



U.S. District Court
Southern District of California
880 Front Street, Room 4290
San Diego, CA 92101-8900

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CASE: 011752-CV #00116

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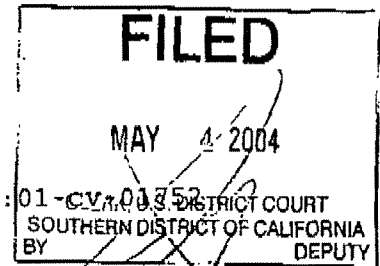
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA



JUDGMENT IN A CIVIL CASE

Case Number: 3:01-cv-00352

Bosley Medical - PLAINTIFF

v.

Kremer - DEFENDANT

— JURY VERDICT. This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

X DECISION BY COURT. This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED THAT The Court grants defendant's motion to dismiss, defendant's motion to strike the complaint and defendant's motion for partial summary judgment. The Court denies Plaintiff's motion to strike Kremer's third affidavit, denies Plaintiff's motion for summary judgment on trademark infringement claims and denies plaintiffs motion for summary judgment on trademark dilution claims.

05/04/04

Date

W. Samuel Hamrick, Jr.

Clerk

[Signature]
J. HATHAWAY

Entered on 5/4/04

pre - Hayes
ref - Adler



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CASE: 011752-CV #00115

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

BOSLEY MEDICAL INSTITUTE, INC.,

Plaintiff,

v.

MICHAEL STEVEN KREMER,

Defendant.

Civil No. 01-1752 WQH (JMA)

**ORDER GRANTING
DEFENDANT'S MOTION TO
DISMISS, TO STRIKE, AND FOR
PARTIAL SUMMARY JUDGMENT
[Doc. No. 67]**

**ORDER DENYING PLAINTIFF'S
MOTION TO STRIKE [Doc. No. 78]**

**ORDER DENYING PLAINTIFF'S
MOTIONS FOR SUMMARY
JUDGMENT [Doc. Nos. 82, 91]**

**ORDER RE: DEFENDANT'S
MOTIONS FOR LEAVE TO
PRESENT SUPPLEMENTAL
AUTHORITY [Doc. Nos. 106, 112]**

Defendant Michael Kremer moves to dismiss and for partial summary judgment on Plaintiff's federal claims, and to strike Plaintiff's state law claims. Plaintiff Bosley Medical Institute, Inc. moves for summary judgment on Plaintiff's federal trademark infringement and trademark dilution claims. On April 2, 2004 counsel for the parties appeared for oral argument before the Honorable William Q. Hayes, United States District Judge. Having considered the parties' briefs and oral argument, the Court enters the following decision.

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1 *Background*

2 Plaintiff Bosley Medical Institute, Inc. manages and markets surgical and consultation
3 offices which provide hair transplantation, restoration, and replacement services. *First Amended*
4 *Complaint ("FAC")* ¶ 6. Bosley owns the following trademarks and service marks: Bosley,
5 Bosley Medical, Bosley Healthy Hair, Bosley Healthy Hair Formula and Bosley Healthy Hair
6 Complex for hair care products, surgical hair restoration, and consulting relating to the hair and
7 scalp (collectively, "the marks"). *Id.* ¶ 8. Defendant Michael Kremer is a dissatisfied former
8 Bosley patient. *Id.* ¶ 26. In 1991 Kremer received hair replacement services from Dr. David
9 Smith at a Bosley facility in Seattle, Washington. *Id.* In 1994 Kremer filed a medical
10 malpractice lawsuit against Bosley, but the court dismissed the suit through summary judgment.
11 *Id.* ¶ 27.

12 Bosley alleges that Kremer attempted to extort money from Dr. Smith and Dr. L. Lee
13 Bosley, the company's founder. *Id.* ¶¶ 28-35. Specifically, Bosley alleges that Kremer first
14 delivered a letter to Dr. Smith's home in May 1999, demanding \$400,000 to "prevent the
15 possibility of being brought down" with the Bosley organization. *Id.* ¶¶ 28-29. On January 7,
16 2000 Kremer purchased and registered the Internet domain name "bosleymedical.com." *Id.* ¶ 31.
17 Bosley alleges that on January 12, 2000 Kremer left a letter at Bosley's Beverly Hills office,
18 threatening to criticize Bosley on the website bosleymedical.com unless his monetary demands
19 were met. *Id.* ¶ 32. On March 29, 2001 Kremer purchased and registered the domain name
20 "bosleymedicalviolations.com." *Id.* ¶ 34. Bosley alleges that in November 2001 Kremer sent
21 letters to some of Bosley's affiliated physicians, threatening publication of derogatory, critical
22 information on websites located at his two registered domain names. *Id.* ¶ 35. Kremer continues
23 to maintain the websites for the purpose of publishing "numerous derogatory and critical
24 statements that refer to and identify Bosley, its president, Dr. L. Lee Bosley, hair care and
25 restoration services provided by Bosley, and Bosley's business." *Id.* ¶ 41.

26 On November 28, 2000 Bosley filed a complaint with the World Intellectual Property
27 Organization ("WIPO") Arbitration and Mediation Center. Bosley alleged that Kremer had
28 purchased and registered domain names identical or confusingly similar to Bosley's marks in bad

1 faith, that he could not establish a legitimate right in the domain names, and that he was using
2 the domain names to harass and intimidate Bosley and its employees. The WIPO panel found in
3 Kremer's favor, concluding that there was no potential trademark violation because Kremer's
4 domain names were not registered for a commercial purpose. The panel further found that
5 Bosley had instituted the WIPO proceedings for the purpose of "squelching" Kremer's negative
6 commentary.

7 On June 12, 2001 Bosley filed suit against Kremer in the Northern District of Illinois,
8 bringing claims for cyberpiracy, trademark infringement, trademark dilution, unfair competition,
9 libel and actual malice. Kremer filed several motions attacking the pleadings, including a
10 motion to dismiss for lack of personal jurisdiction or, in the alternative, to transfer venue.
11 Bosley consented to the venue transfer, and on September 27, 2001 the case was transferred to
12 the Southern District of California. In October 2001 Kremer moved to dismiss the complaint for
13 failure to state a claim, to dismiss the cyberpiracy, libel and actual malice claims for lack of
14 subject matter jurisdiction, and to strike the pleadings under California's anti-SLAPP statute.
15 Bosley requested, and was granted, limited discovery in order to respond to the motions. In
16 October 2003 the parties reached a settlement concerning the libel-based claims.

17 On October 9, 2003 Bosley filed the FAC, effectively mooted the pending motions. The
18 FAC alleges claims for (1) trademark infringement under the Lanham Act, (2) unfair
19 competition under the Lanham Act, (3) trademark dilution under the Lanham Act, (4)
20 cybersquatting, (5) trademark infringement under California law, (6) trademark dilution under
21 California law and (7) unlawful business practices under California Business and Professions
22 Code § 17200. Kremer now moves to dismiss the federal trademark claims, to strike the state
23 law claims under the anti-SLAPP statute, and for partial summary judgment. Bosley cross-
24 moves for summary judgment on its trademark infringement and dilution claims.

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1 *Legal Standards*

2 *I. Consideration of Matters Outside the Pleadings*

3 Kremer moves to dismiss Bosley's federal trademark claims under Rule 12(b)(6) for
4 failure to state a claim upon which relief may be granted. He also moves for partial summary
5 judgment. Together with his moving papers, Kremer presented affidavits with supporting
6 exhibits. Bosley moves to strike the affidavit and accompanying exhibits as matters outside the
7 scope of the pleadings and not subject to judicial notice. As a general rule, a district court may
8 not consider any material beyond the pleadings in ruling on a Rule 12(b)(6) motion. *See Lee v.*
9 *City of Los Angeles*, 250 F.3d 668, 688 (9th Cir. 2001). Subject to certain exceptions, when

10 matters outside the pleadings are presented to and not excluded by
11 the court, the motion shall be treated as one for summary judgment
12 and disposed of as provided in Rule 56, and all parties shall be given
reasonable opportunity to present all material made pertinent to such
a motion by Rule 56.

13 Fed. R. Civ. P. 12(b)(6). Notice to the parties that the court will treat the motion as one for
14 summary judgment need not be explicit. *In re Rothery*, 123 F.3d 546, 549 (9th Cir. 1998).
15 Notice is adequate if the non-moving party is "fairly apprised" before the hearing that the court
16 will look beyond the pleadings. *Id.* "A party is 'fairly apprised' that the court will in fact be
17 deciding a summary judgment motion if that party submits matters outside the pleadings to the
18 judge and invites consideration of them." *Id.* Here, not only did Bosley file its own cross-
19 motions for summary judgment on the same claims that are the subject of Kremer's Rule
20 12(b)(6) motion, it submitted material outside the pleadings for the Court's consideration in
21 connection with those motions. Accordingly, the Court may properly treat Kremer's motion to
22 dismiss as a motion for summary judgment under Rule 56(c).

23 *II. Summary Judgment*

24 Summary judgment is appropriate under Rule 56 of the Federal Rules of Civil Procedure
25 where the moving party demonstrates the absence of a genuine issue of material fact and
26 entitlement to judgment as a matter of law. Fed. R. Civ. P. 56(c); *see also Celotex Corp. v.*
27 *Catrett*, 477 U.S. 317, 322 (1986). A fact is material when, under the governing substantive law,
28 it could affect the outcome of the case. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248

1 (1986). A dispute over a material fact is genuine if “the evidence is such that a reasonable jury
2 could return a verdict for the nonmoving party.” *Id.*

3 A party seeking summary judgment always bears the initial burden of establishing the
4 absence of a genuine issue of material fact. *Celotex*, 477 U.S. at 323. The moving party may
5 meet this burden in two ways: (1) by presenting evidence that negates an essential element of the
6 nonmoving party’s case or (2) by demonstrating that the nonmoving party failed to make a
7 showing sufficient to establish an element essential to that party’s case on which that party will
8 bear the burden of proof at trial. *Id.* at 322-23. If the moving party fails to discharge this initial
9 burden, summary judgment must be denied and the court need not consider the nonmoving
10 party’s evidence. *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 159-60 (1970).

11 If the moving party satisfies its initial burden, the nonmoving party cannot defeat
12 summary judgment merely by demonstrating “that there is some metaphysical doubt as to the
13 material facts.” *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586
14 (1986); *see also Anderson*, 477 U.S. at 252 (“The mere existence of a scintilla of evidence in
15 support of the nonmoving party’s position is not sufficient.”). Rather, the nonmoving party must
16 “go beyond the pleadings and by her own affidavits, or by the depositions, answers to
17 interrogatories, and admissions on file, designate specific facts showing that there is a genuine
18 issue for trial.” *Celotex*, 477 U.S. at 324 (quoting Fed. R. Civ. P. 56(e)) (internal quotations
19 omitted).

20 In ruling on a motion for summary judgment, “[t]he district court may limit its review to
21 the documents submitted for purposes of summary judgment and those parts of the record
22 specifically referenced therein.” *Carmen v. San Francisco Unified Sch. Dist.*, 237 F.3d 1026,
23 1030 (9th Cir. 2001). Therefore, the court is not obligated to “scour the record in search of a
24 genuine issue of triable fact.” *Keenan v. Allen*, 91 F.3d 1275, 1279 (9th Cir. 1996) (citing
25 *Richards v. Combined Ins. Co.*, 55 F.3d 247, 251 (7th Cir. 1995)). The court must view all
26 inferences drawn from the underlying facts in the light most favorable to the nonmoving party.
27 *Matsushita*, 475 U.S. at 587. “Credibility determinations [and] the weighing of evidence ... are
28 jury functions, not those of a judge, [when] he [or she] is ruling on a motion for summary

1 judgment.” *Anderson*, 477 U.S. at 255.

2 When parties submit cross-motions for summary judgment on the same claim or issue,
3 each motion must be considered on its own merits and analyzed under Rule 56. *See Fair*
4 *Housing Council of Riverside County, Inc. v. Riverside Two*, 249 F.3d 1132, 1136 (9th Cir.
5 2001). The court must consider the appropriate evidentiary material identified and submitted in
6 support of both motions, and in opposition to both motions, before ruling on the motions. *Id.*
7 That both parties assert that no genuine issues of material fact exist does not vitiate the court’s
8 responsibility to determine whether disputed issues of material fact are present. *Id.* (quoting
9 *United States v. Fred. A. Arnold, Inc.*, 573 F.2d 605, 606 (9th Cir. 1978)).

10 **III. California’s Anti-SLAPP Statute**

11 “California’s anti-SLAPP (Strategic Lawsuit Against Public Participation) statute
12 provides a mechanism for a defendant to strike civil actions brought primarily to chill the
13 exercise of free speech.” *Metabolife Int’l, Inc. v. Wornick*, 213 F.Supp.2d 1220, 1221 (S.D. Cal.
14 2002) (Rhoades, J.) (citing Cal. Civ. Proc. Code § 425.16(b)(1)). “The California Legislature
15 passed the statute recognizing the public interest to encourage continued participation in matters
16 of public significance ... and finding that this participation should not be chilled through abuse of
17 the judicial process.” *Id.* (citations omitted). Under the anti-SLAPP statute, where an action
18 arises from any act in furtherance of a person’s right to petition or to free speech, the action is
19 subject to a special motion to strike unless the plaintiff can demonstrate a probability of
20 prevailing. *See Batzel v. Smith*, 333 F.3d 1018, 1024 (9th Cir. 2003).

21 In order to prevail on an anti-SLAPP motion, the defendant is required to make a prima
22 facie showing that the plaintiff’s suit arises from an act by the defendant made in connection
23 with a public issue in furtherance of the defendant’s right to free speech under the United States
24 or California Constitution. *Id.* (citing *United States ex rel. Newsham v. Lockheed Missiles &*
25 *Space Co.*, 190 F.3d 963, 971 (9th Cir. 1999). *See also* Cal Civ. Proc. Code § 425.16(e)
26 (defining “act in furtherance of a person’s right of ... free speech.”). The burden then shifts to
27 the plaintiff to establish a reasonable probability that the plaintiff will prevail on his or her
28 defamation claim. *See Lockheed*, 190 F.3d at 971. “The plaintiff must demonstrate that the

1 complaint is legally sufficient and supported by a prima facie showing of facts to sustain a
2 favorable judgment if the evidence submitted by plaintiff is credited. *Batzel*, 333 F.3d at 1024
3 (citations omitted). As with a motion for summary judgment, the evidence the plaintiff submits
4 in support of its claims must be admissible evidence. *Kyle v. Carmon*, 71 Cal.App.4th 901, 907
5 (1999). If the court denies an anti-SLAPP motion to strike, the parties continue with discovery.
6 *Batzel*, 333 F.3d at 1024. Once the plaintiff's case has survived the motion, the anti-SLAPP
7 statute no longer applies and the parties proceed to litigate the merits of the action. *Id.*

8 *Discussion*

9 *I. Kremer's Ex Parte Requests for Leave to Present Supplemental Briefing*

10 Kremer filed two *ex parte* motions for leave to submit additional briefing. The first seeks
11 leave to submit an additional affidavit, new authority, and new evidence. The case authority
12 deals with the interplay between trademark law and a consumer's right to register a domain
13 name and establish a website publishing criticism of a person or a business's goods and services.
14 The new evidence is an advertising mailer Kremer received from Bosley in March 2004 and
15 percipient observations made during a recent visit by Kremer to Bosley's Portland, Oregon
16 offices. Kremer offers the mailer and the information he gathered through the office visit as
17 evidence that there is no likelihood of confusion between his websites and Bosley's trademarks.
18 The Court **GRANTS IN PART AND DENIES IN PART** Kremer's *ex parte* motion of March
19 29, 2004. The Court will consider the new case authority, but declines to consider Kremer's
20 affidavit and accompanying exhibits.

21 Kremer's second motion requests that the Court consider two recently decided cases
22 concerning the Lanham Act's commercial use requirement. The Court **GRANTS** Kremer's *ex*
23 *parte* motion of April 27, 2004, and will consider the additional authority.

24 *II. Kremer's Websites*

25 Kremer maintains two websites concerning Bosley and its services: bosleymedical.com
26 and bosleymedicalviolations.com. The two sites are substantially the same. Both sites contain
27 content critical of Bosley, descriptions of various government investigations into Bosley's
28 services and business practices, and descriptions of medical board disciplinary actions against

1 Dr. Bosley. "In internet parlance, a web name with a 'sucks.com' moniker attached to it is
2 known as a 'complaint name,' and the process of registering and using such names is known as
3 'cybergripping.'" *Taubman Co. v. Webfeats*, 319 F.3d 770, 772 (6th Cir. 2003). Although
4 Kremer's domain names do not include the word "sucks," or other pejorative terms, the
5 commentary contained in the websites may rightly be termed cybergripping. The main page at
6 bosleymedical.com depicts a prominent caption which states, "The Bosley Medical Institute
7 Sued By Attorney General for False Advertising." The primary content of this site concerns the
8 Los Angeles District Attorney's Office Consumer Protection Division's investigation of Bosley.
9 There are links to reports generated during the investigation and to a document entitled
10 "Accusation and Petition to Revoke Probation of Larry Lee Bosley." The site also contains links
11 to Bosley's home page, bosley.com, and to a website discussing a Japanese company's buyout of
12 Bosley's shares. Finally, there is a link to Kremer's second website,
13 bosleymedicalviolations.com, which contains similar links to information about the
14 investigations. The latter site includes a list entitled "10 Things You Should Know About the
15 Bosley Medical Group" and information on how consumers can protect themselves from
16 disreputable doctors.

17 Both sites include information about the instant lawsuit, accompanied by a link to Public
18 Citizen, the nonprofit group who is providing Kremer's legal representation in this action. Both
19 sites have a prominent disclaimer: "This website contains information critical of the Bosley
20 Medical Institute and is not affiliated with it in any way. The Bosley Medical Institute website is
21 located at www.bosley.com." Finally, both sites include a disclaimer about nonprofit status.
22 Small print at the bottom of the bosleymedicalviolations.com site states, "This is a non-profit
23 website." Similar print at the bottom of the bosleymedical.com site states, "This site is non-
24 commercial and intended for consumer information purposes only."

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1 **III. Bosley's Federal Claims**

2 **A. Overview of Bosley's Claims**

3 Bosley asserts four federal claims: trademark infringement, trademark dilution,
4 cybersquatting and unfair competition. To establish its trademark infringement claim, Bosley
5 must prove that Bosley has valid protectable trademarks and that Kremer's use of the marks in
6 interstate commerce creates a likelihood of confusion. *See* 15 U.S.C. 1125(a)(1); *Bally Total*
7 *Fitness Holding Corp. v. Faber*, 29 F.Supp.2d 1161, 1163 (C.D. Cal. 1998). "Dilution is defined
8 as 'the lessening of the capacity of a famous mark to identify and distinguish goods or services,
9 regardless of ... competition between the owner of the famous mark and other parties, or
10 likelihood of confusion, mistake or deception.'" *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d
11 1316, 1326 (9th Cir. 1998) (quoting 15 U.S.C. § 1127). To prevail on its trademark dilution
12 claim, Bosley must show that (1) its marks are famous, (2) Kremer is using the marks in
13 interstate commerce, (3) Kremer's use of the marks began after the marks became famous and
14 (4) Kremer's use of the marks presents a likelihood of dilution of the marks' distinctive value.
15 *See* 15 U.S.C. § 1125(c); *Panavision*, 141 F.3d at 1324.

16 "Cybersquatting is the Internet version of a land grab. Cybersquatters register well-
17 known brand names as Internet domain names in order to force the rightful owners to pay for the
18 right to engage in electronic commerce under their own name." *Interstellar Starship Servs., Ltd.*
19 *v. Epix, Inc.*, 304 F.3d 936, 946 (9th Cir. 2002). To establish cybersquatting, Bosley must show
20 that Kremer has evinced a bad faith intent to profit from his registration and/or use of Bosley's
21 marks in connection with his websites and that his domain names are confusingly similar to
22 Bosley's marks. *See* 15 U.S.C. § 1125(d).

23 Finally, the Lanham Act also prohibits unfair competition arising out of trademark
24 violations by recognizing two protectable interests: protection against unfair competition in the
25 form of an action for false advertising and protection against false association in the form of a
26 lawsuit for false endorsement. *See Kournikova v. General Media Communications, Inc.*, 278
27 F.Supp.2d 1111, 1116-17 (C.D. Cal. 2003). Section 43(a) of the Lanham Act provides:
28

1 Any person who, in connection with any goods or services ... uses in
2 commerce any word, term, name, symbol, or device, or any
3 combination thereof, or any false designation of origin, false or
4 misleading description of fact, false or misleading representation of
5 fact, which --
6 (A) is likely to cause confusion, or to cause mistake, or to deceive as
7 to the affiliation, connection or association of such person with
8 another person, or as to the origin, sponsorship or approval of his or
9 her goods, services, or commercial activities by another person ...
10 shall be liable in a civil action by any person who believes that he or
11 she is likely to be damaged by such act.

12 15 U.S.C. § 1125. Section 43(a) prohibits unfair competition generally in the form of “false
13 advertising,” “trade libel,” and “product disparagement” claims. *See Zenith Electronics Corp. v.*
14 *Exzec, Inc.*, 182 F.3d 1340, 1347-48 (Fed. Cir. 1999). To state a claim for a violation of § 43(a),
15 the defendant must allege that (1) the plaintiff made a false or misleading statement of fact in
16 commercial advertising or promotion about its or another’s goods or services, (2) the statement
17 actually deceives or is likely to deceive a substantial segment of the intended audience, (3) the
18 deception is material in that it is likely to influence purchasing decisions, (4) the plaintiff caused
19 the statement to enter interstate commerce, and (5) the statement results in actual or probable
20 injury to the defendant. *Id.* at 1348.

21 The Court will now turn to the parties’ cross-motions for summary judgment on Bosley’s
22 federal claims. Bosley’s claims and Kremer’s defenses hinge on whether Kremer made
23 commercial use of Bosley’s marks and whether Kremer’s use of Bosley’s marks gives rise to a
24 likelihood of confusion between his websites and Bosley’s goods and services. Thus, the Court
25 will first address these two elements.

26 **B. Commercial Use**

27 The Lanham Act defines “use in commerce” as “the bona fide use of a mark in the
28 ordinary course of trade.” 15 U.S.C. § 1127.

Congress intended to limit only commercial speech, as opposed to
political or other more closely protected speech, when it passed the
dilution statute; thus, it included the requirement that the use be a
commercial one. A successful argument that defendants make no
commercial use of the marks, then, would be an argument that the
speech associated with their actions was political, not commercial.

Playboy Enters., Inc. v. Netscape Communications Corp., 354 F.3d 1020, 1032 (9th Cir. 2004).

1 Commercial use requires the defendant to be using the trademark as a trademark, thereby
2 capitalizing on its trademark status. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 880 (9th
3 Cir. 1999); *Panavision*, 141 F.3d at 1325.

4 Bosley first argues that Kremer's conduct affects Bosley's interstate commercial activity,
5 in that Kremer's use of Bosley's marks in the domain names affects Bosley's ability to offer
6 goods and services in commerce. "[U]se of a mark to criticize a company is not inherently
7 commercial speech. Courts have thus permitted the posting of this type of speech at websites
8 under the noncommercial speech exception." *Nissan Motor Co., Ltd. v. Nissan Computer Corp.*,
9 231 F.Supp.2d 977, 980 (C.D. Cal. 2002) (citing *Ford Motor Co. v. 2600 Enters.*, 177 F.Supp.2d
10 661, 664 (E.D. Mich. 2001) and *Bally*, 29 F.Supp.2d at 1166). In those two cases, the courts
11 held that the use of the plaintiffs' marks in the domain names "fuckgeneralmotors.com" and
12 "compupix.com/ballysucks" did not constitute commercial use for purposes of the plaintiffs'
13 trademark dilution claims. However, the court in *Nissan* found commercial use where the
14 defendant had registered and published disparaging commentary at the domain names
15 "nissan.com" and "nissan.net."

16 [U]nlike *Ford Motor Co.* and *Bally*, the instant case presents a
17 situation in which the mark *itself* is also the domain name. The
18 goodwill that Nissan Motor has built up in the Nissan mark ensures a
19 steady stream of visitors expecting to find Nissan Motor at
20 nissan.com and nissan.net. Critical commentary at nissan.com and
nissan.net would exploit this goodwill in order to injure Nissan
Motor. Under these circumstances, the critical speech becomes
commercial and is subject to the proscriptions of the [Federal
Trademark Dilution Act].

21 *Nissan*, 231 F.Supp.2d at 980 (emphasis in original).

22 Bosley relies on *Nissan* to support its argument that Kremer's use of Bosley's marks in
23 the domain names affects Bosley's ability to offer goods and services in commerce, and as such,
24 is a commercial use. Kremer argues that the analysis in *Nissan* is flawed because the district
25 court combined the commercial use analysis with the element of likelihood of confusion. The
26 Court agrees. In *Nissan*, the court's commercial use analysis focused on the fact that internet
27 users accessed the defendant's sites because they assumed that the sites belonged to Nissan
28 Motor. Evidence of actual confusion is a factor to weigh in analyzing likelihood of confusion.

1 *See AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

2 Bosley next relies on *Planned Parenthood Fed'n of Am., Inc. v. Bucci* to argue that
3 Kremer's efforts to cause economic damage to Bosley constitutes a commercial use. In that
4 case, the defendant registered the domain name "plannedparenthood.com" in order to create an
5 anti-abortion website. The district court held that although the defendant was not engaged in
6 selling or advertising goods and services, his use of the plaintiff's marks was commercial
7 because he used the marks in an attempt to cause economic harm. *Planned Parenthood*, 1997
8 WL 133313 at *3 (S.D.N.Y. March 24, 1997). The Sixth Circuit disapproved of this analysis in
9 *Taubman*. "[A]lthough economic damage might be an intended effect of [the defendant's]
10 expression, the First Amendment protects critical commentary when there is no confusion as to
11 source, even when it involves the criticism of a business. Such use is not subject to scrutiny
12 under the Lanham Act." *Taubman*, 319 F.3d at 778. Here, as will be discussed shortly, there is
13 no likelihood of confusion between Kremer's websites and Bosley's marks. Kremer's desire to
14 undermine Bosley's business, and his use of Bosley's marks to further that agenda, do not
15 constitute a commercial use of the marks.

16 Next, Bosley argues that Kremer's websites make commercial use of its marks because
17 the websites contain links to other hair industry websites. Kremer counters that his websites are
18 purely noncommercial -- he derives no revenue from them and his sites contain no paid
19 advertising. *Kremer 2d Aff.* ¶ 23. He states that the links in question lead to discussion group
20 websites about baldness, a Google-run archive called alt.baldspot. *Id.* ¶25. Bosley does not
21 dispute that Kremer's sites contain no paid advertising; rather, it points out that the links on
22 Kremer's sites lead to other sites which contain links to advertising about Bosley's competitors.
23 Kremer admits that those sites include links to commercial websites. However, the commercial
24 content on those sites is one step removed from Kremer's own websites. Further, Kremer is not
25 engaged in his own business enterprise through his websites. In *Taubman*, the Sixth Circuit
26 found that the defendant had engaged in commercial use because his cybergripping site also
27 contained a link to his Webfeats business. *See Taubman*, 319 F.3d at 775. Here, a review of
28 Kremer's websites shows that their sole purpose is to provide critical content of Bosley and its

1 services, and to inform the public about the various government inquiries into Bosley's business
2 practices. The fact that Kremer's sites link to another site which in turn includes commercial
3 links is insufficient to infuse Kremer's sites with a commercial purpose.

4 Bosley further argues that the commercial use element is met because Kremer's attempt
5 to extort money from Bosley constitutes a bad faith intent to profit from use of the marks in the
6 domain names. Registering a domain name that includes a valid trademark with the intent to
7 profit through reselling the domain name to the trademark's owner constitutes commercial use
8 under the Lanham Act. See *Panavision*, 141 F.3d at 1325; *Avery Dennison*, 189 F.3d at 880;
9 *Taubman*, 319 F.3d at 776 (finding of commercial use "limited ... to such instances where the
10 defendant had made a habit and business of such practices."). Bosley alleges that on January 12,
11 2000 Kremer left a letter at Bosley's Beverly Hills office, threatening to criticize Bosley on the
12 website bosleymedical.com unless his monetary demands were met. FAC ¶ 32. Bosley further
13 alleges that in November 2001 Kremer sent letters to some of Bosley's affiliated physicians,
14 threatening publication of derogatory, critical information on websites located at his two
15 registered domain names. *Id.* ¶ 35. Kremer admitted in his deposition that he delivered a letter
16 to Bosley's offices in January 2000. See *Kremer Depo.* pp.105-07. The letter is attached to the
17 FAC and reads in full: "Let me know if you want to discuss this. Once it is spread all over the
18 internet it will have a snowball effect and be too late to stop. M. Kremer [redacted telephone
19 number]. P.S. I always follow through on my promises." FAC Ex. H. Although this letter
20 references the internet, there is no mention of Kremer's websites and no offer to sell the domain
21 names to Bosley in exchange for not publishing derogatory information about Bosley. The Court
22 finds that the January 2000 letter is insufficient evidence of an intent to profit. Further, Bosley
23 has not submitted any evidentiary support for its allegation that Kremer sent the November 2001
24 letter. Bosley's argument that Kremer's bad faith intent to profit demonstrates commercial use
25 fails for lack of evidentiary support.

26 In sum, the Court concludes that Kremer's use of Bosley's marks in his domain names
27 and on his websites is purely noncommercial. Bosley has not presented evidence demonstrating
28 that Kremer's use of the marks is "in the ordinary course of trade," or that it was related to any

1 business purpose. No genuine issues of material fact remain with respect to the commercial use
2 element of Bosley's claims.

3 **C. Likelihood of Confusion**

4 The Ninth Circuit has developed eight factors to guide the determination of likelihood of
5 confusion: (1) the similarity of the marks, (2) the relatedness of the parties' services, (3) the
6 marketing channels used, (4) the strength of the plaintiff's mark, (5) the defendant's intent in
7 selecting its mark, (6) evidence of actual confusion, (7) the likelihood of expansion into other
8 markets and (8) the degree of care likely to be exercised by the purchasers. *See Sleekcraft*, 599
9 F.2d at 348-49. Bosley argues that potential customers could access Kremer's sites, believing
10 those sites to be Bosley's official website. Bosley also asserts that it has evidence of actual
11 consumer confusion. Bearing the *Sleekcraft* factors in mind, the Court finds that the Sixth
12 Circuit's decision in *Taubman* forecloses Bosley's arguments on the likelihood of confusion
13 element. To establish a Lanham Act violation, Bosley must prove a likelihood of confusion
14 "between the parties' goods or services. Under Lanham Act jurisprudence, it is irrelevant
15 whether customers would be confused as to the origin of the websites, unless there is confusion
16 as to the origin of the respective products." *Taubman*, 319 F.3d at 776 (citations omitted)
17 (emphasis in original).

18 In *Taubman*, the defendant maintained a website about a shopping mall called The Shops
19 at Willow Bend. The defendant registered the domain name "shopsatwillowbend.com." The
20 plaintiff, the mall's corporate owner, filed suit against the defendant for trademark infringement
21 and demanded that the plaintiff surrender the domain name. The plaintiff maintained official
22 mall websites at "theshopsatwillowbend.com" and "shopwillowbend.com." The district court
23 granted the plaintiff's motion for a preliminary injunction and barred the defendant from using
24 the domain name. The Sixth Circuit reversed, finding that the plaintiff could not establish a
25 likelihood of confusion between its websites and the defendant's website.

26 [Defendant] has placed a conspicuous disclaimer informing
27 customers that they had not reached Taubman's official mall site.
28 Furthermore, [Defendant] placed a hyperlink to Taubman's site
within the disclaimer ... Here, a misplaced customer simply has to
click his mouse to be redirected to Taubman's site ... we find no
likelihood that a customer would be confused as to the source of

1 Taubman's and [Defendant's] respective goods.

2 *Id.* at 777.

3 In the instant case, both of Kremer's websites include a prominent disclaimer. "This
4 website contains information critical of the Bosley Medical Institute and is not affiliated with it
5 in any way. The Bosley Medical Institute website is located at www.bosley.com." A person
6 who intended to visit Bosley's official site and mistakenly accessed Kremer's websites has only
7 to click upon the "www.bosley.com" portion of the disclaimer to connect to Bosley's official
8 site. Further, the pejorative content at Kremer's sites would also immediately alert a visitor to
9 the sites that he had not accessed Bosley's official site. The Court adopts the Sixth Circuit's
10 reasoning in *Taubman* and concludes that Bosley cannot establish a likelihood of confusion.

11 ***D. Summary***

12 Bosley cannot prevail on its federal claims against Kremer because it cannot prove
13 commercial use or a likelihood of confusion. Bosley's claims for trademark infringement,
14 trademark dilution, cybersquatting, and unlawful business practices each require Bosley to prove
15 that Kremer made commercial use of Bosley's marks. All but the trademark dilution claim
16 require Bosley to prove a likelihood of confusion between the parties' goods and services. No
17 genuine issues of material fact remain with respect to Bosley's federal claims. Kremer is
18 therefore entitled to summary judgment on those claims.

19 ***IV. Bosley's State Law Claims***

20 Bosley alleges state law claims for trademark infringement, trademark dilution and
21 unlawful business practices under California Business and Professions Code § 17200. Kremer
22 moves to strike these claims under California's anti-SLAPP statute. Bosley argues that
23 Kremer's motion is groundless because (1) the anti-SLAPP statute does not apply to trademark
24 claims, (2) trademark claims do not fall within the statute's scope and purpose, and (3) Kremer's
25 right to address matters of public concern does not include the right to post critical commentary
26 about Bosley using its marks as a domain name.

27 Bosley contends that the anti-SLAPP statute does not apply to trademark claims.
28 "Kremer's own authority acknowledges that the favored causes of action in SLAPP suits are

1 defamation, various business torts such as interference with prospective economic advantage,
2 nuisance, and intentional infliction of emotional distress, which all have to do with the content of
3 speech.” *Pl.’s Opp’n* at 31 (citations omitted). Bosley cites no authority which states that the
4 anti-SLAPP statute does not apply to trademark claims. The case it does cite, *e-Cash*
5 *Technologies, Inc. v. Guagliardo*, 127 F.Supp.2d 1069 (C.D. Cal. 2000), does not bar this
6 motion. The defendant in that case counterclaimed for cancellation of the plaintiff’s trademark,
7 trade libel, slander of title, unfair business practices, and unfair competition. The plaintiff
8 moved to strike the counterclaims under the anti-SLAPP statute. The court determined that the
9 plaintiff’s anti-SLAPP motion was moot because the defendant voluntarily dismissed the speech-
10 related counterclaims. Here, Bosley voluntarily dismissed its libel claim. Nonetheless, for the
11 following reasons, the Court finds that Kremer’s anti-SLAPP motion is not moot and that the
12 statute’s scope and purpose properly applies to Bosley’s trademark claims.

13 The anti-SLAPP statute is intended to protect against an action arising from any act in
14 furtherance of a person’s right to free speech. *See Batzel*, 333 F.3d at 1024. Through this
15 lawsuit, Bosley seeks a determination that Kremer’s use of its marks violates federal and state
16 trademark laws. Bosley also seeks an injunction prohibiting Kremer from “using the Bosley
17 Marks *in any way* in connection with any website or business;” and from “using any other mark
18 so similar to the Bosley Marks so as to be likely to cause confusion, mistake, or deception, or to
19 dilute the value of the Bosley Marks, in connection with any website or business.” *FAC* at 15
20 (emphasis supplied). Thus, the relief Bosley seeks would have a chilling effect on Kremer’s free
21 speech rights. As discussed above, Kremer is not making commercial use of Bosley’s marks.
22 Rather, his use of the marks in his domain names and websites is in connection with non-
23 commercial critical consumer commentary, which is protected speech. *See Bally*, 29 F.Supp.2d
24 at 1167 (“Faber is using Bally’s mark in the context of a consumer commentary to say that Bally
25 engages in business practices which Faber finds distasteful or unsatisfactory. This is speech
26 protected by the First Amendment.”). It is therefore imperative that Bosley’s state law claims be
27 tested under the anti-SLAPP statute to ensure that Kremer’s free speech rights are not infringed
28 through Bosley’s prosecution of this lawsuit.

1 Thus, the burden shifts to Bosley to establish a reasonable probability that it will prevail
2 on its trademark infringement, trademark dilution and unlawful business practices claims. The
3 same analysis and elements apply in California trademark and unfair business practices claims as
4 those that apply in federal trademark claims. *See Century 21 Real Estate Corp. v. Sandlin*, 846
5 F.2d 1175, 1180 (9th Cir. 1988); *Avery Dennison*, 189 F.3d at 874. Thus, to prevail on its
6 California trademark infringement and unfair business practices claims, Bosley would have to
7 establish commercial use and likelihood of confusion. To prevail on its California trademark
8 dilution claim, Bosley would have to establish commercial use. As discussed above, Bosley
9 cannot prove either element. Bosley therefore cannot demonstrate a reasonable probability that
10 it will prevail on the merits of its state law claims. Those claims must be stricken under the anti-
11 SLAPP statute.

12 ***Conclusion and Order***

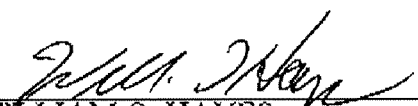
13 For the foregoing reasons, the Court dismisses Plaintiff Bosley Medical Institute's First
14 Amended Complaint with prejudice.

- 15 1. The Court **GRANTS** Defendant Michael Kremer's motion to dismiss, strike, and
16 for partial summary judgment;
- 17 2. The Court **DENIES** Plaintiff's motion for summary judgment on its trademark
18 infringement claim; and
- 19 3. The Court **DENIES** Plaintiff's motion for summary judgment on its trademark
20 dilution claim.

21 The Clerk of the Court shall enter judgment in accordance with this Order.

22 **IT IS SO ORDERED.**

23
24 Dated: 4/29/04


25 WILLIAM Q. HAYES
26 United States District Judge

27 cc: Magistrate Judge Adler
28 All Counsel of Record