

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

CIRCUIT CITY STORES, INC.,)
)
) Plaintiff,)
)
) v.) No. C-1-00-0141
)
STEVEN C. SHANE,)
)
) Defendant.)

**MEMORANDUM IN OPPOSITION TO
MOTION FOR PRELIMINARY INJUNCTION
AND IN SUPPORT OF MOTION TO DISMISS**

This is an action in which plaintiff Circuit City, a national retailing operation, invokes both trademark law and the Ohio Code of Professional Responsibility as reasons to suppress criticisms of the plaintiff that defendant has placed on the World Wide Web. Circuit City has moved for entry of a preliminary injunction that would forbid the use its name anywhere in defendant’s web site – either in its title, its text, or its domain name. In effect, the relief would require that the entire site be taken down, given the fact that a criticism of Circuit City would be meaningless unless the name of the criticized entity can be used.

However, as we explain in this memorandum, defendant’s web site is protected by the First Amendment, the preliminary injunction sought would be an unlawful prior restraint, and in any event trademark law does not forbid the use of a corporation’s name in order to inform the public about alleged corporate abuses. The claims for violation of plaintiff’s trade dress are moot in light of changes made in the web site after suit was filed. Moreover, there is no private right of action to enforce the Ohio Code of Professional Responsibility, which in any event has not been violated by the web site. In short, this is a case without any merit, and no relief can be granted. Accordingly,

the motion for a preliminary injunction should be denied, and defendant's motion to dismiss should be granted.

FACTS

This case has its roots origin in a lawsuit originally filed in the Clermont County, Ohio Court of Common Pleas by Maury Tepper alleging that Circuit City, the plaintiff in this case, engaged in false advertising and deceptive sales practices in violation of Ohio's Consumer Sales Practices Act, O.R.C. §1345.01, et seq., concerning certain "picture-in-picture" television sets. Tepper sued both for himself and as a representative of a class of other consumers. The lawyer for the plaintiffs is the defendant in this case, Steven Shane, a Kentucky lawyer.

In order to inform the public about the allegations in the lawsuit, Shane and Tepper decided to create a web site about the consumer transaction. The web site, a complete copy of which is attached to the complaint, was entitled "Circuit City Consumer Alert," and began with an opening page that included a copy of the advertisement that had spurred the filing of *Tepper*, surrounded by the copy, "Question: When May 'Picture-in-Picture' Not Actually Be Picture-in-Picture? Answer: When You Buy a Television From Circuit City." This opening page provided links to a larger version of the advertisement; to an account of Mr. Tepper's experiences and his reasons for filing his lawsuit against Circuit City; and to a copy of the state court complaint. Additional links provided a copy of the underlying state law, of comparable advertisements from other companies that Tepper and Shane believed were more truthful, and of a link to the "complaints" page of the Federal Trade Commission. Finally, the web site included a "guestbook" that allowed viewers of the site to submit their own experiences with buying the same product from Circuit City. The address on the World Wide Web that was chosen – www.circuitcitylawsuit.com – accurately describes what is on the site.

Defendant and his client posted the web site because they believed that other consumers could learn from their own experiences, and because they hoped to obtain evidence about the experience that other consumers had with Circuit City, which might be used as evidence in the lawsuit. Shane Affidavit, ¶ 3. Defendant also recognized that other consumers who recounted their experiences might also be interested in legal representation against Circuit City, but nothing in the web site expressly offered to provide legal services or solicited viewers of the site to retain defendant Shane (or anybody else) as their lawyer. Shane Affidavit, ¶ 4. It was not any part of Shane's purpose to mislead consumers into believing that his web site is sponsored by Circuit City. *Id.* ¶ 6. Nor is there any likelihood that consumers might be diverted to his web site when looking for Circuit City on the internet. Indeed, several attempts to find Shane's web site either by using "Circuit City" a search term in the standard search engines, or by typing "Circuit City" in the address portion of a browser, succeeded only in bringing up Circuit City's own web site. *See generally* Affidavit of Amanda Kistner.

Plaintiff Circuit City responded to the web site by suing Shane for alleged violation of its trademark and trade dress rights. The complaint observed that Circuit City had long employed on its stores and its advertisements the colors on the web site – the red band across the top of each page of the web site, on which the "Circuit City Consumer Alert" heading was printed, the grey band down the left side of each page, on which the hyperlinks to the various parts of the web site were placed, and the white background of the text of the site. The complaint also alleged that Circuit City's name had long enjoyed trademark protection under federal law. Without ever alleging that Shane's web site was **likely** to cause confusion, Circuit City alleged that Shane had deliberately used its name and trade dress throughout the web site, including its domain name, for the **purpose** of

diverting consumers from its web site to his own, and of misleading consumers into believing that, when they reached his site, they were really at a Circuit City web site. In addition, Circuit City alleged that the purpose of the web site was to solicit additional clients for the class action, and that the web site was missing certain disclaimers that were allegedly required on such solicitations by the Ohio Code of Professional Responsibility.

By way of relief, the complaint did not seek any damages – indeed, in moving to remand the case to state court, plaintiff has specifically disclaimed any claims for damages, although the complaint does seek an award of up to \$50,000 in attorney fees. Instead, the complaint seeks a multi-pronged injunction, seeking to bar Shane from using either the name “Circuit City,” or Circuit City’s distinctive trade dress, anywhere on his web site, including in the domain name, the title, or anywhere else (such as in the text). A motion for a preliminary injunction was filed with the complaint, but without any affidavits.

Defendant Shane removed the case to this Court, and a motion to remand is pending. Meanwhile, a dispute ensued between Shane and the internet service provider (“ISP”) who had actually designed the web site as well as posted it on the Internet. Shane Affidavit ¶¶ 5, 7. Shane replaced his ISP with a new one, who redesigned the site and has reposted it on the Internet. *Id.* ¶ 7. A copy of the complete new web site is attached to Shane’s Affidavit as Exhibit A. The new site no longer uses a red banner, but instead uses blue, *id.*, thus eliminating any basis for Circuit City to contend that the colors on the web site mimic its own trade dress. The text of the banner has also been changed, so that, instead of “Circuit City Consumer Alert” (which plaintiff had complained could be understood as an alert authored by Circuit City), it now reads, “Consumer Alert * Beware of Circuit City’s Ads.” And a disclaimer has been added to the web site, making clear that Circuit

City does not approve of the site – specifically, the new text charges Circuit City with attempting to suppress defendant’s free speech rights by asking for an injunction against its maintenance on the internet. *Id.*

In light of the allegation that his web site violates the Ohio Code of Professional Responsibility because it fails to include specified disclaimers that are allegedly required of all attorney advertisements, defendant has examined the web site of the law firm that represents the plaintiff. Like Shane’s own web site about the Circuit City Lawsuit, the web site for the Cleveland office of Arter & Hadden nowhere mentions that clients must pay their own expenses, nor does it specify that it is only an advertisement. Shane Affidavit ¶ 11, and attached Exhibit D.

SUMMARY OF ARGUMENT

The motion for a preliminary injunction should be denied because plaintiff has no chance of succeeding either on its trademark claims or on its professional responsibility claims. The trademark claims are defective because Shane’s web site consists of protected speech critical of a large corporation which, in Shane’s opinion, has engaged in false advertising and sales practices. Not only does the First Amendment protect Shane’s right to publish his views about Circuit City on his web site, but trademark law does not prevent consumers and their legal representatives from criticizing corporations and from using a company’s trademarked names to identify the corporation whom they are criticizing. This is what trademark authority J. Thomas McCarthy calls a “nominative use” – that is, it simply describes the company which defendant has created his website to criticize – which is perfectly permissible under trademark law. Moreover, there no evidence of likelihood of confusion. The entire web site is in the record, and it is perfectly apparent that no reasonable consumer could look at the web site and believe that Circuit City was its source. Additionally, the preliminary

injunction that Circuit City seeks against maintenance of defendant's critical web site would be a prior restraint which, under Sixth Circuit authority, cannot be justified absent the most extreme of circumstances, which are surely not present here. Finally, the professional responsibility claims cannot succeed because Ohio does not recognize a private right of action to enforce its disciplinary rules, and because the disclaimers that Circuit City faults Shane for omitting are required only for certain explicit solicitations of clients under specific conditions that are not present here.

Not only has plaintiff not presented evidence warranting the conclusion that it is likely to succeed on the merits, but the allegations in its complaint are not sufficient to present a claim on which relief can be granted. With respect to trademark, the complaint alleges that Shane engaged in a deliberate effort to deceive consumers, but it never alleges any likelihood that consumers would be confused; and as plaintiff acknowledges, likelihood of confusion is a necessary element of a trademark claim, whether under state or federal law. Even if plaintiff's trade dress allegations might once have presented a fair ground for litigation, the web site no longer uses the color scheme that plaintiff claims as its trade dress, and so plaintiff's claims on that ground should be dismissed as moot. With respect to the professional responsibility allegations, the lack of a private cause of action under Ohio law, and the inapplicability of the cited disciplinary rule provisions to the web site which is in the record, likewise condemn the complaint to dismissal under Rule 12(b)(6).

I. PLAINTIFF'S TRADEMARK CLAIMS ARE FUNDAMENTALLY DEFICIENT.

Regardless of whether the Court agrees that the First Amendment bars the issuance of a preliminary injunction and requires dismissal of the complaint, plaintiff's trademark claims cannot succeed because there is no evidence to support them, and because essential factual allegations are missing from the complaint.

A. There Is No Possibility Alleged or Shown That Persons Trying to Find Circuit City's Website Will Be Misled Into Visiting Shane's Site in the Belief That It Is Sponsored by Circuit City.

Plaintiff argues first that Shane's use of the domain name "www.circuitcitylawsuit.com" may divert customers trying to find Circuit City's own web site and lead them to visit Shane's web site instead. The complaint does not actually allege any likelihood that this will happen; the only basis for this claim is the citation of several federal court cases in which defendants were found liable for trademark violations where they had engaged in "cybersquatting" – they had registered domain names using the trademarked name of another entity. *E.g., Planned Parenthood Fed'n of America v. Bucci*, 41 U.S.P.Q.2d 1430 (S.D.N.Y. 1997), *aff'd*, 152 F.3d 920 (2d Cir. 1998); *Jews for Jesus v. Brodsky*, 903 F. Supp. 282 (D.N.J. 1998), *aff'd*, 159 F.2d 1351 (3d Cir. 1998). That is not what Shane either has done, or is alleged to have done, and the differences between Shane's conduct and the conduct of the defendants in the cybersquatting cases show why their reasoning is inapplicable to this case.

In the *Jews for Jesus* and *Planned Parenthood*, persons hostile to the aims of the those two organizations – Jewish activists in the first case, and abortion opponents in the second case – had registered the domain names "jewsforjesus.org" and "plannedparenthood.com," and opened web sites at those addresses which purported to support the aims of each organization, but actually provided hyperlinks that led viewers to hostile web sites – in the first case, a web site that proselytized for Judaism, and in the second case, a site that promoted anti-abortion materials. In registering the domain names in question, the proponents of the hostile web sites had taken advantage of the fact that most users of the World Wide Web know that major commercial companies generally use their trade names with a "dot com" address, and major non-profit

organizations generally use their trade names with “dot org” address. Thus, many web users who are looking for well-known companies or groups will simply type the entity’s name into their browser, followed by a “dot com” or “dot org.” If the owner of the URL is not the entity they are looking for, their attention has been deliberately and misleadingly diverted. Most courts that have considered the issue have concluded that, when a person establishes a web site using another person’s trade name as the entire domain name, that constitutes trademark infringement. Indeed, the issue also comes up when a person registers a large number of domain names using the trademarks of others and then tries to sell the name back to the proper trademark owner – the practice known as “cybersquatting.” Although some courts refused to treat the mere registration of an internet address as a “good” or “service” covered by the trademark laws, many courts have found trademark violations, and, in any event, Congress has amended the Lanham Act to forbid cybersquatting. 15 U.S.C. § 1125(d), amended by Anticybersquatting Consumer Protection Act, Pub L. 106-113, Section 3002.

But that is not what Shane is accused of doing. A person who directs his browser to www.circuitcity.com will not reach Shane’s site – he will reach Circuit City’s own site. *Kistner Affidavit ¶ v.* Only by placing the additional word “lawsuit” at the end of the domain name would a web user be able to direct his browser to Shane’s site, and it is difficult to believe that any person who simply wanted to find information about Circuit City would direct his browser to “circuitcitylawsuit.com.” *Kistner Affidavit ¶ v.* Indeed, “[circuitcitylawsuit](http://circuitcitylawsuit.com)” is a fair summary of the topic of Shane’s web site – the fairest summary one can imagine squeezing into eighteen letters. Accordingly, the domain name or “cybersquatting” lines of cases do not apply here.

Moreover, it has been quite common for “protest” web sites to be placed at internet addresses

that use a corporation's name (or a politician's name) as **part** of the domain name, along with an additional term that shows hostility to the underlying corporation or person. There are, for example, several anti-Circuit City web sites that either use Circuit City in their domain name, "www.circuitcitystinks.com," or otherwise include plaintiff's name in their URL. *E.g.*, <http://www.allfaith.com/Info/circuitcity.html>; <http://www.stopjunkcalls.com/circuitcity.htm>. In the leading case on the subject of whether such domain names violate the trademark laws, the court ruled an individual who felt that he had been mistreated by the Bally's health club chain could properly use the domain name "ballysucks.com" without running afoul of the Lanham Act. *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp.2d 1161, 1165 and n.2 (C.D.Cal. 1998).

Nor is there any other evidence that a person looking for Circuit City on the world wide web is likely to be confused into visiting Shane's web site. After this action was filed, defendant had his office conduct web searches using the term "Circuit City" using the most popular search engines and directories, including Yahoo, Altavista and others. In most of these searches, Shane's web site did not appear among the first 100 sites identified, or "hits." And it is well known that most casual web searchers will stop after they examine the first batch of ten or twenty hits, and certainly after the second or third page of results. *See* <http://www.searchenginewatch.com/webmasters/tips.html>; <http://www.webpositiongold.com/>. Only in Yahoo did Shane's site come close to the top of the search results, and there it was clearly identified as a site describing a lawsuit about Circuit City's advertising practices. Kistner Affidavit ¶¶ u. Consequently, there is no evidence to support a claim that web users who are looking for Circuit City on the World Wide Web will come to Shane's site based on any misapprehensions about who sponsors that site, and so a preliminary injunction cannot be granted by reason of Shane's domain name.

Indeed, although the complaint alleges in conclusory fashion that the domain name was intended to bring Circuit City's potential customers to his web site, there is no allegation that such potential customers are likely to be confused by the domain name. Accordingly, the domain name allegation in the complaint should be dismissed.

B. No Person Visiting Shane’s Web Site Is Likely to Be Confused About Whether the Sponsor of the City Is Circuit City.

The other ground on which Circuit City seeks a preliminary injunction is that Shane allegedly intended that the design of his web site would deceive its visitors into believing that it was a site sponsored by Circuit City. There is a fundamental problem with this aspect of plaintiff’s case – there is no allegation that there is any likelihood of confusion, and no objective person looking at the web site would be confused about whether this was a web site favorable or unfavorable to Circuit City. This is alone a sufficient basis for denying the preliminary injunction and dismissing the complaint.

Under federal law, infringement can be found only if the plaintiff can show that there is a likelihood of confusion about the source or sponsor or the goods or services at issue. 15 U.S.C. § 1114. Although intent to confuse is one of the eight separate factors that the Sixth Circuit, among others, has held must be considered in determining whether there is a likelihood of confusion, *Daddy’s Junky Music Stores v. Big Daddy’s Family Music Ctr.*, 109 F.3d 275, 280 (6th Cir. 1997), a mere intention to deceive, without more, does not violate the law. As Professor McCarthy summarizes the law in his treatise, “in the absence of any objective likelihood of confusion, the alleged infringer’s intent cannot transmute a lawful act into an unlawful one.” 4 *McCarthy on Trademark and Unfair Competition* § 23:110, at 23-213 (1999). The same is true under the Ohio Deceptive Practices Act: “to enjoin the use of a similar trademark [or] trade dress, plaintiff must prove two elements: secondary meaning and likelihood of confusion.” *George T. Ballas Buick-GMC v. Taylor Buick*, 449 N.E.2d 805, 807-808 (Ohio Com. Pl. 1981), *aff’d*, 449 N.E.2d 503 (Ohio App. 1982) In the course of seeking remand of this case to the state court, plaintiff has admitted that its claim for injunctive relief depends on “a showing . . . that the uses of the marks present a likelihood

of confusing customers as to the source or affiliation between the two users.” Memorandum in Support of Plaintiff’s Amended Motion to Remand, at page 6.

No such showing can be made here. A visitor to Shane’s web site immediately encounters a banner challenging the way Circuit City does business: “Consumer Alert * Beware of Circuit City’s Ads.” (The page originally read “Circuit City Consumer Alert,” which also does not suggest sponsorship by Circuit City). Next, surrounding a reproduction of a Circuit City newspaper advertisement with a blown-up section showing the offensive portion, the page asks, in large print, when a picture-in-picture television really isn’t a picture-in-picture television. The page then invites viewers to click on a hyperlink to read the underlying story, while a series of hyperlinks down the side of the page invite readers to “read the lawsuit,” “read the law,” examine “how other retailers advertise,” visit the “FTC,” and so forth. Moreover, to further ensure that no viewer can be confused about sponsorship, the page now includes a disclaimer revealing the existence of this lawsuit, in which Circuit City has expressed its vehement opposition to the web site. No reasonable viewer encountering this home page could possibly believe that this is a web site sponsored by Circuit City.

Nor could the remaining pages of the site be confused with a web site sponsored by Circuit City. The second page of the site contains a lengthy recitation of the bad experience of Maury Tepper with Circuit City’s advertising and bait and switch practices; the disclaimer of sponsorship by Circuit City has been added to this page as well. Other pages display the text of the pending state court class action complaint; contain the text of the Ohio Deceptive Trade Practices Act; provide an example of advertisements for similar goods from other retailers; show how the manufacturer of the item that Tepper bought describes the item; the web cite also links directly to a page on the web site of the Federal Trade Commission on which viewers can submit complaints to the FTC. Finally, the

web site contains a page that encourages viewers to send descriptions of their own experiences with Circuit City to the webmaster. Thus, the web site as a whole plainly shows itself as a protest about Circuit City, not anything that Circuit City would itself sponsor. No viewer who visits this web site could possibly be confused about who its sponsor or source is.

The only aspect of the complaint that **might** have presented a fair ground for litigation was the suggestion that the color scheme of the original web site – a red strip across the top, coupled with a grey strip down the left side – was deliberately similar to Circuit City’s red, grey and white trade dress, used in both its stores and its newspaper advertisements. Although defendant believes that the original color scheme could have been defended, the scheme was developed by his web site designer rather than being supplied by Shane himself, and was completely unnecessary to the purpose of the site. Shane Affidavit, ¶ 5. Accordingly, in the course of changing internet service providers and revising the web site, Shane changed the strip of color across the top of each page on the web site from red to blue. *Id.* ¶ 7. In these circumstances, there is no possible confusion between Shane’s web site and Circuit City’s trade dress.

Undersigned counsel have called this and other changes to the attention of plaintiff’s counsel, and urged him to dismiss the action. *See* attached letter from Paul Alan Levy to Richard Knoth. Because plaintiff has not done so, we must assume that plaintiff desires to keep this case going for some purpose. However, given the plaintiff’s express disavowal of any claim for monetary damages, the claims based on trade dress have become moot, and must be dismissed because the federal courts do not have jurisdiction over moot cases. *Arizonans for Official English v. Arizona*, 520 U.S. 43 (1997).

C. Shane’s Use of Circuit City’s Name to Describe the Entity That He Is Criticizing

Is Permitted as Fair Use or Nominative Use of the Trademark.

The Lanham Act codifies a “fair use” defense at Section 33(b)(4): “the use of the name, term or device charged to be an infringement is a use, otherwise than as a mark, of . . . a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party....” 15 U.S.C. § 1115(b)(4). Trademark law cannot be used to prevent members of the public from criticizing companies that obtain trademark registration for their own names. In numerous cases under state and federal trademark law, the courts have upheld the use of trademarked names in the course of criticizing the trademark holder. *L.L. Bean v. Drake Publishers*, 811 F.2d 26, 33 (1st Cir. 1987); *ACLU of Georgia v. Miller*, 977 F. Supp. 1228, 1233 (N.D. Ga. 1997); *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 1161, 1167 (C.D. Cal. 1998); *Lighthawk v. Robertson*, 812 F. Supp. 1095, 1097-1101 (W.D. Wash. 1993); *Stop the Olympic Prison v. United States Olympic Comm.*, 489 F. Supp. 1112, 1124-1125 (S.D.N.Y. 1980); *see also Lucasfilm v. High Frontier*, 622 F. Supp. 931 (D.D.C. 1985). Indeed, in 1989, Congress amended the Lanham Act to exempt news reporting and consumer commentary from the reach of the Act: “[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). And the courts have embraced this exception: The amendment protects ““parody, satire, editorial and other forms of expression that are not part of a commercial transaction.”” *Dr. Seuss 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 from the Congressional Record.

Professor McCarthy, the leading trademark commentator, aptly summarizes the ways in which speech that criticizes from a consumer's perspective differs from traditional infringement:

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).

Shane's use of the plaintiffs' marks in his web site is purely a communicative use in a non-trademark setting. As Professor McCarthy makes clear, trademark law does not in any way proscribe this use.

An alternative way of protecting Shane's use of Circuit City's name throughout his site is what Professor McCarthy calls the "nominative use" defense. *McCarthy on Trademarks, supra*, § 23:11. Generally, the courts have been willing to allow a junior user to make reference to a senior user by referring to its trademarks, whether in the course of making their own commentary or parody on the trademark owner or even inviting others to do so. *E.g., New Kids on the Block v. New America Pub. Co.*, 971 F.2d 302, 307-308 (9th Cir. 1992) (poll could use trademark to identify rock band); *University of Florida v. KPB Inc.*, 89 F.3d 773 (11th Cir. 1996) (maker of course study guides could identify course using university's trademarked numbering system); *Mattel v. MCA Records*, 28 F. Supp. 2d 1120, 1141-1143 (C.D. Cal. 1998) (song writer could refer derisively to toy maker's "Barbie doll" in order to criticize values it represents).

For all of these reasons, plaintiff's trademark claims should be rejected.

II. ENFORCEMENT OF PLAINTIFF'S CLAIMS WOULD VIOLATE THE FIRST AMENDMENT.

Enforcement of any of Circuit City's claims would violate the First Amendment. In trademark cases, unlike copyright cases where the fair use defense is generally co-extensive with the First Amendment, *e.g., Harper & Row v. Nation Enterprises*, 471 U.S. 539, 560 (1985), First Amendment considerations routinely receive separate discussion, although they also inform consideration of statutory interpretation issues. Thus, even if a trademark has been used in a commercial context, courts are required to construe the trademark laws narrowly to avoid undue

impingements on First Amendment rights, *e.g.*, *Cliffs Notes v. Bantam Doubleday*, 886 F.2d 490, 494 (2d Cir. 1989); First Amendment interests are weighed as a factor in deciding whether a trademark violation should be found, *e.g.*, *Anheuser-Busch v. Balducci Publications*, 28 F.3d 769, 776 (8th Cir. 1994); and injunctions must be narrowly crafted to comply with the general and virtually absolute rule against prior restraints of speech. *Id.* at 778; *Better Business Bureau v. Medical Directors*, 681 F.2d 397, 404-405 (5th Cir. 1982). And where, as is true here, the defendant is engaged in non-commercial speech rather than soliciting business, the mere application of trademark law may violate the First Amendment altogether, *L.L. Bean v. Drake Publishers*, 811 F.2d 26, 32-33 (1st Cir. 1987). Finally, the rule against prior restraints is at its apogee with respect to non-commercial speech. *See* Lemley & Volokh, *Freedom of Speech and Injunctions in Intellectual Property Cases*, 48 Duke L.J. 147, 223-224 (1998).

A. Shane’s Non-Commercial Speech Enjoys Full Protection Under the First Amendment.

The First Amendment bars each of plaintiff’s claims. It is beyond peradventure that plaintiff’s action to enforce its trademark implicates the First Amendment even though plaintiff is not a government actor. An injunction sought by private party is still government action by a court, *Shelley v. Kraemer*, 334 U.S. 1, 14-15 (1948), which is therefore subject to scrutiny under the First Amendment. *Organization for a Better Austin v. Keefe*, 402 U.S. 415, 418 (1971); *see also Procter & Gamble Co. v. Bankers Trust Co.*, 78 F.3d 219, 224-225 (6th Cir. 1996). Similarly, an award of monetary relief is government action that must comply with the First Amendment. *New York Times v. Sullivan*, 376 U.S. 254 (1964).

Nor can it be disputed that the contents of Shane’s web site are protected by the First

Amendment. Numerous cases hold that commentary about commercial products is core speech protected by the First Amendment. In *Bose Corp. v. Consumers Union*, 466 U.S. 485 (1984), the Supreme Court applied the *New York Times* standard to a libel action brought by a manufacturer claiming that a consumer group had maligned its product. Many other cases have similarly treated criticisms of a company's products or business practices as speech protected by the First Amendment. *E.g.*, *Semco v. Amcast*, 52 F.3d 108, 111-114 (6th Cir. 1995); *Porous Media Corp. v. Pall Corp.*, 173 F.3d 1109, 1119-1121 (8th Cir. 1999); *U.S. Healthcare v. Blue Cross of Greater Philadelphia*, 898 F.2d 914, 927-939 (3d Cir. 1990); *Mattel v. MCA Records*, 28 F. Supp. 2d 1120, 1144-1145 (C.D. Cal. 1998).

These principles do not apply any differently when trademarks are used in the course of speech on the Internet simply because the trademarks appear in HTML code. Shane's use of plaintiff's name in the HTML code for his web site – even if treated as a trademark use, as alleged by plaintiff – is just the sort of consumer commentary that courts fastidiously protect. The courts have repeatedly held that the use of trademarks constitutes speech within the protection of the First Amendment. *E.g.*, *Bad Frog Brewery v. New York State Liquor Authority*, 134 F.3d 87, 94-97 (2d Cir. 1998); *ACLU of Georgia v. Miller*, 977 F. Supp. 1228, 1233 (N.D. Ga. 1997). Shane's criticisms would be wholly mysterious — indeed, they would be pointless — if he had to omit from his web pages the name of the company he is criticizing. This is core speech that is fully protected by the First Amendment.

When one company has, in the course of an advertising campaign, made statements about another company's products, the courts have hammered out a multi-factor test to determine when the statements are non-commercial, and thus entitled to full First Amendment protection, or

commercial, and thus entitled only to have their First Amendment interests weighed as part of a fair use or fair commentary defense. *Semco v. Amcast*, 52 F.3d 108, 112-114 (6th Cir. 1995). Similarly, when a seller of T-shirts or some other commercial product spoofs a trademark or uses a trademark to denounce a political position, the courts have had to decide whether the alleged infringer or diluter is predominantly engaged in commentary, thus obtaining greater protection under the First Amendment, or mainly making a use of a trademark to sell its own product. *E.g.*, *Cardtoons v. Major League Baseball Players Ass'n*, 95 F.3d 959, 968-970 (10th Cir. 1996); *Rogers v. Grimaldi*, 875 F.2d 994, 997-999 (2d Cir. 1989); *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 402-403 (8th Cir. 1987).

But when an action is brought against a non-commercial use of a trademark for either political or consumer commentary, the courts have not hesitated to afford full First Amendment protection against the trademark holder's claim, either by holding that First Amendment principles bar application of the federal statute, *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 1161, 1167 (C.D. Cal. 1998); *Lighthawk v. Robertson*, 812 F. Supp. 1095, 1097-1101 (W.D. Wash. 1993); *Stop the Olympic Prison v. United States Olympic Comm.*, 489 F. Supp. 1112, 1124-1125 (S.D.N.Y. 1980); *see also Lucasfilm v. High Frontier*, 622 F. Supp. 931 (D.D.C. 1985) (ruling on nonconstitutional grounds), or by holding that the state law in question is unconstitutional on its face or as applied to the particular case. *L.L. Bean v. Drake Publishers*, 811 F.2d 26, 33 (1st Cir. 1987); *ACLU of Georgia v. Miller*, 977 F. Supp. 1228, 1233 (N.D. Ga. 1997).

By characterizing Shane's web site as a solicitation of clients for his lawsuit, Circuit City is apparently trying to shoehorn his web site into the category of commercial speech. But even assuming that solicitation of consumers to participate in a class action like this one were not

protected by *In re Primus*, 436 U.S. 412 (1978), an examination of the web site itself, whether the original site or the revised site, belies any contention that it is a solicitation of clients to the litigation. Quite to the contrary, the web site is on its face a description of alleged false advertising by Circuit City, and a warning to other consumers about advertising practices about which they should be wary. Indeed, viewers who want to file a complaint, as opposed to simply providing information, are directed to the FTC's complaint-filing web page. To consider a simple analogy, Philip Morris is not considered to be engaged in commercial speech when it runs an advertisement on the issue of tobacco regulation or "smokers rights," even though it may be motivated in part by the desire to sell more tobacco products, and even if the names of people who send friendly responses may go to its marketing department. Similarly, the fact that Shane was motivated, in part, by a desire to identify other victims of Circuit City's false advertising whom he might later approach about participation in this litigation, or who might be inspired by the web site to ask Shane to represent them, does not necessarily render the web site commercial speech. Later communications by Shane soliciting such individuals as clients might be deemed commercial speech. However, the web site itself, which does not solicit clients, is non-commercial speech under the First Amendment, even if it is sufficiently related to "commerce" to be within the scope of the Lanham Act..

B. The First Amendment Requires Denial of the Preliminary Injunction and Dismissal of the Complaint.

Given the non-commercial character of Shane's web site, there cannot be any doubt that the motion for a preliminary injunction must be denied on the ground that it is a prior restraint. The law in the Sixth Circuit is clear and unequivocal – prior restraints are not permitted except in the most exceptional of circumstances, involving "a grave threat to a critical government interest or to a

constitutional right.” *Procter & Gamble Co. v. Bankers Trust Co.*, 78 F.3d 219, 225 (6th Cir. 1996); *Ford Motor Co. v. Lane*, 67 F. Supp.2d 745 (E.D. Mich. 1999).

The fact that the complaint alleges that Shane’s web site constitutes a solicitation of clients does not mean that the site must be treated as commercial speech for the purpose of Shane’s motion to dismiss. This question turns not on whether the purpose of Shane’s web site is to advance his business as a lawyer in the long run, but rather on the content of the speech itself – that is, does the speech propose commercial transactions? After all, many companies engage in discussion of public issues that may benefit them commercially, but is still properly considered non-commercial speech. *E.g.*, *Consolidated Edison v. Public Serve Comm’n*, 447 U.S. 530 (1980). And in light of plaintiff’s attaching a copy of Shane’s entire web site to its complaint, and its inclusion of the URL for Shane’s web site in their complaint, the web site itself must be considered in deciding whether it constitutes non-commercial speech for the purpose of defendant’s motion to dismiss under Rule 12(b)(6). *Werner v. Klais and Co.*, 108 F.3d 86, 89 (6th Cir. 1997) (considering documents referenced in complaint); *Song v. City of Elyria*, 985 F.2d 840, 842 (6th Cir. 1993) (considering documents attached to complaint); *Day v. Moscow*, 955 F.2d 807, 811 (2d Cir. 1992) (considering documents on the public record, including court files); *Fudge v. Penthouse Int’l*, 840 F.2d 1012, 1015 (1st Cir. 1988) (considering documents referenced in complaint). Accordingly, the Court should rule that the claims stated in the complaint fail on First Amendment grounds because Shane is engaged in predominantly non-commercial speech, without any need to consider Shane’s affidavits and thus convert his motion to dismiss into a motion for summary judgment.

III. THE PROFESSIONAL RESPONSIBILITY ALLEGATIONS DO NOT STATE A CLAIM UPON WHICH RELIEF MAY BE GRANTED.

Circuit City's final ground for suppressing Shane's criticisms on the internet is that his web site allegedly fails to include certain required disclaimers. However, the Ohio courts do not grant standing to private individuals to file suit for breach of the code of professional responsibility, and in any event none of the allegations shows a breach of the relevant provisions of the code.

First of all, the Ohio courts have repeatedly held that the only proper sanction for a violation of the disciplinary rules is disciplinary action imposed pursuant to a proceeding brought by the Office of Disciplinary Counsel before the Supreme Court of Ohio. *Fred Siegel Co. v. Arter & Hadden*, 85 Ohio. St. 3d 171, 178, 707 N.E.2d 853, 859 (1999); *American Express Travel Rel Serv. Co. v. Mandilakis*, 111 Ohio App.3d 160, 166, 675 N.E.2d 1279, 1283 (1996). In the *American Express* case, the court described as a "nightmare" the results of a ruling that would allow third parties to bring tort actions against their adversaries' lawyers for alleged breach of the Code of Professional Responsibility. And in *Arter & Hadden*, 707 N.E.2d at 859, a case involving the law firm that represents the plaintiff here, the Supreme Court of Ohio ruled that "improper solicitation of clients in violation of the Disciplinary Rules does not independently constitute a tort." The court stated that the purpose of a disciplinary action is to protect the public interest, while the purpose of a tort action is to provide redress for injury caused by tortious conduct. Accordingly, the plaintiff in that case could not sue Arter & Hadden for breach of the Code of Professional Responsibility, but only for independent torts that the law firm and one of its associates may have committed. The fact that, within less than a year of this decision, plaintiff's counsel have not only brought this action against an adversary's lawyer based on an alleged breach of the Code of Professional Responsibility,

but failed to call this controlling authority to the Court’s attention, is certainly disheartening.¹

But even if plaintiff had standing to bring this action, it would still have to be dismissed because there has been no violation of the Code. Plaintiff asserts two separate violations. First, it faults Shane for failing to include the disclaimer “ADVERTISEMENT ONLY.” Complaint ¶ 14. But that requirement, which appears in Disciplinary Rule 2-101(F)(2)(e), applies only to a “written solicitation by direct mail”; even other forms of solicitations, such as telephone directories or newspaper advertisements, are excluded. Nothing in the rule suggests that it applies generally to web sites that are accessed by the voluntary act of individuals who are exploring the internet, or indeed to forms of publicity that do not constitute the solicitation of professional employment. Although we have not found any Ohio decisions on point, an unreported Tennessee Advisory Ethics Opinion has apparently exempted attorney web sites from the rules that apply to uninvited solicitations precisely because web sites are not indiscriminately distributed to web users, but must be accessed voluntarily. See Westermeier, *Symposium: Ethical Issues for Lawyers on the Internet and World Wide Web*, 6 Richmond J. L. & Tech. 5 (1999), footnotes 109-110 and accompanying text.

The other alleged violation of the Code is the claim that the web site “fails to disclose that the potential clients may be liable for any fees or costs of litigation.” Complaint, ¶ 15. But the requirement of such disclosure, which appears in Disciplinary Rule 2-101(E)(1)(C), applies only when the lawyer is providing information “with regard to fees and charges,” and makes reference

¹Plaintiff relies on cases where, in the course of addressing motions to disqualify counsel in cases pending before them, courts have stated that they have the power and duty “to regulate the practice before it,” including consideration of alleged violations of the Code of Professional Responsibility. Memorandum in Support of Motion for a Preliminary Injunction, at 7-8. That rule, whatever its effect on *Tepper v. Circuit City*, is not inconsistent with a ban on free-standing suits for breach of the Code, such as this case.

to “contingent fee rates.” Because the web site nowhere makes no reference to fees and charges that a potential client might have to pay or not pay, and certainly says nothing about contingent fees, the requirement that plaintiff cites simply does not come into play. Indeed, the only statement about the financing of the case appears in the page of the web site that recounts of “the story,” which states in passing that the named representative in the case, Maury Tepper, “is financing the cost of this litigation out of his own pocket.” Plaintiff provides no reason to believe that this representation is incorrect in any way.

Perhaps the best evidence of the fact that the two cited provisions of the Code do not apply to web sites whereby lawyers publicize activities in which they are involved, without making specific reference to the circumstances that invoke these disclaimers, may be found on the web site of the law firm that is representing the plaintiff in this case. The home page for the Cleveland office of Arter and Hadden is attached to the affidavit of Steven Shane as Exhibit D. The page makes no reference to the fact that it is an “advertisement,” and it says nothing about the responsibility of clients to pay fees or costs of litigation. Shane indicates that he has looked at several of the internal pages of the web site, including several pages filled with laudatory references to each of the three Arter and Hadden lawyers whose names appear on the papers in this case, implicitly inviting clients to contact them about possible provision of legal services, without any statement that the web site is an advertisement or that Arter & Hadden’s clients must assume responsibility to pay costs and fees. Surely, what’s sauce for the goose would be sauce for the gander! In fact, however, neither defendant’s web site nor the web site of plaintiff’s counsel violate the Ohio Code of Professional Responsibility.

Indeed, to the extent that the Code applies to Shane’s site at all, it is not DR 2-101, but rather

DR 2-104, that is most clearly applicable. DR 2-104(A) states, “A lawyer who has given unsolicited advice to a layman that he should obtain counsel or take legal actions shall not accept employment resulting from that advice, except that . . . (4) Without affecting his right to accept employment, a lawyer may speak publicly or write for publication on legal topics so long as he does not emphasize his own professional experience or reputation and does not undertake to give individual advice.” Shane’s web site does not exactly offer “unsolicited advice”—to the contrary, it will be seen only by members of the public who choose to visit it on the World Wide Web, perhaps because they have seen a link to it on another Circuit City protest web site, or perhaps because they have found it within the results produced by a search engine. And the site does not tout Shane’s experience or offer individual advice. Thus, his web site is fully protected by DR 2-104.

Indeed, we question whether the Ohio disciplinary rules could constitutionally be applied to forbid Shane from posting a site on the World Wide Web describing the lawsuit he has filed against Circuit City. The Supreme Court has held that the First Amendment allows the states to regulate attorney advertising of their services and solicitation of clients, *e.g.*, *Zauderer v. Office of Disciplinary Counsel*, 471 U.S. 626 (1985), but that does not mean that a public communication that discusses a matter of general public interest, including a lawsuit against a leading national retailer, may be regulated as commercial speech simply because, among the lawyer’s motives for making the communication, is the hope that potential clients will be impressed with his web site and ask him for legal representation. But the Court need not reach such constitutional questions, because the Office of Disciplinary Counsel has not brought any charges against Shane, and the plaintiff does not

have standing to do so.²

CONCLUSION

The motion for a preliminary injunction should be denied. The complaint should be dismissed for failure to state a claim on which relief can be granted, except for the allegations about misuse of plaintiff's trade dress which should be dismissed for lack of subject matter jurisdiction on grounds of mootness.

Respectfully submitted,

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² Plaintiff's preliminary injunction papers make reference to an advertising case entitled *Office of Disciplinary Counsel v. Shane*, 81 Ohio. St.3d 494, 692 N.E.2d 571 (1998). The respondents in that case were different lawyers with the same last name as the defendant here.