DuetsBlog
COLLABORATIONS IN CREATIVITY & THE LAW
www.DuetsBlog.com

A Winthrop & Weinstine blog dedicated to bridging the gap between legal & marketing types.

Are Georgia-Pacific's Paper Towel Lawsuits All Wet?

Posted on September 24, 2010 by Dan Kelly

There has been a fair amount of ink spilled in the IP blogosphere about last month's *Georgia Pacific v. Von Drehle* opinion from the U.S. Court of Appeals for the Fourth Circuit. This is one of several cases that Georgia-Pacific has brought to stop the "stuffing" of off-brand (*i.e.* non-Georgia-Pacific brand) paper towels in GP's proprietary enMotion® paper towel dispensers.

As the Fourth Circuit's opinion describes it, Georgia-Pacific is basically attempting to establish a business model in the hand sanitation market much like how soft drinks are sold in the fast food and foodservice channels: lease the equipment to distributors and end-users, and require that only the lessor's product be distributed in the leased equipment. In other words, when you walk up to a self-serve soda fountain that has a Pepsi logo, you expect that it will dispense Pepsi® cola.

But do you have the same expectation with a paper towel dispenser at the airport or ballpark? Herein lies the rub, and the U.S. Court of Appeals for the Eighth Circuit's opinion from last week in *Georgia-Pacific v. Myers Supply*, which did not go as well for GP as the Fourth Circuit case. In the *Myers Supply* case, the Eighth Circuit affirmed a judgment against GP on substantially the same facts and claims. (Part of the reason for the different outcomes had to do with the cases having different procedural postures.)

It is interesting to read both opinions, which seem to recite some very different expert survey findings, yet evidently from the very same surveys (which recalls to mind the old saw about "lies, damned lies, and statistics"). The clincher in the Eighth Circuit case, though, was this gem:

The [trial] court found more probative [than the expert reports] the non-expert testimony of industry insiders that consistently showed it was unobjectionable and common practice to put towels of one brand into a dispenser of a different brand. 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. . . *Whether or not a towel dispenser is leased has no bearing on the actual confusion by the bathroom consumer; there is not evidence that bathroom consumers of towel dispensers know whether the dispenser they are using is leased or unleased.*

(Emphasis added.) GP itself actively engaged in stuffing, making it difficult for GP to argue with a straight face for the adoption of a new industry custom, particularly through coercive litigation.

As we may yet discover in the case out of the Fourth Circuit, which has been sent back to the trial court, if GP can persuade the court that consumers associate the quality of the un-marked towel with the mark appearing on the dispenser, GP may succeed in establishing a new industry custom in the sanitation market that could snuff out the practice of stuffing.