

The Admissibility of Survey Evidence in Intellectual Property Cases

James Farmer*



I. INTRODUCTION

Two common threads that run through much of intellectual property law are deception and confusion. The plaintiff who alleges a passing off must show, *inter alia*, that consumers would be misled into thinking that products marketed by the defendant were, by virtue of name, get-up or other insignia, the goods of or connected with the plaintiff. Similarly, a plaintiff who in Australia brings a claim in the Federal Court under sections 52 and 53 of the Trade Practices Act 1974 (Cth) must show that his defendant has misled or deceived the public in trade and commerce into attributing two products to the same source. Under the Trade Marks Act 1955 (Cth), analogous questions arise, both in relation to registrability and infringement. So too in the case of allegations of copyright and patent infringement.

It is to be noted that recent cases make it clear that, at least under the head of passing off, it may be enough to show a “real possibility of confusion” in the minds of the public. In particular, it may not matter that the plaintiff and the defendant are not competitors in the same line of goods — as, for example, in *Lego*

* LL.M.(Hons.), Ph.D., Barrister-at-law. Sometime Fellow of Gonville and Caius College Cambridge.

*System Aktieselskab v. Lego M. Lemelstrich Ltd*¹ where the plaintiff, a manufacturer of "Lego" toys, obtained an injunction against manufacturers of "Lego" garden sprays and sprinklers. That case, and the earlier decision of Oliver J. in *Lyngstad v. Anabas Products Ltd*² ("the *Abba* case"), clarified earlier interpretations³ of the dictum of Wynn-Parry J. in *McCulloch v. Lewis A. May Ltd*⁴ that there must be "a common field of activity in which, however remotely, both the Plaintiff and the Defendant were engaged. . . ." That was not, said Oliver J., a "term of art, but merely a convenient shorthand term for indicating . . . the need for a real possibility of confusion, which is the basis of the action."⁶ That passing off is not, in this sense, necessarily concerned with competition between traders but rather with damage to proprietary rights arising from deception and confusion was also emphasised by Lord Diplock in *Erven Warnink B.V. v. Townend & Sons (Hull) Ltd* ("the *Advocaat* case"):

... although the plaintiff and the defendant were not competing traders in the same line of business, a false suggestion by the defendant that their businesses were connected with one another would damage the reputation and thus the goodwill of the plaintiff's business.⁷

It is to be further noted that questions of fraud do not necessarily intrude into any of the areas of intellectual property referred to above, except perhaps to causes of action arising under the Trade Practices Act 1974 (Cth). The well-known phrase "calculated to deceive", used in passing off cases in particular, has been consistently applied objectively.⁸ The view that there must be some element of fraud to establish passing off persists however, although it may have been put finally to death by its recent rejection in the *Lego* case.⁹

-
1. [1983] F.S.R. 155; see also *Stringfellow v. McCain Foods (G.B.) Ltd* [1984] F.S.R. 175.
 2. [1977] F.S.R. 62.
 3. See *Henderson v. Radio Corporation Pty Ltd*, [1969] R.P.C. 218, 234, 242, cf. *Childrens Television Workshop Inc. v. Woolworths (N.S.W.) Ltd* [1981] R.P.C. 187.
 4. (1947) 65 R.P.C. 58.
 5. *Id.*, 67.
 6. Note 2 *supra*, 67; adopted by Falconer J. in the *Lego* case, note 1 *supra*, 186.
 7. [1980] R.P.C. 31, 93, citing *A. G. Spalding & Bros v. A. W. Gamage Ltd* (1915) 32 R.P.C. 273.
 8. See *A. G. Spalding & Bros. v. A. W. Gamage Ltd*, note 6 *supra*, 284, cited in *Customglass Boats Ltd v. Salthouse Bros Ltd* [1976] R.P.C. 589, 598; [1976] 1 N.Z.L.R. 36, 44. See also *Erven Warnink B. V. v. Townend & Sons (Hull) Ltd* (the "*Advocaat* case") note 7 *supra*, 93, 105.
 9. *Lego System Aktieselskab v. Lego M. Lemelstrich Ltd* [1983] F.S.R. 155, 185.

While these points of principle may now be tolerably clear, the practical problem still persists as to how deception and confusion are to be proved. Traditionally, evidence of these matters, as well as evidence of proprietorship arising from use and reputation, has been led by calling a very large number of witnesses to testify as to their belief in and experience of the plaintiff's goods and of the defendant's goods. Such witnesses may fall into different classes, viz:

- (1) trade witnesses — those who are able to testify, from their knowledge of the particular market, that the goods of the plaintiff are known to them by a particular name or mark and that they are known to be associated with the plaintiff;
- (2) consumers or members of the public — usually called to give evidence of confusion, either actual (the potential customer who buys the defendant's product thinking that it is the plaintiff's) or contrived (the hapless pedestrian in Martin Place who is accosted by a law clerk and asked to identify which of two products shown to him or her is the plaintiff's);
- (3) entrapment witnesses — those who are specifically assigned the task, with a view to being called to testify at the trial, of requesting the plaintiff's product with the expectation (and hope) of being supplied the defendant's product.

Such evidence is clearly most unsatisfactory, although, as will be seen, some Australian judges cling tenaciously to it in preference to more scientifically designed and reliable forms of evidence as to reputation, deception and confusion. It is not difficult for a defendant to produce an equally large number of witnesses who, doubtlessly as carefully briefed as those called by the plaintiff, will testify as to a lack of reputation, deception, confusion or all three. The need for cross-examination of "the parade of witnesses" adds considerably to the costs of the litigation and many, many days may be occupied in this task alone. Most seriously of all there is the patent unreliability of evidence where potential witnesses are screened and called only if their testimony will be favourable. The court is, after all, being asked to infer that evidence that is given is of general application and yet neither party makes any attempt to provide a truly representative sample.

Given these problems, one would have thought that the results of a properly designed and conducted market research or public opinion survey should be readily received by courts as providing the most reliable and objective evidence of matters that are admittedly not easily susceptible to proof. The judicial welcome has, however, been somewhat uneven, although more recent cases

in North America, the United Kingdom and New Zealand show a greater willingness to accept such evidence. In Australia, on the other hand, the reception has been positively hostile, with judges of the Federal Court and the Supreme Courts of South Australia and Victoria refusing to uphold the admissibility of evidence of that kind as a matter of law.

II. THE HEARSAY OBJECTION

The hearsay rule has a long and venerable history. While hearsay evidence is often admitted on interlocutory applications where, for reasons of delay, expense or impracticality, it would be unreasonable to insist always on direct evidence, the fact is that at trials, where questions of final relief are being determined, the rule against hearsay is still rigidly enforced. The justifications for this approach were traversed by the N.S.W. Law Reform Commission Report¹⁰ on the hearsay rule in 1978 as follows:

- (1) The assertion of fact in a hearsay statement originated from the perception of a person not under oath, not subject to cross-examination and not confronting the party his statement injures.
- (2) Hearsay testimony is not the best evidence that is available (thus explaining exceptions to the rule, as where the author of a statement is now dead).
- (3) Hearsay carries the danger of inaccuracy through repetition.
- (4) Juries are incapable of evaluating the weight which should be given to hearsay statements.
- (5) The relaxation of the hearsay rule may lead to the tendering of more evidence (both hearsay and direct testimony) than would otherwise be the case.
- (6) The allowance of hearsay evidence may lead to a party being unfairly surprised at the hearing.

A number of judges have taken the view that survey evidence constitutes hearsay, on the grounds that the persons expressing opinions or answering questions (the respondents to or interviewees in the survey) are not called to the witness box. Indeed the persons conducting the survey (the interviewers) may also not be called, thereby compounding the felony and making it impossible to cross-examine as to the validity, circumstances or assumptions under which opinions or views expressed by the interviewees are held.

The objection was initially taken and upheld in the United

10. Pp. 31-40.

States of America in passing off and trade mark cases,¹¹ although (as will be seen below) later courts took a different view. In Australia, the hearsay objection to survey evidence has had a warm judicial reception in a variety of cases. Thus, in South Australia, the results of a survey were tendered in a case before the Licensing Court, the survey going to the issue as to whether the people in a particular locality were in favour of the establishment of an additional hotel in the area. The Licensing Court initially admitted the evidence, though giving it little weight because of obvious defects in its design. Such surveys, the court said, were "useful in the sense of corroboration of direct evidence" though were certainly "not conclusive."¹²

On appeal, however, the Supreme Court savaged the survey and held that it was inadmissible.¹³ Bray C.J. described the evidence as being "not only hearsay, but double, perhaps even treble, hearsay..."¹⁴ His Honour commented further:

I think that hearsay of the type offered here shrieks for cross-examination and that it would be unjust to the other side to admit it. The question, "Are you in favour of a hotel on the site?" seems to me to be irrelevant to the question of need. The answers to the questions, "Would you use the hotel for various purposes?" were, in my opinion, worthless, without knowing ... how and where he now satisfies his demands for liquor and what hardship or inconvenience there would be in his continuing in his present course.¹⁵

The admissibility of survey evidence, in the context of issues arising under the Trade Practices Act 1974 (Cth), was also raised in two cases heard before Mr Justice Franki in the Federal Court. The first of these was *United Telecasters Sydney Ltd v. Pan Hotels International Ltd*¹⁶ in which the applicant broadcaster sought to restrain the respondents from conducting a discotheque at Kings Cross under the name "The Zoo". The applicant relied on the fact that it had just begun telecasting a television series based on the American movie "Thank God It's Friday" in which a discotheque called "The Zoo" featured. Franki J. pointed out that there was no evidence as to the precise relationship between an American company who purported to license the applicant to use the title "Thank God it's Friday at the Zoo" and the original film, or as to the nature of the rights, if any, in Australia which it had in the

11. See, for example, *Elgin National Watch Co. v. Elgin Clock Co.* 26 F. 2d 376, 377 (1928).

12. *Re Firle Hotel Pty Ltd* (1972) S.A. Lic. Rep. 168, 175.

13. *Hoban's Glynde Pty Ltd v. Firle Hotel Pty Ltd* (1973) 4 S.A.S.R. 503.

14. *Id.*, 506.

15. *Id.*, 509-10.

16. (1978) A.T.P.R. 40-085.

title. He also recited certain undertakings that the respondents gave that they would publicly disclaim any connection between the discotheque at Kings Cross and the television series or the film.

In the result, Franki J. held that the applicant had not made out a *prima facie* case, such as would justify the granting of interlocutory relief. In particular, he thought that the words "The Zoo" had not "acquired in any relevant sense such reputation that their use would cause a sufficient number of relevant persons to associate a discotheque in respect of which they were used with the applicant or with the film". This precluded the court finding, his Honour said, a breach of either section 52 or 53. In this respect, he found that evidence tendered by the applicant of a number of interviews at the Hoyts Cinema Centre and at Chatswood Railway Station were not persuasive in relation to the question whether those interviewed would consider the words "The Zoo" alone likely to cause them to be misled or deceived in any relevant way. The interviews were on video and sound tape and those interviewed were shown a newspaper advertisement published by the respondents as to the opening of their Kings Cross discotheque and containing an offer of free tickets to the movie "Thank God It's Friday". The judge thought that this juxtaposition on the advertisement rendered any answers to questions designed to show a connection between the movie or television show and the discotheque arising from the use of the name "The Zoo" of no persuasive value. He also expressly reserved the question whether such evidence would in any event be admissible at any final hearing.

The question of admissibility came up again before His Honour in the "Big Mac" case: *McDonald's System of Australia Pty Ltd v. McWilliams' Wines Pty Ltd*.¹⁷ The history of this litigation was that an interlocutory injunction was granted by Franki J. in favour of McDonalds to protect its "Big Mac" hamburger name against the marketing by McWilliams of its wine (in a large bottle) under the name "McWilliams' Big Mac". The case then went to a final hearing and His Honour issued a permanent injunction. On appeal, the Full Court of the Federal Court (Smithers, Northrop and Fisher JJ.) discharged the injunction and allowed the appeal, taking the view in general that the expression "Big Mac" was not a name that exclusively identified McDonalds.

At the interlocutory hearing, McDonalds adduced evidence of a survey conducted by a market research consultant. The survey was of a rather crude and simple kind. Respondents were only

17. (1979) A.T.P.R. 40-140.

asked two questions: (1) "What does a McWilliams' Big Mac mean to you?" and (2) "Where would you expect to buy a McWilliams' Big Mac?". Some 47 completed questionnaires were tendered, but Franki J. thought them to be of very limited assistance:

Even for the purpose of an interlocutory application it is extremely difficult to draw any valid conclusions from answers to such questions. In saying this I am not in any way being critical of the formulation of the questions, or the conduct of the survey but one must be extremely cautious drawing any conclusions from material which is no more than the answers to two questions and where there is no explanation of the background knowledge of the person answering the questions nor are the persons answering subject to any cross-examination. It is, however, clear that a number of people, understood the words "McWilliam's Big Mac" to mean a hamburger which would appear probably to be based on a knowledge of the applicant's product. It is also clear that some people were familiar with a reputation in the first respondent for wine.¹⁸

After that rebuff, the applicant engaged a market research expert of considerable experience to design and administer a survey according to recognised scientific principles. That was done and the results were tendered at the hearing for final relief. Objection was taken both to the admissibility of the results of the survey and to evidence of the interviewers as to the conduct of the interviews. After lengthy argument His Honour upheld both objections. The results of the survey were, he said, "an analysis of pieces of hearsay evidence".¹⁹ Nor in His Honour's view was there any existing exception to the hearsay rule under which they could be admitted. In response to an alternative, further submission by counsel for the applicant that an exception based on the necessity principle referred to by Dixon J. in *Potts v. Miller*²⁰ should in any event be created in the case of survey evidence, Franki J. said "I do not think I have the power, nor that I ought, to attempt to extend the exceptions to the hearsay rule in this case."²¹

His Honour also considered whether testimony might be received from the interviewers as to the responses to questions put by them to those interviewed on the recognised principle, as stated in *Phipson*²², that the opinion of a person, if material, may be proved by statements made by him at or about the time in question. The learned judge thought, however, that that principle

18. *Id.*, 40-108; 18, 105.

19. *Id.*, 40-136; 18, 482.

20. (1940) 64 C.L.R. 282, 305.

21. Note 18 *supra*.

22. *Phipson On Evidence* (12th ed.) para. 215.

was limited to cases where the statement made was part of the *res gestae*. As to this last point, it is submitted with respect that where a survey in effect simulates actual incidents, as, for example, by employing an interviewer to show persons an advertisement and then obtaining their immediate responses or opinions, those responses are truly part of the *res gestae* and as such should be admissible. In this respect, it is paradoxical that in his ruling, Franki J., although not required to do so, expressly approved the use of evidence of "trap orders" and also evidence from a salesman who testifies as to what customers say when they ask for goods sold under a particular trademark. The rationale which he gave for such evidence was that they were examples of the *res gestae* exception.

III. THE CASE AGAINST THE HEARSAY OBJECTION

There is a respectable body of argument that market research surveys do not necessarily infringe the hearsay rule. Further, there is authority in other jurisdictions that such evidence may be admissible on other grounds, even though it may technically infringe the hearsay rule. Thus, in *Zippo Manufacturing Co. v. Rogers Imports Inc.*²³ (a passing off case) it was said under this last head that:

... the determination that a statement is hearsay does not end the inquiry into admissibility; there must still be a further examination of the need for the statement at trial and the circumstantial guaranty of trustworthiness surrounding the making of the statement. This approach has been used to justify the admissibility of a survey. Necessity in this context requires a comparison of the probative value of the survey with the evidence, if any, which as a practical matter could be used if the survey were excluded. If the survey is more valuable, then necessity exists for the survey, i.e., it is the inability to get "evidence of the same value" which makes the hearsay statement necessary.²⁴

The court supported its view with a reference to Wigmore,²⁵ in which it was said that it did not seem possible that the testimony of any witness could be as accurate and reliable as the survey evidence. In short, the approach was one that emphasised the "best evidence" nature of a survey or, alternatively, the lack of any real ability to obtain evidence of the same value by other means. On either basis, it can be argued that, hearsay or not, necessity requires the admission of survey evidence in cases of this

23. 216 F. Supp. 670. (1963).

24. *Id.*, 683.

25. *Wigmore On Evidence* (3rd ed.), para 1421, cited in *Dallas County v. Commercial Union Assurance Co. Ltd.* 286 F. 2d 388, 396, (1961).

kind. The necessity principle was recognised in the High Court of Australia in *Potts v. Miller*²⁶ where Dixon J. said that the law was "not so futile as to reject the only practicable source of information when an issue so arises."²⁷ As has already been noted, Franki J., however, rejected the application of the necessity principle in the *Big Mac* case.

Other courts in the United States of America have accepted survey evidence on the initial premise that evidence which describes or records public reaction to a trade name does not infringe the hearsay rule. Thus, in the leading cases of *United States v. 88 Cases, More or Less*,²⁸ the U.S. government introduced evidence of collated answers of 3,539 persons questioned to determine what they thought was contained in a certain orange juice. The court said:

Many objections were made to the manner in which the surveys were taken. The principal contention, however, was that the surveys were hearsay and therefore inadmissible. The hearsay objection is unfounded. For the statements of the persons interviewed were not offered for the truthfulness of their assertions as to the composition of the beverage. They were not offered to prove that Bireley's Orange Beverage is or is not orange juice. They were offered solely to show as a fact the reaction of ordinary householders and others of the public generally when shown a bottle of Bireley's Orange Beverage. Only the credibility of those who took the statements was involved, and they were before the court. The technical adequacy of the surveys was a matter of the weight to be attached to them.²⁹

Later American trade mark, passing off and unfair competition decisions have followed the lead given in the *Orange Beverage* case and have generally done so on the basis that no hearsay is involved in such cases.³⁰

A study of English, Canadian and New Zealand cases, indicates that the courts in those countries have adopted a similar approach to the American thinking. Indeed, it is possible to go back to 1702 where, in *Hathaway's Trial*³¹, the accused had been charged with cheating by pretending that he had been so bewitched by a woman

26. Note 20 *supra*.

27. *Id.*, 305.

28. 187 F. 2d 967 (1951).

29. *Id.*, 974.

30. The cases are generally collected by Wigmore, note 25 *supra*, para. 1731, and there is a full summary with commentary in 76 A.L.R. 2d 619 (1961) updated in 73-76 A.L.R. 2d supp. 468. The leading cases are *Standard Oil Co. v. Standard Oil Co.* 252 F. 2d 65 (1958); *People v. Franklin National Bank of Franklin Square* 105 N.Y.S. 2d 81 (1951); *Public Utilities Commission v. Pollak* 343 U.S. 451 (1952).

31. *R. v. Hathaway* 14 How. St. Tr. 639.

that he could not eat. Evidence as to the fact that he had successfully persuaded the community that the woman was a witch was led by the testimony that a certain doctor, who had supposedly liberated her, had been abused by numerous people. It was objected that this evidence was hearsay but Holt L.C.J. said that the evidence was proper. The accused, he said, "is indicted for a cheat, for endeavouring to beget an opinion in people by his fraudulent practices that he is bewitched . . . Now, is not this an evidence that his pretending himself to be bewitched, begat that opinion in the people?"³²

In more recent times the House of Lords, in the *General Electric* case³³, did not demur from the acceptance by the trial judge of survey evidence, including also testimony from market research and statistical experts interpreting the results of the survey. In that case, the General Electric Co. Ltd, an English company, applied for the removal from the Register of Trade Marks of the G. E. rondel trade mark of the General Electric Company, an American company. In order to establish the likelihood of deception or confusion, the English company engaged a market research organisation to conduct a public opinion survey. Five hundred and sixty nine persons were interviewed and asked to answer four questions on a questionnaire. Seventy three of these persons later swore affidavits testifying to their answers but evidence was led as to the whole of the answers given and as to expert interpretation of the results.

At the trial, Graham J. admitted the evidence against objection,³⁴ although, because of the form of the questions asked in the survey, did not accept the conclusions sought to be drawn from that evidence. The Court of Appeal, however, took a more benevolent view, Salmon L.J. (as he then was) saying that Graham J. had, in his opinion, wrongly discounted the survey evidence.³⁵ In the House of Lords there was general agreement that the learned trial judge had been rightly critical of the form of questions in the questionnaire but it is at least implicit in their Lordships' opinions that the expert evidence of the results of the

32. *Id.*, 654.

33. [1969] R.P.C. 418 (Graham J.); [1970] R.P.C. 339 (Court of Appeal); [1973] R.P.C. 297 (House of Lords).

34. *Cf.* Franki J. in *McDonald's System of Australia Pty Ltd v. McWilliams' Wines Pty Ltd*, note 17 *supra*, 18,482: "It appears [from the report of the *General Electric* case] that no objection was taken to the survey evidence except on the ground of relevance."

35. [1970] R.P.C. 339, 370. See also Winn L.J., 383 and Cross L.J. (as he then was) 386.

survey was properly able to be accepted.³⁶ As was later pointed out by Falconer J. in the *Lego* case,³⁷ there was no suggestion in any of their Lordships' opinions, or for that matter in any of the judgments below, that such evidence might be inadmissible as being hearsay or based on hearsay.

In the *Lego* case Falconer J. held that the *General Electric* case was "sufficient authority that such expert evidence based on the results of a survey carried out on a representative sample of the relevant public on accepted market research principles is admissible, although, no doubt, the value of the evidence will be subject to any criticism which may properly be made as to such matters as the representative value of the sample, the form of the questions and the manner in which the survey has actually been carried out."³⁸ The facts were that the well-known "Lego" toys manufacturer and its distributor sought an injunction to restrain the defendants, an old-established Israeli company which manufactured irrigation equipment and garden sprays and sprinklers, from marketing their products in the United Kingdom under the name of "Lego". It was held that the reputation which the plaintiffs had established in the mark and their goodwill was wide enough to extend to goods of the type manufactured by the defendant. The court further concluded that the use of the trade mark "Lego" in relation to those products would mislead persons into thinking that those products were the goods of or connected with the plaintiffs.

For the defendant, it was submitted that the answers recorded in the questionnaires of interviewees not called as witnesses were hearsay statements, whether regarded as statements of fact or opinion. Counsel for the plaintiffs, on the other hand, argued that the market research expert's "opinion evidence on the results of the survey (*i.e.* on all the questionnaires) was not hearsay evidence at all but was expert evidence as to a matter of fact, namely, public attitude or opinion, as concluded by [the expert] by applying to the answers given in the questionnaires his expert knowledge and

36. [1973] R.P.C. 297, 320-322, cited by Falconer J. in the *Lego* case, note 9 *supra*, 175-6.

37. Note 9 *supra*. The *Lego* litigation was also conducted in Australia under the Trade Practices Act, McGregor J. refusing the *Lego* toy distributor any relief: see *Lego Australia Pty Ltd v. Paul's (Merchants) Pty Ltd*, (1982) A.T.P.R. 40-275.

38. Note 9 *supra*, 176. (And see in this respect the recent case of *Stringfellow v. McCain Foods (G.B.) Ltd*, note 1 *supra*, where the Judge rejected survey evidence which was shown by cross-examination to be unsound and unreliable).

experience in what, it [was] common ground, is an accepted science.”³⁹

In considering these opposing submissions and ultimately in adopting those of the plaintiffs, Falconer J., as has been seen, viewed the *General Electric* case as authority for the conclusion to which he came. He also discussed at length and followed the judgment of Mahon J. in the Supreme Court of New Zealand in *Customglass Boats Ltd v. Salthouse Bros Ltd* (the ‘*Cavalier*’ case).⁴⁰ That case, his Lordship said, demonstrated that survey evidence “is not hearsay at all, but is evidence proving an external fact, namely, that a particular opinion was held by the public or class of public.”⁴¹

The *Cavalier* case was an action for passing off. The plaintiff was a manufacturer of fibreglass yachts which were marketed under the name of “Cavalier”. The first defendant had brought its own Cavalier yacht on to the market. The position was complicated by the fact that the second defendant, who was a director and one of the proprietors of the first defendant, had designed both the first defendant’s Cavalier yacht and also two of the four Cavalier models sold by the plaintiff. The defendants argued that the name Cavalier was therefore associated with the second defendant in his capacity as a designer and called numerous yacht club officials who testified to that effect. The plaintiff, however, tendered the results of a survey, conducted at the annual Auckland boat show, and supported by expert opinion given by a university professor who had formerly headed a Californian Institute of Public Opinion Survey. The survey showed that a substantial majority of people believed the name Cavalier, as it applied to boats, to be associated with the manufacturers of fibreglass keeler boats. A very small number only of respondents interviewed related the name to a designer of boats. The survey also demonstrated that confusion would inevitably result from the use of the mark by the defendants.

As was pointed out in the *Mobil Oil* case, no objection was taken before Mahon J. to the admissibility of the survey evidence or expert testimony relating to it. Submissions were, however, made that little weight should be given to it because of the

39. *Id.*, 173.

40 [1976] R.P.C. 589; [1976] 1 N.Z.L.R. 36; followed by Barker J. in *Penfolds Wines (N.Z.) Ltd v. Pacific Vineyards Ltd* (unreported, 3 August 1979) and referred to with approval in *Bevan Investments Ltd v. Blackhall and Struthers (No. 2)* [1978] 2 N.Z.L.R. 97,124.

41. Note 9 *supra*, 178-179.

traditional hearsay and other objections. In rejecting these submissions and in admitting and relying on the evidence, His Honour adopted the plaintiff's argument that such evidence "is not in reality hearsay evidence but constitutes proof of the fact that opinions reflected by the survey do exist, this being something quite different from the issue of the correctness or otherwise of the opinions which were offered."⁴² The learned Judge further followed two Canadian decisions cited to him: *R. v. Prairie Schooner News Ltd*⁴³ and *R. v. Pipeline News*⁴⁴ – which had analysed the relevant Canadian and American legal authority, the great weight of which had been in favour of admissibility, either because it was not hearsay at all or because it fell within an exception to the hearsay rule as being statements of a present state of mind, attitude or belief. In this last respect, His Honour adopted what had been said in the American case of *People v. Franklin National Bank*:

A party endeavouring to establish the public state of mind on a subject, which state of mind cannot be proved except by calling as witnesses so many of the public as to render the task impracticable, should be allowed to offer evidence concerning a poll which the party maintains reveals that state of mind. Not only does this fit the pattern of the 'state of mind' exception to the hearsay rule, but it is not hearsay at all, since it is the fact that such answers were given to which the witness swears, and not the truth or value of the facts contained in such answers.⁴⁵

Mahon J. further drew on practical considerations to justify the admission of survey evidence. "I do not think it can be right", he said, "in cases involving trade mark infringement or passing off where evidence of reputation is relevant and especially in a passing off action where affidavit evidence is not receivable to compel a party to produce in the courtroom an interminable parade of witnesses to depose individually as to their knowledge and understanding of the trade association involved in a particular trade mark or design..."⁴⁶ This of course looks very much like the necessity principle, whose application in this context Franki J. was later to reject in the *Big Mac* case.⁴⁷

42. [1976] R.P.C. 589,593; [1976] 1 N.Z.L.R. 36,39.

43. (1970) 75 W.W.R. 585.

44. (1972) 1 W.W.R. 241. Other similar Canadian authorities include *Canadian Schenley Distillers Ltd v. Canada's Manitoba Distillery Ltd* (1975) 25 C.P.R. (2d) 1; *Aluminium Goods Ltd v. Registrar of Trade Marks* (1954) 19 C.P.R. 93 and *City of St. John v. Irving Oil Co. Ltd* (1966) 58 D.L.R. (2d) 404.

45. 105 N.Y.S. 2d 81 (1951); referred to in Sorensen and Sorensen, "The Admissibility and Use of Opinion Research Evidence" 28 *N.Y.U.L.R.* 1213 (1953).

46. [1976] R.P.C. 589,595-596; [1976] 1 N.Z.L.R. 36,42.

47. Note 17 *supra*.

Notwithstanding the compelling arguments advanced by Mahon J., the Supreme Court of Victoria, in what is the latest (but not, one hopes, the last) word on the subject, has refused to follow the *Cavalier* decision. In *Mobil Oil Corporation v. Registrar of Trade Marks*⁴⁸ King J., in considering an appeal against the refusal of the Registrar of Trade Marks to register the mark "Mobil" in Part A of the Register in respect of class 28 goods (sporting articles, games, etc.), rejected as being inadmissible the results of a public survey. In so doing, His Honour said:

I think that such passages exemplify the second of the reasons given by Mahon J. to justify the admission of the research survey evidence before him, except that they do not relate to opinion evidence. I think that all that such evidence as that before Mahon J. can prove is that certain opinions were expressed by the individual persons interviewed. It cannot show, in the absence of their direct evidence to the court, that such opinions were genuinely held by them or how they arrived at them. It may be arguable that, in some circumstances, probably reliable trends of public opinion can be ascertained on a statistical basis by assuming that non-genuine expressions of opinion will cancel one another out, without any assumption that any particular interviewee is telling the truth. However, I think that there is much more to be considered where expressions of opinion are involved, and I know of no other authority which supports the view that the right to cross-examine members of the public who furnish opinions to market surveyors can be dispensed with for this reason. Furthermore, the possible justification above referred to of such dispensation can apply only where there is no need to cross-examine an interviewee to ascertain precisely what such interviewee meant by his or her answer, whether such answer needs qualification and how the interviewee arrived at it.

I think, therefore, with respect, that I would not be prepared to hold that the survey results before Mahon J. were admissible unless the individual interviewees were made available for cross-examination.⁴⁹

And so the matter now stands. It is to be noted that Falconer J.'s decision in the *Lego* case was apparently not cited to King J., the report of that decision not being available in Australia at the time of the hearing. There is thus, a considerable line of authority in England, the United States of America, Canada and New Zealand supporting or tending to support the admissibility of survey evidence in intellectual property cases. In Australia, however, there is no case in which its admissibility has been accepted and indeed the authorities are to the contrary. With the greatest respect to the learned Australian judges referred to, it is submitted that, both from a jurisprudential and from a practical view, the reasoning of the judges of the other jurisdictions referred to is to be greatly preferred.

48. (1983) 51 A.L.R. 735; 1 I.P.R. 366.

49. *Id.*, 738; 370.

IV. METHODOLOGY

In the *Cavalier* case, Mahon J. was at great pains to emphasise that there were certain necessary preconditions to the proper acceptance of survey evidence, the weight of which, he said, must be dependent on whether:

- (1) the questions were formulated in such a way as to preclude a weighted or conditioned response;
- (2) there is clear proof that the answers were faithfully and accurately recorded;
- (3) there is evidence that the answers were drawn from a true cross-section of that class of the public or trade whose impression or opinion is relevant to the matter in issue.⁵⁰

These conditions, it should be noted, are not easy to fulfill. Given that opportunities for cross-examination will indeed be limited, it is certainly proper that they should be insisted upon stringently. Clearly a survey must be designed and conducted according to the highest possible standards of methodology if it is to be accepted and given serious weight by a court of law. The first basic rule is that the questions asked must not suggest an answer (a concept readily comprehensible to a lawyer), nor must the respondent have been unfairly preconditioned as to his replies by questions that have gone before. Then, too, the choice of the sample must be acceptable. If it is not, it may well invalidate the whole survey. Any assumptions that are made therefore as to the "universe" that is being surveyed should be verified independently. The "universe" has been defined as "that segment of the population whose characteristics are relevant to the proposition in question".⁵¹

A summary of these criteria is contained in the Recommended Procedures for Protracted Cases, adopted by the Judicial Conference Study Group in the United States,⁵² as follows:

The offeror has the burden of establishing that a preferred poll was conducted in accordance with accepted principles of survey research, i.e. that the proper universe was examined, that a representative sample was drawn from that universe, and that the mode of questioning the interviewees was correct. He should be required to show that: the persons conducting the survey were recognized experts; the data gathered was accurately reported; the sample design, the questionnaire and the interviewing were in accordance with generally accepted standards of objective procedure and statistics in the field of such surveys; the sample

50. Note 45 *supra*; cited by Falconer J. in the *Lego* case, note 9 *supra*, 179.

51. 66 Harv. L.Rev. 499; 76 A.L.R. 2d, 638.

52. 25 F.R.D. 351 (1960).

design and the interviews were conducted independently of the attorneys; and the interviewers, trained in this field had no knowledge of the litigation or the purposes for which the survey was to be used. Normally this showing will be made through the testimony of the persons responsible for the various parts of the survey.⁵³

The U.S. Judicial Conference also recommended that in "certain circumstances and with the consent of all parties, it may be desirable to consider at pre-trial a proposed poll so that the flaws in mechanics may be eliminated, to the extent possible, before the poll is taken". The Conference did not think, however, that participation in such a procedure should be compulsory and adhered to the view that the burden of establishing the trustworthiness of a survey should always remain on the party proffering it. Thus, the essentially adversarial nature of court proceedings was retained.

The suggestion that any dispute as to the form of a survey should be settled by pre-trial procedure had also been made by Lord Simon of Glaisdale in the *General Electric* case where the following passage appears *in arguendo*:⁵⁴

Arnold Q.C.: "... The public survey questionnaire put out by the respondents suggests the answers they wished to obtain."

Lord Simon: "Is there no way of getting questionnaires of this sort settled on an order for directions, as in the case of interrogatories?"

Arnold: "I see no reason why not. An analogous process happens in the variation of a trust settlement with a very large number of beneficiaries, when the court will direct that a settled form of resolution shall be put to class meetings."

A similar plea was made by the court in *American Luggage Works Inc. v. United States Trunk Co.*⁵⁵ in which it was said that it would be desirable to have the form of an intended survey discussed at a pre-trial hearing "at which the court can enter appropriate orders."

This procedure was in fact adopted, albeit by consent, in proceedings in the Federal Court of Australia before Lockhart J.

53. *Id.*, 429. As to the conditions under which surveys should be administered, see the following works: Bonyne, "Trade Marks Surveys and Techniques and Their Use in Litigation" 48 *A.B.A.J.* 439 (1962); Barksdale, *The Use of Survey Research Findings as Legal Evidence* (1957); Sprowls, "The Admissibility of Sample Data into a Court of Law: a Case History" 4 *U.C.L.A. L.Rev.* 222 (1957); Caughey, "Public Opinion Surveys as Evidence: The Pollsters Go to Court" 66 *Harv.L.Rev.* 487; and other articles by the same author in 20 *Geo.Wash.L.Rev.* 211; 37 *Minn.L.Rev.* 385; 44 *Cal.L.R.* 539. Perhaps the fullest and most useful article is that by Sorensen and Sorensen, "The Admissibility and Use of Opinion Research Evidence" 28 *N.Y.U.L.Rev.* 1213 (1953).

54. Note 33 *supra*, [1973] R.P.C., 202-203.

55. 158 F. Supp. 50.

in 1979, proceedings which however were destined never to go to trial. In the case referred to, *Greynell Investments Pty Ltd v. Hunter Douglas Ltd*,⁵⁶ directions were given that an intended survey in a form annexed to short minutes should not be rendered inadmissible by reason only of the hearsay rule, provided that the following conditions were observed:

- (a) The respondent establishes that the survey was designed and conducted in accordance with accepted principles of survey research producing a result which is trustworthy, including (without limiting the generality of the foregoing):
 - (i) That the proper universe was examined.
 - (ii) That a representative sample was drawn from that universe.
 - (iii) That the persons conducting the survey were recognised experts.
 - (iv) That the data gathered was accurately recorded.
 - (v) That the questionnaire, sample design and interviewing were in accordance with generally accepted standards of objective procedure and statistics in the field of such surveys.
- (b) A complete record of:
 - (i) The methods by which the universe and sample were selected, and of the techniques employed for selecting and instructing the interviewers, and the experience of those interviewers.
 - (ii) Any data underlying the survey, methods of interpretation and conclusions reached.
 - (iii) The responses to the survey with names and addresses of those interviewed deleted.
 - (iv) Any tests applied and the results of any tests applied to determine the extent to which the survey or results of the survey can be trusted.
 - (v) The nature of and results of any audit applied in connection with the survey.
 - (vi) The method employed in assigning the answers to open ended questions to categories is supplied to the applicant in reasonable time in advance of the hearing.
- (c) Such persons as were involved in the conduct of the survey are, if required by the applicant, called by the respondent as witnesses in the proceedings.⁵⁷

The role performed by those conducting the interviews is of course critical in terms of assessing the reliability of the results of the survey. Any direction given to them as to how they record or interpret answers to questions may be fatal. Thus, in the *Big Mac* case, Franki J. was critical of the fact that there was no provision for recording the “precise answers” of those interviewed. Rather

56. 12 September 1979 (unreported). The directions were supported by a consent under the Federal Court Rules, Order 33, rule 3, which empowers the Court to dispense with compliance with the rules of evidence “where such compliance might occasion or involve unnecessary or unreasonable expense or delay.”

57. *Ibid.*

it was left to the interviewers to interpret the answers given by slotting them into pre-determined categories or boxes.⁵⁸

The form of questions too is obviously all-important. Not only must they not be suggestive of a particular answer but they must also be framed so as to give an equal opportunity to the elicitation of answers that are referable to the products of both parties. Thus, in the Australian *Lego* case⁵⁹ McGregor J. took little notice of a mini-survey in which 21 persons were selected at random in the streets of Sydney and asked questions about "Lego" that did not however include at least some reference to irrigation equipment.⁶⁰

Assuming that the form of the survey questionnaire is impeccable and that it is faithfully administered, the question arises as to whether, leaving aside matters of hearsay, the respondents should be called to verify the answers given by them to the questionnaire. It is to be borne in mind in this context that what is in issue is the fact that certain beliefs are held, not the correctness or otherwise of such beliefs. Nevertheless, subject to what is said further below, there may be something to be said, perhaps as a compromise to the opposing views on the whole question of survey evidence, for requiring at least a small number of respondents to be called and made available for cross-examination. This possibility seemed to be left open by Mahon J. in the *Cavalier* case, by reference to the practice laid down by the House of Lords in trade mark infringement cases in what came to be called the "Glastonbury" procedure.⁶¹ This required the filing of affidavits from a limited number of those who had replied to the questionnaires and a further affidavit as to the administration of the survey. All answers also had to be made available for perusal by the other side, presumably so that it was open to any respondent to be subpoenaed.

Finally, the nature of expert testimony that goes to the significance of the survey results (as opposed to verification of the methodology employed) needs to be considered. Evidence of an interpretative kind was accepted in both the *Cavalier* and the *General Electric* cases, although Graham J. at first instance thought that the experts' commentary in that case was not "of real value".⁶² There is always a danger of course, with this kind of

58. Note 17 *supra*, 18,484.

59. *Lego Australia Pty Ltd v. Paul's (Merchants) Pty Ltd*, note 37 *supra*.

60. *Id.*, 43,473. And see also *Stringfellow v. McCain Foods (G. B.) Ltd*, note 1 *supra*, 184 *et seq.*

61. *A. Bailey & Co. v. Clark, Son and Morland* [1938] A.C. 557; 55 R.P.C. 253.

62. Note 33 *supra*, [1969] R.P.C., 446.

evidence, that it may trespass on the domain of the court by constituting an opinion on the ultimate issue that must be decided by the court. Subject to that, however, it is submitted that such evidence is a valuable aid to the determination of what are inherently difficult issues.

V. CONCLUSION

The design and administration of a properly conducted survey is not cheap and requires the utmost care, both to ensure its objectivity and fairness and to relate its contents to the issues that are legally relevant. In this last respect, the closest co-operation between lawyer and social scientist is required at the planning stages. Despite the difficulties, it is submitted that the quality of evidence that will emerge is far greater than from alternative legally orthodox (and highly selective) methods of adducing evidence on the kind of issues that arise in intellectual property cases. Technical questions of hearsay should not therefore stand in the way of providing the court with the best, most comprehensive and most reliable evidence that can reasonably be made available. So long as the experts interpreting the survey results and verifying the design and methodology (and, if required, the interviewers) are available for cross-examination, the fact that the persons answering the questionnaires are not so available should not, detract from the admissibility of the survey or the weight that is given to it.

A properly conducted survey should provide objective and reliable results, with no opportunity for those questioned to be briefed as to their answers. Equally, the respondents to the survey will give answers that are realistic in the sense that they will not be exposed to lengthy cross-examination as to the rationality of their beliefs, a matter which is surely irrelevant and which if raised can only go to undermine the continued holding of the belief itself. In general, therefore, such evidence will be more representative, more objective, and hence more trustworthy and reliable. This is not to say that survey evidence is infallible. It is only as good as the state of the science (something which is of course true of any science) and as the quality of the particular survey used.⁶³ Nevertheless statisticians require little convincing that such evidence will give considerably more reliable results than that traditionally employed in the judicial process.

63. The recent case of *Stringfellow v. McCain Foods (G. B.) Ltd*, note 1 *supra* demonstrates the problems surrounding surveys that have been poorly designed and administered.

