Legal aspects regarding the use of market surveys as evidence

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Legal aspects regarding the use of market surveys as evidence[1]

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1. Introduction

Central regulations in trademark and marketing law make it possible for market mechanisms, through subjective mental associations and reactions in the market, to play a relative significant role in legal judgment.[3] The market at issue can consequently be analyzed legally, with its point of departure in general statutory interpretation. On the other hand, market mechanisms can also be elucidated by a market survey that measures factual perceptions and reactions in the market.[4]

To what extent legal questions may be answered by or benefit from the use of market surveys can be clarified by analyses of trademark and marketing litigation involving perceptions and reactions in markets. Thus, the objective of my thesis was to analyze central legal aspects regarding the use of surveys as evidence in Norwegian trademark- and marketing law cases.[5] In addition, Danish and Swedish sources of law were to a great extent brought into the running analyses of Norwegian statutory law. This close proximity of the treatment of Scandinavian law has a significant link to the traditional unity of interest shared by Norway, Denmark and Sweden.[6] Furthermore, relevant EU directive and ECJ rulings were interpreted and discussed when analysing Scandinavian law. German, UK and US law were incorporated to a certain extent as well, to serve as an illustration of the use of surveys in prevailing law and as an inspiration for solutions applicable to Norwegian law. In spite of the obvious differences between common law and civil law, foreign law may provide usable solutions for the use of surveys not yet encountered under Norwegian law.

2. Human perceptions in the relevant circle of trade as a benchmark

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[1] This article is based on a presentation of my dissertation held at the Nordic IPR Network meeting in April 2012 in Uppsala. The dissertation is published in Norwegian; Viken *Markedsundersøkelser som bevis i varemerke- og markedsføringsrett* (2012).

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[3] Influence from market mechanisms in legal judgments is stressed by Kur *A New Framework for Intellectual Property Rights - Horizontal Issues* IIC (2004) p. 10-11.

[4] Development of empirical methods in legal society in general is discussed in Graver *Den juristskapte virkelighet* (1986) p. 144 ff. and Sandgren *Om empiri och rättsvetenskap (del I)* JT (1995-96) p. 734.

[5] The question is discussed, based on Swedish law cases; see Synnerstad *Marknadsundersökningar som bevismedel i varumärkesrättsliga mål och ärenden* (1992), Farrahi *Marknadsundersökningar inom varumärkesrätten* NIR (2006) p. 436 and Engström *Från Blomin till Puma; om marknadsundersökningar i marknadsrättsliga avgöranden mellan 1974 och 2005* NIR (2006) p. 464.

[6] Strömholm *Användning av utländskt material i juridiska monografier* SvJT (1971) p. 254.

2.1 The Relevant Sector of the Public. The legal foundation of market surveys must be analyzed commenced in legal sources which invite the use of empirical data as documentation for perception in the market. The common denominator for the various assessments will be the perception of the relevant sector of the public as a part of the individual topic of assessment in trademark- and marketing law. Although the term "human perceptions in the relevant circle of trade" can be imprecise it is used as a benchmark when interpreting both trademark law and marketing law.[7]

When the mental association to a trademark or marketing campaign is to be documented, the actual market as an entity will not be precise enough to serve as a standard of measurement. The influence market mechanisms have on trademark and marketing law must thus be analyzed on the basis of a more specifically targeted circle of trade for the relevant goods and services.[8] Before assessing the perceptions in the market it is vital to give a precise definition of the relevant circle of trade. This definition must, however, be based on regulations in statutory law and might vary from case to case.[9]

3.1 Average consumer test. The perceptions of the relevant circle of trade can be interpreted in relation to the application of an average consumer on the basis of the regulation's wording. The interpretation is based on abstract and approximate reasoning, without empirical material being brought into consideration. The perception of the relevant sector of the public is then evaluated in a purely legal context, with its foundation in traditional statutory interpretation.[10]

The average consumer test in both trademark and marketing law has been developed in the ECJ. The first expression is found in an ECJ ruling connected to how a "reasonable circumspect consumer" understood the "link between the size of publicity markings relating to an increase in a product' s quantity and the size of that increase".[11] In ECJ ruling Sabel/Puma it was pointed out that the "average consumer normally perceives a mark as a whole and does not proceed to analyse its various details".[12] And in ECJ ruling Gut Springenheide the court adjusted the average consumer to be "reasonably well-informed and

[7] See Viken (2012) p. 47.
[8] Rt 2006 p. 1473 (Livbøye) paragraph 31.
[9] See Lassen and Stenvik *Kjennetegnsrett* (2011) p. 244, Nordell *Varumärkesrättens skyddsobjekt: om ordkännetecknets mening och referens* (2004) p. 197 and Pehrson *Varumärken från konsumentsynpunkt* (1981) p. 156. The definition of the relevant circle of trade was also discussed in ECJ ruling C-371/02 (Bostongurka) paragraph 25 and Rt 2005 p. 1601 (Gule sider) paragraph 55.
[10] See for example Knoph *Åndsretten* (1936) p. 455.
[11] C-470/93 (Mars) paragraph 24.
[12] C-251/95 (Sabel/Puma) paragraph 23.

reasonably observant and circumspect".[13] The latter definition has been subsequently followed by the ECJ and national courts.[14]

3.2 Market survey. Should, on the other hand, documentation of the perception of the sector of the public be sought through empirical study, market mechanisms will be brought more directly into the legal analysis.[15]

Perception of the sector of the public may be revealed by a market survey, defined as "the systematic gathering and interpretation of information about individuals or organisations using the statistical and analytical methods and techniques of the applied social sciences to gain insight or support decision making".[16] In presenting such surveys as evidence of factual perceptions in the market, the division between legal interpretations on the one hand, and assessments based on procedural rules on the other, becomes readily apparent.

Whether surveys are regarded as relevant in assessments of perceptions in the sector of the public can be discussed based on analyses of ECJ rulings. In the Gut Springenheide case the court stated that "in certain circumstances at least, a national court might decide, in accordance with its own national law, to order an expert's opinion or commission a consumer research poll for the purpose of clarifying whether a promotional description or statement is misleading or not".[17] But later on, the Unfair Commercial Practices Directive recital 18 stated that "the average consumer test is not a statistical test".[18] This can lead to the impression that surveys are not relevant in marketing law cases.[19] Moreover, market surveys are not mentioned at all in Norwegian preparatory works, pointing out that the authorities must exercise its own faculty of judgment to decide the average consumer's reactions.[20] However, there is no doubt that in some member states national courts have recognized market surveys

[13] C-210/96 (Gut Springenheide) paragraph 37.
[14] C-342/97 (Lloyd), C-53/01 (Linde), C-218/01 (Henkel I), C-363/99 (Postkantoor), C-468/01 - C-472/01 (Procter & Gamble), C-136/02 (Mag-Lite), C-37/03 (BioID), C-412/05 (Travatan), C-421/04 (Matratzen), C-24/05 (Werther´s Original), C-238/06 (Develey), C-102/07 (Adidas/Marca Mode) and C-252/07 (Intel). In Norwegian litigation see for example Rt 2002 p. 391 (God Morgon), Rt 2008 p. 1268 (Søtt + salt), LB-2007-133644 (Lebara), RG 2008 p.161 (Borgarting, Mango), LB-2009-174551 (Companys), LF-2009-117966 (Galliano), LA-2010-35846 (Panorama) and TOSLO 2007-10029 (Imperia).
[15] In German law the term "Empirische Rechtsforschung" was established in the 1970s, see Schweizer *Empirische Rechtsforschung* Jahrbuch der Absatz- und Verbrauchsforschung (1976) p. 386 ff.
[16] ICC/Esomar International Code on Market and Social Research http://www.esomar.org/uploads/pdf/professional-standards/ICCESOMAR_Code_English_.pdf
[17] C-210/96 (Gut Springenheide) paragraph 35. See also C-220/98 av 13. januar 2000 (Estée Lauder) premiss 31.
[18] Directive 2005/29/EC of the European Parliament and the Council of 11 May 2005.
[19] Engelbrekt *EG-direktivet om utillbörliga affärsmetoder: en stundande omdaning av svensk marknadsrätt?* ERT (2005) p. 249 and Howells, Micklitz and Wilhelmsson *European Fair Trading Law: The Unfair Commercial Practices Directive* (2006) p. 116.
[20] See Ot.prp. nr 55 (2007-2008) p. 34.

as evidence to a great extent.[21] One must also bear in mind that recitals should not contain normative provisions or political exhortations.[22]

As for trademark cases, the focus on perceptions in the market in assessments of distinctive character can indicate a positive attitude towards surveys.[23] In ECJ ruling Chiemsee the court stated that: "where the competent authority has particular difficulty in assessing the distinctive character of a mark in respect of which registration is applied for, Community law does not preclude it from having recourse, under the conditions laid down by its own national law, to an opinion poll as guidance for its judgment".[24] Furthermore, a study of decisions in OHIM has showed that "survey findings do play a significant role" in community trademark cases.[25] The study showed an increased successful use of surveys in proceedings before OHIM.

3. Legal relevance of market surveys[26]

3.1 Market surveys in trademark law. The link between a trademark and perceptions in the market can be illustrated by its functions.[27] A trademark has several functions, but according to the ECJ the essential function of a trademark is to "guarantee the identity of the origin of the marked product to the consumer".[28] This identity may be documented by analysis of the factual perceptions in the relevant circle of trade.

In trademark law surveys may be relevant in assessment of the distinctiveness of a sign.[29] As for the specific elements in this assessment, perceptions in the relevant circle of trade will be of great importance.[30]

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[21] Especially Germany and Austria, see Knaak *The International Development of Survey Practices in Trademark and Unfair Competition Law* IIC (1990) p. 327 ff. and Niedermann *The use of surveys as legal evidence* The SAGE Handbook of Public Opinion Research (2008) p. 518 ff.

[22] Trzaskowski *Behavioural Economics, Neuroscience, and the Unfair Commercial Practises Directive* JCP (2011) p. 384.

[23] See for example C-456/01 and C-457/01 (Henkel II) paragraph 35, C-25/05 (Storck, Shape of a sweet wrapper) paragraph 25, C-304/06 (Eurohypo) paragraph 67 and C-265/09 (Borco) paragraph 32. Pflüger *Legal Research in Practice* IIC (2008) p. 208.

[24] C-108/97 and C-109-97 (Chiemsee) paragraph 53 and 54.

[25] Se Niedermann *Surveys as Evidence in Proceedings Before OHIM* IIC (2006) p. 261.

[26] In my dissertation I analyzed both Swedish and Danish law, but only Norwegian Acts will be mentioned here. See Viken (2012) ch II.

[27] Stenvik *Kjennetegnsrett* (2011) p. 25-27, Schovsbo and Rosenmeier *Immaterialret* (2011) p. 413, Levin *Lärobok i immaterialrätt* (2011) p. 409 ff., Bernitz, Karnell, Pehrson and Sandgren *Immaterialrätt och otillbörlig konkurrens* (2009) p. 306 ff., Levin *Noveller i varumärkesrätt* (1990) p. 7 flg, Riis *Forretningskjendetegn og varemærker med egenværdi* NIR (2000) p. 19-23 and Nordell *Om varumärkets funktioner i ljuset av EU-domstolens avgöranden i mål C-487/07 (L'Oréal) och de förenade målen C-236/08 - C-238/08 (Google)* NIR (2010) p. 264 ff.

[28] C-39/97 (Canon) paragraph 28. See also C-206/01 (Arsenal) paragraphs 48-49, C-398/08 (Audi) paragraph 33 and C-265/09 (Borco) paragraph 31. See Riis *Forretningskjendetegn og varemærker med egenværdi* NIR (2000) p. 20.

[29] Norwegian Trademark Act § 3 and § 14. See Ot.prp. nr 98 (2008-2009) p. 49.

[30] C-108/97 and C-109-97 (Chiemsee) paragraph 51.

Furthermore, one can discuss whether likelihood of confusion between two signs can be clarified by empirical studies of factual perceptions in the market.[31] Whether a trademark is well known and has a reputation, in order to gain extended protection, may also be demonstrated by a survey.[32]

3.2 Market surveys in marketing law. The objective of marketing law is twofold; both to ensure effective competition among traders and to protect consumers from unfair practices. Statutory law might draw attention to both of them and one must bear in mind special challenges when determining the relevant circle of trade.

In marketing law, the perception of the sector of the public can be of significance in the assessment of misleading advertising.[33] Whether commercial practice is likely to deceive consumers may for example be revealed by empirical studies of consumer's reactions.[34] The perception of the sector is also relevant in the assessment of a trader's illicit imitations.[35] Both the distinctiveness of the original sign or product and risk of confusion in the market may be elucidated by a survey. Furthermore, surveys may be relevant to determine whether a competitor, in more general ways, has taken unfair advantage of a company's reputation.[36]

3.3 Current use of market surveys in Scandinavian litigation. The factual use of surveys in judicial tribunals in Scandinavia may serve as an illustration of the relevance of survey evidence.

Analyses of Norwegian trademark cases in the period of 2005 to 2010 demonstrated that market surveys were presented as evidence in 7 out of 17 relevant trademark cases in the Courts of Appeal. As for marketing law cases, surveys were used in 5 out of 19 cases. A study of relevant cases in the Districts Courts confirms the impression that the use of surveys as evidence is increasing in Norway.[37]

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[31] Risk of confusion can be discussed both in connection to registration of a trademark, cf Norwegian Trademark Act § 16, and in assessments of infringement in Norwegian Trademark Act § 4 (1).
[32] Norwegian Trademark Act § 4 (2).
[33] Norwegian Marketing Practice Act §§ 6, 7 and 8.
[34] Influence from consumer's behaviour is discussed further in Trzaskowski *Behavioural Economics, Neuroscience, and the Unfair Commercial Practises Directive* JCP (2011) p. 377-392.
[35] Norwegian Marketing Practice Act § 30. See from Norwegian Courts LA-1994-262 (Hydralift), RG 2002 p.1060 (Agder, Nordstrikk), LG 2007-160205 (Crocs-kjennelse) and RG 2008 p. 225 and (Agder, Omsorgstjeneste). Discussed in Lunde *God forretningsskikk næringsdrivande imellom* (2003) p. 253-258. See also Lunde, Mestad and Michaelsen *Markedsføringsloven* (2009) p. 176, Helset, Reimers, Stene and Vik *Immaterialrett* (2009) p. 566-569 and Borcher *Produktefterligninger* (2003) p. 215.
[36] Norwegian Marketing Practice Act § 25.
[37] See for example RG 2003 s. 1092 (sol.no), TOSLO-2004-101336 (Philips), TSTVG-2005-178340 (Skagen fondene), TOSLO 2006-103922 (First Price), TOSLO-2006-136792 (Elleville dager), TOSLO 2007-10029

In Denmark market surveys are used to approximately the same extent. Perceptions in the sector of the public were at issue in 21 trademark cases in the Danish Supreme Court/Maritime and Commercial Court and surveys were presented as evidence in 7 of those. As for Danish marketing law cases surveys were used in 2 out of 10 cases.

In the same period in Sweden, market surveys were presented as evidence in approximately 50 trademark cases in the Court of Patent Appeal, and in approximately 30 marketing law cases at the Market Court.

Thus, analyses illuminate differences between Norwegian and Danish practice, on the one hand, and Swedish practice on the other. Market surveys are used to the greatest extent in Swedish courts. There also seems to be differences between trademark law and marketing law when discussing the relevance of surveys. Surveys seem to be slightly more relevant in trademark cases.

Analyses also show that surveys are regarded as relevant to various extents. The most striking difference lies with documentation of distinctiveness established by use, on the one hand, and documentation of likelihood of confusion on the other.[38] Whether distinctiveness is established by use will be a factual issue and market surveys are considered relevant. Evaluation of the likelihood of confusion will be more of a normative issue and the distinction between "factual" confusion and "likelihood" of confusion must be considered.[39] Surveys can only articulate factual confusion and may not be as relevant according to the legal question.

4. Procedural rules and limitations

4.1 Fundamental principles and evidentiary rules. Rules of procedure in general and rules of evidence in particular serve as guidelines and limitations when discussing the use of market surveys as evidence in trademark and marketing law disputes.

Fundamental procedural principles are significant with regard to how market surveys are treated by the law. As a starting point, when discussing legal aspects, the parties' right and duty to present evidence presupposes the use of surveys as evidence.[40] On the other hand,

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(Imperiadommen), TOSLO-2008-41683 (Hotell Cæsar), TOSLO-2008-171495 (Tippinga – appeal; LB-2009-99914), TAHER-2010-35909 (Esthetique – appeal; LB-2010-94902), TGJOV-2010-63619 (Imsdal) and TOSLO-2010-86774 (Kvikk Lunsj – appeal; LB-2011-10084).

[38] Viken (2012) p. 179

[39] See also Pehrson *Varumärken från konsumentsynpunkt* (1981) p. 159 ff., Nordell *Varumärkesrättens skyddsobjekt: om ordkännetecknets mening och referens* (2004) p. 380 and Knaak *The International Development of Survey Practices in Trademark and Unfair Competition Law* IIC (1990) p. 343.

[40] Norwegian Dispute Act § 21-3. NOU 2001: 32 A p. 460 flg, NOU 2001: 32 B p. 945-946 and Ot.prp. nr 51 (2004-2005) p. 453-454. Skoghøy *Tvisteløsning* (2010) p. 514.

restrictions on account of proportionality can limit the use of surveys.[41] The scale and scope of the presentation of evidence shall be reasonably proportionate to the importance of the dispute.[42] It is expensive to conduct a survey and this can come in conflict with the overriding objective relating to proportionality; costs and efficiency. Furthermore, as regards the principle stating that "differences in the parties' resources shall not be decisive to the outcome of the case" surveys might be excluded due to the parties' biased resources.[43]

Rules of evidence at oral hearings and best evidence rule can give another set of limitations. In cases heard orally the evidence shall be presented directly to the court.[44] The court cannot base its ruling on facts in respect of which the parties have not had the opportunity to comment.[45] In Norwegian courtrooms, written statements made for the purposes of the case may thus be presented as evidence if the parties agree or if they have the opportunity to examine the person who has made the statement.[46] One important aspect is that a relaxation of the rules for presentation of evidence at oral hearings will make it easier to present written evidence that is prepared outside court. This can open for more market surveys, which must be regarded as extrajudicial statements, to be presented in court.

A survey, being a second-hand opinion, presented in court by an expert will increase the importance of cross-examination.[47] Cross examination of an expert witness, who has conducted the survey and analyzed the results, requires knowledge of the governing scientific methods.[48] It can, though, be argued that the opposite party does not have the competence to ask the right questions and thus cross examination will not be helpful to reveal errors.[49] In this case, the counterpart's possibilities to cross-examine must be assured through increased focus on the ability to exclude evidence.[50]

4.2 The role of Judiciary and Administrative tribunals. Due to the need for expertise in court it is said that IP cases in general are handled with more uncertainty than other cases in

[41] Norwegian Dispute Act § 21-8 (1). NOU 2001: 32 A p. 460 and 266.
[42] NOU 2001: 32 A p. 131-133 and p. 142 and Ot.prp. nr 51 (2004-2005) p. 50.
[43] Norwegian Dispute Act § 1-1 (2) point 5. See Ot.prp. nr 51 (2004-2005) p. 38.
[44] Norwegian Dispute Act § 21-9. NOU 2001: 32 B p. 950 and Ot.prp. nr 51 (2004-2005) p. 455. See Schei *Tvisteloven* (2007) p. 1021 and Hov *Rettergang II* (2010) p. 1094 ff.
[45] See for example Norwegian Dispute Act § 11-1 (3) and Ot.prp. nr 51 (2004-2005) p. 403-404.
[46] Norwegian Dispute Act § 21-12 (2). NOU 2001: 32 A p. 466 and Ot.prp. nr 51 (2004-2005) p. 208. See Skoghøy *Tvistemål* (2001) p. 631 ff., Aasland *Utenrettslige erklæringer - tvistemålsloven § 197* Rett og rettssal, Festskrift til Rolv Ryssdal (1984) p. 243 ff. and Bernt-Hamre *Utenrettslige forklaringer og erklæringer som bevis i den nye tvisteloven* JV (2007) p. 273 ff. For rules of hearsay evidence in UK, see Civil Evidence Act (CEA) 1995 section 1 (2) and Civil Procedure Rules (CPR) 33 sec 1, Loughlin and Gerlis *Civil procedure* (2004) p. 485, Choo *Evidence* (2006) p. 221 ff. and Lea *Masters of All They Survey?* I.P.Q. (1999) p. 197 ff.
[47] Ekelöf, Edelstam og Heuman *Rättegång IV* (2009) p. 30.
[48] This was pointed out in Eidsivating Lagmannsrett 25. October 1976 (TABAC). See NIR 1982 p. 333.
[49] Sandgren *On Empirical Legal Science* Scandinavian studies in law (2000) p. 467-468 and 476.
[50] Norwegian Dispute Act § 21-7. See Ot.prp. nr 51 (2004-2005) s. 208 and Schei *Tvisteloven* (2007) p. 1016.

Scandinavian litigation.[51] In as much as the preparation and analysis of survey results require even more specialised expertise, it can be discussed to what extent, and at what stage in the process this expertise should be brought in.

Experience in assessing empirical studies of the market in IP cases can be achieved with an introduction of specialised courts in Norway.[52] The introduction of special court tribunals for trademark and marketing law has been discussed in Scandinavia for years.[53] Furthermore, the International Bar Association concluded in a 2005-report that it was time to develop specialised Intellectual Property Courts.[54] Lack of IP expertise was identified as a major problem among jurisdictions, but it was stressed that the need for specialised courts would be different in various countries based on local customs and practices, IP caseloads, the number of judges, budgetary concerns and local procedural rules.[55]

Another central issue is whether the expert in each case is to be before or behind the bar, i.e. as an expert witness or as an experienced lay judge. The use of experienced lay judges in trademark- and marketing law cases in Norway is minimal.[56] The need for expertise in court is to some extent solved by the use of expert witnesses presenting the survey results.[57]

Required expertise can also be drafted with regard to the role of the decision-making powers.[58] The fact that administrative tribunals, in practice the Norwegian Market Council and the Board of Appeal Norwegian Patent Office, have decision-making powers in the relevant cases may have procedural consequences. The necessary expert knowledge and specialised experience can, to a greater extent, be found in these tribunals.

The organizing itself can consequently be significant for the competencies of the different organs. One interesting element is the difference in organizational procedures in Norway, Denmark and Sweden. Should the need for expertise be given priority, this will be most readily accomplished in the Swedish judicial tribunals, the Court of Patent Appeals and the Market Court.

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[51] Koktvedtgaard *Domstolenes rolle i immaterialsaker* Rettsteori og rettsliv: festskrift til Carsten Smith til 70-årsdagen 13. juli 2002 (2002) s. 505-511.
[52] The topic of specialised courts is discussed in Hov *Rettergang I* (2010) p. 203.
[53] See Nordic Network Meetings, see *Ett harmoniserat immaterialrättsligt sanktionssystem* NIR (2003) p. 360. See also Norström *Mot en samlad speciallösning för immaterialrättsliga rättegångar – några frågetecken ändå* NIR (2004) p. 66 ff. In Sweden SOU 2010:44 *Mål och medel - särskilda åtgärder för vissa måltyper i domstol* p. 409 ff.
[54] International Survey of Specialised Intellectual Property Courts and Tribunals http://www.int-bar.org/images/downloads/International_IP_Survey_February_2005.pdf
[55] International Survey of Specialised Intellectual Property Courts and Tribunals p. 2. See also Rygaard *Domstolsreformen i Danmark* NIR (2007) p. 63
[56] See the legal basis for experienced lay judges in Norwegian Dispute Act § 9-12 (2). In marketing law experienced lay judges has been used in Rt 1937 s. 472 (Bjørnelær) and LE-1986-400 (Eidsivating, Always).
[57] See for example Rt 2006 s. 1473 (Livbøye) and LB-2011-10084 (Kvikk lunsj).
[58] Viken *Markedsundersøkelser som bevis i varemerke- og markedsføringsrett* (2012) p. 212 ff.

5. Scientific criteria in a legal context

When the factual perception of the relevant sector of the public is to be measured by a market survey, the social scientific method will shape the formulation of the survey and later analysis of the results. Thus, the value of market surveys must be based on a foundation comprised of both legally based criteria and technical research related criteria.[59]

It is, nevertheless, vital to stress the differences between legal sciences and social sciences. A survey in marketing research has to be conducted and evaluated in an environment which links the consumer, customer, and public to the marketer through information.[60] Guidelines can, for example, be found in the codes conducted by ESOMAR.[61] Litigation surveys must, in addition, meet the legal requirements in statutory law and fulfil the procedural rules. Thus, the question is to what extent special technical investigative criteria have been developed for when market surveys are used as evidence in legal trademark and marketing disputes.

Despite the fact that there are no concrete guidelines in Norwegian courts for treatment of market surveys in a legal context, practice indicates that scope is given for there being certain research criteria that must be met. A review of foreign law indicates that relatively clear guidelines can be found regarding how the value of market surveys can be assessed.[62] In trademark cases OHIM has developed guidelines for reliable surveys documenting distinctive character.[63] German litigation and legal theory have developed checkpoints that focus on validity, survey design and questioning.[64] Guidelines are also developed in the UK[65] and US[66].

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[59] Knaak *The International Development of Survey Practices in Trademark and Unfair Competition Law* IIC (1990) p. 334.
[60] See American Marketing Associations homepage; http://www.marketingpower.com/AboutAMA/Pages/DefinitionofMarketing.aspx
[61] See ICC/Esomar "International Code on Market and Social Research" http://www.esomar.org/uploads/pdf/professional-standards/ICCESOMAR_Code_English_.pdf
[62] Viken *Markedsundersøkelser som bevis i varemerke- og markedsføringsrett* (2012) p. 229-251.
[63] See for example "Guidelines concerning proceedings before the Office for Harmonization in the Internal Market (Trade Marks and Designs)" Part B Examination p. 54 and Part C, Opposition Guidelines p. 368.
[64] The use of surveys in German trademark- and marketing litigation is discussed in Eichmann *The Present and Future of Public Opinion Polls in Litigation in Germany - Part one* IIC (2000) p. 408 ff. and *Part two* IIC (2000) p. 530 ff., Niedermann *Emprische Erkenntnisse zur Verkehrsdurchsetzung* GRUR 2006, 367 and Pflüger *Legal Research in Practice* IIC (2008) p. 198 ff.
[65] Guidelines are drafted in UK case law and the so called Raffles criteria are based on Imperial Group plc v. Philip Morris Ltd. [1984] RPC p. 293 (see p. 302). See Morcom *Survey Evidence in Trade Mark Proceedings* EIPR (1984) p. 8, Lea *Masters of All They Survey?* I.P.Q. (1999) p. 191 ff., Wadlow *The law of passing-off* (2004) p. 811 and *Holyoak and Torremans intellectual property law* (2010) p. 504-505.
[66] Guidelines are drafted in US case law and discussed in legal theory, see Reference Manual on Scientific Evidence, second edition 2000 p. 229 ff. CASRO "Code of Standards and Ethics for Survey Research" http://www.casro.org/pdfs/CodeVertical-FINAL.pdf p. 7. See for example McCarthy *McCarthy on Trademarks and Unfair Competition* (2009) § 32:158, Sorenson *Survey research execution in trademark litigation* TMR

Due to the lack of clear criteria in Norwegian law, the interplay between legal and scientific criteria in foreign law will be of value.[67] It is possible to draft a set of criteria that can be useful when assessing surveys presented in judicial tribunals in Norway. These criteria can be discussed based on seven checkpoints;

1. Survey method and data collection
2. A relevant target group
3. A representative sample
4. Clear and precise questions in the right order
5. Correctly reported data and documentation
6. Analysis in accordance with statistical criteria
7. Qualified and independent research institutes

If these criteria are subsequently put in context with practice in the Scandinavian countries, analyses of the legal significance of the individual criteria nonetheless leaves the impression that no substantial amount of time is devoted to assess the scientific method.[68] In the justifications presented by the decision-making powers, there seems to be an element of coincidence with regard to the extent to which the individual criteria are actually evaluated.

To the extent that assessment of scientific criteria has been made in Norwegian judiciary, this is often linked to the formulation of questions and how these questions might relate to legal issues.[69] The overall impression is that survey criteria are not discussed.[70] In Danish litigation the impression of the use of surveys is quite the same.[71] In the Swedish Court of Patent Appeals both formulation of questions and designation of the relevant target group are

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(1983) p. 349 ff., Jacoby, Handlin and Simonson *Survey evidence in deceptive advertising cases under the Lanham Act.* TMR (1994) p. 541 ff., Palladino *Surveying secondary meaning* TMR (1994) p. 155 ff., Bird *Streamlining consumer survey analysis* TMR (1998) p. 275, Rappeport *Litigation surveys - social "science" as evidence* TMR (2002) p. 957 ff. and Leighton *Using Daubert-Kumho gatekeeping to admit and exclude surveys in Lanham Act advertising and trademark cases* TMR (2002) p. 743 ff.

[67] Knaak *The International Development of Survey Practices in Trademark and Unfair Competition Law* IIC (1990) p. 327 ff.

[68] Viken (2012) p. 296.

[69] Rt 1979 s. 1117 (Cash & Carry) and LB-2009-99914 (Tippinga). See from Board of Appeal Norwegian Patent Office PS 2006-7566 (Telefonkatalogen), PS 2006-7456 (M) and PS 2011-7962 (Jägermeister).

[70] See for example Rt 1994 s. 1584 (Lego), Rt 1998 s. 1315 (Iskrem), Rt 2005 s. 1601 (Gule sider), Rt 2006 p. 1473 (Livbøye), RG 2003 s. 70 (Borgarting, Myklegard), RG 2006 s. 312 (Borgarting, Akers Avis Groruddalen), PS 2009-7680 (Kinder), PS 2009-7687 (Rioja) and PS 2009-7836 (Laban).

[71] Survey questions were discussed to some extent in U.1994.147/2S (Tordenskjold), U.2000.620H (Torres), U.2010.1979H (Lotto) and U.2010.1S (Danske Spil). The survey was not commented upon in U.1996.848H (Ritter Sport), U.1997.783/2H (Hugo Boss), U.2003.2400H (Smarties) U.2005.1438H (Tivoli småkager), U.2010.320H (Tivoli Night) and U.2010.2249S (Thomas Tivoli).

discussed.[72] In the Swedish Market Court survey criteria are discussed to some extent.[73] The impression of differences, due to the use of surveys, between Norway and Denmark on one side and Sweden on the other is confirmed by analysis of case law.

Another element of interest in Norwegian litigation is the fact that little attention is given to the contextual relationship of the different criteria. It doesn't help, for example, that questions seem to cover the legal issue when these questions are posed to a selected group that is not regarded as being representative for the relevant circle of trade.[74]

Despite scientific research criteria setting certain minimum requirements for the validity of a survey, the assessment of evidence in a specific case will be based on procedural principles. Moreover, lack of insight into the individual criteria can lead to poorly framed and conducted surveys being regarded as useful evidence. It is therefore necessary to draw attention to the importance of scientific criteria in a legal evaluation of evidence.

6. Surveys as admissible evidence

Different elements can be significant for the judiciary's assessment of the probative value of market surveys.

In its assessment of the evidence, the courts own experience, in general or through expert opinion, can be important when market surveys are presented as evidence. When the scope of the market or the public's predispositions is the issue of assessment, the court can choose to put emphasis on its own practical experience.[75] As mentioned above, this experience might be expressed through a legal construction of the average consumer or as an assessment of the factual market. In some instances it appears as if the judge sees himself as "the consumer" when assessing perceptions of the facts of the case, while in other instances the judge will perform more as "a judge" interpreting statutory law. The distinction between the two will nonetheless remain diffuse.

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[72] Questions were discussed in PBR 96-346 (Företagspaket), PBR 01-406 (Bankomat), PBR 02-426 (Whiskas lilla), PBR 03-041 (Sprättägg), PBR 05-080 (Kexchoclad), PBR 05-157 (Godbiten), PBR 06-366 (Aftonbladets sportbilag)and PBR 07-288 (Morakniv). See also PBR 99-277 (Jordnötsringar), PBR 02-011 (Toffifee), PBR 02-012 (Werther´s), PBR 03-099 (M) and PBR 05-331 (Sova). The relevant target group and representative sample were discussed in PBR 96-833 (Patentdagen), PBR 01-412 (Byggnadsställningar), PBR 02-236 (Toblerone), PBR 03-230 (Microlax) and PBR 07/180 (Hermes Italie).

[73] See for example MD 2005:12 (Gustavus), MD 2005:20 (Live!), MD 2006:19 (Vivo), MD 2010:22 (Gate Rehab), MD 2011:1 (We-Kappahl) and MD 2012:7 (Libero).

[74] The Norwegian Patent Office has now contributed with more clear guidelines; http://www.patentstyret.no/no/For-eksperter/Varemerkeeksperten/Tolkningsuttalelser/Markedsundersokelser-varemerkesaker/

[75] Norwegian Dispute Act § 21-2 (3) cf (1) and NOU 2001: 32 A s. 456-458. See Hov *Rettergang II* (2010) p. 1136, Gomard and Kistrup *Civilprocessen* (2007) p. 560 and Zahle *Om bevisbedømmelsen. Kommentar til nogle aktuelle emner* UfR (1978) p. 375.

One may also ask whether it is unproblematic to attach more importance to one consumer's perception, in this case the judge's, than to a survey that embraces 1000 consumers' perceptions. The legal assessments of statutory law are linked to a general impression of the market, not just one isolated consumer's perception. It may therefore pose a problem when judges use their own individual experience rather than organised empirical information about the market. It may be reason to assume a more reserved attitude towards a judge as "consumer" when perceptions of the market are the topic of assessment.[76]

Scope must also be given for the principle of the court´s general power to assess evidence and the relation to other means of proof. The value of market surveys is not evaluated in an isolated context, but is regarded along with the value of other evidence.[77] Thus, the validity and reliability of the survey's results must be seen as a necessary, but not necessarily sufficient, condition for documenting the perceptions in the relevant sector of the public.

An examination of Norwegian practice nonetheless shows that the probative value of market surveys is only commented upon to a limited extent.[78] Analyses of practice indicate that this can be accounted for by lack of knowledge and awareness of social scientific criteria. This will impact on evaluations of market surveys as evidence. On the one hand, it may have resulted in emphasis being placed on surveys with significantly low reliability and validity. On the other hand, it may have resulted in emphasis not being placed on qualitatively good surveys, which actually reflect the real situation.

In addition, practice shows that the authorities in certain cases are not presented with the necessary underlying material as a foundation for evaluating the survey's worth.[79] When this is linked with a lack of knowledge of central survey criteria, a problem arises with regard to discovering potential sources of error. The authorities in situations like this receive no signals with regard to what should be investigated more thoroughly.

In order to assess the probative value of market surveys, two central conditions must be fulfilled: the authorities must have the necessary knowledge to be in a position to assess the survey's qualitative worth, and all relevant documentation must have been presented as a part

[76] Viken (2012) p. 303.
[77] Viken (2012) p. 325.
[78] Viken (2012) p. 320.
[79] Documentation is required by OHIM, see "Guidelines concerning proceedings before the Office for Harmonization in the Internal Market (Trade Marks and Designs)" Part C, Opposition Guidelines p. 368. Lack of documentation is also mentioned in Norwegian cases TGJOV-2010-63619 (Imsdal) and TOSLO 2007-10029 (Imperia) and in Swedish cases PBR 97-738 (Noga Utvalt), PBR 07/180 (Hermes Italie) and MD 2011:1 (We-Kappahl).

of the case argumentation.[80] If not, an assessment of the probative value of the market survey will be made on highly uncertain grounds.

7. Concluding comments and assessments

7.1 Should we recognise market surveys as evidence? It can be difficult for a judge with his or her legal education to give scope for different levels of perception associated with trademarks and products in a market with a strong degree of differentiation and segmentation. Should market surveys in these situations not be regarded as evidence, there is a risk that adequate scope will not be given for the real perception of the market.

Legal theory in US stated early that decisions will be "more certain and predictable if the technique that has been developed in the conduct of market analysis was applied in determining whether two brands conflict. Whether the purchaser is likely to be misled is better ascertained in the market place than in the court room. There is need for more objective determination".[81] This was articulated in a classical argument in a US case, concerning whether two brands of teenage magazines for girls were in conflict. It was pointed out that neither the trial judge, nor any member of the court was a teenage girl and the judicial notice apparatus would not work well unless it was fed with information directly obtained from teen-agers or others in the target group.[82] The same argument could have been addressed in a Norwegian case concerning exclusion of a registration of the sign Mango for watches.[83] The question was whether the sign was in conflict with the registration of Mango for clothing and shoes. According to the judge´s own observation, the target group of young people has a very high recognition of brands, keeping up to date with the latest trends. There is no doubt that the assessment of the perceptions in such a group, at a given point, can be challenging for a legal judge. Today's increased focus on market segmentation and building of brand equity demonstrates these challenges.[84] In certain cases it can thus be argued that information about the factual market is decisive in reaching the "right" decision.

The assessment of whether a market survey actually gives a correct picture of reality must meanwhile be linked to the demands made on the quality of the survey. Without this kind of correction the recognition of market surveys as evidence can have negative consequences.

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[80] Viken (2012) p. 332.
[81] Handler and Pickett *Trademark and Trade names* Colum. L.Rev. (1930) p. 777, see note 85.
[82] See Judge Jerome Frank in a dissent in Triangle Publications v. Rohrlich 167 F.2d 969 (2nd Cir. 1948).
[83] RG 2008 p. 161 (Borgarting, Mango).
[84] Kotler and Keller *Marketing management* (2009) p. 248 and 285.

There is, nonetheless, no clear answer to the question of whether market surveys should be recognized as evidence. The answer will depend on the quality of the survey, being assured through the interplay of legal demands and scientific criteria, that scope is given for the resultant procedural guidelines, and that the decision-making powers are capable of evaluating these surveys.

An examination of possible consequences of a comprehensive recognition of market surveys might be helpful in terms of clarifying whether we should recognise surveys as evidence.

7.2 Possible consequences of a comprehensive recognition of market surveys. An increased influence of market mechanisms may have a variety of consequences.

Decisions that directly open for the actual perception of a market as a basis for interpretation may have an impact on the understanding of statutory law. As for the assessment of distinctiveness the recognition of market surveys has no clear consequences for how these rules will be interpreted. But, should there be a more normative assessment of, for example, the likelihood of confusion between two signs or whether commercial practice is likely to mislead the consumer, there would be greater consequences linked to emphasis being put on real perceptions. Should the documentation of actual confusion or actual misleading commercial practice be accepted as evidence for "likelihood of confusion" and as documentation for marketing that is "likely to mislead" the consumer, this can lead to greater demands being put on standards of proof.[85] Greater uncertainty is therefore linked to what consequences recognition of market surveys will have for the interpretation of more normative topics of assessment.

Looking at surveys as an alternative to the average consumer test one must bear in mind that a survey might reveal, maybe surprisingly, nuances not encountered for in statutory interpretation of an average consumer. Secondly, this can lead to a demand for a change in the understanding of the legal interpreted average consumer.

The procedural consequences can, in addition, lead to a certain reticence in recognizing market surveys as evidence. This applies both with regard to litigation costs and with regard to disparity of resources not having an impact on specific case outcomes. Increased expenses in connection with the preparation of surveys and the use of expertise in court will also have consequences for litigation costs.

[85] Viken (2012) p. 336.

The consequences in terms of litigation costs will be further put at issue should each party conduct its own survey and these surveys subsequently arrive at different conclusions. In addition, when each party meets in court with expert witnesses who criticize their counterpart's survey, this can result in no importance being attached to any of the surveys. In this situation, litigation costs will have increased substantially, with no success.

With a possible development in the direction of "demand" for the presentation of market surveys as evidence, it would be appropriate to look at potential consequences for the relationship between the parties in the process. Based on the overriding objective in the Norwegian Dispute Act, every effort should be made to assure that dissimilarities in the resources of the parties involved are not decisive for the outcome of the case.[86] Should only one of the parties, and not the other one, have the funds and the competence to initiate a survey, disparities in resources can have a direct impact on the outcome of the case.[87]

Procedural considerations must be taken into account when assessing the need for factual documentation of perceptions in the market. Should the above challenges be met and the negative consequences reduced, there would be greater reason to recognize market surveys.

7.3 Solutions to be considered. Assuming that legal judgment will benefit from the influence of market mechanisms it is vital to look for safeguards to ensure the quality of surveys and minimize negative consequences.

What of course is important is that a survey which doesn't meet scientific criteria and is neither reliable nor valid should not be recognized as documentation for perception in the market. Consequently, it is crucial that criteria are established that give scope for both legal and scientific criteria in order to secure quality.

It is possible that the quality of surveys as evidence can be assured through a more active role on the part of the court in its case preparation.[88] Should the judge take a more clear position on the use of surveys as evidence, practice can be developed which can serve as a guideline, though not necessarily binding, for later preparation and assessment of market surveys. The risk of presenting non-reliable surveys will be reduced. Such a solution nonetheless presupposes that the court has adequate knowledge of research survey criteria. This knowledge may not be found in the legal competencies of ordinary courts and such a

[86] Norwegian Dispute Act § 1-1.
[87] One may e.g. argue that differences in resources were biased in Rt 2005 p. 1601 (Gule sider). See also the critique put forward in Kunstadt *Trade marks: not just for the rich and famous* JIPLP (2008) p. 451.
[88] The court´s active role is stressed in Norwegian Dispute Act § 9-4 (1), § 11-5 and § 11-6. See Ot.prp. nr 51 (2004-2005) p. 407, Schei *Tvisteloven* (2007) p. 401 and 541 ff. and Robberstad *Sivilprosess* (2009) p. 171.

solution will not be obtainable until the knowledge base is developed. Meanwhile, use of experienced lay judges or surveys based on court appointed expert opinion may serve as possible solutions.

One other solution to be considered includes the introduction of special court tribunals in trademark and marketing law, as mentioned above. What needs to be assumed, however, is that changes in the organization of the court are not a relevant topic in contemporary Norwegian litigation.[89]

A third possible solution to be considered is the use of more specialised institutes to provide the conduct and analyses of surveys.[90] Providing that qualified and independent research institutes are specialised in these kinds of surveys, this can contribute to assuring that consideration is given both to legal requirements and research survey criteria.[91] If these institutes serve as court appointed experts the litigation process will be more effective and better balanced.

The necessity of assessing the impact of market mechanisms nonetheless leads us to the conclusion that good solutions should be sought for in order to assure that market surveys are recognized as evidence. Good solutions can assure that the legal system is in touch with a steadily accelerating market development.

[89] Viken (2012) p. 207 and 341.
[90] This is known from Germany, e.g. Institut für Demoskopie Allensbach and GfK-Marktforschung.
[91] The earlier Stockholms Handelskammares Varumärkesnämnd had much of the same task in Sweden, but was closed down 1. January 2011.