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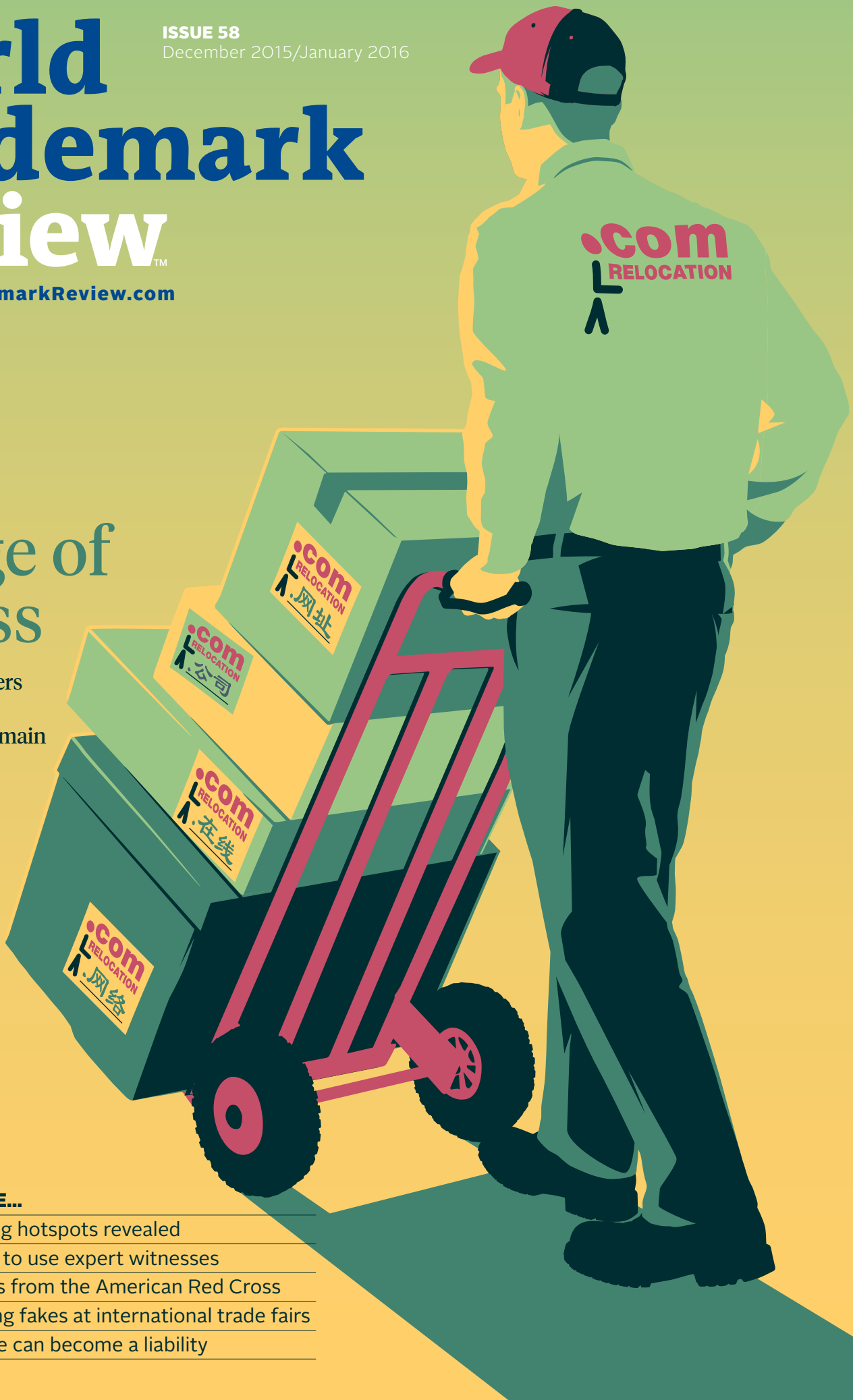

Change of address

How brands and users are adapting to the internationalised domain name environment

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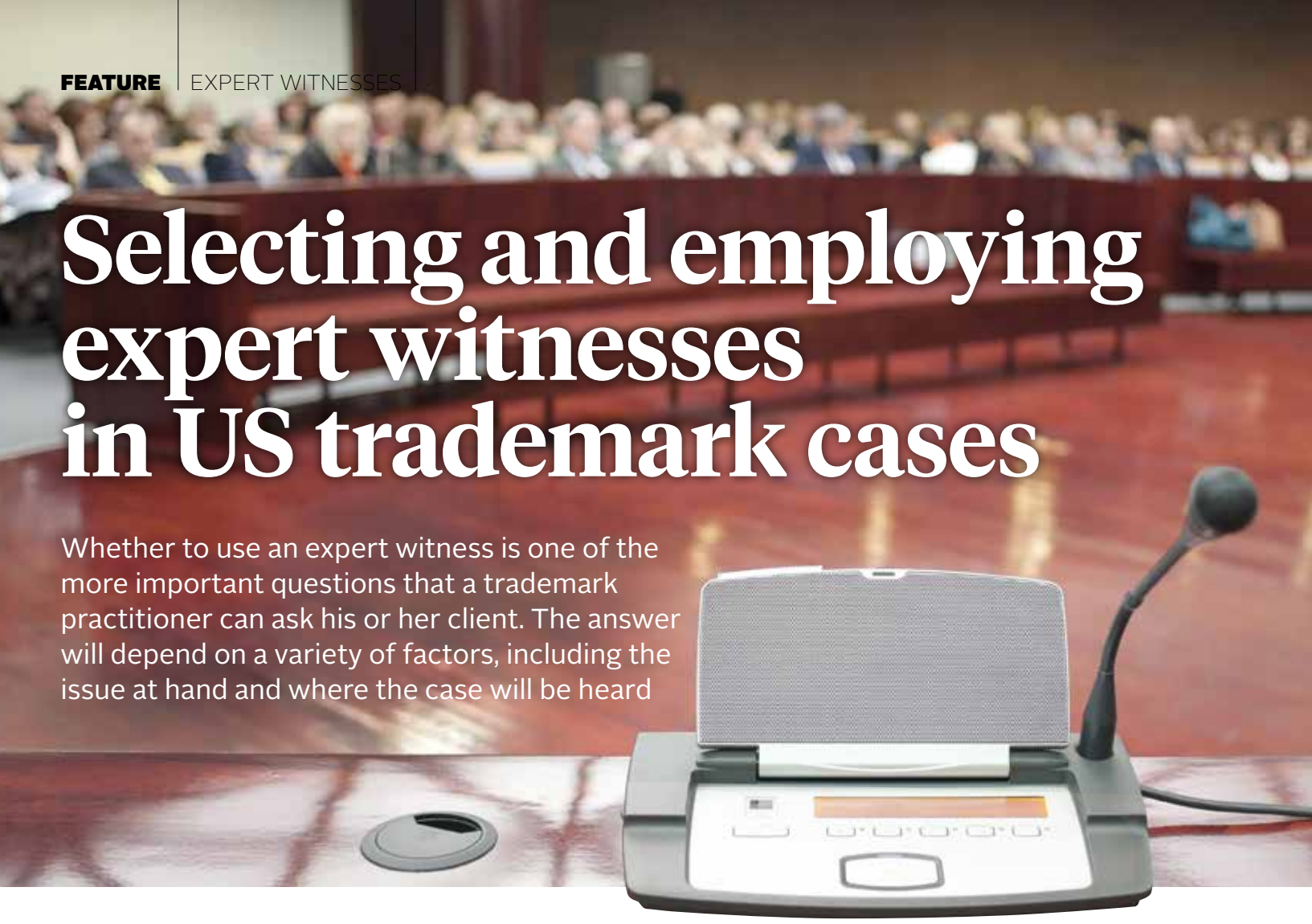
Selecting and employing expert witnesses in US trademark cases



Whether to use an expert witness is one of the more important questions that a trademark practitioner can ask his or her client. The answer will depend on a variety of factors, including the issue at hand and where the case will be heard

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Trademark law can be confusing. Each of the 13 federal circuit courts has its own list of non-exclusive likelihood-of-confusion factors to be analysed by a judge or jury, ranging from just six factors in the Eighth and 10th Circuits to a whopping 13 in the Federal Circuit. Numerous other factual issues can present themselves in trademark cases, such as whether a mark has become generic, economic analyses of lost sales and the distinctiveness or fame (or lack thereof) of a mark. Expert witnesses can provide valuable assistance to judges and juries in evaluating these issues, and can help to lay a foundation for your case.

Selecting an expert witness

Whether to employ an expert witness is one of the more important questions that a trademark practitioner can pose to his or her client. It should be asked and thoroughly discussed as early as possible in the case, but certainly no later than three months before the deadline for disclosure of expert testimony so that you are not left scrambling for an expert at the last minute. In considering whether and how to retain an expert, a number of factors should be kept in mind.

Cost

Regardless of whether you are a private practitioner or an in-house counsel, this will invariably be the first (and perhaps last) question. Expert witnesses are not cheap. Many require a retainer and nearly all charge by the hour, with rates ranging from $200 to $1,000 an hour, depending on the topic and the witness's expertise. Experts typically charge not just for file review and preparation of their report, but also for time spent testifying at deposition and at trial. It is not unusual for costs to exceed $50,000 from selection through to trial. Ensuring that your client has a realistic understanding of these costs – preferably as a result of a detailed budget provided at the outset of the case – is an important first step.

Type of case

Even if your client can afford an expert, your case might not require expert testimony. For instance, where you have an extremely strong case – such as one involving a defendant that blatantly counterfeited your client's mark – the cost of an expert might outweigh the benefit of his or her testimony. Thoroughly analyse the evidence to determine whether retaining an expert is worthwhile.

Venue

Whether the case is in federal or state court, or before the Trademark Trial and Appeal Board (TTAB), can play an important role in determining whether the costs are justified. Traditionally, the stakes are lower at the TTAB than in federal or state court because there is no live testimony at trial, damages are not an issue and the parties' right to use the mark is not in dispute. As a result, parties tend to spend less money on TTAB proceedings and, although testifying experts in TTAB proceedings are governed by the Federal Rules of Civil Procedure, the TTAB has not dealt with testifying experts as often and appears less receptive to certain types of expert, such as linguists. In contrast, federal and state court judges

PICTURE: AEROGONDO2/ SHUTTERSTOCK

are more accustomed to dealing with expert witnesses in a wide range of cases, including trademark litigation. Further, a party's right to use a mark is at issue in federal and state court, and damages (as well as attorneys' fees) are a real possibility. Accordingly, it is best practice to budget for at least one expert (and possibly more) when litigating a trademark dispute in federal or state court, while it would not be unusual to recommend forgoing expert testimony at the TTAB.

There is a caveat – the Supreme Court's recent decision in *B & B Hardware, Inc v Hargis Industries, Inc* (135 S Ct 1293 (2015)) may have changed this equation. In *Hargis*, the Supreme Court held that district courts must give preclusive effect to TTAB decisions where "ordinary factors of issue preclusion" are demonstrated. It is entirely possible that this decision will the raise the stakes of TTAB proceedings, which in turn may increase the likelihood of expert testimony being used. (Whether the decision is likely to do so is beyond the scope of this article, but the authors recommend a recent article in *The Trademark Reporter* entitled "Raising the Stakes: Trademark Litigation in the Wake of B & B Hardware, Inc. v. Hargis Industries, Inc.", 105 TMR 867.)

Rebuttal

Where cost is not an issue, the evidence supporting your client's case is not overwhelming and the case is in federal or state court, it is best practice to retain one or more experts.

Yet regardless of cost and venue, it is not merely best practice to retain an expert where the other side has disclosed a testifying expert, but also usually necessary. In contrast to the initial decision to retain an expert, the decision to obtain a rebuttal expert is typically not made until the opposing party discloses its own testifying expert – usually two or three months before the close of discovery. If the other side does so, you should impress upon your client the importance of retaining an expert to evaluate and potentially rebut the opposing expert's report and testimony. Allowing your opponent the opportunity to present the only expert witness in the case plants a seed of doubt in the minds of the judge and jury as to why you were unable to locate an expert to rebut the witness, and calls into question the strength of your case.

Relief sought

Have you or your opponent included a serious claim for monetary relief? If so, and so long as cost is not an issue, you should consider retaining a damages expert (eg, an economist or other financial expert). Because damages claims can be complex and difficult to present to a judge (let alone a jury), damages experts can be essential when it comes to analysing (or defending against) lost profits, sales or reasonable royalty theories, the cost of adopting a new mark and other monetary claims.

Jury versus bench trials

Finally, many practitioners believe that expert witnesses are more effective before a jury than a judge. While there is some truth to this, the flipside – that experts are less useful at bench trials – is not necessarily true. Some judges might be biased against expert testimony, but others can be persuaded by effective expert testimony to the same extent that a juror might be swayed, particularly properly conducted surveys and testimony on discrete issues (eg, by linguistic or industry experts). There is another benefit to retaining and using testimonial experts in a bench trial – judges are far less likely to exclude expert testimony under *Daubert v Merrell Dow Pharmaceuticals, Inc* (509 US 579 (1993)) because there is no jury to protect against potential prejudice. Ultimately, unless you discover that your judge is inclined against a particular expert or expert testimony in general, whether your trial is set to be heard before a jury or a judge should make no difference in determining whether to retain an expert witness.

> **To keep your expert's survey from being excluded, it is best practice to ensure that your expert follows the guidelines laid out in accepted publications**

Retaining an expert witness

Once you have approval to retain an expert, the next step is finding the right one. Several considerations should be kept in mind.

Timing

Again, it is vital that you engage an expert as soon as possible – preferably at the outset of the case and certainly at least three months before the expert disclosure deadline. The sooner you do so, the less likely the expert will have been conflicted out of the case. An early approach also allows the expert more time to put together a well-written, thorough report.

Purpose

The next consideration is understanding how you will use your expert. Do you expect to disclose him

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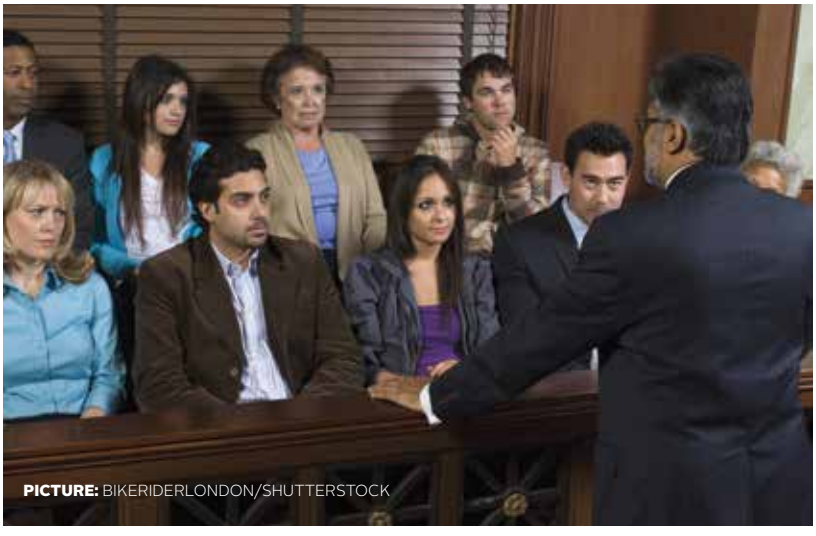

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or her to the other side, or will your expert be an undisclosed consultant? Under Federal Rule of Civil Procedure 26(a)(2), a party must disclose the identity of any expert witness it may use at trial, along with that expert's written report. In contrast, Rule 26(b)(4)(D) provides that an opposing party may not ordinarily discover a consulting expert's opinions. (Because draft reports are protected from disclosure under Rules 26(b)(3)(A)-(B) and 26(b)(4)(B), you should feel free to exchange drafts with either type of expert so long as your correspondence does not include legal analysis or provide assumptions.)

Although this article deals mostly with testifying expert witnesses, there are advantages to consulting experts. If retained at the outset of the case, a consulting expert can provide valuable insight into your client's case without requiring you to disclose a potentially unfavourable report. (Be sure not to unintentionally lose this advantage by not properly reviewing the proposed protective order – expert disclosure should apply only to testifying experts, not consulting experts.)

Knowing which role your expert will play is essential not just because it affects the type of information that you can disclose to your expert (all facts, data and assumptions given to your expert are discoverable under Rules 26(b)(4)(C)(ii)-(iii)), but also because it affects the emphasis placed on your expert's credentials, experience and demeanour.

Credentials, experience and demeanour

Greater importance should be placed on an expert's credentials, experience and demeanour where he or she will be a disclosed, testifying expert witness. A testifying expert's qualifications and testimony during the previous four years are discoverable under Rules 26(a)(2)(iv)-(v); thus, you should ensure that your expert has the right qualifications and has not testified against your client or made inconsistent arguments in previous testimony (resources include PACER and Thomson Reuters' Expert Witness Services). Meet with the expert in person to get a feel for how he or she would come across to a judge or jury, and whether he or she would hold up under cross-examination. Finally, research your judge's previous decisions to be sure that he or she has had no unfavourable encounters with your expert.

> **Expert witnesses are not cheap. Many require a retainer and nearly all charge by the hour, with rates ranging up to $1,000 an hour**

Where you have an extremely strong case the cost of an expert might outweigh the benefit of his or her testimony

PICTURE: ZIMMYTWS/SHUTTERSTOCK

Locating an expert

Your client should be your first resource for locating and retaining an expert – he or she may well have suggestions, perhaps from a previous case. At the same time, you should reach out to experts whom you have used in prior cases, or fellow practitioners. Additional resources for locating an expert include universities and other academic institutions nearest the courthouse, the International Trademark Association's Panel of Trademark Mediators (available at inta.org/mediation/Pages/Mediation.aspx), the judge's prior decisions (those favourably mentioning a particular expert), and previously used or highly respected consulting firms, expert networks and the like.

Costs revisited

Once you have narrowed your search for a potential expert witness, you will want to discuss budget and costs with the expert, as well as your client. It is best practice first to get an estimate, then to establish a ceiling or range for the expected costs and finally to keep in contact with the expert on a monthly basis to ensure that costs are coming in as expected. Keep in mind that your expert's budget is not the only potential cost. For instance, under Rule 26(b)(4)(E), you are on the hook for the opposing expert's fees incurred preparing for and attending a noticed deposition. Reducing expert costs – or at least ensuring that there are no unpleasant surprises – will make things easier for your client and will ultimately help your case.

Types of expert witness

While an expert witness cannot address lay matters or offer legal conclusions, he or she may address numerous factual issues. The following is a non-exhaustive list of the types typically used in trademark cases.

Survey experts

Demonstrating a likelihood of confusion or dilution among ordinary consumers in the marketplace, or showing that a mark has become famous or generic, can be a challenge within the confines of a courtroom. Judges and jurors come to a case with their own knowledge of (and biases regarding) the marketplace, and there is only so much that an attorney can do to prove how consumers would perceive the marks. This is where survey experts have the most value.

PICTURE: ANDREY_POPOV/SHUTTERSTOCK

Perhaps the best known of all trademark experts, survey experts come from a variety of backgrounds, such as academic and marketing, and have become common in trademark litigation. The advantages of survey experts are clear – they offer parties the ability to replicate marketplace conditions, test the party's claim(s) and provide the judge or jury with a direct opinion based on the results of a sample of real consumers.

Surveys can address nearly all of the issues that crop up in trademark cases, including:

- likelihood of confusion and dilution;
- whether a mark is famous or has acquired secondary meaning;
- whether a mark has become generic; and
- whether a mark functions as a trademark.

To keep your expert's survey from being excluded, it is best practice to ensure that your expert follows (and notes in his or her report that he or she has followed) the guidelines laid out in accepted publications, such as the *Manual for Complex Litigation*, *McCarthy on Trademarks and Unfair Competition* and *Gilson on Trademarks*. Both *McCarthy* and *Gilson* have valuable, in-depth sections on survey experts.

To keep your expert's survey from being excluded, it is best practice to ensure that your expert follows (and notes in his or her report that he or she followed) the guidelines laid out in accepted publications

Linguistic and visual experts

While not as common as survey experts, experts in the scientific study of language (and similar fields, such as vision) can be tremendously helpful in explaining to a judge or jury how a mark would be understood or perceived in the marketplace, especially where the marks sound different but have a similar meaning (eg, 'tornado' and 'vortex'). Linguistic and visual experts are also helpful where there is a disputed issue regarding how the marks are pronounced, heard or seen, the meaning of foreign marks or the origin of the marks and how they have been understood by consumers over time. (However, at least one TTAB decision has criticised the use of linguistic experts.)

Industry experts

Many, if not all, of the likelihood-of-confusion factors implicate issues that might be particular to your client's business. For instance, analysing the conditions under which the parties' products or services are purchased or used, or the degree of purchaser care or sophistication, will necessarily lead to different results depending on the field being examined. Where your client's business is especially complex and difficult to explain (eg, a venture capital firm) or is not in a consumer-facing industry (eg, a global security company), it is best practice to look into retaining an industry expert from your client's field. Industry experts can help to answer any questions that the judge or jury might have, such as the meaning of a term of art in the industry or the similarities (or lack thereof) between the parties' channels of trade, and – even where the industry in question is not overly complex – can provide valuable insight regarding consumer perception.

Damages experts

If your case includes a serious damages claim, it is best practice to advise your client to retain a damages expert, particularly where the opposing party's claim for monetary relief relies on an overly complex set of facts, such as an elaborate causation theory. Damages experts come from a wide variety of backgrounds and may include industry experts, economists and statisticians, experts on market research and branding, and trademark valuation experts. The type of damages expert you should seek out will depend on the issue at hand. For instance, you might seek a trademark valuation expert if you are trying to prove lost royalties, while you should look for an economist or statistician if you are defending against a damages claim founded on a dubious causation theory. As with all experts, it is important to ensure that your damages expert has the right credentials for the type of report you seek.

Experts on trademark law and procedure

It might come as a surprise, but there is no prohibition on attorneys as experts. Although trademark practitioners cannot testify as to what the law is or should be, practitioners and others can testify regarding technical matters and general concepts of trademark law, such as procedures before the US Patent and Trademark Office, the spectrum of distinctiveness, foreign trademark law and fraud. Experts on trademark law and procedure range from former judges to current trademark practitioners and from law professors to experienced laymen. Such experts can prove very valuable where the trademark issues are more complex than normal or where your opponent is pushing a clear misconception of trademark law. However, bear in mind that while some judges are willing to accept experts on trademark law and procedure, others are more hesitant and will often exclude such experts on the basis that they are presenting legal conclusions. **WTR**

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