

The district court in this case attempted to balance the equities between the owners of a famous trademark, Nissan Motor Co. and Nissan North America (jointly called “NissanMotor” in this brief), and an individual named Uzi Nissan who uses his name in his business and owns the Internet domain names nissan.com and nissan.net. The court issued a detailed protocol that allowed Mr. Nissan to keep the domain name so long as his website did not include (i) any commercial content, (ii) any advertising by third parties, (iii) links to other websites containing commercial content, or (iv) any content or links to content that criticizes NissanMotor. This amicus brief is limited to the issues presented by the fourth condition, which has two flaws.

First, the content-based restriction is unsupportable under either the First Amendment or the Lanham Act, because (a) the First Amendment bars the use of state power to suppress truthful non-commercial criticism, and (b) the use of a trademark in a domain name to disseminate commentary about the trademark holder does not violate the Lanham Act, particularly where the domain name’s owner himself has concurrent rights in the trademarked name. Second, the implicit premise of the provision is that, absent any likelihood of confusion, the use of trademarks in domain names for websites that are about the trademark holder constitutes dilution of the mark. In fact, such use of the mark does not dilute its “capacity . . . to identify and distinguish [the trademark holder’s] goods and services.” The Court should, therefore, vacate the portion of the injunction that bars use of Mr. Nissan’s names for non-

commercial criticism of NissanMotor.

INTEREST OF AMICUS CURIAE

Public Citizen is a Washington, DC-based public interest organization which has approximately 125,000 members, including about 35,000 in the Ninth Circuit. Along with its efforts to encourage public participation, Public Citizen has brought and defended numerous cases involving the First Amendment rights of citizens who participate in public debate, including free speech on the Internet. The interest of amicus curiae is set forth more fully in the accompanying motion for leave to file as amicus curiae.

STATEMENT¹

Plaintiffs (“NissanMotor”) make Nissan automobiles. Before that name came into common use in this country, plaintiffs sold cars here under the brand name “Datsun.” The transition from the Datsun to the Nissan brand name occurred during the mid-1980's.

Defendant Nissan Computer Corporation (“NissanComputer”) has been in the computer business since 1991. NissanComputer is named after its principal, Uzi

¹This brief does not cite the Excerpt of Record because it, and appellant’s opening brief, were filed under seal and hence are not accessible to amicus. Amicus is moving separately for unsealing, and may seek leave to supplement this brief thereafter.

Nissan. Over the years, Mr. Nissan used his name in various businesses, including a car repair business in 1980, and later an export-import business. Nissan, which names a month in Hebrew and Arabic, is a common name in Mr. Nissan's native Israel.

In 1994, NissanComputer registered the domain name nissan.com, and began using that domain name for a website for itself and for a personal home-page for Mr. Nissan. In 1995, NissanMotor expressed concern to Mr. Nissan about that domain name, but Mr. Nissan never responded, and NissanMotor dropped the matter. In 1996, NissanComputer registered the domain name nissan.net, and in 1997 began offering internet services using the Nissan name.²

In 1999, nissan.com began to show banner advertisements and links to merchandising companies and Internet search engines. At some point, such ads and links included companies that promoted automobile-related products and services, which put nissan.com in direct competition with plaintiffs' automobile business. NissanMotor portrays these advertisements as a deliberate effort either to exploit the Nissan name to compete for consumer attention about cars, or to force Nissan to buy the name; Mr. Nissan claims that he did not seek out automobile advertisers. It was at this point, in October 1999, that plaintiffs contacted defendant to negotiate for the

²Although nissan.com and nissan.net are both at issue on this appeal, for simplicity we refer only to the former in this dilution argument.

acquisition of nissan.com. Defendant was at least initially unwilling to part with the name, but he offered a variety of schemes by which both parties could share the name, with plaintiffs making payments for its joint access. Asked for the price at which he would be willing to relinquish the name, defendant apparently responded with a flippant request for \$15,000,000 – a response that has since been at the heart of plaintiffs’ attempt to portray him as a cybersquatter.

Plaintiffs then filed this action in the United States District Court for the Central District of California. The court below denied a motion for a temporary restraining order but granted a preliminary injunction in March 2000. 89 FSupp2d 1154. Considering the eight factors set forth in *AMF v. Sleekcraft Boats*, 599 F2d 341 (CA9 1979), the court below found that plaintiffs were likely to succeed in proving a likelihood of confusion. The court also rejected defendant’s claim that plaintiffs had slept on their rights by not suing in 1995, theorizing that the Internet was unimportant for marketing at that time and noting plaintiffs **had** acted as soon as defendant had “altered [his site] in August 1999 to maximize and exploit consumer confusion” by advertising auto products. *Id.* at 1165.

However, the court refused to deny defendant all use of the nissan.com domain name, to ban all advertising on the sites, or to require a link to plaintiffs’ own websites. Instead, the court required defendant to post a prominent banner identifying

the sites as being affiliated with NissanComputer, disclaiming affiliation with plaintiffs, and providing the URL for plaintiffs' website; it also forbade the display of any automobile-related advertising or links to auto advertising websites, while allowing other advertising on defendant's sites. At the same time that defendant complied with the preliminary injunction, he placed a reference to the lawsuit on his website, and linked to a second website with extensive description of and commentary on this action. That content was not flattering to plaintiffs. This Court affirmed the preliminary injunction on December 26, 2000.

On January 7, 2002, the district court ruled on cross-motions for partial summary judgment on trademark infringement and cybersquatting. The court found that use of the Nissan domain names infringed plaintiffs' marks insofar as the sites were used for automobile-related advertising, but not insofar as they were used for defendant's computer business. At bottom, the court concluded that the two businesses had concurrent rights in the Nissan name for the purpose of promoting two separate businesses that were not in substantial competition with each other. It further ruled that the doctrine of initial interest confusion, which has been applied by this Court as a basis for finding infringement in some domain name cases, does not apply to the extent that the parties' businesses do not compete. The court also dismissed plaintiffs' cybersquatting claim, finding that defendant used the nissan.com name in

good faith in connection with his computer business for many years, that this abbreviation of “Nissan Computer Corporation” was perfectly appropriate given the tendency of companies to pick domain names that are as short as possible, that virtually all of the nine “factors” set forth in the statute favored defendant, and hence that defendant lacked any bad faith intent to profit from the goodwill associated with plaintiffs’ mark. Following these rulings, the court below made no change in the terms of the preliminary injunction.

Finally, on August 28, 2002, the court granted plaintiffs’ motion for summary judgment on the issue of trademark dilution. The court decided that defendant had made commercial use of the famous Nissan mark by using it to advertise Mr. Nissan’s computer business, and later to include automobile advertising on the website. The court further found dilution of the Nissan mark both through blurring (decreasing the power of the Nissan name as a unique identifier to identify plaintiffs’ goods) and tarnishment (because defendant’s website was not sophisticated enough to meet plaintiffs’ high standards for a website, and because it associated the mark either with the products of automobile merchandisers or with negative commentary about NissanMotor).

After further briefing, the court again rejected plaintiffs’ request that defendant transfer its domain names to NissanMotor. However, the court decided that, in light

of its dilution findings, the terms of the preliminary injunction were insufficient to protect plaintiffs' rights. Moreover, the court decided that, although mere criticism of a trademark owner and possible harm to its commercial interests do not render the speech commercial, where the critic uses the trademark to criticize the trademark holder, the exploitation of plaintiffs' mark renders the criticism commercial and hence warrants coverage by the anti-dilution provisions of the Lanham Act. Accordingly, the court allowed defendant to retain its domain names on the condition that no critical speech about NissanMotor, and no links to other websites containing such critical speech, remained there. 231 FSupp2d 977 (CDCal 2002)

The district court elaborated its analysis of the supposedly commercial nature of defendant's critical website in its order denying the motion for a stay pending appeal. The court acknowledged that federal dilution law does not apply to non-commercial uses, but it accepted the reasoning of a few other district courts which have held that the adverse impact of a website on the business of a commercial entity can render the website sufficiently commercial to be within the scope of the statute. And because the adverse impact of the website is sufficient to render the use commercial speech, the court reasoned, use of the mark to promote criticism would not fall within the exemption for noncommercial speech.

SUMMARY OF ARGUMENT

NissanMotor was rightly incensed when defendant took advantage of his right to use his last name as a domain name for his website to enter into direct competition with NissanMotor by providing access to messages from sellers of rival makes of automobiles. Accordingly, the district court rightly entered an injunction preventing that and related uses.

Although the injunction entered below represents the district court's effort to balance strong equities on both sides of the case, one aspect of that injunction – the prohibition of the use of nissan.com as a forum to criticize NissanMotor's conduct in this litigation – is insupportable. First, as the case arises on this appeal, the district court has ruled that nissan.com does not cause any likelihood of confusion so long as it is not used to advertise automobile-related goods, and Mr. Nissan not use his Nissan domain names with a bad faith intent to profit from NissanMotor's goodwill in that mark. Second, the lower court's reasoning, that otherwise noncommercial speech using a corporation's name to identify a website criticizing a corporation can become "commercial" if it tends to interfere with the corporation's commercial activities, has no basis in First Amendment law, in trademark law, or in logic. Third, nonconfusing use of a trademark in a domain name that a defendant is otherwise entitled to use is not rendered improper as a matter of trademark law because the defendant criticizes a person with rights to the trademark, both because domain names may properly be

used to identify the subject and not just the source of the website, and because the “tarnishing” impact of criticism is not the sort of tarnishment that the trademark laws are designed to prevent. Finally, the injunction gets the law backwards by carving out from the permitted uses of Mr. Nissan’s domain names the one use that enjoys maximum protection under the First Amendment.

A. A Tendency to Injure a Commercial Enterprise Does Not Render Speech Commercial Under the Lanham Act or the First Amendment.

The first reason why the injunction should be reversed is that it forbids noncommercial speech that was both beyond the scope of the Lanham Act, and protected by the First Amendment. The district court’s theory – that by criticizing plaintiffs and threatening to interfere with their commercial activities, defendant engaged in commercial speech and lost the protection of the First Amendment – does not withstand analysis.

Under controlling Supreme Court law, speech is commercial if it “does no more than propose a commercial transaction.” *United States v. United Foods*, 533 US 405, 409 (2001). Speech that **criticizes** commercial activities, and hence threatens the commercial interests of those who are engaged in such activities, nevertheless remains non-commercial speech with the full protection of the First Amendment. For example, in *Organization for a Better Austin v. Keefe*, 402 US 415 (1971), a civil

rights group circulated flyers accusing a realtor of engaging in racial discrimination, and the realtor obtained an injunction against dissemination of the flyers because they were hurting his business. The Supreme Court held that the flyers were fully protected by the First Amendment and hence that the injunction was an impermissible prior restraint: “No prior decisions support the claim that the interest of an individual in being free from public criticism of his business practices in pamphlets or leaflets warrants the use of the injunctive power of a court.” *Id.* at 419. Because *Keefe* was decided several years before *Virginia St. Bd. of Pharmacy v. Virginia Consumers Council*, 425 US 748 (1976), when the Supreme Court first extended limited First Amendment protection to commercial speech, it is apparent that the Court was not treating the leaflets as commercial.

Similarly, in *NAACP v. Claiborne Hardware*, 458 US 886 (1982), a civil rights group organized a boycott of local businesses, and the businesses sued for harms caused by violence that had accompanied some of the boycott activities. The Supreme Court held that the speech was fully protected by the First Amendment and not subject to the sort of regulation typically permitted for economic activity. *Id.* at 913. Indeed, the Court applied the highly protective requirements of showing actual ratification, and the *Brandenburg* standard protecting advocacy unless it incites imminent lawless action – standards that are reserved for fully protected noncommercial speech –

despite the fact that the speeches urged activities that were intended to impose economic harm on local businesses. *Id.* at 927-932.³

Indeed, speech similar to defendant's was found non-commercial in *CPC Int'l v. Skippy*, 214 F3d 456 (CA4 2000). The plaintiff, which made Skippy peanut butter, had already won an injunction preventing the creator of a cartoon character named Skippy from using the "Skippy" mark to promote food products. The daughter of the cartoonist created a website, www.skippy.com, to complain about the high-handed treatment that her father had experienced and to tell her side of the trademark litigation that had resulted in the first injunction. Chief Judge Wilkinson, writing for the Fourth Circuit, acknowledged that her account was one-sided and potentially harmful to the peanut butter company, but held that such considerations did not justify an order requiring that the critical commentary be removed from the skippy.com website: "[J]ust because speech is critical of a corporation and its business practices is not a sufficient reason to enjoin the speech. . . . It is important that trademarks not be transformed from rights against unfair competition to rights to control language. [citation omitted]. Such a transformation would diminish our ability to discuss the

³Because First Amendment rights are at stake here, any factual findings about the nature of the speech are subject to "an independent examination of the whole record in order to make sure that the [injunction] does not constitute a forbidden intrusion on the field of free expression." *Bose Corp. v. Consumers Union*, 466 US 485, 499 (1984); *Hurley v. Irish-American Gay Group*, 515 US 557, 567 (1995).

products or criticize the conduct of companies that may be of widespread public concern and importance.” *Id.* at 462. Judge Wilkinson squarely rejected the contention that such criticism constituted commercial speech with reduced protection under the First Amendment. *Id.* at 462, 463. Yet another case in which a court found speech critical of trademark litigation to be non-commercial is *Taubman v. WebFeats*, 319 F3d 770, 777-778 (CA6 2003).

Moreover, the effect of holding that criticism of a commercial enterprise can lose its status as non-commercial speech, merely by interfering with commercial activities, would be to read the statutory exception barring the application of section 43 of the Lanham Act to “non-commercial speech” out of the Act. When Congress amended the Lanham Act to add a cause of action for dilution, it was concerned about the danger that the new cause of action would conflict with First Amendment protection for non-commercial speech. Accordingly, it adopted section 43(c)(4), which contains these limiting provisos: “The following shall not be actionable under this section: . . . (B) Noncommercial use of the mark. (C) All forms of news reporting and news commentary.” (emphasis added). The legislative history made clear that the purpose of this proviso was to protect consumer and similar commentary, including “parody, satire, editorial and other forms of expression that are not part of a commercial transaction.” *Mattel v. MCA Records*, 296 F3d 894, 905 (CA9 2002)

(quoting Congressional Record statement of Senator Hatch). Similarly, the section-by-section analysis of the noncommercial use exception, as quoted in *Mattel*, allayed First Amendment concerns by characterizing the provision as one that “proscribes dilution actions that seek to enjoin the use of famous marks in ‘non-commercial’ uses (such as consumer product reviews).” *Id.* at 906.

Indeed, every time Congress has amended section 43 over the past fifteen years, it has emphasized that the section does not apply to noncommercial commentary. For example, in creating a remedy for false advertising in 1989, chief sponsor Rep. Robert Kastenmeier stated,

[T]he proposed change in Section 43(a) should not be read in any way to limit political speech, **consumer** or editorial **comment**, parodies, satires, or other constitutionally protected material. . . . The section is narrowly drafted to encompass only clearly false and misleading commercial speech.

135 Cong. Rec. H1207, H1217 (daily ed., April 13, 1989) (emphasis added).

However, the function of consumer commentary is to warn against possible dangers or disadvantages of using particular products. If the very success of such commentary were enough to deprive the speaker of the protection of the noncommercial use proviso, there would be nothing left of the proviso. Such a construction of the statute

is impermissible.⁴

B. A Domain Name That Uses a Trademark to Truthfully Identify the Subject of a Website Does Not Dilute the Mark.

The second flaw in the decision below is that it simply assumed that a critic of NissanMotors could not use the nissan.com name in a nonconfusing manner as the address of a website about NissanMotors. The court thought that domain names denote only the source of websites. However, the court failed to consider carefully the harms at which dilution law is legitimately directed, the role played by domain names in identifying websites for Internet users, and the interplay between those two analyses. Courts that have analyzed the role of domain names in cases involving consumer commentary sites have properly ruled that trademark law does not bar such uses.

1. Dilution Is Trademark Use That Lessens Its Capacity to Identify and Distinguish the Markholder's Goods and Services; It Does Not Bar Use of the Mark to Criticize the Markholder.

A trademark is a word, phrase or symbol that is used to identify the maker, sponsor or provider of a good or service – it informs people that the trademarked items

⁴The fact that Mr. Nissan also uses his website for commercial purposes does not preclude him from invoking either the First Amendment or the Lanham Act's noncommercial speech exemption. *Nike v. Kasky*, 123 SCt 2554, 2559, 2565 (2003); *Mattel, supra*.

come from the same source. *Mattel v. MCA Records*, 296 F3d 894, 900 (CA9 2002). The core purpose of most trademark law is to prevent trademark uses that will likely confuse the general public about the source of the goods. So long as trademark law is confined to those purposes, it comports with the First Amendment, particularly in the commercial arena. *Id.*

Dilution law does not serve the end of protecting the public against false or misleading speech; rather, it protects the trademark holder against gradual loss of the power of its mark to identify its goods or services. *Moseley v. V Secret Catalogue*, 123 SCt 1115, 1122 (2003). To the extent that trademark law moves away from the core value of preventing misleading speech, this Court has recognized the need to construe it in a way that does not encroach on First Amendment rights. *Mattel*, 296 F3d at 900-901. (“It is the source-denoting function which trademark laws protect, and nothing more”). Indeed, Congress has limited the scope of dilution law because it recognized the danger of encroachment on First Amendment values. *Supra* at 12-13. This Court has also expressed concern about the expansive implications of dilution theories. *Toho Co. v. Sears, Roebuck*, 645 F2d 788, 793 (CA9 1981).

As dilution law developed through state legislation and adjudication, two separate branches emerged – blurring and tarnishment. A trademark use on goods that do not compete with the markholder’s business, and which therefore is not likely to

confuse consumers about the source of those goods, dilutes through blurring to the extent that the mark is no longer associated exclusively with the goods of the markholder. *Exxon Corp. v. Exxene Corp.*, 696 F.2d 544, 550 (CA7 1982). A trademark use tarnishes the mark if it damages the markholder's business reputation by associating the mark with inferior goods or giving it unpleasant associations, such as by using it for pornography. *Toho, supra*, 645 F.2d at 793; *Hormel Foods v. Jim Henson Prod's*, 73 F.3d 497, 507 (CA2 1996).

The Supreme Court has questioned whether the federal antidilution statute comprehends tarnishment at all, inasmuch as the statutory language does not encompass a claim for injury to business reputation, as most state dilution statutes do. *Moseley*, 123 S.Ct at 1124. Section 45 of the Lanham Act defines dilution as "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of . . . competition . . . or likelihood of confusion." Although tarnishment surely reduces the **value** of the mark by giving it negative connotations, that diminution does not reduce the mark's capacity to identify goods as belonging to the famous mark's holder. Although some of this Court's dilution opinions have discussed tarnishment, *e.g.*, *Thane Int'l v. Trek Bicycle Corp.*, 305 F.3d 894, 905 (CA9 2002), the Court has never considered whether the language of the federal statute applies to tarnishment, and its description of the harm from

dilution – it “reduces the public's perception that the mark signifies something unique, singular, or particular,” *id.* at 911 – does not apply to tarnishment. Nor has this Court mentioned dilution by tarnishment since *Moseley* was decided.

Still, if nissan.com has a negative effect, it is not because it associates the Nissan name with inferior or unpleasant goods or services, but because it identifies a website that criticizes NissanMotor. And even authorities like Professor McCarthy, who believe that tarnishment can constitute dilution under federal law, agree that the use of the mark to criticize the markholder cannot be dilution:

Use of a mark in a purely communicative, non-trademark setting should be permitted or else trademark law could be used as a tool to stifle unwelcome discussion. . . . The Restatement takes the position that in cases where the trademark owner alleges injury to reputation from a non-trademark purely communicative use of its mark, trademark law, whether in the form of traditional infringement or dilution, should not apply. . . . Non-trademark uses, which do not involve a use to identify another's goods, service or business, . . . are unlikely to have [a] diluting effect. In most instances, such uses are intended to refer back to the original trademark owner and serve to confirm rather than undermine the associational significance of the mark.

5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 31:148 (4th ed. 1999).

Similarly, to the extent that nissan.com contains criticism of NissanMotor, the use does not constitute dilution at all; rather, it tends to “confirm the associational significance of the mark” as denoting the maker of Nissan cars. The dilution finding cannot, therefore, serve as a basis for the injunction against criticism on the

nissan.com website.

2. When Used for a Website that Criticizes the Markholder, a Domain Name Denotes Subject and Not Source.

Yet another flaw in the decision below is its unwarranted assumption that a domain name always denotes the source of a website rather than its subject. Careful consideration of the way domain names function on the Internet, as well as recent Internet case law, belie that assumption.

NissanMotor assumes that everyone who searches the Internet using “Nissan” must necessarily be looking for NissanMotor. Certainly, it is possible that some Internet users want to search the Internet for the automaker who owns the trademark “Nissan.” But the fact that the user is looking for information that has some bearing on a trademarked word or phrase, such as “Nissan,” does not necessarily mean that the user wants only to know who owns this trademark and what the owner wants to tell the public. It is much more likely that the user will be looking for information **about** the trademarked product, or about the trademark holder, without caring about whether the information comes from the trademark holder. Indeed, the user might prefer information from a different source in the hope of finding more impartial information. The user might also be looking for historical information; or the user might have a grievance about the trademarked item, and want information about other grievances.

The rules regarding the various uses of trademarks on the Internet must take into account all these potential objectives of Internet users. Therefore, in trying to prevent customer confusion about source, courts should formulate rules that do not impair the ability of Internet users in general to find the information that they are seeking about the trademarked item. For example, an unauthorized history of NissanMotor's many years of making cars could be entitled "Nissan" without violating NissanMotor's trademark. *See Rogers v. Grimaldi*, 875 F2d 994, 1000 (CA2 1989); *Mattel v. MCA Records*, 296 F3d at 902. And the subject and title cards in a library card catalog could use "Nissan," but the author card for that history could not use that term. The rules governing the use of trademarks on the Internet must allow for these multiple uses of a single word as a target of searches for author, title and subject of each website.

The question, then, is what is a domain name? Is it an author card? Or is it a title or subject card? The answer is that a domain name can be **any of the above**. The domain name denotes content. Although, in many cases, the domain name may be the name of the website's owner, in other cases, the domain name reflects the title or subject of the site. So, for example, a user who wants information about apples might go to www.apples.com and find information about apples, even though Apple is also

a well-known trade name. This Court recognized the use of domain names to denote the subject rather than the sponsorship of a website in *Interstellar Starship Services v. Epix*, 304 F3d 936, 944 (CA9 2002). Cf. *Cello Holdings v. Lawrence-Dahl Companies*, 89 FSupp2d 464 (SDNY 2000) (defendant sought domain names of several different musical instruments for purpose of selling names to persons with interest in creating sites about such items; court found no cybersquatting in suit by company holding trademark in word “cello”). But if a domain can indicate subject when the topic is a fruit or a musical instrument, it can also indicate subject when the topic is a company whose name is trademarked.

If the Internet were no more than a place for businesses to advertise their services, NissanMotor would have better reason to assume that any person who entered one of its trademarks as a domain name must be trying to find NissanMotor’s own website. Although the business community has plunged into the Internet, and although the perception that the Internet is a key means of reaching customers surely drove the growth of the Web for several years, commerce remains a distinct minority online. Kelly, “The Web Runs on Love Not Greed,” Wall Street Journal, January 3, 2002 (estimating that commercial websites comprise less than one-third of the web’s content). Indeed, a report from the Markle Foundation found that the predominant public perception of the Internet is that it is a library, not a shopping mall – that is,

primarily a source of information, not a place to buy products. <http://www.markle.org/news/AccountabilityChapter1.pdf>, at 20-25. Consequently, the court below erred fundamentally when it assumed that any person who searches the Web for sites using the words “Nissan” in their domain names necessarily is searching for NissanMotor’s official website.

A number of cases have held that businesses used trademarked domain names in ways that violated the trademark rights of other businesses, and have assumed in the course of their discussion that domain names denote source, but those cases are distinguishable.

Typical of such cases is this Court’s ruling in *Brookfield Communications v. West Coast Entertainment*, 174 F3d 1036 (CA9 1999), which arose from a dispute about which of two companies had been the first to use the mark “moviebuff” to describe their service of providing searchable Internet databases about movies available on videocassette. Brookfield sought a TRO against West Coast, claiming that it was the prior user even though West Coast had been first to register the domain name “moviebuff.com.” The district court denied the TRO but treated its ruling as the denial of a preliminary injunction so that Brookfield could appeal. On appeal, the parties’ briefs were devoted almost exclusively to substantive trademark issues, which was not surprising since the issue between the parties was which of them was entitled

to the trademark “moviebuff.” The court decided that it was the plaintiff and not the defendant that had first right to the trademark, *id.* at 1053, and consequently decided that the plaintiff was entitled to the preliminary injunction that had been denied below. *Id.* at 1061. However, because the appeal had arisen from a TRO proceeding, there was no evidence before this Court about the nature of the Internet, the significance of domain names, or inferences that Internet viewers draw about the sponsorship of websites having particular domain names.⁵

Although the court made various statements about the nature of the Internet in its opinion, the court’s frequently-cited pronouncements on that issue were not based on evidence and did not bear on the main issue between the parties – that is, control of the mark. Moreover, in a case like *Brookfield*, to the extent that the domain name reflects source, it is because the subject and source are the same.

Another sort of case often arises when a company that wanted to use its trademark for its domain name sues an individual who registered the name first, not to use it for a website related to the name, but because he foresaw that the trademark owner might want the domain name for itself and might be willing to pay for it. In those cases, the courts must choose between a company with a longstanding

⁵Undersigned counsel read the appellate briefs in that case, which mention no such evidence.

connection to the trademark and somebody who had no legitimate interest in using the mark, but wanted to be paid for thinking ahead.

For example, in *Virtual Works, Inc. v. Volkswagen of America*, 238 F3d 264 (CA4 2001), Virtual Works, Inc. (“VWI”) registered the name “vw.net” with the hope of eventually selling it to Volkswagen. *Id.* at 266-267, 269, 270. When the auto manufacturer asked for the name, VWI responded that unless Volkswagen bought the name immediately, the name would be put up for auction to the highest bidder; VWI gave Volkswagen 24 hours to respond. The court decided that the facts showed a classic bad faith cybersquatting case, unlike this one, but warned that its holding was limited: “The fact that a domain resembles a famous trademark . . . hardly in and of itself establishes bad faith. Moreover, domain names that are abbreviations of a company’s formal name are quite common. To view the use of such names as tantamount to bad faith would chill Internet entrepreneurship with the prospect of endless litigation.” *Id.* at 269.

On the other hand, when the defendant has a legitimate interest in the domain name, the domain name is not treated as source-denoting. Two recent appellate decisions illustrate this approach. In *Taubman v. WebFeats*, 319 F3d 770 (CA6 2003), the court reversed injunctions that had been issued against a non-commercial “fan site” about a shopping mall (shopsatwillowbend.com), and a non-commercial

gripe site complaining about the trademark suit against the first site (taubmansucks.com), finding no violation of the Lanham Act. As Judge Suhrheinrich wrote, Mishkoff was entitled to scream about the mall and the resulting litigation from the rooftops:

Essentially, this is what he has done in his domain name. The rooftops of our past have evolved into the internet domain names of our present. We find that the domain name is a type of public expression, no different in scope than a billboard or a pulpit, and Mishkoff has a First Amendment right to express his opinion about Taubman, and as long as his speech is not commercially misleading, the Lanham Act cannot be summoned to prevent it.

Id. 778.

The Seventh Circuit reached a similar result in the commercial context in *Ty v. Prettyman*, 306 F3d 509 (CA7 2002). The court overturned an injunction issued against an unauthorized reseller of Beanie babies who used the name bargainbeanies.com for a website on which she marketed Beanie baby products. Because Prettyman was entitled under trademark law to tell the consuming public that her website was one to which they could come to find Beanie babies, Judge Posner held that trademark law could not be used to deprive Prettyman of the right to truthfully identify the content of her website by placing the trademark “Beanie” in her domain name. Similarly, a cybergriper was allowed to use his target’s trademark as his domain name in *Northland Ins. Co. v. Blaylock*, 115 FSupp2d 1108 (DMinn 2000),

where a consumer registered “northlandinsurance.com” for a website that attacked an insurance company of that name. The district court refused to enjoin the use of this domain name under either an infringement or a dilution theory, finding that the defendant’s purpose in selecting the domain name was to call public attention to his criticisms of the company, and that this use was permissible under the trademark laws in the absence of any effort to sell competing goods and services. As the court stated, “while defendant may arguably be trying to ‘bait’ Internet users, there is no discernible ‘switch.’” *Id.* at 1120.

One important difference between early domain name cases, and more recent cases where a true gripe site has used the trademark to denominate a website about the trademark holder, is that courts increasingly recognize the growing sophistication of Internet users and the enormous progress in Internet technology since the mid-1990's. *Entrepreneur Media v. Smith*, 279 F3d 1135, 1147 (CA9 2002) (discounting impact of Internet domain name because “in the Internet context, consumers are aware that domain names for different Web sites are often quite similar . . . and that very small differences matter”). Moreover, in the Internet’s early days, the main way to find a company’s website was to “name-guess,” by entering the trademarked name into a web browser, followed by a top-level domain such as .com or .org. More recently, however, the technology and effectiveness of search engines has improved so

markedly that Internet users who name-guess and reach a site other than what they wanted will simply guess again or visit a search engine to find what they really want. *Strick Corp. v. Strickland*, 162 FSupp2d 372, 377 (EDPa 2001). David Bernstein, a prominent trademark enforcement lawyer, recently admitted that "99 times out of 100, consumers are able to find the site they are looking for." Loomis, Domain Name Disputes Decline as Internet Matures, <http://www.law.com/jsp/article.jsp?id=1044059430652>. And, according to a pro bono report prepared for use in the *Taubman* case by Syracuse University Professor Milton Mueller, a leading authority on the domain name system, name-guessing has been displaced by search engines as the **first** choice for finding an unknown website. <http://dcc.syr.edu/miscarticles/mishkoff.pdf>.

There was evidence similar to Mueller's report in the record in this case. Defense experts Rappeport and Deighton questioned the assumptions that name-guessing is the common way to find Internet content and that those who name-guess and do not find what they expected are "confused." Moreover, the assertion in the district court's order denying a stay pending appeal that "92% of of Internet users expect to find Nissan Motor or a car company at nissan.com" mischaracterizes the expert report that uses that figure. The January 2000 Jay report asserts that 92.9% of Internet users though they would find "one or more of the following . . . : Nissan cars, a company that makes or sells cars, cars, or car related products (or words to that

effect)”. Scanning the attached database suggests that it was a distinct minority of respondents who expected they would find the Nissan **company**. Far from supporting NissanMotor on the dilution issue, this aspect of the Jay report actually supported defendant. Certainly, in a First Amendment case where review is de novo, and on an appeal from summary judgment where genuine issues must be remanded for trial, the dilution finding cannot stand.

Accordingly, even if the content of the nissan.com website had been limited to Mr. Nissan’s criticism of NissanMotor, that would not have been a diluting use of the Nissan mark.

C. The Injunction Fails to Comport With the Rule Requiring Narrow Tailoring of Injunctions in Trademark Cases to Avoid Needless Impact on Free Speech Rights.

Unlike copyright cases where fair use is largely co-extensive with the First Amendment, *Harper & Row Publishers v. Nation Enterprises*, 471 US 539, 560 (1985), in trademark cases the First Amendment routinely receives separate consideration, although it also informs statutory interpretation. Where, as is true here, the defendant is engaged in non-commercial speech, the mere application of trademark law may violate the First Amendment. *L.L. Bean v. Drake Publishers*, 811 F2d 26, 32-33 (CA1 1987). Even if a trademark has been used in a commercial context, courts are required to construe the trademark laws narrowly to avoid impingement on First

Amendment rights. *Cliffs Notes v. Bantam Doubleday*, 886 F2d 490, 494 (CA2 1989).

First Amendment interests are weighed as a factor in deciding whether a trademark violation should be found. *Anheuser-Busch v. Balducci Publications*, 28 F3d 769, 776 (CA8 1994). Injunctions must be narrowly crafted to comply with the general rule against prior restraints of speech. *Id.* at 778; *Consumers' Union v. General Signal Corp.*, 724 F2d 1044, 1053 (CA2 1983); *Better Business Bureau v. Medical Directors*, 681 F2d 397, 404-405 (CA5 1982). "Restrictions imposed on deceptive commercial speech can be no broader than reasonably necessary to prevent the deception." *FTC v. Brown & Williamson Tobacco Corp.*, 778 F2d 35, 43-44 (CA6 1985), citing *In re RMJ*, 455 U.S. 191, 203 (1982); see also *Castrol v. Pennzoil*, 987 F2d 939, 949 (CA3 1993). The lower court itself observed this rule in its resolution of the likelihood of confusion claims, when it ordered defendant to include strong disclaimers and to refrain from advertising automotive products instead of stripping defendant of the right to advertise his own business or taking away his domain names.

The dilution injunction, however, does not comply with this rule. To the contrary, by "balancing the equities" to forbid the one use that enjoys the greatest protection under the First Amendment, while allowing Mr. Nissan to use the domain names for personal purposes, the court below stood the law on its head. If any

dilution is found here, the injunction should be limited to prohibiting purely commercial or misleading uses, not uses whose “dilution” flows from the adverse effects of being criticized for filing this lawsuit.

CONCLUSION

Sections (3) and (5) of the dilution injunction, which forbid defendants from placing content that criticizes Nissan, or links to other websites that contain such content, on the websites maintained at nissan.com and nissan.net, should be reversed.

Respectfully submitted,

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August 11, 2003