

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

CROWN PONTIAC, INC., dba)	
Crown Pontiac Nissan,)	
Crown Pontiac-Nissan,)	
)	
)	
Plaintiff,)	Case No. CV-02.C-1001-S
)	
vs.)	
)	
)	
THOMAS BALLOCK,)	
Defendant.)	
_____)	

REPLY IN SUPPORT OF DEFENDANT'S
MOTION TO DISSOLVE PRELIMINARY INJUNCTION

In this Reply, Ballock responds to some of the issues raised by Crown's Opposition to Ballock's Motion to Dissolve the Preliminary Injunction. To avoid repetition, Ballock responds only to those points that Crown did not raise in its initial Motion for a Preliminary Injunction, and which were thus not addressed by Ballock in his Motion to Dissolve the Preliminary Injunction.

I. AT THE VERY LEAST, THE INJUNCTION SHOULD BE MODIFIED TO PERMIT BALLOCK TO USE CROWN'S NAME IN THE TEXT OF HIS WEBSITE.

The preliminary injunction issued by this Court states that Ballock is enjoined from acquiring, utilizing or operating any website using the tradename Crown Pontiac-Nissan or any confusing variant thereof, in the text or domain name(s) intended to, or having the effect of, diverting traffic from Crown Pontiac, Inc.'s web sites"

Order, May 8, 2002 (emphasis added). Ballock took down his www.crownpontiacnissan.com website immediately after the injunction was issued. However, Crown's name continued to appear on Ballock's www.ballock.com website. On May 15, 2002, Crown's attorney wrote Ballock a letter

demanding that he cease using Crown's name in the text of his website. The letter stated:

I noticed that you continue to violate the injunction by using Crown Pontiac, Inc.'s trademark/trade name on your website www.ballock.com in the area identified as "sites and miscellaneous stuff." Please remove my client's trademark/trade name from www.ballock.com.

Letter from John Galese to Thomas Ballock, May 15, 2002 (attached as Exhibit 1).

In its opposition, Crown appears to have retreated from its position that Ballock is violating the injunction simply by referencing Crown's name in his website. Crown now claims that although it would not oppose a modification of the Order, such a modification is "unnecessary" because Ballock is free "to express his views about the plaintiff under a different domain name." Crown's Opp. 13. In light of the wording of the preliminary injunction, as well as Crown's May 15 letter stating that the injunction prohibits him from using Crown's name in the text of his www.ballock.com website, Ballock requests that, in the event that this Court does not dissolve the injunction entirely, it modify the injunction to expressly permit him to use Crown's name in the text of his websites.

II. THE FIRST AMENDMENT PROTECTS BALLOCK'S USE OF CROWN'S NAME IN THE DOMAIN NAME AND META TAGS OF HIS WEBSITE.

Crown assumes that the First Amendment applies only to Ballock's use of its name in the text of his website, and does not apply to his use of its name in the domain name or meta tags of his website. See Crown's Opp. 3-4. That is incorrect. Use of another's name in a domain name is analogous to the use of a trademark in the title of a creative work, to which the courts give First Amendment protection because it is part of the author's expression, calling attention to the content of the work in question. E.g., Twin Peaks Production v. Publications Int'l, 996 F.2d 1366, 1379 (2d Cir. 1993); Rogers v. Grimaldi, 875 F.2d 994, 999 (2d Cir. 1989). That is just the manner in which

Ballock used Crown's name in his domain and meta tags: He is seeking to call the public's attention to the fact that his site concerns Crown and its services. Declaration of Thomas Ballock ¶¶ 20-21, attached as Exhibit A to Ballock's Motion. His website does not masquerade as Crown's official website. To the contrary, it contains prominent disclaimers and, in any case, is so clearly critical of Crown that no reasonable viewer of the site could believe that it is Crown's official site. Bally Total Fitness Holding Corp. v. Faber, 29 F. Supp.2d 1161, 1163-64 (D.C. Cal. 1998) (concluding that "no reasonable consumer" would believe that a website critical of plaintiff was sponsored by plaintiff).

Crown cites Planned Parenthood Federation of America v. Bucci, 1997 U.S. Dist. LEXIS 3338 (S.D.N.Y. Mar. 24, 1997), to support its argument that Ballock's use of Crown's name in his domain name is not protected by the First Amendment. Crown's Opp. 4. In fact, that case supports Ballock's argument that use of Crown's name in his domain name is protected speech as long as Ballock is clear, as he has been, that Crown is not the source of that website. The court explained that Bucci's use of www.plannedparenthood.com was a violation of the Lanham Act because Bucci was not engaging in First Amendment protected speech, such as parody or criticism, but rather was using the name to create confusion about the source of the site. The court stated:

Defendant's use of another entity's mark is entitled to First Amendment protection when his use of that mark is part of a communicative message, not when it is used to identify the source of a product. By using the mark as a domain name and home page address and by welcoming Internet users to the home page with the message "Welcome to the Planned Parenthood Home Page!" defendant identifies the web site and home page as being the product, or forum, of plaintiff. I therefore determine that, because defendant's use of the term "planned parenthood" is not part of a communicative message, his infringement on plaintiff's mark is not protected by the First Amendment.

Planned Parenthood, 1997 U.S. Dist. LEXIS 3338, *35-36.

Ballock used Crown's name in his domain name and meta tags, as well as the text, to

communicate the subject of his criticism, and not to create any confusion about the source of his website. Thus, his use of Crown's name in the domain name and meta tags of his site, like his use of Crown's name in the text of that site, constitutes First Amendment protected speech and should not be subject to the prior restraint of a preliminary injunction.

III. THE INJUNCTION SHOULD BE DISSOLVED TO THE EXTENT THAT IT RELIED UPON CROWN'S CLAIM THAT BALLOCK VIOLATED 15 U.S.C. § 1114, WHICH CROWN HAS NOW ABANDONED.

In his Motion to Dissolve the Preliminary Injunction, Ballock pointed out that Crown could not succeed in its claim of infringement pursuant to section 32 of the Lanham Act, 15 U.S.C. § 1114, because Crown had never registered its name, as required to bring a claim under that provision. In its Opposition, Crown does not dispute that section 1114 only applies to registered trademarks and that its name is not registered. Crown Opp. 4-5. However, Crown insists that it never claimed that Ballock had violated section 1114 and did not seek the preliminary injunction on that ground. Id. Crown insists that it only sought an injunction pursuant to 15 U.S.C. § 1125. Id.

Crown's disavowal of its section 1114 infringement claim is extraordinary, and alone is grounds for lifting the injunction. In its complaint initiating its case against Ballock, Crown claimed that Ballock violated 15 U.S.C. § 1114. See Complaint ¶ 3. Likewise, in its motion seeking a preliminary injunction, Crown repeatedly argued that Ballock's website infringed upon its mark, citing the legal standard for infringement under section 1114. For example, Crown claimed that Ballock "used the mark 'in connection with the sale, offering for sale, distribution, or advertising' of goods or services." Crown's Mot. for Preliminary Injunction 5. The quoted language is taken directly from section 1114, and does not exist in section 1125. Because Crown has now abandoned its argument that Ballock violated section 1114, the injunction cannot stand to the extent that it was

based on Crown's assertion that Ballock violated that provision of the Lanham Act.

IV. CROWN HAS NOT DEMONSTRATED THAT IT IS LIKELY TO PREVAIL ON ITS CLAIM THAT BALLOCK VIOLATED 15 U.S.C. § 1125.

Now that Crown has abandoned any claim that Ballock's website violated 15 U.S.C. § 1114, the injunction rests solely on Crown's assertion that Ballock's website violates 15 U.S.C. § 1125. Because Crown has not demonstrated a likelihood of prevailing on that claim, the injunction should be dissolved.

A. Ballock's Website Is Noncommercial.

Like Section 1114, section 1125 applies only if defendant made "use" of plaintiff's name "in commerce." In addition, section 1125(c)(4)(B) specifically exempts all "noncommercial use of a mark" from the ambit of section 1125. Thus, to prevail on an infringement claim under section 1125, Crown must demonstrate that Ballock's website was commercial. In his Motion to Dissolve the Preliminary Injunction, Ballock explained that he did not sell any goods or services through his website, and that his website expressly states that it is a noncommercial site intended to educate consumers about Crown specifically and the hazards of new car purchases generally. Ballock's Mot. 3-5. In its Opposition, Crown does not dispute these facts, but argues instead that the Internet itself is sufficiently "in commerce" to permit Congress to regulate Ballock's website pursuant to its Commerce Clause power. Crown's Opp. 5.

Ballock agrees with Crown that the Internet generally, and Ballock's website specifically, could be regulated by Congress pursuant to its Commerce Clause power. However, the only relevant question is whether Congress intended section 1125 to reach any and all activity on which it is constitutionally empowered to legislate. Congress clearly did not. Section 1125(c)(4)(B)'s

noncommercial-use exception ensures that "parody, satire, editorial and other forms of expression that are not part of a commercial transaction" and thus are not subject to suit under that provision. Dr. Suess Enterprises v. Penguin Books USA, 924 F. Supp. 1559, 1574 (S.D. Cal. 1996), aff'd, 109 F.3d 1394 (9th Cir. 1997) (quoting statement of Senator Hatch, 141 Cong. Rec. S19310 (daily ed. Dec. 29, 1995)). As the court in Dr. Suess Enterprises explained, "an expressive use is not rendered commercial by the impact of use on sales." Id.

Moreover, in 1988, Congress defined the phrase "use in commerce" with the express purpose of limiting its scope to use in the ordinary course of trade. As Congress explained, "Amendment of the definition of 'use in commerce' [in Section 45 of the Lanham Act] is one of the most far-reaching changes the legislation contains The committee intends that the revised definition of 'use in commerce' be interpreted to mean commercial use which is typical in a particular industry." Sen. Rep. 100-515, 100th Cong., 2d Sess. 44 (1988). Congress could not have been clearer in stating that section 1125 applies only to commercial use of another's mark, and not to any use that Congress could conceivably regulate pursuant to its Commerce Clause power. See, e.g., Licata & Co. v. Goldberg, 812 F. Supp. 403, 409 (S.D.N.Y. 1993) (holding that Lanham Act "does not extend to the full outer limits of the commerce power"). Because Congress did not intend section 1125 to apply to noncommercial activities such as Ballock's site, Crown will not prevail on its claim that Ballock infringed its name in his site.

B. Crown Has Produced No Evidence Of Confusion.

To prevail in an infringement action, Crown must show that an "appreciable number of ordinarily prudent" customers would be "misled" or "confused" as to the source of Ballock's web site. Thompson Medical co. , Inc. v. Pfizer, 753 F.2d 208, 213 (2d Cir. 1985). Crown cannot show that

even one consumer has been confused. Crown provided no evidence of consumer confusion in its Opposition to Ballock's Motion to Dissolve the Preliminary Injunction. Thus, the sole basis for Crown's claim of customer confusion remains the hearsay statement from Crown's general manager, Roger Roper, that an unnamed customer claimed she "initially believed" that Ballock's site was Crown's official site. Affidavit of Roger Roper at 2, attached as Exhibit A to Crown's Mot. An "initial belief" is not equivalent to confusion regarding source. See The Network Network v. CBS, 54 U.S.P.Q.2d 1150, 1155 (C.D. Cal. 2000) ("There is a difference between inadvertently landing on a website and being confused."); Choice Hotels International v. Kaushik, 147 F. Supp.2d 1242, 1254-1255 (M.D. Ala. 2000) (finding no confusion where only evidence was "vague" testimony about unnamed customers' confusion).

C. Crown Has No Evidence That Ballock Created The Website With The Bad Faith Intent To Profit.

Crown has also failed to present any evidence that Ballock used, registered, or trafficked in the domain name with a "bad faith intent to profit" from use of the domain name, as it must to prevail on a claim under the Anticybersquatting Consumer Protection Act ("Anticybersquatting Act"), 15 U.S.C. § 1125(d)(1)(A)(i). The Anticybersquatting Act targets individuals who register "'well-known brand names as Internet domain names' in order to force the rightful owners of the marks 'to pay for the right to engage in electronic commerce under their own brand name.'" Virtual Works, Inc. v. Volkswagon of America, Inc., 238 F.3d 264, 267 (4th Cir. 2001) (quoting S. Rep. No. 106-140, at 5 (1999)). For example, the defendant in E. & J. Gallo Winery v. Spider Webs Ltd., 286 F.3d 270 (5th Cir. 2002), admitted to owning hundreds of domain names associated with existing businesses which he attempted to sell back to those businesses for upwards of \$10,000 a piece.

See also Virtual Works, 238, F.3d at 267 (Virtual Works informed Volkswagon that it would sell vw.net to the highest bidder). In comparison, Ballock has stated on his website and in his declaration that he does not intend to sell the site to Crown, id. at 9; Ballock Decl. ¶ 24, and Crown does not claim that Ballock ever approached it offering to do so. Thus, Ballock's use of Crown's domain name is not prohibited by section 1125(d).

Crown's sole support for its claim that Ballock had a bad faith intent to profit comes from his statement on the website that his "primary concern is obtaining a just resolution of the dispute with Crown Nissan." Crown's Mot. 7; Crown's Opp. 10-11. That statement does not express any intent by Ballock to sell or profit from the website, or even request compensation from Crown, and it certainly does not satisfy the "bad faith intent to profit" requirement of the Anticybersquatting Act.

In any case, Crown cited the sentence out of context to make it appear as if Ballock is asserting that the primary purpose of his website was to obtain "just resolution" of his dispute with Crown. In fact, the vast majority of the website is devoted to informing consumers about the hazards of arbitration agreements and car purchases in general, and not Ballock's dispute with Crown. The sentence quoted by Crown appears in a paragraph on page eight of the site, in which Ballock explains that he retracted statements he made on the website about the professionalism of attorney John Galese after he was threatened with a lawsuit for defamation. Ballock explained that he retracted the statements, despite his opinion that they did not constitute defamation, because his "primary concern is obtaining a just resolution of the dispute with Crown Nissan" and he did not want to be distracted by additional litigation. The sentence was posted on April 17, 2002, more than a month after Ballock established the website. In short, the quoted sentence does not demonstrate any intent by Ballock to profit from the website, as Crown is required to show to prevail under the

Anticybersquatting Act.¹

In its opposition, Crown claims that Ballock violated section 1125(d) because "it is clear that the defendant's intent is to 'divert consumers from [plaintiff's] online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to source, sponsorship, affiliation, or endorsement of the site." Crown's Opp. 11 (emphasis added by Crown). Crown is quoting from one of the nine factors in section 1125(d) that a court "may consider" in making a determination about whether the defendant had a "bad faith intent to profit" in selecting its domain name. 15 U.S.C. § 1125(d)(1)(B)(i)(V). Crown assumes that if it can show that Ballock intended to tarnish or disparage its name, then it has demonstrated that Ballock violated the Anticybersquatting Act. Not so, for three reasons. First, as a threshold matter, the Cybersquatting Act clearly states that Ballock must have a "bad faith intent to profit," and thus

¹ In its entirety, the relevant paragraph of Ballock's website states:

Attorney Jeffrey L. Ingram (John Galese's partner, I presume) sent a fax on 4/15/2002 accusing me of making defamatory statements about John Martin Galese, citing the Alabama Code, section 6-5-186. The fax demanded a retraction to be published within 5 days . . .

After review of legal issues regarding charges of defamation, I believe a good defense against Jeffrey L. Ingram's charge of defamation is possible.

Unfortunately, that would require a great deal of time and, possibly, expense. My primary concern is obtaining a just resolution of the dispute with Crown Nissan, so I've attempted to accommodate Mr. Ingram's request as best I could (he failed to response to my inquiry, made twice, asking him for specifics) by retracting my statement of opinion regarding John Martin Galese's professional comportment. I have no desire to be dragged into another legal dispute, and the associated demands.

See Ballock's Website, attached as Exhibit B to Ballock's Motion to Dissolve the Preliminary Injunction, at 7-8.

Crown cannot satisfy the standard by showing only that Ballock wished to "tarnish or disparage" Crown. Second, although Ballock certainly intended to criticize Crown, he did not do so "by creating a likelihood of confusion as to source, sponsorship, affiliation, or endorsement of the site" as section 1125(d)(1)(B)(i)(V) requires. Ballock went to great effort to display prominent disclaimers throughout his site. Indeed, it is hard to imagine how he could have done more to distinguish his site from Crown's official site. Third, Crown fails to recognize that the mere fact that criticism has a tendency to make the public think less of the target of the criticism is not sufficient to make out a trademark violation. Professor McCarthy, a noted expert on trademark, forcefully makes this point in his treatise:

Criticism of a company or product

In terms of traditional free speech policy, 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. For example, a newsmagazine article which criticizes a firm's policies should be permitted to use the firm's logo as a familiar symbol of that firm. A political cartoonist should be allowed some room to use a caricature of a character or design mark in order to make a social point about the firm that owns the mark. If the trademark is "tarnished" in such commentary, it is the result of the content of the ideas being conveyed. The main remedy of the trademark owner is not an injunction to suppress the message. As Justice Brandeis long ago stated, "If there be time to expose through discussion the falsehood and fallacies, to avert the evil by the process of education, the remedy to be applied is more speech, not enforced silence."

The Restatement [of Unfair Competition] 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. Speaking in the context of anti-dilution law, the Restatement remarks that:

The commercial value of a highly distinctive trade symbol results from the strong association of the symbol with the goods, services or business of a particular user. When that symbol is used by others to identify a different source, the power of the mark to evoke its original association is diluted. Non-trademark uses, which do not

involve a use to identify another's goods, service or business, however, are unlikely to have this 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.

The Restatement recognizes the tarnishment impact that can flow from an unfavorable communicative statement about a product or its maker, using the trademark as an identifier of the product or company. But it cautions against use of an anti-dilution law to squelch such "tarnishment," for this raises "significant free speech concerns and duplicates existing remedies better suited to balance the relevant interests."

5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 31:148 (4th ed. 1999) (footnotes omitted).² As Professor McCarthy's explanation makes clear, not only is Ballock's website permissible under trademark law, it also constitutes speech protected by the First Amendment.

DATED: July 1, 2002

Respectfully submitted,

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² In addition, the Anticybersquatting Act does not apply where the "person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful." 15 U.S.C. § 1125(d)(1)(B)(ii). Ballock certainly has reasonable grounds to believe his use of Crown's name in his domain name is entirely lawful. The Anticybersquatting Act has never been applied to prohibit use of a domain name to criticize a company where the defendant had no intent to profit from the website. In fact, in Northland Insurance Companies v. Blaylock, 115 F. Supp.2d 1108 (Minn. 2000), the only case directly on point, the court rejected Northland's argument that defendant's use "www.northlandinsurance.com" as the domain name for his website critical of Northland Insurance violated the Anticybersquatting Act.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of Defendant Thomas Ballock's Reply in Support of Motion to Dissolve the Preliminary Injunction has been served on the party listed below by first-class mail, postage pre-paid, this 1st day of July, 2002:

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Amanda Frost

