing the view that the expert testimony of a trademark lawyer who testified to the absence of a likelihood of confusion between two products was entitled to little weight in analyzing whether the evidence was sufficient to support the jury's verdict, because expert admitted that he had no background in check printing business and had not conducted a consumer survey regarding likelihood of confusion); *Sam's Wines & Liquors, Inc. v. Wal-Mart Stores, Inc.*, 1994 WL 529331, 32 U.S.P.Q. 2d 1906 (N.D. Ill. 1994) (holding that lawyer would be allowed to "testify about technical aspects of applying for and obtaining a federal trademark registration and opine on the similarities of the parties' respective marks based on her experience as a practicing trademark attorney. However, she cannot give her opinion on the legal standards applicable to this case or the results of her legal research as they apply to the ultimate issue of trademark infringement or likelihood of confusion").