

In his memorandum in support of his summary judgment motion (“Lamp. Mem.”), plaintiff Lamparello argued, first, that the First Amendment does not allow the prohibition of non-commercial speech without a finding that such speech was intentionally or recklessly false, and that the standard analyses of trademark law, that allow relief against speech that is merely “likely” to cause “confusion” about its source, do not meet First Amendment standards. Lamp. Mem. 6-9, 11-13. Second, he argued based on both statutory language and caselaw that the federal and state trademark laws apply only to commercial uses. *Id.* 9-11, 13-17. Third, he showed that a trademark is infringed only if it is misused to create confusion about source, but that domain names may properly be used to denominate the subject of a web site and, accordingly, that so long as the domain name is accurate about the site’s subject and the site is not confusing about its source, a domain name that uses a trademark will not violate either the Lanham Act or the ACPA. *Id.* 17-24. Fourth, he argued that the ACPA was not violated both because Lamparello was not trying to shake down Falwell for payment for the domain name and because Lamparello had a reasonable, good faith belief that his domain name was permissible and so was protected by the “safe harbor” provision of the ACPA. *Id.* 25-26. Finally, Lamparello urged dismissal on timeliness grounds. *Id.* 26-29.

Although Falwell’s Opposition (“Fal. Opp.”) responds to several of these arguments, he does not defend his state-law claims, and he makes no effort to show either that Lamparello is engaged in the core activity at which the ACPA was aimed – extorting payment for the domain name – or that the ACPA’s safe harbor provision does not protect Lamparello. Accordingly, both the state-law and the ACPA claims should be dismissed without further discussion. This memorandum addresses the remaining claims.

**A. The Lanham Act Applies Only to Commercial Uses.**

Lamparello’s summary judgment memorandum gave three reasons for confining the

trademark laws to commercial uses – the First Amendment bars a prohibition of non-commercial speech simply because it is “likely” to be “confusing”; the Lanham Act’s language is expressly limited to commercial activity; and the Fourth Circuit and many other courts have held that the trademark laws apply only to commercial activity. Falwell takes issue with our analysis of the statutory language and of some of the cases construing it, but his arguments lack merit.

Falwell addresses first the meaning of the statutory term “use in commerce.” Section 32 of the Lanham Act (barring infringement of registered trademarks) applies only when a person “uses in commerce” the registered trademark alleged to have been infringed. *Lamp*.Mem. 10. Falwell argues (at 16-17) that the statutory definition of this term, limiting it to the “ordinary course of trade,” was added in connection with changes in the means of registering trademark, and was not intended to affect the manner in which trademarks are enforced against infringement. However, the fact remains that Congress employed the same language, “use in commerce,” both in the statutory provisions for registration **and** in the provisions that determine what uses are actionable for infringement. Under standard principles of statutory construction, “identical words used in different parts of the same act are intended to have the same meaning.” *Commissioner v. Keystone Consol. Industries*, 508 U.S. 152, 159 (1993). The Court should enforce the language that Congress enacted, not Committee reports about purposes that are at odds with the plain meaning of the statute. *See Connecticut Nat. Bank v. Germain*, 503 U.S. 249, 254 (1992).<sup>1</sup>

Falwell attempts to evade the plain meaning of the statute by arguing that the word “use” appears in sections 32 and 43 as a verb, but the definition applies only to “use” as a noun. There are

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<sup>1</sup>Falwell properly concedes, *Fal. Opp.* at 20, that legislative history may not be considered absent an ambiguity in the language of the statute.

several flaws in this argument. To begin with, it would leave verbal uses of “use in commerce” undefined. But more significant, the statutory provisions that discuss the registration of trademarks employ the word “use” both as verbs and as nouns, thus implying that the same definition applies to each. For example, section 1051(a)(1) provides, “The owner of a trademark **used in commerce** may request registration of its trademark,” and section 1051(b)(1), entitled “(b) Application for bona fide intention **to use** trademark,” provides that “(1) A person who has a bona fide intention, under circumstances showing the good faith of such person, **to use** a trademark **in commerce** may request registration of its trademark” by filing a certain document. That document must verify, among other things, an entitlement “**to use** the mark **in commerce**,” Section 1051(b)(3)(A), an “intention **to use** the mark **in commerce**,” Section 1051(b)(3)(B), and “that, to the best of the verifier's knowledge and belief, no other person has the right **to use** such mark **in commerce**.” Section 1051(b)(3)(D). Section 1051(d), entitled “Verified statement that trademark **is used in commerce**,” switches back and forth between “use” as a noun and as a verb without any hint that the meaning is different depending on the part of speech. The statutory definition would thus not carry out what Falwell portrays as its sole purpose, if “use in commerce” were being defined only as a noun.

Moreover, construing the statute according to its plain meaning has the additional benefit of avoiding the constitutional issues that would arise were the “likelihood of confusion” standard, that allows speech to be enjoined and punished without any finding of actual or intentional falsehood, applied to purely non-commercial speech. One cannot review the corpus of trademark decisions in the Fourth Circuit (and elsewhere), and their articulation of the likelihood of confusion factors, without being struck by the pervasiveness of the assumption that trademark is a **commercial** tort that applies to unfair conduct by **commercial** competitors. Indeed, in the one Fourth Circuit case where

the winner of a trademark injunction tried to apply it to limit non-commercial criticism, the Circuit was quick to say that the injunction had strayed beyond the boundaries of trademark law and into impermissible prior restraint. *CPC Int'l v. Skippy Inc.*, 214 F.3d 456, 461 (4<sup>th</sup> Cir. 2000). Lamparello's prior briefs have repeatedly made this point, and by determinedly ignoring it in arguing for the extension of trademark law to non-commercial speech, Falwell implicitly acknowledges both the force of the argument and his own inability to answer it.

An additional provision also limits actions that are brought under section 43 to redress infringements of non-registered trademarks: the proviso contained in section 43(c)(4), stating, "The following shall not be actionable **under this section**: . . . (B) Noncommercial use of a mark . . . ." Falwell assumes that this proviso applies only to the dilution subsection of section 43, Fal. Opp. 19, but he makes no effort to explain why, in that event, the language of the provision makes it applicable to "this section." Other paragraphs of subsection (c), by contrast, refer specifically to actions brought "under this subsection." §§ 43(c)(1) ("to obtain such other relief as is provided in this subsection"); 43(c)(2) ("In an action brought under this subsection"). *See also* § 43(d)(2)(A)(i) (referring to marks that are "registered . . . , or protected under subsection (a) and (c) of this section" in describing the sorts of trademarks for which an in rem action can be brought under the ACPA). It is apparent that when Congress meant section 43, it said "this section," and when it meant only section 43(c), it referred to this or the "subsection."

Falwell argues that, if the Lanham Act as a whole were limited to commercial speech, there would be no reason to use the words "commercial" or "noncommercial" in various provisions of the Act. Yet every time in the past twenty years that Congress has amended the Lanham Act, it has gone out of its way to ensure that the statute would apply only to commercial speech, because, as

its sponsors have taken pains to make clear, Congress understood the potential conflict between trademark law and the First Amendment's protections for commercial speech. The specific references requiring commercial speech or excluding noncommercial speech do not negate the general proposition that trademark law is a commercial tort, but simply reinforce it, because, as demonstrated in our opening brief and unrefuted by Falwell, the same problem applies to **any** effort to apply trademark law's loose standards to core non-commercial speech of the sort contained on Lamparello's web site.

Falwell also takes issue with Lamparello's argument that the caselaw limits the trademark laws to non-commercial speech, Fal. Opp. 18, citing dicta in *Cable News Network v. Cnnews.com*, 177 F. Supp. 2d 506 (E.D. Va. 2001), and *Planetary Motion v. Techsplosion*, 261 F.3d 1188 (11<sup>th</sup> Cir. 2001). However, both cases on which Falwell relies involved alleged infringement by businesses. Cnnews.com was part of a "comprehensive online services system that includes video on demand, broadband services, and a variety of e-business services." 177 F. Supp.2d at 512. It was itself a web site through which viewers could purchase goods, *id.* at 517, and included a link to an affiliated porn site. *Id.* at 513 n.10. Techsplosion was a commercial software firm; although it offered its software for free, the court noted that the standard commercial practice in the industry was to distribute software without charge. 261 F.3d at 1198. Thus, any discussion in either case of whether the use in commerce language extended to non-commercial activity was dictum. Moreover, Falwell never addresses *Endoscopy-America v. Fiber Tech Medical*, 4 Fed. Appx. 128, 2001 WL 94739 (4<sup>th</sup> Cir. 2001), which applied the statutory definition of "use in commerce" in deciding whether infringement had been shown under Section 32. Falwell likewise ignores *Made in the USA Foundation v. Phillips Foods*, — F.3d —, 2004 WL 829627 (4th Cir. April 19, 2004), which,

although discussing section 43 of the Act, stated more generally that “The act’s purpose, **as defined in section 45**, is exclusively to protect . . . against unscrupulous commercial conduct.” *Id.* (emphasis added). And, although Falwell asserts that impact on commercial interests is sufficient to implicate the trademark laws, Fal. Opp. at 20, he never explains why this Court should ignore Chief Judge Wilkinson’s rulings in *Skippy* that criticism of a trademark holder is non-commercial, 214 F.3d at 462, and that, to avoid conflict with the First Amendment, trademark injunctions should not be expanded past commercial uses. *Id.* at 461-462.

Finally, Falwell takes issue with Lamparello’s discussion of recent authority in other courts that confine trademark law to commercial uses and hold that noncommercial uses of domain names are immune to trademark scrutiny, but unaccountably he confines his discussion to some of the cases, while ignoring others including a decision by another district court in the Fourth Circuit. Lamp. Mem. at 14-15. And, contrary to Falwell, *TMI v. Maxwell*, — F.3d —, 2004 WL 848271, at \*2 n.2, stated that section 43(a)(1), the provision that bars infringement of nonregistered marks, is also confined to commercial speech. The many recent cases cited by Lamparello on this point are the better reasoned, and should be followed here.

**B. Fallwell.Com Is Not Likely to Cause Confusion About Its Source.**

On the issue of likelihood of confusion, the fundamental point of Lamparello’s summary judgment memorandum was that domain names designate subject and not necessarily source, that infringement law regulates only likely confusion about source, and that a web site that is **about** a trademark holder may properly be located on the Internet at a domain name that uses the trademark to identify its subject. Lamp. Mem. 17-25. Falwell’s response is meritless. First, he claims that Lamparello “conceded . . . that he is using the FALWELL mark as [a] source designator,” Fal. Opp.

at 20-21, but Falwell's citation – to Lamparello's response to certain requests for admissions – shows nothing of the sort. Second, Falwell states that “even without those admissions, it is abundantly obvious” that the domain name denotes source. *Id.* at 21. But rather than explaining why the point is obvious, he proceeds to explain why a company's use of its trademark on a beer bottle is commercial. Lamparello's argument against the theory that domain names necessarily designate source should be taken as conceded.<sup>2</sup>

Falwell makes two other arguments that pertain in some way to the issue of the likelihood of confusion. First, Falwell takes issue with Lamparello's reliance on the affidavit of Professor Milton Mueller, which, he says, was not submitted timely. *Fal. Opp.* at 3-6. However, Falwell misstates both the law and the facts. As shown by the Third Affidavit of Paul Alan Levy, ¶ 2 and Exhibit J, the expert report of Milton Mueller was sent to Falwell's counsel, John Midlen, on May 3, 2004. Falwell argues that, under Local Rule 26(D)(2), Lamparello was required to make his expert disclosures at least sixty days before the earlier of the final pretrial conference, set for June 17, and the discovery cut-off date, set as June 11. Notably, the discovery plan, which was adopted by the Court, expressly reserved the timing of expert disclosures and discovery.

Under Local Rule 26(D)(4), Lamparello is properly treated as a defendant with respect to Falwell's counterclaims, and in that respect his disclosures were due on May 12 – thirty days before June 11 – and were delivered timely even under the facts as set forth by Falwell. Accordingly, at

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<sup>2</sup>The analogy to a store sign, (*Fal. Opp.* 1 n.1) is inapposite, because a sign identifying a commercial establishment as “Falwell's store” asserts that the store belongs to Falwell by virtue of the apostrophe and “s.” As Lamparello has explained, a domain name does not denote sponsorship or ownership. Moreover, the use of the source-denoting sign that is used to attract customers is not excluded from the trademark laws simply by the tactic of conducting incidental non-commercial activity at the store.

the very least, the Mueller affidavit should be considered in deciding whether to grant summary judgment against those claims. Moreover, in this case Lamparello is but nominally a plaintiff, since he seeks only a declaratory judgment that Falwell has no valid trademark claims against him. Accordingly, it is submitted that he should be treated as a defendant for all purposes, and the Mueller affidavit considered on his declaratory judgment complaint as well.

Most important, however, any delay in presenting the report did not prejudice Falwell, who had ample opportunity to take Professor Mueller's deposition, but decided not to take it, apparently to save travel costs.<sup>3</sup> Falwell claims that Professor Mueller was not available for deposition, but the evidence belies that contention.

More specifically, Falwell received the original report on May 3, 2004. Third Levy Aff., ¶ 2 and Exhibit J. Rather than attempting to fix a date and place for depositions by agreement, Mr. Midlen waited for three days and then, by an email sent on the afternoon of May 6, unilaterally noticed a deposition to be held at the office of Falwell's local counsel in Washington, DC, on May 13 or 14. Third Levy Aff. ¶¶ 5-6 and Exhibit L. (Although Falwell claims that the Discovery Plan set May 14 as the date for "the last depositions to be conducted," Fal. Opp. 3, that Plan expressly reserved for later discussion the timing of expert discovery. Docket No. 8.). Mr. Levy responded by telling Mr. Midlen that on the two days specified and for some time thereafter, the witness would be in Hong Kong and hence could not come to DC. Third Levy Aff. ¶ 7 and Exhibit M. He reminded Mr. Midlen that, under the Local Rule 30(H), eleven days' notice was required for a deposition, that Falwell could not force Professor Mueller to come to DC but had to take the

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<sup>3</sup>Falwell asserts, without providing the document, that Professor Mueller's report is similar to an amicus brief filed in the *PETA* case. Fal. Opp. 4. Because the Mueller report is largely based on research completed after that case was briefed during the year 2000, the assertion is dubious.



deposition where the witness was located, Federal Rule 45(b)(2), and that under Local Rule 30(D) he would be required to pay Mr. Levy's travel expenses to that location. *Id.* However, Mr. Levy also indicated that the witness would be available for deposition by telephone, or that Mr. Midlen could wait until the witness returned to Syracuse, New York in late May. Mr. Levy also invited Mr. Midlen to call to set the date for the deposition. *Id.* Rather than take the deposition out of the area or by telephone, Mr. Midlen revoked his notice of deposition and announced that he would instead oppose submission of the expert report. Third Levy Aff. ¶ 8 and Exhibit N..

Because oppositions to the cross-motions for summary judgment were not due until June 4, Professor Mueller was available for deposition in ample time for his testimony to be discussed in Falwell's briefs. That Falwell's counsel chose not to take the risk of cross-examining one of the nation's leading experts on the domain name system, or to ask some of the questions that he now poses in his brief, should not afford any basis for excluding the expert report.<sup>4</sup>

Finally, Falwell relies on a study of the server logs from his website, performed by his

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<sup>4</sup>Falwell takes issue with minor portions of the Mueller report. He argues that Mueller's conclusions are fatally flawed by his discussion of a study, conducted five years ago, that is not attached to the report for the court's review. Fal. Opp. 4-6. However, review of the affidavit reveals that Professor Mueller acknowledged its limitations as a "pilot study," and that he treated it as merely one of a number of bases for his ultimate conclusion that "name-guessing" as a way of finding desired websites is a declining phenomenon. Because Professor Mueller gave this study limited weight in his analysis – one paragraph in an eleven page report – its mention does not preclude consideration of his professional opinion. Falwell also argues that Professor Mueller should not be allowed to express opinions about "the profile of a cybersquatter," Fal. Opp. 6. However, the affidavit shows the basis for this opinion, including frequent service as an arbitrator in UDRP proceedings and authorship of a detailed statistical analysis of thousands of URDP proceedings. Moreover, his characterization of cybersquatters is entirely consistent with their portrayal in numerous opinions cited in previous memoranda., Lamp. Mem. 26; Lamp. Opp. 22-23. Finally, although Professor Mueller's affidavit opines about "communication rights," which Falwell takes as an expression of opinion about a question of law, there is no indication in the report that he is referring to legal rights. In any event Lamparello's papers do not cite that short passage in the report.

webmaster Steven Peterson, as supposedly showing the existence of “actual confusion,” a matter that does not refute plaintiff’s argument about the nature of domain names, but does relate to one of the *Pizzeria Uno* factors by which likelihood of confusion is determined. Falwell’s opposition asserts that Mr. Peterson has determined that, during the twenty-two days from May 1 to May 22, 231 hits to his falwell.com web site were referred by the hyperlink to falwell.com from Lamparello’s fallwell.com web site. This “evidence” does not show **any** actual confusion, not to speak of a substantial amount of confusion. Given the stipulation that Lamparello’s web site received about 200 hits per day, during the twenty-two day period covered by Peterson’s review of the server logs, Lamparello got a total of some 4400 hits, and only about 5% decided that they also wanted to look at Falwell’s web site. (During the same time, Falwell received about 198,000 hits.) There is nothing to show whether these individuals reached Lamparello’s site because they were looking for Falwell’s own site, or whether, after having intentionally examined Lamparello’s site, they decided that they wanted to see Falwell’s. Even for the small fraction of Lamparello’s viewers who may have reached his site while looking for Falwell himself, the referrals show no more than a form of initial interest confusion. In that regard, the fact that Lamparello’s hyperlink allowed these individuals to reach Falwell’s site easily shows that the disclaimer and hyperlink are working effectively to help such users find Falwell.

For several reasons, the Court should not give any consideration to Peterson’s information, whatever it may mean. First, although Peterson limited his review to recent server logs, he could have studied earlier logs to develop such information. Yet, when Lamparello asked Falwell to detail the facts on which his allegation of likelihood of confusion was based, no such facts were reported. First Levy Aff., Exhibit D, Falwell Answer to Interrogatory No. 1 (“Fal. Interrog.”). Similarly,

when asked to produce all documents on which his likelihood of confusion claim was based, Falwell did not produce any server logs. *Id.*, Answer to Document Request No. 5 (“Fal.Doc.”). Second, although Lamparello asked Falwell for documents showing visits to his web site, Falwell has never produced **any** server logs, not even the logs that Peterson studied for the assertions now put forward. Indeed, as late as May 19, 2004, Falwell was refusing to produce even the current server logs on the ground that they contained confidential information. Third Levy Aff., ¶ 9 and Exhibit O. Falwell should not be permitted to excerpt from the logs the data on which he wants to rely, while refusing to comply with discovery requests for the underlying data. Third, Falwell has stipulated that the fallwell.com did not have “any measurable impact” on traffic to his own website. Suppl. Stip. Falwell entered that stipulation to avoid having the Court address his spoliation of evidence, by destroying or causing the destruction of five years worth of server logs, even after he knew those logs had been requested in discovery. Falwell should not be permitted to contradict or undercut that stipulation by presenting evidence from the tiny fraction of server logs that he has more recently decided to preserve.

**C. Falwell’s Trademark Claims Should Be Dismissed As Untimely.**

The parties are in agreement that Falwell brought his trademark claims against Lamparello on February 5, 2004, nearly five years after Lamparello registered his domain name (February 11, 1999), and five years after he posted his website at that address (February 19, 2000). Fal. Opp. 6-7. Lamparello has argued that the limitations period for most trademark claims in Virginia is two years (four years under the ACPA), Lamp. Mem. 26-27), and that in any event the equitable doctrine of laches bars Falwell’s claims because Lamparello would be prejudiced by Falwell’s unexplained delay in enforcing his rights after the alleged infringement began and after Falwell knew or should

have known of Lamparello's activities.

Lamparello's opening memorandum identified two conflicting decisions in this district, one holding that the proper limitations period is the five year period for direct injury to property, and another holding that the limitations period is the two year period for personal injuries. Because the "five-year" case simply announced its decision while the "two-year" opinion explained its reasoning, the Court should follow the two-year rule. Lamp. Mem. 27. Although Falwell cites a third limitations case from this district, *International Bancorp v. Société des Bains de Mer*, 192 F. Supp. 2d 467 (E.D.Va. 2001), *aff'd on other grounds*, 329 F.3d 359 (4<sup>th</sup> Cir. 2003), that case simply indicated in passing that five years "seems to be the better view" because trademark rights "have the characteristics of property." Fal. Opp. 7. However, as discussed in Lamp. Mem. at 27, Virginia has construed very strictly the requirement of a direct injury to property, as opposed to personal interests in reputation or a stronger business. *Unlimited Screw Products v. Malm*, 781 F. Supp. 1121, 1125-1126 (E.D. Va. 1991). Indeed, most courts have avoided facile applications of property concepts to trademark law because a "trademark is not property in the ordinary sense but only a word or symbol indicating the origin of a commercial product." *L.L. Bean v. Drake Publishers*, 811 F.2d 26, 29 (1st Cir. 1987). The clear majority rule in this district is two years. *Teaching Co. v. Unapix Entertainment*, 87 F. Supp. 2d 567, 585 (E.D. Va. 2000); *CACI Int'l v. Pentagen Technol*, 1994 WL 1752376 (E.D.Va. 1994), at \*5, *aff'd mem.*, 1995 WL 679952 (4<sup>th</sup> Cir. 1995); *Unlimited Screw*, *supra*. In *CACI*, the Fourth Circuit expressly affirmed on the two year limitations period. 1995 WL 679952, at \*3. The Court should follow that rule here.

Falwell argues, however, that the continuing existence of the fallwell.com web site makes Lamparello's infringement a continuing violation, thus allowing Falwell to sue for infringement

even though the site was originally published outside the limitations period. There are two flaws in that argument. First, Falwell gives no sound reason why the single publication rule should not be applied here. Even though, as Falwell notes (at 8), the only Virginia case on point is a trial court ruling, Falwell gives no reason to believe that Virginia would not follow the single publication rule. The one district court ruling that Falwell cites on the continuing violation issue, *Int'l Bancorp*, does not consider the single publication rule. And in any event, to the extent that Falwell argues that Lamparello's recommendation of a commercially available book made his site "commercial," that conduct ceased more than two years before suit was filed. Thus, even if the Court finds that this recommendation constituted commercial use of the trademark, that conduct is **not** a "continuing violation."

Second, Falwell claims that he did not learn of Lamparello's violation until "late summer or early fall" of 2001. However, he does not present any admissible evidence of that fact, which he is required to do because the discovery rule represents an exception to the statute of limitations and "the burden is on plaintiffs to show that due diligence was exercised and that critical information, reasonable investigation notwithstanding, was undiscoverable." *Gould v. U.S. Dept. of Health & Human Services*, 905 F.2d 738, 745-746 (4<sup>th</sup> Cir. 1990). Falwell does cite the "Second Peterson Affidavit" as follows:

Were it material, Counterclaimants would assert they first became aware of the website at fallwell.com in the late summer or early fall of 2001 and that the aforementioned cease and desist letter to Lamparello followed shortly thereafter. Second Peterson Affidavit.

Fal. Opp. 11.

However, this reference typifies the problems posed by his unusual practice of presenting affidavits that are not self-contained, but simply refer to an accompanying brief and attest to facts in that brief

that are, in turn, attributed to the affidavit.

It is not clear exactly what facts Peterson is attesting. Is he swearing that Falwell would make the stated assertion, or is he attesting the substance of that assertion, *i.e.*, the date when Falwell “became aware” of fallwell.com? If the latter, what is the basis for Peterson’s knowledge? The Peterson affidavit does not show the basis for his personal knowledge as required by Rule 56(e); the evidence shows that Peterson is the webmaster, but not that he is familiar with information obtained in the course of Falwell’s marketing or trademark enforcement efforts. Indeed, Falwell’s opening memorandum (at 17) contains an assertion, attributed to a previous Peterson “affidavit,” that Peterson had become Falwell’s webmaster 2-½ years before (*i.e.*, November 2001). What basis, then, did Peterson have for knowing what defendants knew or did not know in the late summer of 2001, or earlier? It is also unclear whether Peterson’s affidavit, sworn on June 3, was intended to attest to statements about Falwell’s knowledge in a June 4 brief, especially since the affidavit makes specific reference only to the section of the brief pertaining to actual confusion.

By contrast, the record does contain properly attested evidence about the timing of defendants’ knowledge. It is undisputed that Lamparello contacted defendants in May 2000, and told them that he was the webmaster of Fallwell.com. Lamp. Aff. ¶ 5. May 2000 is much more than two years before suit was filed. Thus, even if the court allows Falwell to claim belated discovery, after his counsel engaged in an exchange of correspondence that lulled Lamparello into not taking discovery into defendants’ trademark enforcement efforts, the discovery rule does not afford a basis for avoiding dismissal based on the statute of limitations.<sup>5</sup>

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<sup>5</sup>Falwell claims that pursuit of the UDRP proceeding tolled the running of the statute of limitations. Because, even if the discovery rule is applied, the statute expired two years after May 2000, tolling would do Falwell no good. Moreover, the cases he cites show only that when pursuit

Turning finally to the issue of laches, Falwell correctly asserts (at 9) that the Fourth Circuit has stated that the equitable defense of laches has no application to “prospective injunctive relief.” *Lyons Partnership v. Morris Costumes*, 243 F.3d 789, 797 (4<sup>th</sup> Cir. 2001). Because all injunctions are prospective, taken literally this language would mean that laches is never applicable in actions for an injunction. However, what the cases actually hold is that laches are inapplicable if the likelihood of confusion is particularly clear. For example, *Lyons* states, “laches may not be invoked to deny injunctive relief if it is **apparent** that the infringing use is likely to cause confusion.” *Id.* at 799 (emphasis added). That language comes from an earlier case, where the court explained the point as follows: “Because laches is an equitable doctrine, its application is inextricably bound up with the nature and quality of the plaintiff’s claim on the merits relevant to a prospective injunction.” *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 461 and n.8 (4<sup>th</sup> Cir. 1996) (quoting *University of Pittsburgh v. Champion Products*, 686 F.2d 1040, 1044 (3d Cir. 1982), and stating that a good case for laches is presented where proof of likely confusion is weak). *See also Resorts of Pinehurst v. Pinehurst Nat. Corp.*, 148 F.3d 417, 424 (4<sup>th</sup> Cir. 1998) (“strong showing of likelihood of confusion” will overcome laches defense and justify injunction). Here, even if the Court finds infringement, it is a close question at best, there is no evidence of actual damages, and Falwell has stipulated that the alleged infringement had no measurable impact on the quantity of Internet traffic that he receives. Accordingly, the doctrine of laches should be applied given the serious prejudice that the injunction would cause to Lamparello’s protected speech.

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of administrative remedies is a precondition for suit, the limitations period is tolled. Indeed, one of the two cases, *Trent v. Bolger*, 837 F.2d 657, 659 (4<sup>th</sup> Cir. 1988), distinguished parallel proceedings, which do not toll, from proceedings that must be concluded before suit can be brought, which do toll. Falwell did not have to invoke the UDRP before bringing his trademark claims to court.

In that respect, Falwell properly points (at 12) to the parties' June 2 Supplemental Stipulation that fallwell.com had "no measurable impact" on the quantity of traffic to falwell.com as having come close to eliminating one of the two forms of prejudice on which Lamparello had relied – the loss of evidence due to spoliation of evidence while Falwell was delaying the initiation of suit. But Lamparello would also be prejudiced because, as the evidence shows, in the past five years, he has built up a large amount of traffic that reaches him through search engines, links, bookmarks, and Internet users' recollection of his domain name. Being required to change his domain name would cost him all of this traffic, at least in the short run, and thus have a substantial adverse impact on his ability to communicate his critical message effectively. Lamp. Mem. 29. Although Falwell contends that merely placing meta tags on the site at a new address is all that would be needed to bring traffic from search engines, Fal. Opp. 12, it is not only search engine traffic that would be lost, and even with respect to search engines, the affidavits of Lamparello and Stele make clear that increasing traffic from search engines requires more than mere listing and meta tags. It is the search **ranking** that matters, and given Falwell's admission that a search for his name can return more than one million results, Fal. Mem. 11, the prospect of being returned at number 1000, or even 100, on such a long list of search results is worth little. Many search engines use algorithms for their search rankings that include numbers of links to the site, amount of traffic to the site, and similar determinants that can only be augmented over time. *See Sullivan, How Search Engines Rank Web Pages*, <http://searchenginewatch.com/webmasters/article.php/2167961>. If Lamparello has to begin again with a new domain name, it could take years for him to build up the same level of traffic and hence a useful search engine ranking. The loss of such traffic in the interim constitutes prejudice warranting application of the doctrine of laches. Moreover, because the effect of taking away his



domain name will be to drown Lamparello's criticism in the sea of other Internet voices, that is a serious prejudice indeed.

## CONCLUSION

Lamparello's motion for summary judgment should be granted, and Falwell's motion should be denied. The counterclaims should be dismissed with prejudice, and the Court should declare that Lamparello's registration and use of the domain name fallwell.com did not violate Falwell's trademark rights in any respect.<sup>6</sup>

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<sup>6</sup>Plaintiff's Opposition Memorandum (at 26) erred by stating that the Lanham Act "never defines the term 'counterfeit.'" In fact, the third paragraph from the end of section 45 of the Lanham Act, 15 U.S.C. § 1127, reads as follows: "A 'counterfeit' is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." Counsel regret the mistake.

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