



You Are Now Free to Use Crinkly Paper Towels: Eighth Circuit Affirms Finding that Sale of Generic Paper Towels Designed to Fit Branded Dispensers is Not Contributory Trademark Infringement

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Do generic unbranded paper towels, dispensed from a branded dispenser, confuse consumers? No, says the Eighth Circuit, despite a survey commissioned by defendant that showed 11% consumer confusion, a level that often suffices for a finding of liability. What was the basis for the court's holding? The plaintiff's own business practices, which refuted the gravamen of the plaintiff's claim that the defendant's sales created the likelihood of confusion.

In *Georgia-Pacific Consumer Products LP v. Myers Supply, Inc.*, No. 09-2980, slip op. (8th Cir. Sept. 15, 2010), the Eighth Circuit affirmed the district court's judgment after a bench trial for defendant Myers. In 2002, plaintiff Georgia-Pacific ("GP") had introduced a touchless paper towel dispenser known as "enMotion." The enMotion dispenser, which is prominently branded with the enMotion and GP trademarks, accepts 10-inch-wide paper towel rolls. Until 2007, towel rolls of that width were unique in the paper towel dispenser business, and GP was their sole supplier. In 2007, however, Myers began selling 10-inch rolls made by a third party, Drehle. Since only the enMotion dispenser accepted that width, Myers knew "with 99% certainty," as the court put it, that the paper towels would be installed in enMotion dispensers. *Id.* at 1.

GP's 10-inch towels bear no marks; neither do Myers's. But GP alleged that its towels have a "cloth-like feel," while the Myers towels feel "crinkly." *Id.* GP sued Myers for contributory trademark infringement for supplying its customers with the Drehle towels. One surmises that but for the apparent lack of fame of GP's enMotion mark, this may have been a promising case for a claim of dilution by tarnishment under the federal dilution statute, 15 U.S.C. § 1125(c).

At any rate, trademark infringement proved to be an awkward legal theory given the facts of the case. GP lost both at the trial and appellate levels, despite succeeding on at least part of its claim. GP successfully argued that Myers would be liable as a contributory infringer *if* Myers's customers'



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practice of putting Drehle towels into enMotion dispensers were found to infringe GP's trademark rights. Given Myers's certain knowledge that this was indeed its customers' practice, the contributory infringement test of *Inwood Labs., Inc., v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982), clearly would be satisfied if GP could prove direct infringement.¹

But GP's fate in court took a turn for the worse, as neither the district court nor the appellate court accepted GP's assertion that Drehle's actions constituted direct infringement. As the district court found, putting one manufacturer's towel rolls into dispensers bearing another manufacturer's marks is common industry practice. Even worse for GP, GP itself engages in this very practice. As the Eighth Circuit observed:

Highly relevant was the testimony of Georgia-Pacific's own regional manager reiterating that it was acceptable practice to place towels of one brand in an unleased dispenser bearing the marks of a different brand. Further evidence is Georgia-Pacific's own catalogue, which suggests replacement towels for other manufacturers' towels, including other manufacturers' controlled brands.

Georgia-Pacific, slip op. at 4.

Note that the Eighth Circuit does not conceptualize GP's practices as an unclean hands defense by Myers. There is no hint that the court regards the practice of putting manufacturer A's unbranded towels into manufacturer B's branded dispensers as at all wrongful. See *id.* Rather, it is the very acceptability of this practice that refutes, in the court's view, the possibility of a significant degree of consumer confusion.

Interestingly, there was seemingly solid evidence of consumer confusion in this case. GP had proffered a survey showing a confusion level of 23 percent; however, that survey had such severe methodological flaws—artificial environment, leading question, testing the wrong question, no control group (!), etc.—that the district court paid it little heed, a decision with which the Eighth Circuit agreed. *Id.* But there was another survey, introduced by Myers. According to the Myers survey, "11.4% of respondents almost always thought that the brand on the dispenser was the same as the towels, and 36.5% thought they were sometimes the same." *Id.* That, of course, is precisely the question at issue in the case. Hence one might assume that Myers's survey would be found highly probative (quite apart from the fact that it was defendant who proffered it). In fact, the court cited several cases finding liability for trademark infringement on the basis of surveys showing 10 percent or even 6 percent consumer confusion.

But it was not to be. The district court "did not abuse its discretion in discounting the survey evidence and crediting more the testimony from industry insiders, and thus correctly determined that there is no actual confusion by bathroom consumers [sic]." *Id.* In other words, even though reliable empirical evidence (the court identified no methodological weakness in Myers's survey) shows a significant level of consumer confusion, that evidence could legitimately be discounted in

¹ The district court also found, and the Eighth Circuit affirmed, that GP's marks are strong, and GP and Myers compete directly in the paper towel market.

light of prevailing industry practices. The court does not explain *why* this discounting is legitimate. It merely asserts that it is.

Given that consumer confusion is the gravamen of trademark infringement, one may wonder whether this is the correct outcome. Perhaps the court's underlying (albeit unarticulated) theory is as follows: If it is "common practice to put towels of one brand into a dispenser of a different brand," *id.*, then consumers' expectations that dispenser and towels come from the same source is groundless. The Myers survey may have correctly identified an actual consumer expectation. But that expectation seems to have no basis in fact. Consumers are simply wrong when they believe the source of dispenser and towels is the same. And while trademark law exists in large part to protect the public from confusion and deception, it does not exist to protect consumers from misunderstanding how a particular market works. To this author, it seems the court is mistaken when it says "there is no actual confusion by bathroom consumers." *Id.* The Myers survey shows appreciable levels of confusion. The court was probably correct, though, in refusing to view the type of actual confusion present here as the sort that can support a claim for trademark infringement.

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