



**INTA ENFORCEMENT COMMITTEE  
Proof of Confusion Subcommittee**

*Report and Recommendation:  
Application of the Hearsay Rule to Evidence of  
Actual Confusion in Trademark Infringement Cases*

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## **INTRODUCTION**

To prove a trademark infringement claim, plaintiffs must show a likelihood of confusion between their mark and the allegedly infringing mark. To determine likelihood of confusion, courts look to a multi-factor test. One of these factors, actual confusion, is often introduced through the testimony of employees relating interactions with confused consumers. These confused consumers are very rarely available for cross-examination, and are often anonymous.

This Report addresses the various ways that courts have handled the hearsay objection as it relates to evidence of actual confusion. The Report also attempts to discern patterns among courts, including how their rationale changes when addressing the various hearsay exceptions and types of evidence. Finally, the Report concludes with a “best practices” recommendation for how courts should treat this evidence. A reference chart of selected cases from each Circuit is attached to this Report as Exhibit A for easy reference.

This Report is provided as a summary reference guide for trademark practitioners. It should not be relied upon as legal advice or the legal opinion of INTA or any of its members.

## **ANALYSIS**

### **A. *Actual Confusion in Trademark Infringement Claims***

The “touchstone of liability under § 1114” of the Lanham Act is whether the alleged infringement is likely to cause confusion among consumers regarding the goods’ origin. 15 U.S.C. § 1114(1)(a) (2009); *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 515 (6th Cir. 2007). Courts typically use some variation of the *Polaroid* test to determine whether likelihood of confusion has occurred. In *Polaroid*, Judge Friendly articulated an eight factor test for likelihood of confusion; one of these factors is actual consumer confusion. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

While the importance of each factor depends upon the facts of the case, evidence of actual confusion “is often paramount.” *Lyons P’ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 804 (4th Cir. 2001). This evidence can be introduced in several ways, one of which is through the testimony of employees relating interactions with confused customers.

4 MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 23:15 (4th ed. 2009) (“MCCARTHY”).

### **B. *The Hearsay Rule***

An out-of-court statement offered for the truth of the matter asserted is inadmissible under the Federal Rules of Evidence. FED. R. EVID. 801(c), 802. There are, however, certain limited exceptions to this rule of inadmissibility. Under the present sense impression exception to the hearsay rule, otherwise-inadmissible hearsay is admissible if it is a “statement describing or explaining an event or condition made while the declarant was perceiving the event or condition, or immediately thereafter.” FED. R. EVID. 803(1). The then existing mental, emotional or physical condition exception allows otherwise inadmissible hearsay into evidence if it is a “statement of the declarant’s then existing state of mind . . . .” FED. R. EVID. 803(3).

### C. *Survey of Approaches by Circuit*

The testimony of employees discussing interactions with confused customers presents a potential hearsay problem. MCCARTHY § 23:15. Several courts have outright rejected this type of evidence as unreliable. *See, e.g., Duluth News-Tribune v. Mesabi Publ. Co.*, 84 F.3d 1093, 1098 (8th Cir. 1996) (evidence of misdirected phone calls is “hearsay of a particularly unreliable nature”); *Vitek Sys., Inc. v. Abbott Laboratories*, 675 F.2d 190, 193 (8th Cir. 1982) (testimony of employees was “one of the most unsatisfactory kinds [of hearsay] because it is capable of such varying inferences”) (internal citations omitted). However, a majority of courts have ruled that such evidence is either not hearsay, or fits within a hearsay exception. MCCARTHY § 23:15.

#### 1. **First Circuit**

Where this type of evidence has been presented in the First Circuit, the court has avoided in-depth hearsay analysis with varying results.

In *Duck Tours*, at least thirty of the plaintiff’s customers reported confusion between the parties’ marks.<sup>1</sup> *Boston Duck Tours v. Super Duck Tours*, 514 F. Supp. 2d 119, 125 (D. Mass. 2007) *rev’d on other grounds by Boston Duck Tours v. Super Duck Tours*, 531 F.3d 1 (1st Cir. 2008). In response to a hearsay objection, the court engaged in somewhat superficial discussion, stating that “[e]ven if some of the evidence is based on hearsay, the plaintiff has successfully demonstrated that there has been a sufficient number of complaints actually documenting confusion; a number that is growing daily.” *Id.* The First Circuit reversed on the grounds that the mark was generic. 531 F.3d at 31. However, in all discussions of actual confusion, the appellate court ignored the hearsay issue. *See* 531 F.3d at 25, 35–36.

The opposite result was reached on a similar issue in *Wild Willy’s Holding Co., Inc. v. Palladino*, 463 F. Supp. 2d 65 (D. Me. 2006). There, at the preliminary injunction stage, the plaintiff sought to admit three e-mails from its customers who had been confused by the defendant’s advertisements. 463 F. Supp. 2d at 71. Without any discussion of hearsay exceptions, and in a somewhat conclusory fashion, the court ruled that, “[a]s out of court statements offered as proof of the matter they assert, the e-mails are inadmissible hearsay, which the Court cannot consider in determining whether there is a likelihood of confusion let alone to establish that there has been actual confusion.” *Id.*

#### 2. **Second Circuit**

Courts in the Second Circuit have uniformly ruled that employee testimony about confused consumers is either not hearsay or falls with the state of mind exception to the hearsay rule.

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<sup>1</sup> The court does not indicate the exact means by which the plaintiff sought to introduce this evidence, so it is unclear whether it raises the precise issue of an employee testifying about an interaction with a confused consumer.

Recently, in *Rush Industries, Inc. v. Garnier LLC*, the plaintiffs supported their summary judgment motion with affidavits from their employees about confused consumers. 309 Fed. Appx. 431, 432 (2d Cir. 2009). The court acknowledged the potential hearsay issue, but ruled that “those statements were admitted not for their truth, but rather as evidence of the speakers’ state of mind, namely confusion. As a result, they are not hearsay and are admissible.” *Id.*

The Second Circuit reached the same result in a strongly-worded opinion twelve years prior in *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993 (2d Cir. 1997). In *Fun-Damental*, the alleged infringement involved two novelty toy companies, one of whom had allegedly copied the other’s design for a toilet-inspired piggy bank. *Id.* at 1003. The plaintiff’s evidence at the preliminary injunction stage consisted of “direct testimony of its national sales manager . . . that some retail customers [who had seen the defendant’s product] complained because they thought Fun-Damental was selling its Toilet Bank at a lower price to other retailers.” *Id.* Here, the court flatly stated that “[t]here is no hearsay problem . . . . The testimony in question was not offered to prove that Fun-Damental was actually selling to some retailers at lower prices, but was probative of the declarant’s confusion.” *Id.* at 1003–04. The court went on to add that the evidence was also covered by the state of mind exception. *Id.* at 1004.

District courts in the Second Circuit have applied *Fun-Damental*’s logic in a variety of trademark infringement cases. In *Gross v. Bare Escentuals Beauty Inc.*, 90 U.S.P.Q.2d 1448 (S.D.N.Y. 2008), the declaratory relief defendants, in support of their summary judgment motion of infringement, presented eleven specific examples of actual confusion in the form of customers’ interaction with Bare Escentuals employees. *Id.* at 1455–56. While not explicitly mentioning which hearsay exception the evidence fell under, the court noted that “most of the instances of consumer confusion that the defendants have presented are either not being offered for the truth of the matter asserted or fit within a hearsay exception, and thus are admissible hearsay.” *Id.* at 1455.

In *Constellation Brands, Inc. v. Arbor Hill Assoc., Inc.*, 2008 WL 723784 (W.D.N.Y. 2008) (unpublished), Arbor Hill alleged that its customers mistakenly assumed that the winery produced Arbor Mist. *Id.* at \*1. On a motion for summary judgment, Arbor Hill indicated that it had received numerous phone calls, emails, and letters from confused customers. *Id.* Arbor Hill also created an online form for customers confused about the origin of Arbor Mist. *Id.* Finally, Arbor Hill sought to introduce a former employee’s affidavit stating that fifteen to twenty people per week attempted to purchase Arbor Mist from Arbor Hill’s store. *Id.* at \*2. The court, citing the portion of *Fun-Damental* which discusses the state of mind exception, ruled in favor of Arbor Hill on the evidentiary issue, stating that “it is settled law in this circuit that ‘confusion logs’ are admissible to show consumer confusion.” *Id.* at \*3.

The court in *Connecticut Community Bank* ruled similarly that confusion logs are admissible in a 2008 case. *Connecticut Cmty. Bank v. Bank of Greenwich*, 2008 WL 398849 (D. Conn. 2008) (unpublished). The plaintiff sought at trial to introduce forms completed by its employees which detailed instances of actual consumer confusion, with the drafter of each log available to testify. *Id.* at \*1. Here, the court determined that the *Fun-Damental* rule applied, and that “[t]he information contained in the confusion logs and the accompanying testimony of

the employee who witnessed the customer's confusion is admissible to show the customer's then existing state of mind of confusion." *Id.* at \*1–2.

A limitation on the admissibility of confusion logs was explored in *Trouble v. Wet Seal, Inc.*, 179 F. Supp. 2d 291 (S.D.N.Y. 2001). *Trouble* kept logs similar to those in *Connecticut Community Bank*. *Id.* at 298–99. The Court ruled that the customers' statements were not hearsay and fell within the state of mind exception, holding to the *Fun-Damental* rule. *Id.* However, as for the logs themselves, the court ruled that they were inadmissible and not within either the business records exception or the residual exception. *Id.* at 299–300. The court determined that the authors of the log entries may be able to read them into the record at trial subject to the requirements of the refreshed recollection exception to the hearsay rule, but that the logs would not be allowed in evidence unless offered by the adverse party. *Id.* at 300.

### 3. Third Circuit

The Third Circuit has admitted employee testimony about confused consumers through the present sense impression hearsay exception. In *Citizens Fin'l Group, Inc. v. Citizens Nat. Bank of Evans City*, 383 F.3d 110 (3d Cir. 2004), the plaintiffs sought at trial to admit confusion logs prepared by employees about customers unsure of which bank was "Citizens." *Id.* at 121. The district court admitted the logs as present sense impressions subject to two requirements: that the log mention one of the companies, and that it establish a clear link between the two companies (i.e., through documentary evidence, or a clear and specific statement by a customer). *Id.* The trial court also ruled that any evidence reflecting the input, conclusions, or analysis of plaintiff's employees would be excluded. *Id.* The Third Circuit upheld the admission of the evidence and the restrictions, ruling that actual confusion evidence collected by employees should be viewed with skepticism because of its self-serving nature. *Id.* at 122.

### 4. Fourth Circuit

In *Lyons Partnership v. Morris Costumes, Inc.*, the creators of the Barney television show accused a costume maker of trademark infringement for designing and marketing a purple dinosaur named Duffy. 243 F.3d 789, 795-96 (4th Cir. 2001). At trial, the plaintiffs sought to admit newspaper clippings from reporters misidentifying Duffy as Barney, as well as the testimony of a school principal and parents whose children thought Duffy was Barney. *Id.* at 804. The trial court dismissed this testimony as "unreliable hearsay." *Id.* On appeal, the Fourth Circuit reversed, stating that the evidence was not offered for the truth of the matter asserted, "but rather merely to prove that the children and the newspaper reporters expressed their belief that those persons were Barney." *Id.* The Fourth Circuit also included a citation to the present sense impression exception, but without discussing its application to these facts. *Id.*

Departing from the *Lyons* court's rationale without mentioning the *Lyons* decision, the Eastern District of Virginia barred an employee's testimony that consumers had been confused. *Maurag, Inc. v. Bertuglia*, 494 F. Supp. 2d 395, 398 (E.D. Va. 2007). The dispute in *Bertuglia* related to the use of the name "Doraldo" for an Italian restaurant. *Id.* at 395. After a bench trial, the *Bertuglia* court reasoned that "[t]he only testimony close to showing actual confusion was inadmissible hearsay from [plaintiff] that customers had told him that they thought Doraldo's was affiliated with Mr. Bertuglia's restaurants." *Id.* at 398.

## 5. Fifth Circuit

The Fifth Circuit has admitted employee testimony relating interactions with confused consumers as not offered to prove the truth of the matter, and under the state of mind exception.

In *Armco*, the plaintiff sought to admit the testimony of three employees at trial: two who had received one phone call each from a customer trying to reach the defendant's company, and one who received several similar phone calls and two inquiries from friends asking "When did y'all get into the burglar alarm business?" *Armco, Inc. v. Armco Burglar Alarm Co.*, 693 F.2d 1155, 1160 (5th Cir. 1982). The Fifth Circuit ruled that this was not hearsay, as it was not offered to prove the truth of the matter. *Id.* at 1160 n.10. The court further stated that even if the consumers' confusion was interpreted to be equivalent to "I believe Armco and Armco Burglar Alarm Co. are the same company," the evidence would still be admissible under the state of mind exception. *Id.*

## 6. Sixth Circuit

While the *Leelanau Wine Cellars* case presented the issue of the admissibility of actual confusion evidence, the Sixth Circuit declined to analyze the issue in-depth. *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 519 (6th Cir. 2007). The evidence at trial consisted of an employee's claims that a local business association believed that Leelanau Wine Cellars was participating in a festival, when the defendant was in fact participating. *Id.* The employee further offered the following testimony:

"One of our tasting room employees came out and said to me, 'Boy, that family that just drove away came in and said, 'Boy, they went into Chateau de Leelanau on their way here thinking it was Leelanau Cellars. And they were really upset about it.'"

*Id.* The district court "deemed these accounts *de minimis* and declined to afford them substantial weight," and the Sixth Circuit affirmed. *Id.* The Sixth Circuit mentioned that the evidence was hearsay, but did not discuss whether it was offered for the truth of the matter asserted, or whether an exception applied. *Id.*

## 7. Seventh Circuit

When confronted with the hearsay objection to actual confusion evidence, the Seventh Circuit has typically referenced the state of mind exception to the hearsay rule.

While the Seventh Circuit in *International Kennel Club* did not discuss specific exceptions, that court held that misdirected calls and questions from confused consumers were admissible. *Int'l Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079 (7th Cir. 1988). The district court had ruled that the testimony of the Kennel Club's public relations official as to the confused consumers was inadmissible; however, the Seventh Circuit, acknowledging that its decision was contrary to several district courts classifying similar evidence as "hearsay . . . incompetent as evidence," declared the testimony "competent factual evidence of confusion on the part of the authors." 846 F.2d at 1090-91. In stating that the letters "merely requested information about purchasing the defendants'" product, and were competent

evidence of actual confusion, the Seventh Circuit appeared to be making a ruling analogous to that made in other circuits, that the testimony was not offered for the truth of the matter, and was intended to elucidate the declarant's state of mind.

The *Q-Ray* court addressed the hearsay rule and its exceptions more directly, though without applying them. *Clarus Transphase Scientific, Inc. v. Q-Ray, Inc.*, 2006 WL 4013750 (N.D. Ill. 2006). At the preliminary injunction stage, a plaintiff's employee submitted testimony that she was approached by consumers whom she had determined were confused. 2006 WL 4013750 at \*13. The court discussed the hearsay issue, while determining that it did not apply:

We have only [Ms. Parlee's] conclusion that [consumers] were "confused." The problem is not so much that the alleged conversations with Ms. Parlee are hearsay under Rule 801 . . . depending on what was said, the statements could well have been admissible under 803(3). Rather, the problem is that Ms. Parlee's declaration is hopelessly conclusory.

*Id.* at \*13–14.

In *Mile High Upholstery*, the plaintiffs presented evidence of eleven phone calls in which callers attempted to order defendant's products, as well as several instances in which showrooms requested the defendant's products. *Mile High Upholstery Fabric Co., Inc. v. Gen. Tire & Rubber Co.*, 1983 WL 51924 (N.D. Ill. 1983) (unpublished). The court determined that the testimony of the plaintiff's employees was not hearsay, and the fact that callers asked for the defendant was not hearsay because it was not offered for the truth of the matter asserted. *Id.* at \*5. The court went on to say that "[i]nsofar as the act of telephoning plaintiff to ask for what turned out to be defendant's product is 'assertive conduct' . . . and therefore hearsay, it is admissible under [Rule 803(3)] as evidence of the caller's 'then existing state of mind,' i.e., confusion." *Id.* The court also mentioned that considerations of bias go to weight rather than admissibility. *Id.*

## **8. Eighth Circuit**

The Eighth Circuit has generally rejected employee testimony on confused customers as unreliable hearsay. There are a few outliers, however, some of which forego any discussion of the hearsay rule or its exceptions, and one of which (*First National Bank*) uses the state of mind exception to admit a confusion log.

The Eighth Circuit considered employee testimony about misdirected phone calls and mail in *Duluth News-Tribune v. Mesabi Publ. Co.*, 84 F.3d 1093 (8th Cir. 1996). There, the court determined that the evidence was "hearsay of a particularly unreliable nature given the lack of an opportunity for cross-examination of the caller or sender regarding the reason for the 'confusion.'" 84 F.3d at 1098. The *Duluth* court labeled the calls and mail *de minimis* except to show "inattentiveness on the part of the caller or sender rather than actual confusion." *Id.*

In *Vitek Systems*, the Eighth Circuit considered the testimony of seven employees claiming that customers had expressed confusion over the similarity of the parties' marks, as well as an employee's handwritten memorandum of his meeting with a confused potential customer. *Vitek Sys., Inc. v. Abbott Laboratories*, 675 F.2d 190, 193–94 (8th Cir. 1982). The

Eighth Circuit determined that the evidence was hearsay, and rejected the present sense impression exception for the memorandum. *Id.*<sup>2</sup>

In *First National Bank*, the plaintiff attempted to rely on a confusion log with over 1,000 instances of documented consumer confusion in its summary judgment motion. *First Nat'l Bank in Sioux Falls v. First Nat'l Bank South Dakota*, 2008 WL 895931 (D.S.D. 2008). While acknowledging Eighth Circuit precedent deeming such evidence inadmissible hearsay, the *First National Bank* court determined that “some of the information contained in the confusion log is admissible under the . . . state of mind [exception].” *Id.* at \*8. The court cautioned, however, that it would carefully weigh the evidence considering quantity, biases, and credibility. *Id.* at 9.

*MSP Corp. v. Westech Instruments, Inc.*, seems more in line with Eighth Circuit precedent. 500 F. Supp. 2d 1198 (D. Minn. 2007). In *MSP*, at the preliminary injunction stage, the plaintiff sought to introduce evidence of consumers asking whether the defendant was an authorized distributor of the plaintiff’s product. *Id.* at 1211. Without discussing whether the evidence was offered for the truth of the matter asserted or if any exceptions applied, the court stated that the evidence was “weak because it is based on vague hearsay with little foundation.” *Id.*

The actual confusion evidence in question in *Purdy* consisted of two employee declarations stating that a client and potential employee had been diverted to the defendant’s website while searching for the plaintiff’s. *Faegre & Benson, LLP v. Purdy*, 447 F. Supp. 2d 1008 (D. Minn. 2006). The *Purdy* court ruled that the declarations “raise[d] a significant hearsay issue,” and then moved on to a discussion of likelihood of confusion without further discussing or ruling on the hearsay issue. *Id.* at 1016.

In *Eniva Corp. v. Global Water Solutions, Inc.*, the court on a motion for summary judgment considered two anecdotes from the plaintiff’s employees about run-ins with confused customers. 440 F. Supp. 2d 1042, 1051 (D. Minn. 2006). The court did not discuss the admissibility of the evidence, but stated that “even assuming the evidence . . . is admissible,

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<sup>2</sup> There appears to be a typographical error in the last paragraph of the *Vitek Systems* opinion:

Vitek also argues that the district court erred in excluding, on hearsay grounds, employee Robert Mattaline’s handwritten memorandum of his meeting with a potential customer which allegedly indicates confusion. **Vitek argues that the memorandum is admissible under Rule 803(1) Fed. R. Evid., the “present sense impression” exception to the hearsay rule. We disagree.** Vitek’s offer of proof reveals that Vitek sought to elicit Mattaline’s evaluation of the customer’s thought process. As such, **the testimony does fall within the present sense impression exception** to the hearsay rule.

675 F.2d at 194 (emphasis added). Given that the result of the *Vitek Systems* case was to affirm the lower court’s ruling, that there was no substantial likelihood of confusion, it is likely that the final sentence is a mistake. Otherwise, Judge McMillian probably would have explained why he found actual confusion evidence admissible, but ruled against likelihood of confusion.

Eniva has presented no more than a scintilla of evidence based on ambiguous testimony of interested persons.” *Id.* The court then ruled for the defendant. *Id.*

Finally, in *Connelly v. Valuevision Media, Inc.*, the court reviewed several consumer posts on blogs and an Internet discussion forum. 2004 WL 2569494 at \*6 (D. Minn. 2004). Without mentioning the potential hearsay concern, the court found that the actual confusion “factor weigh[ed] in favor of a finding of infringement.” *Id.* at \*7.

## 9. Ninth Circuit

While the Ninth Circuit has not ruled on the admissibility of actual confusion evidence under the hearsay rule, most of the district courts have followed the majority rule and admitted the evidence either as not hearsay or under the state of mind exception. There are a few exceptions where courts have held evidence to be inadmissible hearsay, or held that the evidence fell outside of the present sense impression exception. However, when district courts in the Ninth Circuit have considered the state of mind exception, they have generally ruled in favor of admissibility.

In *Sinhdarella, Inc. v. Vu*, the parties were involved in a dispute over alleged infringement of Sinhdarella’s “Boiling Crab” mark. 2008 WL 410246 at \*1 (N.D. Cal. 2008) (unpublished). The court addressed the state of the law in the Circuit:

Although the Ninth Circuit has not addressed this issue, the majority of circuits have allowed such evidence to show actual customer confusion on the ground that it was not offered to show the truth of the matter asserted and was offered to show the state of mind of the customer declarant.

*Id.* at \*4. The court then followed the majority rule and ruled in favor of admissibility. *Id.*

The court in *Instant Media, Inc. v. Microsoft Corp.* reached the opposite result. 2007 WL 2318948 (N.D. Cal. 2007) (unpublished). In *Instant Media*, the plaintiff had registered the mark “I’M” for a media player service, while Microsoft sought to register the mark “i’m” for an instant messaging service. *Id.* at \*1. In a motion for summary judgment, the plaintiff attempted to admit several phone calls in which customers had called to ask about instant messaging. *Id.* at \*14. The court quickly disposed of the hearsay issue, stating that a “summary of purported telephone calls and written inquiries constitutes inadmissible hearsay,” with no further analysis or discussion of exceptions. *Id.* However, the key issue for the *Instant Media* court was the lack of relevance of the evidence—the court explained that, in the trademark infringement context, actual confusion evidence must be confusion that effects purchasing decisions. *Id.* The court further stated that the phone calls and inquiries did not represent confusion between the parties’ products, since instant messaging is popularly referred to as “IMing,” and calls about “IMing” did not necessarily reference Microsoft’s proposed mark. *Id.*

In a summary judgment motion in *Lahoti v. Verichack*, the plaintiff offered testimony from an executive that the company receives eight to ten calls a week from confused consumers. *Lahoti v. Verichack, Inc.*, 2007 WL 2570247 at \*2 (W.D. Wash. 2007) (unpublished). The court referenced “the attendant hearsay issues involved,” and then determined that, regardless of the disposition of the hearsay issue, the evidence constituted “an insufficient basis for the court [to rule for the plaintiff] as a matter of law.” *Id.* at \*9.

In *R & R Partners, Inc. v. Tovar*, the court reached somewhat contradictory conclusions on several similar hearsay issues. 447 F. Supp. 2d 1141 (D. Nev. 2006). First, the court considered testimony from an airport employee that she believed the plaintiff (proprietors of the “What Happens Here Stays Here” mark) had designed the defendant’s product (a t-shirt bearing the slogan “What Happens in Vegas Stays in Vegas”). The court admitted this testimony, ruling that it was not being offered to prove the truth of the matter asserted. *Id.* at 1153. The court next considered a declaration from the plaintiff’s CEO that a client thought the defendant’s shirts had come from the plaintiff, and was confused about the shirts’ origin. *Id.* at 1153–54. Possibly because the content of the declarant’s statement was functionally “I was confused,” or because of the extra layer of hearsay as compared to the airport employee, the court found “that evidence as to what the client may have said is inadmissible hearsay for purposes of proving that the client was actually confused.” *Id.* at 1154.

The court then considered the plaintiff’s employee’s statements that customers had asked him if his company had designed the defendant’s product. *Id.* The court said only that this testimony was inadmissible, and did not fall within the present sense impression exception. *Id.* The court did not consider whether the testimony was offered for the truth of the matter, or whether the state of mind exception applied.

In *Conversive*, the court considered evidence from the plaintiff at summary judgment which included testimony from sales personnel regarding conversations with potential purchasers of the company’s computer software. *Conversive, Inc. v. Conversagent, Inc.*, 433 F. Supp. 2d 1079, 1091 (C.D. Cal. 2006). The court handled the hearsay question much like the *Sindharella* court, by examining the law of the circuits and concluding that the majority rule dictated admission of the evidence. *Id.* The court then went on to theorize as to the reasons why other courts (namely the Eighth Circuit) had not admitted similar evidence, stating that “[a]lthough [contrary cases concluded] that evidence similar to that offered here was inadmissible, none of these cases discuss the issue of whether the statements are offered for their truth or whether the state-of-mind exception to the hearsay rule applies.” *Id.* at 1092.

In the *Garden of Life* case, which primarily involved cybersquatting, the plaintiff filed for a preliminary injunction and sought to introduce sixteen posts from the defendants’ online message board (including customers asking for purchasing information on plaintiff’s products, or outright expressing confusion about whether they were on the right message board). *Garden of Life, Inc. v. Letzer*, 318 F. Supp. 2d 946, 965 (C.D. Cal. 2004). The plaintiffs also produced part of an e-mail conversation between the defendant and an investigator (whom the defendant thought was a customer), telling the investigator, “I had almost deleted [your] e-mail as we get so very many e-mails everyday from the ‘other’ companies [sic] and I just naturally thought this was one of the hundreds we get every week.” *Id.* The district court held that this evidence was sufficient to establish actual confusion without mentioning any of the hearsay issues. *Id.*

## 10. Tenth Circuit

Courts in the Tenth Circuit have followed the majority rule and considered actual confusion evidence under the state of mind exception to the hearsay rule. *Univ. of Kansas v. Sinks*, 565 F. Supp. 2d 1216, 1230 (D. Kan. 2008). In *Sinks*, the evidence consisted of blog entries to a newspaper’s website expressing confusion over the origin of the defendant’s

products. *Id.* Here, the court ruled that it would “consider the weblog evidence to the extent that it is not offered to prove the truth of the matter asserted . . . the statement is only admissible to show that the declarant was confused about whether he or she could purchase the referenced shirt and about who produced the shirt.” *Id.*

## **11. Eleventh Circuit**

The Eleventh Circuit has also recognized the viability of the state of mind exception in admitting otherwise inadmissible hearsay to show actual confusion. In *Angel Flight*, both parties operated charitable hospital transportation services under the name “Angel Flight.” *Angel Flight of Georgia, Inc. v. Angel Flight Am., Inc.*, 522 F.3d 1200, 1203–04 (11th Cir. 2008). At trial, two of the plaintiff’s employees testified about confusion among potential donors, including misdirected donations. *Id.* at 1206. The trial court admitted this evidence under the state of mind exception; however, in its opinion, the trial court recounted the stories of actual confusion for the truth of the facts asserted. *Id.* The appellate court held that, because the other evidence going to likelihood of confusion was sufficient to sustain the decision even absent the actual confusion evidence, the error was harmless. *Id.*

## **CONCLUSION**

In the majority of jurisdictions, evidence of actual confusion deduced through the testimony of an employee about interactions with customers will be admitted despite the potential hearsay complications. In most cases, the court relies on the fact that the evidence is not hearsay, as it is not offered for the truth of the matter asserted, or that the evidence falls within either the state of mind exception to the hearsay rule, or the present sense impression exception. Some courts have also admitted this type of evidence without consideration of the potential hearsay concerns.

In some cases, most notably in the Eighth Circuit, the evidence has been excluded. The courts that have engaged in reasoned hearsay analysis (beyond “this is an out-of-court statement and is thus inadmissible”) worried about the reliability of the evidence, and about its potentially self-serving nature.

## **BEST PRACTICES**

As one commentator has noted, it seems clear that testimony from a plaintiff’s employees relating interactions with confused customers “is not hearsay to be excluded from evidence.” MCCARTHY § 23:15. Given the plain language of 803(3), the state of mind exception seems to be the most coherent way to admit the evidence (with “confusion” being the applicable state of mind). *See* FED. R. EVID. 803(3) (allowing otherwise-inadmissible hearsay into evidence if it is a “statement of the declarant’s then-existing state-of-mind . . .”).

Further, and even more simply, since this evidence is by definition admitted to show that the declarant was confused, unless the testimony in question consists of a customer saying, “I am confused,” it will usually never be offered to prove the truth of the matter asserted (the matter asserted is more commonly something like, “I meant to buy ABC’s product and bought XYZ’s instead”), and will therefore not be hearsay at all. FED. R. EVID. 801(c), 802. *But see Mile High Upholstery Fabric Co., Inc. v. Gen. Tire & Rubber Co.*, 1983 WL 51924 at \*3 (N.D. Ill. 1983) (unpublished) (holding that telephoning plaintiff to ask for what turned out to be

defendant's product constituted assertive conduct that amounted to saying, "I am confused." Note that the *Mile High Upholstery* court admitted the evidence under the state of mind exception.).

The main objection to an employee's testimony on anecdotal consumer confusion is its lack of reliability and potentially self-serving nature. *E.g.*, *Duluth News-Tribune v. Mesabi Publ. Co.*, 84 F.3d 1093, 1098 (8th Cir. 1996); *Vitek Sys., Inc. v. Abbott Laboratories*, 675 F.2d 190, 193 (8th Cir. 1982). Certainly, it seems possible that an employee may have incentive to deceive a jury, and to "invent" confusion to secure a favorable verdict for his employer. However, setting aside the deterrent effect of perjury charges, one of the chief purposes of cross-examination is to expose witness bias to the jury. Considerations of witness bias should not cause a court to hold evidence inadmissible, but should go to the weight the evidence carries. *Mile High Upholstery*, 1983 WL 51924.

The chief inquiry of § 1114 is whether an allegedly infringing mark is likely to cause source-designation confusion on the part of consumers. 15 U.S.C. § 1114(1)(a); *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 515 (6th Cir. 2007). On the question of whether consumers are likely to be confused, there can seemingly be no more probative evidence than evidence that they are *already* being confused. *See Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 804 (4th Cir. 2001) (stating that, in the § 1114 inquiry, evidence of actual confusion "is often paramount."). Since evidence of actual confusion is so central to a § 1114 claim, courts should be cautious to exclude it except in the most extreme circumstances, and should favor less drastic measures, such as limiting instructions, when the evidence's reliability is called into question.

Finally, when some type of documentary evidence exists to evidence or support testimony of consumer confusion (e.g., e-mails, website postings, confusion logs), these documents can provide additional evidence of reliability and should generally be considered by the courts. *See, e.g., Constellation Brands, Inc. v. Arbor Hill Assoc., Inc.*, 2008 WL 723784 (W.D.N.Y. 2008).

If you have questions or comments about this Report, please feel free to contact P. Jay Hines, Subcommittee Chair ([jhines@cantorcolburn.com](mailto:jhines@cantorcolburn.com); 703-236-4500).

**EXHIBIT A:**  
**Chart of Selected Cases by Circuit**