

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
Atlanta Division

CHARLES SMITH,)	
)	
Plaintiff/Counterclaim-Defendant,)	
)	
v.)	Civil Action No.
)	1:06 CV 0526 (TCB)
WAL-MART STORES, INC.,)	
)	
Defendant/Counterclaim-Plaintiff.)	

**MEMORANDUM IN SUPPORT OF PLAINTIFF’S MOTION
TO EXCLUDE WAL-MART’S EXPERT REPORT**

TABLE OF CONTENTS

Table of Authorities	ii
FACTS – Jacoby’s Study	2
BECAUSE JACOBY’S REPORT DOES NOT MEET MINIMUM STANDARDS OF RELIABILITY, IT SHOULD BE EXCLUDED FROM EVIDENCE	7
A. Jacoby’s Point-of-Sale Confusion Study Is Fatally Flawed	7
B. Other Flaws in Jacoby’s Studies Undermine Both the Post-Purchase Confusion Study and the Point-of-Sale Confusion Study	17
C. Even If the Survey Is Admitted in Evidence, Its Use Should Be Limited .	22
Conclusion	25

TABLE OF AUTHORITIES

CASES

<i>Amstar Corp. v. Domino's Pizza</i> , 615 F.2d 252 (1980)	13
<i>Centaur Committee v. A/S/M/ Committee</i> , 830 F.2d 1217 (2d Cir. 1987)	14
<i>Daubert v. Merrell Dow Pharmaceuticals</i> , 509 U.S. 579 (1993)	1
<i>Frehling Enterprises v. International Select Group</i> , 192 F.3d 1330 (11th Cir. 1999)	21
<i>Hutchinson v. Essence Communications</i> , 769 F. Supp. 541 (S.D.N.Y. 1991)	7
<i>Indianapolis Colts v. Metropolitan Baltimore Football Club</i> , 34 F.3d 410 (7th Cir. 1994)	2
<i>Juicy ZCouture v. L'Oreal USA</i> , 2006 WL 1012939 (S.D.N.Y. 2006)	16
<i>Kumho Tire Co. v. Carmichael</i> , 526 U.S. 137 (1999)	1
<i>Leelanau Wine Cellars v. Black & Red</i> , 452 F. Supp. 2d 772 (W.D. Mich. 2006)	15
<i>Louis Vuitton v. Dooney & Bourke</i> , 340 F. Supp. 2d 415 (S.D.N.Y. 2004), <i>rev'd on other grounds</i> , 454 F.3d 108 (2d Cir. 2006)	2
<i>Puritan-Bennett v. Penox Tech.</i> , 2004 WL 866618 (S.D. Ind 2004), <i>aff'd</i> , 121 Fed. Appx. 397 (Fed. Cir. 2005)	14, 15, 21

Trouble v. Wet Seal,
179 F. Supp. 2d 291 (S.D.N.Y. 2001) 14

Weight Watchers v. Stouffer Corp.,
744 F. Supp. 1259 (S.D.N.Y. 1990) 2, 14

MISCELLANEOUS

Diamond, *Reference Guide on Survey Research*,
in Federal Judicial Center, *Reference Guide on Scientific
Evidence* (2000) 13, 18, 21

Manual for Complex Litigation (4th ed. 2004) 14

Plevan, *Daubert's Impact on Survey Experts in Lanham Act Litigation*,
95 Trademark Rep. 596 (2005) 1

United States Constitution

First Amendment 23

In this case, Wal-Mart's claims depend almost entirely on a survey by Dr. Jacob Jacoby. In recent years, courts have tightened the standards for the admission of survey evidence in trademark cases, pursuant to *Daubert v. Merrell Dow*, 509 U.S. 579 (1993), and *KumhoTire Co. v. Carmichael*, 526 U.S. 137 (1999), which now require courts to exercise a meaningful gatekeeper function. Indeed, a study of *Daubert's* impact on trademark litigation found that of 44 reported decisions from 1997 through 2004, surveys were excluded in 14 cases, expressly given "little or no weight" in 6 more cases, and admitted but "discounted" or found "deficient" in 2 more cases – in other words, the studies were essentially overridden in fully **half** of the reported cases. Plevan, *Daubert's Impact on Survey Experts in Lanham Act Litigation*, 95 Trademark Rep. 596 (2005). The Eleventh Circuit, in particular, "has moved away from relying on survey evidence" to show likely confusion. *Frehling Enterprises v. International Select Group*, 192 F.3d 1330, 1341 n.5 (11th Cir. 1999).

The survey evidence should also be cast aside for several reasons. First, although Jacoby has conducted a large number of surveys for litigation and has testified as a survey expert hundreds of times, this is the first case where he has conducted a survey or testified about goods sold exclusively online, and his lack of experience shows. Second, Jacoby deliberately rigged this study in several significant ways, frequently departing from the standards that he has set for others in his testimony in other cases and, indeed, the way he has conducted surveys for other clients in other cases. Third, Jacoby slanted his survey in this case by repeating

“errors” that he has committed before, and for which other judges have taken him to task. In sum, Smith asks the Court to consider all the ways in which Jacoby rigged this survey through the application of what the Seventh Circuit has called “the survey researcher’s black arts,” *Indianapolis Colts v. Metropolitan Baltimore Football Club*, 34 F.3d 410, 416 (7th Cir. 1994), and to decide that in this case Jacoby’s study is too deeply flawed to warrant consideration on the cross-motions for summary judgment.¹

FACTS – JACOBY’S STUDY

The main issue here is whether a series of parody designs authored by Smith, which criticize Wal-Mart by pairing parts of various Wal-Mart trademarks with hostile words or images, infringe or dilute Wal-Mart’s trademarks. Three of the designs used in different contexts the word “Wal★ocaust,” shown in the distinctive blue font that Wal-Mart customarily uses, and were printed on T-shirts available for

¹The word “rigged” is used deliberately, in light of previous rulings showing that Jacoby runs result-oriented surveys. *E.g.*, *Louis Vuitton v. Dooney & Bourke*, 340 F. Supp.2d 415, 444 (S.D.N.Y. 2004) (survey design modified half-way through to increase showing of confusion), *rev’d on other grounds*, 454 F.3d 108 (2d Cir. 2006), *see also id.* at 443 n.143, 445 n.161 (noting how courts often reject Jacoby studies, but Jacoby then repeats same mistakes); *Weight Watchers v. Stouffer Corp.*, 744 F. Supp. 1259, 1274 (S.D.N.Y. 1990) (“Jacoby constructed the study specifically to disprove consumer confusion regardless of participants’ reactions”). In *Baltimore Football*, the court expressed concern that “many experts are willing for a generous fee to bend their science in the direction from which their fee is coming,” *id.* at 415, noting the lack of effective constraints on such biased witnesses. The court stated that Jacoby’s choice of control “loaded the dice,” and that some of his questions “were a bit slanted,” *id.* at 416, but upheld the preliminary injunction issued below.

sale on Smith's "Walocaust" account on CafePress' web site. Exhibit A, attached, contains the three designs. Eight designs used the word "Wal-Qaeda," six times in Wal-Mart's distinctive blue font and two times in white, and placed it in yet more different contexts; two designs used the term "Freedom Hater Mart"; and one design used the terms "Benton★ville Bullies" and "Benton★ville Billies," placing them over a red word "always" (using part of the Wal-Mart slogan "Always Low Prices *Always*"). These eleven designs were all displayed together for sale through Smith's "Wal-Qaeda" account on CafePress' web site. *See* attached Exhibit B.

Jacoby was hired to study whether Smith's designs create a likelihood of confusion or a likelihood of dilution by tarnishment. Wal-Mart has admitted that, apart from the Jacoby study, there is **no evidence** of actual confusion or diminution of reputation. *See* Exhibits C No. 2, D No. 64. Jacoby's surveys, then, contain the key evidence on which Wal-Mart's trademark claims are based.²

Smith's shirts are sold exclusively through the Internet site of CafePress, an Internet operation that specializes in print-to-order merchandising of items on which designs created by individuals are imprinted. In order to test consumer reactions to Smith's shirts, Jacoby retained firms to conduct mall-intercept surveys of consumers

²Although Jacoby purported to find evidence of dilution by blurring, directly contrary to his previous published work taking the position that the most famous marks cannot suffer blurring, Wal-Mart amended its counterclaims, in response to Smith's motion to compel discovery, to eliminate its claims for dilution by blurring.

in several shopping malls across the country. He chose to test only two of Smith's designs – the first placed the word “Wal★ocaust” (in blue font) over a stylized eagle, mimicking a Nazi eagle, but holding a yellow “smiley face” instead of a swastika; the second used the word Wal-Qaeda (in blue font) as part of the phrase “Support the Troops Boycott Wal-Qaeda.” Jacoby also tested consumer reactions to control designs, which mimicked the test designs except that a “Z” was substituted for the “W” and the star in “Wal★ocaust” was replaced with a hyphen, producing controls called “Zal-ocaust” and “Zal-Qaeda.” *See* Jacoby Report at 7-10 (Exhibit E).

Jacoby tested each of the two T-shirt designs in two ways – the “web site” study” and the “product study.” The questionnaire series was complex, Exhibit F, but may be summarized as follows. The “product study,” which, Jacoby admitted, was intended to test only for post-purchase confusion, Jacoby Deposition (JacDep) at 55-56, was screened for the universe of people who had bought bumper stickers, or T-shirts or mugs with words, symbols or designs on them. Report at 14. To test those within that universe, Jacoby obtained or printed T-shirts with the designs to be tested, and asked the interviewees a series of questions about their hypothetical thoughts if they were to be near someone wearing the shirt. The first two questions, designed to test for confusion, were “what company or store” either put out the shirt or had some “business connection or relationship” with some other company; a third question, also aimed at the issue of confusion, asked whether the company that put out the shirt

needed permission from another company, and if so what company. A final set of questions tested for tarnishment – first, what does this shirt make you think of and/or “which company or store” does it make you think of, and then, whether seeing the shirt made the interviewee more or less likely to shop at the store that he had named, and more or less likely to buy the shirt. Each step of the way, if the interviewee gave a response that included the names of one of four specific stores – Sears, Wal-Mart, K-Mart or Youngblood’s (a fictional name) – the interviewer skipped directly to the final, tarnishment questions. *Id.* at 15-19.

Jacoby also conducted a “web site study,” which, he acknowledged, was intended to test for point-of-sale confusion. *JacDep.* 55-56. The same universe of buyers of bumper stickers or T-shirts or mugs with printing on them was tested, except that to qualify for the web site study, a respondent also had to have used the Internet in the past month to search for information about products or services. *Report* at 15. The interviews were much like the product study, except that instead of showing the interviewees actual shirts, the interviewees were placed at a computer loaded with a CD containing a graphic imitation of the CafePress home page for Smith’s “Walocaust” account; all of the hyperlinks on that page were removed except for one, quite a way down the page, to the T-shirt that Jacoby had decided to test. A separate CD with a graphic imitation of Smith’s wal-qaeda.com home page was used; again, all the hyperlinks were removed except for one, again quite a way down

the page, to the one Wal-Qaeda T-shirt that he wanted to test. This hyperlink took interviewees to the CafePress home page for Smith's "WalQaeda" account, showing all of Smith's designs on that account, but, again, all hyperlinks were removed except the one to the T-shirt that Jacoby had decided to test. To conduct each study, Jacoby directed the interviewees to type a URL into the browser, which, instead of taking them to the Internet, took them to the opening page as reproduced on the CD. Jacoby then had them scroll down the pages to the right spot, where they were directed to click through to the T-shirts where he asked the same series of questions as during the product study, except that the interviewees were to imagine that they were considering whether to order the shirt. *Id.* at 19; Exhibit G.

The survey produced astonishing levels of "confusion." Jacoby claimed to have found that "the tested tee-shirts" produced a likelihood of confusion of nearly half of the interviewees (47.8 %) with respect to the post-purchase confusion study, and nearly as much confusion (40.8 %) with respect to the point-of-sale confusion study. These figures were based on an "average" of the two different T-shirts. With respect to dilution, Jacoby reported that the shirts were likely to cause about 12% of consumers to be less likely to shop at Wal-Mart. *Id.* at 26-31.³

³The study also produced data on whether the interviewees were more likely to buy Smith's T-shirt as a result of thinking that it was from Wal-Mart, but that data is not reflected in the conclusion section of Jacoby's report, and hence is not discussed further in this memorandum.

BECAUSE JACOBY’S REPORT DOES NOT MEET MINIMUM STANDARDS OF RELIABILITY, IT SHOULD BE EXCLUDED FROM EVIDENCE.

A. Jacoby’s Point-of Sale-Confusion Study Is Fatally Flawed.

Jacoby is a nationally renowned survey expert who has testified hundreds of times, including 7 to 10 times for Wal-Mart’s lead counsel Robert Raskopf and his firms, but never against a client that Mr. Raskopf was representing. JacDep 27-29. Still, his experience actually did not prepare him for **this case** in one very important respect. Although Smith’s T-shirts are sold only online (and through a highly specialized Internet retailer at that), Jacoby could not identify a single case involving products sold only online where which he had testified as an expert. He has never written about Internet marketing, he has no expertise or involvement in Internet user experience or web site development, and he repeatedly admitted during his deposition that he lacks knowledge, experience, or sophistication in this area. *Id.* 30, 236, 241-242. This lack of experience shows – Jacoby utterly failed to appreciate the difference between online and real world shopping and, as a result, committed several cardinal sins of survey research. He tested the wrong universe, he improperly sampled that universe to be sure that his “confusion” and “tarnishment” questions were asked only of those who were likely to be in the market for Smith’s shirts,⁴ and he failed to

⁴The proper universe is the potential buyers of the junior user’s goods or services. *Hutchinson v. Essence Comm*, 769 F. Supp. 541, 559-560 (S.D.N.Y. 1991).

replicate the shopping experience. Any one of these flaws alone would be sufficient to discount his point-of-sale study; taken together, they require its exclusion.

When shoppers go looking for T-shirts in a regular store, they may go to a store that sells mainly T-shirts, or they may go to a more general store (like Wal-Mart), in which case they will proceed to those sections of the store where T-shirts are sold. Once in those areas, they may look at the display labels showing designs on the available shirts, if each design is kept in a separate container, shelf or pile; or they may look through piles of different shirts to find the ones that interest them. *Id.* 117-119; Smith Aff. ¶ 55. In either case, it is fair to assume that anyone who visits the type of store where the tested T-shirts are sold will have a fair chance of seeing those shirts, and hence that those who actually see the shirts, and thus have the chance of suffering confusion or tarnishment, will be randomly distributed across that universe.

That is not how people shop online. This is a matter of common sense, but is also explained in detail by Smith's expert witness Alan Rosenblatt. Coming from an academic background in political science and survey methodology, Rosenblatt is a professional in the area of Internet advocacy, and in the Internet marketing of advocacy efforts. His experience includes helping organizations bring people to their websites and, once people are there, induce them to look at the part of the web site that asks them to undertake certain actions, and get them to **do** the actions, and then track what the visitors do so that the effectiveness of the website can be increased.

Rosenblatt Affidavit (RosenAff) at 2-3, and attached CV. He is thus highly qualified to point out the deficiencies in Jacoby's assumptions about how people reach and interact with web sites. In addition, Rosenblatt's analysis was reviewed and expressly approved by Smith's second expert witness, Richard Teach, an emeritus marketing professor and former dean at the Georgia Tech School of Business, who has designed and conducted over one hundred surveys (including about fifty buyer surveys), as well as teaching survey methodology and related courses over his distinguished career. Teach Affidavit (TeachAff) ¶¶ 1-6.

As Rosenblatt explains, people do not come to web sites randomly, and they do not move within web sites randomly. They move from web site to web site, they move within web sites, and they perform actions such as signing a petition (or buying a product) by making choices based on what they see, and whether they think, based on what they currently see, that going to the next page or to a particular other web site will bring them to something that they are interested in seeing (or doing, or buying). RosenAff at 5-12. A great majority of Internet users arrive at a particular web site by a search process, notably by using an Internet search engine such as Google or Yahoo!; others will reach a given web site by following links from another web site where the new web site is mentioned. RosenAff at 5, 6. In either case, the user makes a judgment based on contextual cues – what is shown about a prospective web site from the text of a search result on a search engine, or what is said about a prospective

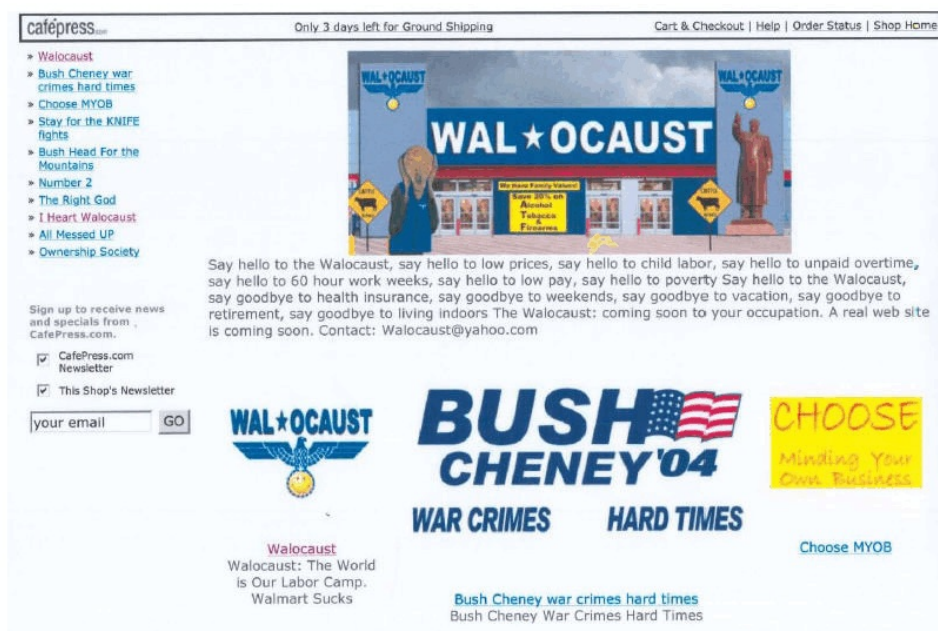
web site in the hyperlinked words and surrounding text of the web site being currently viewed – in making decisions about where to go next. *Id.*

Moreover, once a user reaches a given web site or web page, he will make a very rapid decision about whether to look further on that page (by scrolling down the page) or to look further within the site by clicking on a link provided on that page, based on whether what is on the first screenful of the page interests him. The viewer typically makes that decision very fast – indeed, within seconds – and if the first screenful of a web site’s home page is not of interest, the viewer is lost and will just go elsewhere. RosenAff at 7-10. Thus, competition for viewer attention is quite intense, and among sophisticated web operators much thought goes into the design of that first page and first screenful of page. *Id.*

Given that Internet viewers make choices about where to go and what to view, the choices serve as a filter determining which people who start out at the beginning of their Internet session will reach any given page. It follows that the **relevant** subset of the entire universe of those who begin a search – those who will actually reach a given web site and web page – will **not** be randomly distributed across the entire universe of those who begin. Accordingly, in deciding which members of that universe (those who have bought printed shirts, mugs or bumperstickers, and who have also searched for products online) will reach the particular T-shirt pages at

which Jacoby asked his questions, Jacoby had to account for his decision to assume that the particular persons questioned would likely be among that subset.

When questioned at his deposition, Jacoby failed miserably to justify this assumption. In conducting his point-of-sale study of the “walocaust” smiley eagle shirt, Jacoby simply presented his interviewees with a stored version of the home page of Smith’s “Walocaust” account at CafePress. The first screenful follows (the CD is JacDep Exh. 27; the printed version is Exh. 29, and Exhibit H to this motion):



Jacoby did not, however, have his viewers click on the smiley eagle image that appears above, where the words “Wal-Mart Sucks” appear; instead, he directed them to scroll down the page below the first screenful.⁵ He assumed that the ordinary

⁵As Jacoby acknowledged at his deposition, at 193-194, 229-230, the purple coloring of the word “Walocaust” in this screenshot reflected the fact that the Wal-

Internet user, when looking for products online, would find the first screenful of interest and scroll down the page until reaching the particular shirt about which Jacoby wanted to question them. Similarly, in the point-of-sale study of Smith's "Support the Troops Boycott Wal-Qaeda" T-shirt, Jacoby presented his interviewees with an image of the Wal-Qaeda home page, the first screenful of which was as follows (the actual screenshot is Exhibit 30A of the deposition, and Exhibit I to this motion):



When asked why he assumed that the members of his universe would reach that page, and stay on the page and scroll down, he said he did not care, that the issue of which users would actually reach the place where he wanted them to click was irrelevant,

Mart staff member who originally downloaded this image clicked through to the full-sized image there. Thus, even the **plaintiff** clicked on the first screenful of the site.

because his only goal was to test those users who **did** reach that T-shirt. *Id.* 254.

As Rosenblatt explains, however, it is simply wrong to assume that a random subset of those who look for products online will either stay at this page, or scroll down to the particular place where Jacoby directed his interviewees to click, or, indeed, click through the home page of Smith's "WalQaeda" account at CafePress where the full array of designs was displayed (that home page is attached as Exhibit J), and **then** click through to the particular T-shirt that Jacoby had decided to test. Each of these pages is obviously "political," and stridently anti-Wal-Mart, and only viewers who found this content of interest were at all likely to click through to individual T-shirts for sale. RosenAff 4-5, 12-13. As a practical matter, the viewers most likely to stay on the page and reach a T-shirt link are the most "political" and anti-Wal-Mart, and they are the least likely to be confused. Jacoby simply tested the wrong universe, and failed to use proper sampling techniques to ensure that those who reached the T-shirts in question were likely to do so in the actual marketplace.

"Identification of the proper universe is recognized uniformly as a key element in the development of a survey." Diamond, *Reference Guide on Survey Research* 239 n.41, in Federal Judicial Center, *Reference Guide on Scientific Evidence* (2000) ("*Reference Guide*"). The old Fifth Circuit embraced this view: "One of the most important factors in assessing the validity of an opinion poll is the adequacy of the

survey universe.” *Amstar Corp. v. Domino’s Pizza*, 615 F.2d 252, 264 (1980). Similarly, the *Manual for Complex Litigation* 103 (4th 2004), requires showings by a survey proponent that the universe to be questioned was properly chosen and defined, and that the sample was representative of that population. Questioning the wrong universe can be grounds for excluding a survey, *Trouble v. Wet Seal*, 179 F. Supp.2d 291, 307 (S.D.N.Y. 2001), or for discounting it as being of “dubious value.” *Centaur Comm. v. A/S/M Comm.*, 830 F.2d 1217, 1223-1234 (2d Cir. 1987). Indeed, Jacoby surveys have been rejected on at least two occasions, in part for selection of the wrong universe. *Puritan-Bennett v. Penox Tech.*, 2004 WL 866618 , at *26 (S.D. Ind 2004) (summary judgment granted despite Jacoby study), *see also* JacDep 23-24; *Weight Watchers v. Stouffer Corp.*, 744 F. Supp. 1259, 1274 (S.D.N.Y. 1990).

Jacoby also admitted that if allegedly infringing goods are sold only by a particular retailer, or a particular kind of retailer, a proper survey will be limited to the universe of those who shop at that kind of retailer. JacDep 126-127. Jacoby himself limited his survey in a recent case in just that way. *Id.* 129-130. But although Jacoby knew from the outset that CafePress was the only place where Smith’s shirts could be bought, he did not limit the universe to people who shopped there. It is undisputed in the record that CafePress is an Internet retailer that specializes in selling material imprinted with designs reflecting the individual expression of the sellers, especially political expression, *RosenAff* at 14-15; *Smith Aff.* ¶ 10, but

Jacoby claimed that, in constructing his universe, he never investigated CafePress or even considered whether it occupied any particular market niche. JacDep at 126. Later in his deposition, however, he acknowledged that CafePress is a specialty retailer, and indeed that people who come to CafePress have a specific “mindset.” *Id.* 136. Yet his universe was not limited to people with that mindset.

Jacoby claimed that there was no practical way to limit the universe to CafePress shoppers, but then admitted that, when the relevant universe comprises too small a part of a population that goes to shopping malls, a mall intercept survey is not a good way to survey that population. *Id.* 131. *See also Leelanau Wine Cellars v. Black & Red*, 452 F.Supp.2d 772 (W.D. Mich. 2006) (where junior user’s goods not sold at shopping malls, and atmosphere in non-mall stores is distinctive, error to conduct mall intercept survey); *TeachAff* ¶ 7 (faulting Jacoby for mall intercept survey to test point-of-sale confusion about products not sold at any mall). Rather, it is necessary to advertise for survey participants, as he did, in fact, in *Puritan Bennett*. *Id.* 135-136. Yet Jacoby did not advertise for the proper universe here, or even ask CafePress for cooperation in surveying their customers. *Id.* 221-222.⁶

At least, had Jacoby posed his survey questions to people who had shopped at

⁶After receiving the Jacoby study, undersigned counsel Mr. Levy did ask CafePress for cooperation, which it was willing to consider. However, Smith could not raise enough money to fund even an Internet survey. *Smith Aff.* ¶ 31.

CafePress, he would have confined his universe more closely to a proper population. But even then, Jacoby showed that he had no concept of how CafePress shoppers would look for items of interest. At his deposition, he tried to simulate how users would have found Smith's shirts after reaching the CafePress home page, looking aimlessly through page after page of over 2000 designs. *Id.* 213-214. As Rosenblatt notes, that is a wholly unrealistic notion of how users find products online – they search, using search terms. If, for example, they looked for “Wal-Mart” within CafePress, they would see page after page of parodies, which would set the context to understand what Smith's designs represented, once the users reached them.

Another problem with the Jacoby point-of-sale study is that it did not replicate actual marketplace conditions – the search process that occurs in the real world, not “go where the interviewer tells you to go and then answer questions.” Jacoby admitted that, in past cases, he has successfully argued that opposing surveys should get little or no weight because of their failure to sufficiently replicate marketplace conditions, and that he had one of his own surveys rejected for failure to replicate market conditions. JacDep at 59-64, discussing *Hills Pet Nutrition*, *Hershey M&M*, and *JuicyZ Couture*; see *Juicy ZCouture v. L'Oreal USA*, 2006 WL 1012939, at *27 (S.D.N.Y. 2006) (“The Jacoby survey has a singular advantage over the Johnson survey. The Jacoby survey actually sought to replicate the shopping experience . . .”). What's sauce for the goose is sauce for the gander. Jacoby's survey here should be

disregarded for failure to come even close to replicating the shopping experience.

As Rosenblatt explained in his Affidavit, at 10, and elaborated at his Deposition, at 115-116, what Jacoby **should** have done to replicate the shopping experience and properly sample the universe was interview more respondents, see whether they stayed on Smith's web site, and, if so, to which shirts they clicked, and then ask questions of respondents who clicked through to any T-shirts he wanted to test for confusion and/or tarnishment. Questioning more respondents would have increased the study's cost, but at least Jacoby would have been questioning a more accurate population. If a survey is going to be used as a basis to suppress speech, the company that seeks to quash speech should at least be required to get a reliable study.

B. Other Flaws in Jacoby's Studies Undermine Both the Post-Purchase Confusion Study and the Point-of-Sale Confusion Study.

The flaws discussed above are specific to Jacoby's "web site" study, which sought to test point-of-sale confusion. But there were other serious problems with the studies' design, which affect the post-purchase study based on showing live T-shirts as well as the point-of-sale study.

The most serious flaw goes to the basic fairness of the studies. It is essential that a survey be conducted under double-blind conditions, because if the interviewees know what the interviewer wants, the interviewees may try to give the desired answer, while if the interviewer knows what his employer wants, he may consciously

or unconsciously bias the survey through variations in the wording or even the tone of his questions. *Reference Guide*, at 266; JacDep 81, 98; TeachAff ¶ 18. Although the Jacoby Report nods in the direction of compliance with the double blind requirement, at 20-21, Jacoby’s actual methods breached it through use of the “skip pattern” in his questions. The interviewers were told that if the interviewee gave any one of four specific store names – Sears, Wal-Mart, K-Mart or Youngblood’s (a fictional store name) – to any of the first three questions, the interviewer was to skip directly to the final tarnishment question (Question 5). Similarly, if the magic names were not given in response to any of the first three questions (the confusion questions), question 4 was to be asked (for example, “what companies or stores does it bring to mind”), and only if one of the magic four names appeared was Question 5 (the dilution question) to be asked.

As the Teach affidavit explains, ¶ 9, this series of questions subtly informed the interviewers not only that a store name was desired, but also that it was a particular store name –Wal-Mart – that was sought. After all, the test shirts each began with “Wal”, and Wal-Mart was the only one of the magic four names that began with “Wal.” This trick – this example of the “survey researcher’s black arts” – condemns the objectivity of the survey, and alone warrants its exclusion. *Id.* ¶ 12.

Jacoby attempted to explain away the problem by contending that interviewers are too stupid to understand this message and just automatically read the scripts they

are given. “They’re automatons. . . . They are part of the instrument. They’re not thinking.” JacDep 109-110. This is inconsistent with Jacoby’s acknowledgment that double-blind conditions are essential. Indeed, later in the deposition, Jacoby reverted to explaining the steps he had taken to ensure interviewer neutrality, JacDep 318-321, because “interviewers are thinking people.” *Id.* 319. These explanations, though insufficient, were at odds with his claim that interviewers are just automatons.

More fundamentally, Jacoby’s excuses are flatly contradicted by the Teach Affidavit, ¶ 10, which explains, based on a lifetime of experience designing and teaching survey research, that interviewers are not stupid but will easily catch on to subtle hints about sponsorship. Indeed, Jacoby compounded the problem by failing to employ the simple protection of recording the interviews, which can easily and cheaply be done with modern technology. *Id.* ¶ 11-12.

In addition to breaching the double blind standard, Jacoby’s basic confusion questions were improperly leading and distorting. The lead question in the survey asked “which company or store do you think puts out this shirt?” Similarly, question 2a asked about the business connections of “the company or store that puts out this shirt,” and question 4c, posed only if the interviewer has not yet succeeded in getting a “Wal-Mart” answer, asks whether the shirt “makes you think of any particular companies or stores?” The fact of the matter is that the Tshirts **in this case** are not

put out by a company **or** a store. They are put out by an individual, Charles Smith. Although at his deposition Jacoby tried to equivocate about whether Smith was a company or a store, JacDep 157, his report refers to “Charles Smith, an individual.” As the Teach Affidavit explains, ¶¶ 15-16, this question creates two problems – first, it leads the interviewee away from the true answer to the question, which is that the shirt was not put out by **any** company or any store, but by an individual who is **criticizing** a company; and second, it broadly hints to the interviewee that the survey is looking for the name of a store. Indeed, the word “put out” could easily refer to what a store does when it sells merchandise (Safeway puts Coca-Cola out on its shelves), JacDep 173-177, even though the mere sale of merchandise is not a form of sponsorship or connection that would support a claim of likely confusion about source. Jacoby was unwilling to take the risk that his question might not evoke Wal-Mart’s name, so he deliberately planted the idea that the correct answer was a store.

And yet it became clear during his deposition that Jacoby’s standard likelihood of confusion question in other cases is, “what company put out” the item. He acknowledged using that standard question in *Juicy* (question was, “who, that is what company”), JacDep 179, in *NFL v. ProStyle* (one question was, what company put out, and one was, what people put out), in *Steak & Shake, id.* 183, in *Red Bull, id.* 184-185 (opposing counsel expressed concern that question might imply a request for

name of distributor not manufacturer, but Jacoby insisted that “what company put out” calls for name of manufacturer), and in *Puritan Bennett*, *id.* 190, all cases litigated between two **companies**, with no mention of what **store** put out the product. Jacoby could not explain inserting the word “store” in the question used here, and not using the more accurate question “who” here, or adding the word “individual,” except to admit that these were possible wordings that he never considered. *Id.* 159-161.

The Federal Judicial Center’s *Reference Guide*, at 248, states that an ambiguous or unclear question can, if it is the crucial question, be the basis for rejecting the entire survey. Jacoby himself has cited this rule in testifying against another expert’s survey. JacDep 163-164. Although Jacoby denied that questions 1 and 2a were “crucial questions,” it was in response to question 1 that the interviewees gave the great bulk of responses that Jacoby characterized as showing likelihood of confusion. *See* Tables 1a and 1b in Jacoby Report, at 27-28. Thus, the misleading and ambiguous character of this question is alone enough to warrant rejecting his survey and report.

Yet another problem with this question is specific to the post-purchase confusion study. There is no reason to believe that the first thing that comes to the mind of a member of the public who sees someone walk by with an unusual design on his shirt is, “what company or store put out that shirt?” To the contrary, the natural question is, “what does that design mean?” Only if the viewer concludes that

the shirt is interesting and perhaps desirable is he likely to ask himself, “what company or store put out this shirt” – that is, how can I get one? TeachAff¶ 17. We question whether a consumer survey is useful in deciding whether a shirt is protected parody, but at the very least, if a survey is to be used, the questions should give interviewees a fair opportunity to respond that what they are seeing is a parody, instead of ignoring the issue and hoping to assume it away.

C. Even If the Survey Is Admitted in Evidence, Its Use Should Be Limited.

Even if the foregoing flaws are deemed insufficient to exclude consideration of the survey altogether, its use should be severely limited. There are specific problems with the survey that bar its use on the tarnishment issue, even if it is admitted for confusion purposes. And the study should be limited to the specific shirts that Jacoby chose to study.

Turning first to tarnishment, Jacoby’s conclusion was that “the tested Tshirts . . . are likely to cause [approximately 12%] of consumers to be less likely to shop at Wal-Mart.” Report at 31. But this conclusion was based on answers to the question, “Does seeing this shirt make you [more or less] likely to shop at [Wal-Mart]?” Report at 18. The fatal flaw in this question is that it does not distinguish between those who are less likely to shop at Wal-Mart because they are persuaded by the criticism implicit in Smith’s design, and those who are less likely to shop there for some other reason that might constitute tarnishment. TeachAff¶ 19. We argue in our

summary judgment brief that criticism of a company, even though the criticism uses the company's trademarked name, is not tarnishment as a matter of law. Jacoby does not appreciate this crucial distinction. At his deposition, he acknowledged that under his understanding of tarnishment, and pursuant to the tarnishment questions in his survey, a series of bumper stickers found on CafePress that included such slogans as "Support Sweat Shops, Shop at Wal-Mart" might well produce evidence showing tarnishment. JacDep 49-54, 132-134, and Exh. 10 (Exhibit K here). Indeed, one reason why Jacoby said he was aiding Smith by not limiting his population to those who shop at CafePress, was that their anti-Wal-Mart "mindset" would have increased the numbers in the dilution part of his study. *Id.* 136. Jacoby does not appreciate the irony – one person's "tarnishment" is another's right to core First Amendment speech.

A second dilution problem is that although Jacoby calculated the fraction of all interviewees who said the shirt would make them less likely to shop at Wal-Mart, a much larger number said either that the shirt would have no impact, and, indeed, many said that the shirt would actually make them **more** likely to shop at Wal-Mart. Jacoby failed to consider the net impact of Smith's shirts in computing whether there was a likelihood of tarnishment in this case. Teach, however, did analyze the full range of verbatim responses to the tarnishment questions. He assigned values from 1 to 5 to answers ranging from "much more likely to shop at Wal-Mart to "much less likely to shop at Wal-Mart," with 3 representing no impact on the shopping decision

and 5 being “much less likely to shop.” He then found:

T-shirt	Product Study (post-purchase)	Web Site Study (point-of-sale)
Walocaust	3.00	2.94
Wal-Qaeda	3.24	3.61

It is apparent that there is only a small difference between the average response and 3, the value that represents no impact on the shopping decision. In light of the small sample size that Jacoby has chosen to test, Teach then assessed the statistical significance of each finding, and found with respect to **both** of Smith’s T-shirts, in **both** the point-of-sale and post-purchase confusion studies, that the differences between the average response to the tarnishment questions and the 3 value were not statistically significant. TeachAff ¶¶ 34-35. Thus, the Jacoby study – even taken on its own, highly flawed terms – does not establish **any** likelihood of tarnishment.

Finally, Jacoby deliberately confined his surveys to two specific T-shirts, and the conclusions stated in his report, at 31, are narrowly drawn to refer to “the tested tee-shirts.” At his deposition, however, he suggested that he is ready to testify that the two shirts he studied are “representative” of any other of Smith’s T-shirts that bear the words “Walocaust” or “Wal-Qaeda.” JacDep 78. This expansion of his findings should not be permitted. Jacoby deliberately decided **not** to ask confusion or dilution questions about the full array of Smith’s T-shirts, although they could easily be found online (at locations attached as Exhibits A and B to this motion), and

although he has tested the full array in other cases when the array is what the consumer sees when shopping. JacDep 74. Moreover, Jacoby admitted that consumer reactions are heavily influenced by the context in which they see allegedly confusing matter, JacDep 150-151, and that his report did not address any different contexts because he did not test them. *Id.* Not only can the Court examine the other designs and decide how different the context is, but the one shirt using the word “Wal-Qaeda” that Jacoby tested was among the least popular of all designs that Smith sold: Apart from the fifteen shirts with that design that Quinn Emanuel bought for use in the post-purchase survey, Smith sold only three shirts with that design. Smith Aff. ¶¶ 44-45. It is unfair to treat that shirt as representative of the others in deciding which examples of Smith’s anti-Wal-Mart speech ought to be enjoined.

CONCLUSION

The Jacoby study should be rejected entirely, or its use should be limited.

Respectfully submitted,

/s/ Gerald Weber

Gerald Weber (Georgia Bar 744878)
ACLU of Georgia Foundation
70 Fairlie Street, S.W., Suite 340
Atlanta, Georgia 30303
(404) 523-6201

May 11, 2007

/s/ Paul Alan Levy

Paul Alan Levy (DC Bar 946400)
Gregory Beck (DC Bar 494479)
Public Citizen Litigation Group
1600 - 20th Street, N.W.
Washington, D.C. 20009
(202) 588-1000