

UNITED STATES COURT OF APPEALS  
FOR THE FOURTH CIRCUIT

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Nos. 04-2011 and 04-2122

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CHRISTOPHER LAMPARELLO,

Plaintiff-Appellant/Cross-Appellee,

v.

JERRY FALWELL and JERRY FALWELL MINISTRIES,

Defendants-Appellees/Cross-Appellants.

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Appeal from a Judgment of the  
United States District Court  
for the Eastern District of Virginia

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**BRIEF FOR APPELLANT CHRISTOPHER LAMPARELLO  
IN REPLY ON NO. 04-2011 AND AS APPELLEE IN NO. 04-2122**

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## INTRODUCTION AND SUMMARY OF ARGUMENT

**Consider the following:** Christopher Lamparello stands on a sidewalk near Jerry Falwell's Thomas Road Baptist Church in Lynchburg. He hands out a booklet, whose cover bears the single word "Fallwell," and whose insides contain the same content as the website at issue in this case, criticizing the views of appellee Jerry Falwell on homosexuality and explaining how Falwell's words hurt gay people and depart from a proper interpretation of the Bible, but containing no commercial content and no statements about Falwell's commercial activities. Could appellee Falwell invoke the trademark laws to obtain an injunction against this leafleting, on the theory that readers might be confused about proper religious doctrine and thus risk damnation, and about whether appellee was the author of this leaflet? On the theory advanced in Falwell's appellee brief, the answer is yes, because any work that has any potential of being confusing could have an adverse impact on the trademark holder and on his reputation, and that possible impact is sufficient engagement with commerce to warrant application of the trademark laws.

Lamparello's opening brief argued that the trademark laws do not apply to non-commercial statements about the religious views of trademark holders, both because the text of the statute does not authorize such application and because any such application of the trademark laws would be unconstitutional. Indeed, the extension of the trademark laws to reach such conduct would constitute a vast expansion of the

authority of the federal government to regulate religious speech and to regulate purely local affairs beyond the scope of the Commerce Clause. *See Tax Cap Committee v. Save Our Everglades*, 933 FSupp 1077, 1080-1081 (SDFla 1996). While the Court addresses the finer points of trademark doctrine as discussed in this brief, it should also consider the vast expansion of federal power into the regulation of strictly non-commercial speech on the local level that Falwell's theories would authorize.

This brief is divided into two parts. Part I shows how Falwell's brief ("FalBr") fails to rebut the arguments supporting Lamparello's appeal. Section A enumerates several of the arguments in Lamparello's opening brief ("LampBr") that Falwell completely ignores and apparently concedes. Section B responds to Falwell's attempt to explain why the trademark laws should reach non-commercial speech, and addresses the language of the statute, the cases construing the statute, and the constitutional issues that caution a narrow construction of the trademark laws to avoid impinging on Lamparello's constitutional rights. Section C addresses the issues of likelihood of confusion and fair use, showing why the use of a domain name similar to Falwell's name for a nonconfusing website about Falwell would not violate the trademark laws even if Lamparello were making a commercial use of Falwell's mark, and why Falwell's effort to justify the decision below based on the *Pizzeria Uno* factors falls short. Finally, Section D addresses the limitations issue.

The second part of this brief addresses Falwell’s cross-appeal from the denial of statutory damages and attorney fees. On appeal, Falwell seeks statutory damages on a ground not advanced below – the claim that the ACPA requires statutory damages whenever a violation is found. In fact, the award of statutory damages is discretionary, and the court below did not abuse its discretion in denying them under the ACPA or the Lanham Act’s anti-counterfeiting provisions. Likewise, the district court did not abuse its discretion in denying attorney fees. Falwell’s conclusory contention that this case meets the very high standard for attorney fee awards under the Lanham Act lacks merit.

## **I. THE JUDGMENT ON LIABILITY SHOULD BE REVERSED.**

### **A. Falwell Has Not Defended Several Arguments for Reversal.**

In his opening brief, Lamparello made several arguments for reversal that Falwell does not address, and which therefore may be taken as conceded.

For example, Lamparello argued that, apart from Falwell’s failure to show commercial use, Falwell’s cybersquatting claims under the ACPA should have been rejected both because Falwell failed to show a “bad faith intent to profit,” and because Lamparello qualifies for protection under the “safe harbor” provision for persons who harbor a reasonable belief that their registration and use of a domain name are lawful. LampBr52-56. Falwell objects to the argument that commercial use is required and

argues that it is only one of nine factors that should be considered on the issue of bad faith intent to profit. FalBr29. However, he never explains why the bad faith intent to profit factors support judgment in his favor, why the absence of any attempt to make money from the fallwell.com domain name does not preclude an ACPA claim, or why the safe harbor does not protect Lamparello. To the extent that the judgment below is based on the ACPA, it should be reversed.

Second, in objecting to the timeliness of Falwell's claims against him, Lamparello argued both that Falwell waited to sue until after the statute of limitations expired, and that Falwell's claims should be rejected because of laches. LampBR56-59. Falwell devotes several pages to the limitations issue, FalBr8-11, but he ignores the issue of laches. This argument, too, should be taken as conceded.

Third, in explaining why constitutional concerns should impel the Court to construe the trademark laws narrowly to apply only to non-commercial uses, and thus avoid implicating unnecessary constitutional questions, Lamparello made arguments under both the First Amendment and the Commerce Clause. LampBr11-18. Falwell responds to the First Amendment arguments, but he never explains why the Commerce Clause, as construed in such cases as *United States v. Morrison*, 529 US 598 (2000), supports application of the Lanham Act to these facts.

## **B. The Judgment Should Be Reversed for Lack of Commercial Use.**

### **1. The Lanham Act Applies Only to Commercial Conduct.**

Lamparello's opening brief argued that the trademark laws extend only to commercial uses of trademarks, and that consequently Lamparello's use of Falwell's name to identify the subject of his strictly non-commercial commentary on Falwell's religious views about homosexuality does not violate the trademark laws. The "non-commercial use" provision in Lanham Act §43(c)(4)(B), 15 USC §1125(c)(4)(B), applies by the terms of the statute to all causes of action created by "this section," which include Falwell's claims for false designation of origin under §43(a) (that is, infringement of common law trademarks) and for cybersquatting under §43(d). Moreover, the definition of "use in commerce" in §45, limiting the phrase to use "in the ordinary course of trade," excludes purely noncommercial uses from the cause of action for infringement of registered trademarks in §32. Falwell's brief seeks to evade the plain language of the Act by invoking snippets of legislative history, but these arguments are misplaced because the Supreme Court has repeatedly held that legislative history is not to be consulted unless the statutory language is ambiguous. *BedRoc Ltd. v. United States*, 541 US 176, 124 SCt 1587, 1595 n8 (2004); *Lamie v. United States Trustee*, 540 US 526, 533, 535 (2004); *Lee v. Boeing Co.*, 123 F3d 801, 805 (CA4 1997). 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 US 249, 253-254 (1992); *In re Apex Exp. Corp.*, 190 F3d 624, 641 (CA4 1999). In any event, the legislative history is not decisive, and Falwell does not point to any ambiguity in the language of the statute; consequently, he shows no basis for consulting the legislative history.

Falwell's reliance on *Koons Buick v. Nigh*, 125 SCt 460 (2004), to support his resort to legislative history is misplaced. The question there was whether a damages cap imposed on recoveries under "this subparagraph" of the Truth in Lending Act would apply to clauses (i) and (ii) of 15 USC § 1640(a)(2)(A), or only to clause (ii) of subparagraph (A). The phrase "this subparagraph" appeared in §1640(a)(2)(A)(ii), and yet §1640(a)(2)(A)(iii) contained a separate damages cap. Because, among other reasons, it would have made no sense to apply the damages cap to §1640(a)(2)(A)(iii), this Court agreed with Nigh's argument that Congress must have intended the phrase "this subparagraph" to refer to §1640(a)(2)(A)(ii) alone. The Supreme Court, however, held that under standard legislative drafting practices, "subparagraph" normally would refer to segments of statutes separated by capital letters – in this case, subparagraph (A) – while the term for segments beginning with lower-case Roman numbers was "clause." Moreover, it was clear from the language of §1640(a)(2)(A)(iii) that Congress could not have meant to apply the cap in (ii) to the

liability set forth in **that part** of the subparagraph. Accordingly, some members of the Court deemed it proper to turn to legislative history and other construction aids to determine whether the cap would apply to both clause (i) and clause (ii) of subparagraph (A), or only to clause (ii).

Far from supporting Falwell's position on the meaning of section 43(c)(4), *Koons* supports Lamparello's argument. As the Supreme Court explained,

Congress ordinarily adheres to a hierarchical scheme in subdividing statutory sections. See L. Filson, *The Legislative Drafter's Desk Reference* 222 (1992) (hereinafter *Desk Reference*). This hierarchy is set forth in drafting manuals prepared by the legislative counsel's offices in the House and the Senate. The House manual provides:

“To the maximum extent practicable, a section should be broken into--  
“(A) subsections (starting with (a));  
“(B) paragraphs (starting with (1));  
“(C) subparagraphs (starting with (A));  
“(D) clauses (starting with (i)) ....”  
House Legislative Counsel's Manual on Drafting Style, HLC No. 104-1, p. 24 (1995).

The Senate manual similarly provides:

“A section is subdivided and indented as follows:  
“(a) SUBSECTION.--  
“(1) PARAGRAPH.--  
“(A) SUBPARAGRAPH.--  
“(i) CLAUSE.--”  
Senate Office of the Legislative Counsel, *Legislative Drafting Manual* 10 (1997).

125 SCt at 467.

Both *Koons* and the drafting manuals on which it relies firmly support Lamparello's

argument that when section 43(c)(4) states that its three exceptions apply to “this section,” it is extending those exceptions to all of section 43, and not to just subsection (c).

Moreover, the *Koons* Court relied not just on the common meaning of “subparagraph,” but on the relatively consistent way in which TILA uses that term to refer to subdivisions of the statute beginning with a capital letter in parentheses. Similarly, as described in Lamparello’s opening brief, at 23-24, throughout section 43, the Lanham Act consistently uses the term “section” when referring to §43, and “subsection” when referring to §43(a) or 43(c). *See also* section 43(d)(1)(A) (extending reach of the ACPA to “a personal mark which is protected as a mark under this section,” which can only refer to the protections extended by §43(a)). *Koons* thus squarely supports Lamparello’s analysis of the statutory language and shows that the language unambiguously extends the “noncommercial” use and fair use exceptions to all subsections of §43.

Moreover, because the fair use defense in §33(b)(4), 15 USC §1115(b)(4), applies by its terms only to the cause of action for infringement of registered marks under §32, there would be no fair use exception to claims of infringement of unregistered marks unless the section 43(c)(4) exceptions apply to all of section 43. And, indeed, one of the cases on which Falwell relies to support its position on “use

in commerce” under section 32 holds that section 43(a) claims are limited to commercial uses of trademarks because section 43(c)(4)(B) applies to all of section 43. *Planned Parenthood v. Bucci*, 1997 WL 133313 (SDNY) at \*7, *aff’d mem.*, 152 F3d 920 (CA2 1998), *cited with approval*, *OBH v. Spotlight Magazine*, 86 FSupp2d 176, 196-197 (WDNY 2000).

Falwell correctly notes that section 43(c)(4) was enacted as part of section 43(c), which was added to provide a federal cause of action for dilution of truly famous trademarks. However, nothing in the legislative history shows an intention to limit the impact of the section 43(c)(4) exceptions to dilution, or to avoid the application of this paragraph (4) to other subsections of section 43. Nor has Falwell not identified any ambiguity in the statute that warrants a resort to legislative history to discern Congress’ “real” intent.

Similarly, the text of the Lanham Act neither confines the definition of “use in commerce” to the registration provisions of the Lanham Act, nor bars its application to the cause of action for infringement.<sup>1</sup> Falwell does not deny that the normal rule of construction, repeatedly invoked by the Supreme Court and this Court, requires that

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<sup>1</sup>In addition to cases cited on this point in Lamparello’s opening brief, *see Karl Storz Endoscopy America v. Surgical Technologies*, 285 F3d 848, 855 (CA9 2002); *Machinists v. Winship Green Nursing Center*, 103 F3d 196, 209-210 (CA1 1996)(concurring opinion); and *WHS Entertainment Ventures v. Paperworkers*, 997 FSupp 946, 949 (MDTenn1998)

when the same word or phrase is used in different parts of the statute, it is presumed that they have the same meaning. However, after filing his brief, Falwell submitted a Rule 28(j) letter citing an unusual case in which the Supreme Court was willing to accord different implications to the phrase “substantial evidence.” *Steadman v. SEC*, 450 US 91, 100 (1981). The statute at issue there did not define the term in question. By contrast, Lanham Act §45 defines “use in commerce” to require use “in the ordinary course of trade,” and §45 expressly comprehends “the construction of this chapter,” *i.e.*, Chapter 22 of Title 15. Other definitional provisions in the Lanham Act are limited to a particular “subchapter,” *see* Lanham Act §60, 15 USC §1141, or even a single subsection or paragraph. *E.g.*, Lanham Act §§34(d)(1)(B), 32(2)(E). Congress thus knew how to confine the application of a definition to a particular segment of the Lanham Act, and its decision to apply the definition of “use in commerce” to the entire Act commands this Court’s respect. Confining the definition to subchapter 1 of the Lanham Act, which contains the registration provisions, would thus violate the plain language of the statute. Although Falwell cites a sentence in a Senate Committee Report stating that any type of use would be considered in infringement actions, a “buried reference in a legislative report,” indicating the view of some members of Congress about the manner in which the definition would be applied, cannot override the plain language of the Act. *Rosmer v. Pfizer*, 263 F3d 110,

117-118 (CA4 2001); *In re Apex Exp. Corp.*, 190 F3d 624, 641 (CA4 1999); *Trustees of Chicago Truck Drivers Pension Plan v. Leaseway Transp Corp.*, 76 F3d 824, 830 (CA7 1996).

Falwell finally argues that, because section 43(c)(4) expressly excludes non-commercial uses, “use in commerce” could not possibly limit the reach of the cause of action for trademark infringement. However, redundancies do occur across statutes, including intellectual property statutes. *JEM AG Supply v. Pioneer Hi-Bred Int’l*, 534 US 124, 144 (2001); *Connecticut Nat’l Bank v. Germain*, 503 US 249, 253 (1992). What the history of the Lanham Act reflects is that each time Congress has considered amendments in the 1980’s and 1990’s, it has incorporated exceptions for non-commercial uses or limitations to commercial uses, precisely because members of Congress have recognized the constitutional issues that would be posed if the Lanham Act were to extend to prohibit purely noncommercial speech. LampBr24.

Falwell also invokes several cases supposedly holding that the Lanham Act extends to purely noncommercial conduct. Many of those cases do not even discuss the statutory provisions on which Lamparello has relied. For example, Lamparello’s opening brief explained that *PETA v Doughney*, 263 F3d 359 (CA4 2001), did not discuss “use in commerce,” and involved commercial use of the mark because the defendant was trying to sell the domain name. Falwell blithely ignores these

distinctions in citing *PETA*, as well as other “extortion to sell the name” cases such as *E&J Gallo Windery v. Spider Webs*, 286 F3d 270 (CA5 2002). Indeed, Falwell ignores the fact that the very same court that decided *Gallo* has since distinguished that decision from cases involving pure gripe sites. *TMI v. Maxwell*, 368 F3d 433 (CA5 2004).

Other cases cited by Falwell to support its position on non-commercial use involved plainly commercial enterprises. *Steele v. Bulova Watch Co.*, 344 US 280 (1952) (company used American parts to make watches in Mexico); *Planetary Motion v. Techsplosion*, 261 F3d 1188 (CA11 2001) (commercial software developer released software without initial charge to increase his business). Equally important, Falwell never confronts the pervasive assumption in this Court’s Lanham Act cases, and this Court’s formulation of the *Pizzeria Uno* factors, not to speak of the numerous cases cited by amici, showing that the Lanham Act is directed at **commercial** exploitation of the goodwill developed in trademarks. LampBr22.

Finally, Falwell’s statutory construction argument fails to come to grips with the **constitutional** reasons why a commercial connection is so crucial to the Lanham Act. As Lamparello’s opening brief explained, in the course of amending the Lanham Act in the 1980’s and 1990’s, members of Congress repeatedly acknowledged the potential for conflict between the Lanham Act and the First Amendment if the Act

were not confined to commercial speech. LampBr24. Falwell never responds to this argument, although he does take issue with the contention that application of the Lanham Act to domain names implicates the First Amendment, an issue addressed *infra* at Section C. Similarly, the Commerce Clause extends Congress' authority only to commercial activity or to "economic endeavor" that has a substantial impact on commerce. LampBr18-19. Falwell also never explains how, if the Lanham Act applies to purely noncommercial discussions about a religious figure's views about homosexuality, which by stipulation had no measurable impact on the number of persons who visited that individual's website and thus on the plaintiffs' business operations, Congress' Commerce Power could be implicated.

## **2. Lamparello's Website Is Entirely Noncommercial.**

Lamparello's web site is non-commercial. Nevertheless, Falwell argues that the fact that, at one time, Lamparello's website contained a link to a commercial site where a book about biblical interpretation could be bought, renders the site forever commercial. Yet the mere presence of such a link, buried deep within Lamparello's site, does not render commercial Lamparello's use of Falwell's trademark in his domain name. It is, after all, undisputed that Lamparello received no payment for the link, and had no connection to the author. Falwell makes no effort to distinguish the two cases on which Lamparello relied in his opening brief, at 25, to support the

proposition that unpaid links do not make sites commercial. *See also Harrison v. Microfinancial*, 2005 WL 435255 (DMass, February 24, 2005) (unpaid links to law firms did not make site commercial); *Northland Ins. Co. v. Blaylock*, 115 FSupp2d 1108, 1114 (DMinn 2000) (same).

Instead, Falwell cites cases in which the purpose of the underlying website was to induce readers to buy certain merchandise, or at least to direct readers to websites purveying commercial products that were anathema to the trademark holder. *E.g.*, *Planned Parenthood v. Bucci*, 1997 WL 133313 (SDNY) (selling anti-abortion book); *Jews for Jesus v. Brodsky*, 993 FSupp 282 (DNJ 1998) (selling Judaica). Given that the **purpose** of the non-commercial use exception is to avoid the application of the Lanham Act to noncommercial speech, the application of the Lanham Act to bar use of a trademark on a website that simply links to a commercial site is inconsistent with this purpose. In any event, even if the link to the book-selling page were deemed an impermissible commercial use, Falwell does not explain why the elimination of the link in 2001, more than three years before this litigation began, was not a sufficient reason to deny any injunctive relief or, at the most, to enter a limited injunction barring any restoration of such links.

Similarly inconsistent with the purpose of the noncommercial use exception is Falwell's argument that a use becomes commercial whenever it interferes with the

trademark holder's business by intercepting potential visitors to the markholder's website. This Court held in *CPC Int'l v. Skippy*, 214 F3d 456 (CA4 2000), that criticism of a business does not make speech commercial. Lamparello's opening brief cited *Skippy* for that proposition, but Falwell ignores the case in its discussion of commercial use. Instead, Falwell relies on *PETA*. However, that decision's discussion of the impact of the defendant's website was not devoted to proving that the use met the statutory definition of "use in commerce," but just showing that the use was "in connection with goods and services." 263 F3d at 919. Likewise, Falwell does not explain why *PETA*'s discussion of impact on access to the markholder's website has any relevance here, in light of the stipulation that Lamparello's use of the domain name had "no measurable impact" on the number of visitors to Falwell's website. In short, there is no basis for finding Lamparello's website commercial. Consequently, the judgment should be reversed.<sup>2</sup>

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<sup>2</sup>Even on the grounds stated by *PETA* for finding the activity of the defendant there to have been "in connection with the sale of goods and services," this case is distinguishable. Lamparello's website does not make any statements about the goods or services that Falwell sells on his own website or through the commercial aspects of his ministry. Nor is Lamparello's website devoted to inducing his viewers to buy commercial products that Falwell deplors. Compare *PETA*, 263 F3d at 918. Doughney's home page prominently displayed numerous links to a series of commercial enterprises, including butchers, furriers, tanners, taxidermists, and other businesses that *PETA* opposes. The Court can compare fallwell.com to Doughney's home page because, as recited in *PETA*, the page was (and still is) accessible at [www.mtd.com/tasty](http://www.mtd.com/tasty). Here, Lamparello's website is directed solely to discussing

### **C. The Injunction Infringes Lamparello's First Amendment Rights.**

Lamparello's opening brief argued both that the injunction against the use of Falwell's name on his website or in his domain name infringed his First Amendment rights, and that this conflict with the First Amendment supports a narrow construction of the Lanham Act to avoid the need to consider constitutional issues. Falwell's brief responds by acknowledging that the injunction is overbroad insofar as it applies to uses of Falwell's name in the text of the website but argues that, once the injunction is narrowed to apply only to Lamparello's domain name, it would not violate the First Amendment for two reasons. First, he argues that domain names do not constitute "speech" and hence enjoy no First Amendment protection; second, he argues that the trademark laws are content-neutral and hence do not implicate First Amendment protections. Neither argument is sound.

First, although Falwell argues that domain names are not speech, it is precisely because of their expressive content that Falwell objects to them. If an Internet address were simply IP numbers, it could plausibly be contended that they were not speech. However, domain names exist to provide "memorable identifiers" to help Internet

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Falwell's religious views. Even the page which, at one time, recommended a particular book, was buried deep within Lamparello's website, and was not accessed by name-guessing the allegedly infringing domain name. The relationship between the two sites and "the sale of goods and services" could not be more different.

users identify websites in which they are interested. JA82-83. By the same token, Lamparello's use of Falwell's name in his domain name serves to communicate to web users that his site contains information about that individual, and hence enjoys First Amendment protection. Falwell claims that he is willing to have Lamparello criticize him so long as Lamparello does not use Falwell's name to call attention to the content of the website. Such attempts to reduce the effectiveness of Lamparello's criticisms plainly implicate his free speech rights.

To be sure, Falwell claims that domain names necessarily designate the source of a website, while Lamparello argues that they designate content; this debate is addressed in section III(A) of Lamparello's opening brief, and *infra* at 27-36. But even if domain names designate source, the use of trademarks by commercial enterprises in their source-denoting sense is expression within the ambit of First Amendment protection, albeit the lesser protection afforded to commercial speech. *E.g.*, *Bad Frog Brewery v. New York Liquor Authority*, 134 F3d 87, 94-97 (CA2 1998); *Sambo's Restaurants v. Ann Arbor*, 663 F2d 686, 694 (CA6 1981). Similarly, a firm's choice of a trade name implicates the protections of the First Amendment. *Friedman v. Rogers*, 440 US 1 (1979). Even if the Court agreed with Falwell's argument based on the *Brookfield* analogy that a domain name is like a roadside sign showing travelers on the information superhighway where a particular company's

business is located, the cases are legion in which the right to use a sign to call attention to the fact that a commercial transaction can be conducted at the premises has been deemed worthy of First Amendment protection, subject to a balancing test that considers the government's supervening interests. *Linmark Assocs. v. Willingboro Tp.*, 431 US 85 (1977); *see also Metromedia, Inc. v. City of San Diego*, 453 US 490 (1981). The right to use a sign to call attention to a noncommercial message is a fortiori from the commercial sign cases. *City of Ladue v. Gilleo*, 512 US 43 (1994).

Lamparello has also argued that a domain name is comparable to a book title, which tells prospective readers that the work is one that contains content in which they may be interested, and which courts have deemed protected against infringement by the trademark laws. *See* LampBr14, 30. This point further demonstrates that the expressive nature of domain names implicates First Amendment rights. Moreover, as amici ACLU observed, the First Amendment protects the right to choose a location for protest that will place the message before the speaker's intended audience. ACLU Brief at 12-13, *citing Galvin v. Hay*, 374 F3d 739 (CA9 2004). And the Second Circuit's decision in *Name.Space v. Network Solutions*, 202 F3d 573, 586 (2000), discussed in FalBr at 33-34, holds that domain names can be expressive and hence protected by the First Amendment when considered along with "the contents of the

website” they denominate and “the intentions of the registrant.” That is precisely the context-specific analysis for which Lamparello argues in this case.

Moreover, Falwell is wrong to argue that injunctions issued pursuant to the Lanham Act do not implicate First Amendment protections because the Act is content-neutral. The Lanham Act does not create any absolute rule against use of trademarks regardless of the context and regardless of the content of the surrounding discussion. Trademark law is highly dependent on context, as even Falwell acknowledges. FalBr34. Thus, although one Second Circuit decision from the 1970’s postulated that the Lanham Act is content-neutral and hence implicates no First Amendment rights, *see Dallas Cowboys Cheerleaders v. Pussycat Cinema*, 604 F2d 200 (CA2 1979), that case has been widely criticized. *E.g.*, *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F2d 26, 29 (CA1 1987); *Parks v. LaFace Records*, 329 F3d 437, 450 (CA6 2003) (“the Second Circuit all but retracted its Dallas Cowboys decision in *Rogers [v. Grimaldi]*”); *WHS Entertainment Ventures v. Paperworkers*, 997 FSupp 946, 953 (MDTenn1998) (questioning whether *Pussycat* is still good law). *Pussycat Cinema* is no longer good law even in the Second Circuit, where it has been confined closely to its facts – a case where the pornographic use of a trademark was enjoined. For example, *Silverman v. CBS*, 870 F2d 40, 48 & n5 (CA2 1989), cited by Falwell, expressly recognized that the Lanham Act must be carefully construed to avoid

infringing First Amendment rights, and distinguished *Pussycat Cinema* based on its pornographic context. Similarly, Falwell errs in characterizing the Ninth Circuit as embracing the *Pussycat* analysis; that Court has repeatedly ruled that First Amendment considerations limit the application of the Lanham Act. *E.g.*, *Mattel v. MCA Records*, 296 F3d 894, 902, 905 (CA9 2002). Indeed, this Court’s decision in *CPC Int’l v. Skippy*, 214 F3d 456 (CA4 2000), which reversed on First Amendment grounds an injunction imposed pursuant to the Lanham Act, is flatly inconsistent with Falwell’s argument that Lanham Act claims and Lanham Act injunctions are immune to First Amendment scrutiny because that Act is content neutral.

**D. The Domain Name Does Not Cause An Actionable Likelihood of Confusion.**

In his opening brief, Lamparello argued that his use of the domain name “fallwell.com” is not actionable for three independent reasons – because a domain name may be used for a website that is about the trademark holder; because the *Pizzeria Uno* factors do not support a finding of likely confusion; and because the use of “Fallwell” to identify plaintiff as the subject of criticism is fair use. Falwell’s brief completely ignores the fair use defense, and his responses to the other two arguments are faulty.

**1. Trademarks May, as a Matter of Law, Be Used in**

## **Domain Names for Nonconfusing Websites That Are About the Trademark Holder.**

Falwell responds to the argument that trademarks may be used in domain names for gripe sites by denying that Lamparello's web site is about Falwell. Ignoring his own admission below that "[t]he sole purpose of Lamparello's web site is to express non-commercial opinions about Falwell and his religious and political views," JA116, 203, Falwell points to the list of links on the fallwell.com home page, which link to the internal pages of Lamparello's website, and notes that Falwell's name does not appear in several of the links. But the Court can examine the linked pages themselves, either online or on the CD that was placed in the record below and is provided at JA98, and determine that every one of these pages discusses Jerry Falwell, either by name (*e.g.*, the page linked from "Proof that fundamentalists selectively quote the Bible" is headlined "Bible verses that Dr. Falwell chooses to ignore . . ."), or by clear implication (*e.g.*, the page linked from "Does the Bible really call gays and lesbians 'immoral'?" contains such statements as "Bigoted people and preachers almost always follow the same path. They pick and choose the parts of the Bible that they want to believe, while ignoring the parts that they find inconvenient."). Falwell may not want to see himself as the subject of these remarks, but the relevance to Falwell is clear. Similarly, although Falwell argues that two additional pages, added to the website since Judge Hilton ruled, are not "about" Falwell, both are directly addressed to

Falwell. The “Lawsuit information” page, as Falwell states, is “a short treatise critical of Judge Hilton and Dr. Falwell,” FalBr6; the “How to Be Saved” page attacks Falwell without using his name, by making such statements as “A lot of people think that being a Christian means becoming a right-wing conservative. Nothing could be further from the truth. . . . It doesn’t mean that you’ll have to put down different religions.” Again, Falwell may not want to see himself in these comments, but they are plainly directed at him.<sup>3</sup>

Falwell also quotes from Professor McCarthy’s treatise, and cites the Eighth Circuit’s decision in *Coca-Cola Co. v. Purdy*, 382 F3d 774 (2004). Falwell simply ignores, however, the many decisions cited in Lamparello’s opening brief, at 31-33, that have upheld the use of domain names using trademarks for websites that are about trademark holders or their products. Falwell attempts to distinguish *Taubman v. WebFeats*, 319 F3d 770 (CA6 2003), by pointing to that court’s discussion of the domain name *taubmansucks.com*, simply failing to acknowledge that the Sixth Circuit **also** upheld the domain name *shopsatwillowbend.com* for a website about a shopping

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<sup>3</sup>Although Falwell attaches a version of Lamparello’s home page to his brief, the page is printed without the URL and date which most browsers will place on the printed page, unless that default setting is deliberately turned off. The Court can visit Lamparello’s website online and see that the “How to be saved” link is maintained near the bottom of the page. This version of the page is not on the CD in the record because that CD was created during the summary judgment proceedings below.

mall named “The Shops at Willow Bend.” Ignoring such decisions will not make them go away; the trend in decisions is in favor of allowing such domain names in that context, at least when the underlying page is does not confusingly imply that is is sponsored by the trademark owner.<sup>4</sup>

Nor does the Eighth Circuit’s decision in *Purdy* support Falwell here. Purdy used the trademarks of several prominent companies as domain names that pointed to a single website that was **not** about the markholders, but simply displayed graphic pictures of fetuses, proclaimed Purdy’s anti-abortion views, and sought to sell anti-abortion merchandise and solicit donations. After these uses were challenged, the defendant registered many similar names, 382 F3d at 780, and transferred some names overseas in an effort to avoid the court’s authority. *Id.* 781. Indeed, Purdy had previously been enjoined from cybersquatting. *Id.* 788. The court distinguished *TMI* and *Lucas Nursery* in affirming the injunction, *id.* 786-787, precisely because, in those

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<sup>4</sup>Although Professor McCarthy is a respected scholar, his analyses of issues on the frontiers of trademark law have tended to be more favorable to trademark holders than the Supreme Court. For example, Professor McCarthy’s position that likelihood of dilution was sufficient, *Westchester Media Co. v. PRL USA Holdings*, 103 FSupp2d 935, 975 (SDTex 1999), *citing* 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24:90 (4th ed.1996), was rejected in *Moseley v. V Secret Catalogue*, 537 US 418, 432 (2003), and his view that fair use could not be shown whenever there is likelihood of confusion, *Zatarains v. Oak Grove Smokehouse*, 698 F2d 786, 791 (CA5 1983), *citing* McCarthy, *supra*, §11:17, at 379 (2d ed. 1973), was rejected in *KP Permanent Make-Up v. Lasting Impression I*, 125 SCt 542 (2004).

case, the websites **were** about the markholders. The *Purdy* court also approved a broad injunction against registering any future names using plaintiffs' trademarks that did not include negative words. Although this part of the injunction would be improper in most cases, it is distinguishable as a response to a serial cybersquatter who had flaunted his defiance of the first injunction. *Purdy* does not contradict the many other cases that allow domain names in the format www.trademark.com for websites about the trademark holder.

## **2. The Likelihood of Confusion Factors Support Lamparello.**

Lamparello's opening brief, at 36-50, argued that the district court's conclusory recitation of this Circuit's *Pizzeria Uno* factors was inadequate, and that a careful analysis for those factors provides an independent basis for reversal of the judgment. Falwell's rebuttal warrants response with respect to only four of the factors.

With respect to the **strength of the mark** factor, Lamparello showed that Falwell and Fallwell are surnames shared by some 1500 people, and that a large number of individuals and companies use the name commercially. Falwell's main response is that he is the only person who has registered any mark using the term "Falwell" ("Listen America with Jerry Falwell"), and the only person to have applied to register such a mark (pending application to register "Jerry Falwell"). But it is not only registered trademarks that may be considered in assessing the strength of a mark,

but any trademark use that is to be considered in assessing the relative strength of the plaintiff's mark. *Pizzeria Uno Corp. v. Temple*, 747 F2d 1522, 1530-1531, 1533 (CA4 1984); *Sun Banks of Florida v. Sun Federal Savings & Loan*, 651 F2d 311, 316 (CA5 1981). *See also Data Concepts v. Digital Consulting*, 150 F3d 620, 625 (CA6 1998). It was undisputed, and even admitted below, that many other persons have used their Falwell and Fallwell surnames in connection with goods and services. JA112, 113, 117, 203. Moreover, inasmuch as Falwell has sought judicial notice of materials on the Trademark Office's website to establish his argument on strength of the mark, Lamparello also asks this Court to take notice of the Trademark Office's December 28, 2004 response to Falwell's application to register the trademark "Jerry Falwell," that refuses to accept Falwell's evidence that he has been making trademark use of his name, and expresses grave doubt that his mark is registrable. *See Addendum to this Brief*, at 2a-5a.<sup>5</sup>

With respect to the **similarity of the marks**, Falwell ignores the argument in Lamparello's opening brief, at 38-39, that this factor is less significant when fair use

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<sup>5</sup>The document may be accessed at <http://portal.uspto.gov/external/portal/tow> by entering Serial Number 78202927, then downloading the document entitled "Office Action Outgoing," dated December 28, 2004.

Falwell also cites the district court's assertion that Falwell is famous. He does not dispute the statement in Lamparello's opening brief, at 38, that Falwell did not argue famousness below.

is at issue, but argues that fallwell.com is similar to “Listen America with Jerry Falwell” because, he says, Falwell is the dominant part of the Listen America mark. But the case on which Falwell relies decided the dominant portion of a two-word mark; no authority is provided to show that a single word could be the dominant portion of a five word mark. Indeed, if any use of the term “Falwell” already infringes Falwell’s existing registered trademark, one may well wonder why he is bothering to try to register the “Jerry Falwell” mark.

With respect to **actual confusion**, Lamparello’s opening brief clearly showed that the evidence proffered by Falwell below on this point did **not** show actual confusion. *See also Northern Light Technology v. Northern Lights Club*, 97 FSupp2d 96, 113 (DMass 2000), *aff’d other grounds*, 236 F.3d 57 (CA1 2001) (emails asking about a rival user’s website do **not** show actual confusion, but at most initial interest confusion).<sup>6</sup>

Instead of defending its evidence, Falwell’s brief mechanically invokes the district court’s statement that there was actual confusion and then proceeds to discuss Lamparello’s reliance on his disclaimer, asserting that the disclaimer is insufficiently prominent, and that the disclaimer is not present on every internal page of the website

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<sup>6</sup>The courts are generally skeptical of alleged evidence of actual confusion when collected by a trademark holder’s own staff. *Citizens Financial Group v. Citizens Nat’l Bank*, 383 F3d 110, 122 (CA3 2004).

that some Internet users might reach through the use of search engines. FalBr 50, *citing* JA229. The absence of disclaimers on the internal pages is irrelevant for two reasons. First, the **only** basis for arguing that the domain names create a likelihood of confusion is the concern that Internet users may “name-guess” by entering “www.fallwell.com” into the location window of their web browsers, hoping to find Falwell’s own website, and mistakenly reach Lamparello’s website instead. There is no reason to believe that persons who use “Falwell” as a search term – not to speak of entering the three carefully selected search terms that produced the result at JA229 – are looking only or even primarily for Falwell’s own website. Second, the search results at JA229 list Falwell’s own official website **first**; Lamparello’s website is the fifth listing and the listing includes a portion of the text from the page, including the phrases “come directly from the Bible that preachers refuse to quote” and “fundamentalists usually insist,” revealing that the linked site is likely to be hostile to fundamentalists like Falwell. Falwell does not just want to ensure that viewers see his own website first; he wants to prevent his critics from calling their criticisms to public attention. That objective is sanctioned neither by trademark law nor by the First Amendment.

As for Falwell’s argument that the disclaimer is not large enough, this argument was not made below, and there has been no change in the size of the disclaimer since

the proceedings below. Had this argument been made below, Lamparello could have addressed it under the rubric of his contention that, if there were some defect in his efforts to avoid confusion, the proper response would be a narrow injunction requiring that the disclaimer be printed in larger type or a different color. In any event, in addition to the disclaimer, the top of the website includes the legend, in a large, bright red font, that “Jerry Falwell is completely wrong.” Surely, no person viewing this website for the first time could possibly think that it was maintained by Falwell. Indeed, Falwell’s own evidence purportedly showing actual confusion – emails sent by members of the public to Falwell’s own webmaster – clearly show that these correspondents knew that they had reached a website hostile to Falwell’s ideas. There is no likelihood of confusion.

Finally, with respect to **initial interest confusion**, Falwell repeats his contention below that this doctrine is properly a basis for enjoining Lamparello’s use of his domain name, FalBr42, 49-50, but he never explains why this Court should adopt that controversial doctrine or how, under the First Amendment, Lamparello’s non-commercial use of the domain name to denominate truthfully the subject of his website can be restrained merely on the basis of only “likely” and purely ephemeral confusion. Trademark law does not endeavor to eliminate **all** confusion, but rather recognizes that it is impossible to eliminate all possibility of confusion. *August Storck*

*K.G. v. Nabisco*, 59 F3d 616, 618-619 (CA7 1995). Some confusion must be tolerated when required to serve other values. *Id.* (promotion of comparative advertising); *Thifty Rent-a-Car v Thrift Cars*, 831 F2d 1177, 1184 (CA1 1987) (allowing pre-existing business to continue). *Accord KP Permanent Make-Up v. Lasting Impression I*, 125 SCt 542, 550-551 (2004) (fair use). A critic's right to comment on Falwell's religious views and to call attention to such criticism is an important social value. Given the high degree of First Amendment protection afforded to such purely non-commercial speech, not to speak of evidence in the record that name-guessing is in steep decline as a means of finding websites, JA84-87, this case surely does not provide the proper occasion for this Court to adopt the doctrine of initial interest confusion for the first time.

**E. Falwell's Action Is Untimely.**

Lamparello's opening brief argued that the statute of limitations for the counterclaim under the ACPA, which was enacted in 1999, is provided by the four-year residual federal limitations period, 28 USC § 1658, and that the limitations period for the Lanham Act claims should be borrowed from Virginia's two-year limitations period for personal injury claims. Falwell argues, however, that because there was a cause of action for infringement before the ACPA was enacted, the ACPA should not be deemed a new cause of action, that Virginia's five-year limitations period for

actions for injury to property should apply, and that, in any event, he is alleging a continuing violation that occurs anew every time Lamparello's website is accessed. None of these arguments has merit.

Starting with the ACPA, Falwell's argument that the ACPA does not create a new cause of action because Falwell could have sued under other provisions of the Lanham Act for the same wrong even before the ACPA was enacted (and he has sued under those provisions) is impossible to square with the Supreme Court's decision in *Jones v. R.R. Donnelley & Sons*, 541 US 369 (2004). Before 42 USC §1981 was amended by the 1991 Civil Rights Act, both that section and Title VII provided a cause of action for racial discrimination. The 1991 Act amended section 1981, however, both to create a new cause of action based in newly enacted elements and to afford enhanced remedies. Similarly, the ACPA provided a new cause of action for domain name registrations when there is a "bad faith intent to profit," and provided enhanced remedies both through in rem jurisdiction and a special provision for statutory damages. This Court has repeatedly characterized the ACPA as creating a new claim because existing law did not expressly cover cybersquatting. *Virtual Works v. Volkswagen of America*, 238 F3d 264, 267 (2001); *Porsche Cars North America v. Porsche.Net*, 302 F3d 248, 261-262 (2002). This new cause of action is thus subject to the new four-year limitations period.

As for the remaining Lanham Act claims, Falwell ignores the several opinions cited in Lamparello's opening brief, at 57, including a decision of this court. Instead, Falwell relies on a dictum in a Virginia Supreme Court opinion that characterized appropriation of someone else's trade name for commercial benefit as being analogous to the appropriation of a trademark for commercial benefit, and thus being an injury to property. FalBr10, citing *Lavery v. Automation Management Consultants*, 234 Va 145, 360 SE2d 336 (1987). Here, however, Falwell alleges a cause of action that exists despite the admitted absence of **any** commercial benefit to Lamparello. Moreover, the characterization of a federal cause of action for the purpose of borrowing the most analogous state limitations period depends on federal law, not state law. *Wilson v. Garcia*, 471 US 261, 269-270 (1985). Therefore, Virginia's characterization of Lamparello's Lanham Act claims cannot be dispositive.

Moreover, trademark law is not analogous to laws barring injury to property. A trademark does not give the markholder any unconditional right to exclude others, as property law gives to owners of real or personal property. Instead, trademark law creates a tort that forbids certain uses of the mark that are likely to cause confusion to third parties. Nor is a trademark a form of property that can be alienated apart from an ongoing business. *Marshak v. Green*, 746 F2d 927 (CA2 1984), citing Lanham Act §10, 15 USC § 1060. A "trademark is not property in the ordinary sense but only a

word or symbol indicating the origin of a commercial product.” *LL Bean v. Drake Publishers*, 811 F2d 26, 29 (CA1 1987). The courts treat trademark law as sounding in tort for a variety of procedural purposes. *E.g.*, *Panavision Int'l v. Toeppen*, 141 F3d 1316, 1321 (CA9 1998); *Hard Rock Café Licensing Corp. v. Concession Serv*, 955 F2d 1143, 1149 (CA7 1992); *see also Two Pesos v Taco Cabana*, 505 US 763, 785 (1992) (Justice Thomas, concurring) (Lanham Act codified the common law tort of trademark infringement). Consequently, most courts consistently treat trademark violations as a tort and borrow various state limitations periods for torts such as fraud or personal injury, *Polar Bear Prod's. v. Timex Corp.*, 384 F3d 700, 719-720 (CA9 2004); *Conopco v. Campbell Soup Co.*, 95 F3d 187, 191-192 (CA2 1996) (rejecting analogy to state limitations period for injury to property); *Derrick Mfg. Corp. v. Southwestern Wire Cloth*, 934 FSupp 796, 804-805 (SDTex1996); *Gordon and Breach Science Publishers v. American Inst. of Physics*, 859 FSupp 1521, 1528-1529 (SDNY 1994); *Mylan Lab. v. Pharmaceutical Basics*, 808 FSupp 446, 453-54 &n8 (DMd 1992), *rev'd on other grounds*, 7 F3d 1130 (CA4 1993) (general tort statute), *Johannsen v. Brown*, 797 FSupp 835, 839-840 (DOre 1992), as indeed the majority of district courts in Virginia have done. *See* LampBr57.

In Virginia, the statute of limitations for both personal injury in general, and for fraud in particular, is two years. Va. Code §8.01-243(A). This Court should follow

the majority rule on this point and hold that the statute of limitations for trademark infringement claims is two years.

Finally, Falwell's argument that Lamparello's infringement is repeated anew every time a member of the public accesses his website founders on the single publication rule, which courts have repeatedly applied to allegedly tortious Internet speech, holding that the time to sue accrues when the web site is first published, not each time the site is seen. *Van Buskirk v. New York Times Co.*, 325 F3d 87 (CA2 2003); *Traditional Cat Ass'n v. Gilbreath*, 118 CalApp4th 392, 13 CalRptr3d 353 (2004); *McCandliss v. Cox Enterprises*, 593 SE2d 856 (GaApp2004); *Firth v. State*, 98 NY2d 365, 747 NYS2d 69, 71-72, 775 NE2d 463 (2002). *See also Cuccioli v. Jekyll & Hyde Neue Metropol Bremen Theater Produktion*, 150 FSupp2d 566 (SDNY 2001) (applying single publication rule to web site that sold goods allegedly invading privacy).<sup>7</sup>

Even apart from the single publication rule, 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,

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<sup>7</sup> This Court has recognized the single publication rule. *Morrissey v. William Morrow & Co.*, 739 F2d 962, 967 (CA4 1984). A Virginia case recognized the single publication rule as applicable to a claimed misappropriation of name, although in that case no mass publication was alleged. *Myska v. RMS Technologies*, 25 VaCir 344, 1991 WL 835248 (1991).

even if the Court finds that this recommendation constituted commercial use of the trademark, that conduct is **not** a “continuing violation,” and the statute of limitations expired before this action was brought.

## **II. FALWELL’S CROSS-APPEAL IS MERITLESS**

### **Standard of Review**

Although Falwell’s brief in support of his appeal from the denial of attorney fees and statutory damages does not contain any separate section or clear statement about the standard of review, his discussion of statutory damages refers in passing to the abuse of discretion standard. FalBr53. Lamparello accepts this articulation of the standard of review on statutory damages. Similarly, review of decisions whether or not to award attorney fees, and whether a Lanham Act case is “exceptional,” is for abuse of discretion. *Shields v. Zuccarini*, 254 F3d 476, 487 (CA3 2001) *Hitachi Credit America Corp. v. Signet Bank*, 166 F3d 614, 631 (CA4 1999); *Brittingham v. Jenkins*, 914 F2d 447, 458 (CA4 1990).

#### **A. The District Court Did Not Abuse Its Discretion by Deciding Not to Award Statutory Damages.**

In deciding not to award statutory damages, the district court acted well within its discretion, for several reasons.

First, Lanham Act §29, 15 USC § 1111, provides that neither profits nor damages may be awarded in favor of the registrant of any mark unless that registrant

can show either that he gave notice of registration by displaying the trademark symbol, ®, or by using the words “Registered” or “Reg. US Pat & Tm Off,” or that the defendant had actual notice of the registration. In this case, there is no evidence either that the requisite display was provided, or that Lamparello had notice of the registration of “Listen America with Jerry Falwell.” Indeed, the Court is requested to take judicial notice of Falwell’s admission, in an article published in 2003, that even Falwell himself was not aware that this trademark had been registered because the Liberty Alliance “had recently registered my name with the trademark office but did not immediately make that fact known to our lawyers.” Falwell, *A Falwell by any other name*, [http://www.worldnetdaily.com/news/article.asp?ARTICLE\\_ID=33197](http://www.worldnetdaily.com/news/article.asp?ARTICLE_ID=33197) (June 21, 2003) (no trademark notice displayed with the “Listen America” logo). If Falwell was unaware of the registration, there is surely no reason to think that Lamparello was aware of it until Falwell so informed him.<sup>8</sup>

Second, to the extent that Falwell seeks statutory damages under Lanham Act §35(c), 15 USC § 1117(c), that section authorizes awards of statutory damages in lieu of actual damages when the defendant has used a “counterfeit mark as defined in section 1116(d).” Section 1116(d)(1)(B)(i), in turn, defines a “counterfeit mark” as

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<sup>8</sup>The registration of the trademark without Falwell’s knowledge may invalidate the mark because a mark that consists of the name of a living individual may not be registered without his written consent. Lanham Act §2(c), 15 USC §1052(c).

“a counterfeit of a mark that is registered,” and Lanham Act §45, 15 U.S.C. § 1127, states: “A ‘counterfeit’ is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” The only registered mark at issue in this case is “Listen America With Jerry Falwell.” Even if the Court decides to affirm the judgment under Lanham Act §32 that [www.fallwell.com](http://www.fallwell.com) is likely to cause confusion with that registered mark, the domain name surely is neither identical to, nor indistinguishable from, that mark. Accordingly, § 1117(c) cannot form a basis for an award of statutory damages here.

Falwell’s appellate brief also argues for an award of statutory damages under the ACPA, but that ground for statutory damages was not presented to the district court. The claim has, therefore, not been preserved for appeal. Moreover, an award of damages under the ACPA would be precluded by *Virtual Works v. Volkswagen of America*, 238 F3d 264, 268 (2001). In that case, the domain name [vw.net](http://vw.net) was registered in 1996 and used in Virtual Works’ business; transfer of the domain name was not ordered in the district court until March 2000. *Virtual Works v. Network Solutions*, 106 FSupp2d 845, 848 (EDVa 2000). Because the cybersquatting (the registration and the extortionate demand for payment) occurred before the November 29, 1999 effective date of the ACPA, this Court held that no damages could be awarded, and only injunctive relief was allowed. 238 F3d at 268. Here, there has

been no demand for money, and registration was before the ACPA was enacted. Accordingly, the ACPA does not afford a basis for awarding damages.

Finally, Falwell argues that even if the amount of statutory damages is within the district court's discretion, the statute gives Falwell an absolute right to be awarded **some** amount of statutory damages between \$500 and \$1000 or \$1000 and \$1,000,000 (depending on wilfulness), and that hence it was an abuse of discretion to award no statutory damages at all. However, the Lanham Act does not create any absolute right to obtain statutory damages. Under the language of the Act, a plaintiff may "elect to receive," in lieu of actual damages and profits, an amount of not less than the minimum and not more than the maximum, but this language does not require the courts to decide that damages must be awarded in every case.

The two cases that Falwell cites for the proposition that some statutory damages must be awarded, FalBr53, say no such thing. *Shields v. Zuccarini*, 254 F3d 476, 486-487 (CA3 2001), cites two cases, including this court's decision in *Virtual Works v. Volkswagen*, 238 F3d 264 (2001), for the proposition that an ACPA defendant "can be liable" or "could be liable" for statutory damages; and *E&J Gallo Winery v. Spider Webs*, 286 F3d 270, 277 (CA5 2002), states that a defendant "can be liable" for statutory damages. Falwell misleadingly quotes *Gallo* as attributing to *Shields* a ruling that any ACPA plaintiff is "entitled" to statutory damages. FalBr53. *Shields*,

however, simply ruled that, on the facts of that case – serial cybersquatter John Zuccarini using special Internet technology to “mousetrap” viewers so that they had difficulty leaving web pages bearing advertisements for which Zuccarini was paid on a per-click basis – statutory damages were proper. If anything, this Court’s ruling in *Virtual Works* that damages “can” be awarded under the ACPA strongly implies that such awards are permitted but not mandatory.

The record in this case supports Judge Hilton’s decision not to award any damages. First, the case was decided against the backdrop of the developing law in circuits across the country holding that the use of domain names in the form www.trademark.com is permissible for a non-confusing website about the trademark holder. Although the district court implicitly rejected Lamparello’s claim under the safe harbor provision of the ACPA, the court was entitled to conclude that this case was a close one and that Lamparello was proceeding entirely in good faith.

Second, it was clear that Falwell had not suffered any actual damages, in light of his stipulation that Lamparello’s website and domain name had “no measurable impact” on the quantity of visits to Falwell’s own website. The only damage that Falwell cited below was the harm to his reputation from having Lamparello criticize him, and the possibility that members of the public might go to Hell if they accepted Lamparello’s religious views.

Third, review of domain name cases in which courts have awarded statutory damages shows that “courts reserve the high-end of the \$1,000 to \$100,000 range for the most egregious offenders.” *International Bancorp. v. Société des Bains de Mer*, 192 FSupp2d 467, 490 (EDVa 2002), *aff’d other grounds*, 329 F3d 359 (CA4 2003). Higher levels of damages are awarded against serial cybersquatters who make substantial profits from their activities. *E.g., E&J Gallo Winery v. Spider Webs*, 286 F3d 270, 277-278 (CA5 2002); *Shields v. Zuccarini*, 254 F3d 476, 479 (CA3 2001). A lower statutory award is justified when conduct is not “malicious” or “fraudulent,” and when there is no “finding of actual economic harm.” *Société des Bains de Mer*, *supra*, 192 FSupp2d at 491 (awarding statutory damages of \$1,000 to \$5,000 per infringing domain name against gambling web site operators, despite the “purely commercial” nature of the infringement); *Mattel v. Adventure Apparel*, 2001 WL 1035140, at \*5 (SDNY 2001) (awarding minimum statutory damages “since little if any actual harm has been done”).

Finally, instead of presenting the district court with a cogent argument for a reasonable level of statutory damages, Falwell demanded an award of \$1,000,000. He simply quoted the words “broad judicial discretion” used in a decision by a New York district judge, and left it to Judge Hilton to decide the issue of statutory damages. Docket Entry No. 22, at 27. By making such an outlandish and baseless request, and

because statutory damages are an equitable remedy, Falwell invited the court to exercise its discretion by denying any award of damages.

**B. The District Court Did Not Abuse Its Discretion by Denying Any Award of Attorney Fees.**

The district court properly denied attorney fees in this case because fees can be awarded only in exceptional cases. In his brief on appeal, Falwell acknowledges the high standard for fee awards in trademark cases set forth in *PETA v. Doughney*, 263 F3d 359 (CA4 2001), but he makes no serious attempt to meet that standard:

“a case is ‘exceptional’ if the defendant’s conduct was malicious, fraudulent, willful or deliberate in nature. In other words, a prevailing plaintiff must show that the defendant acted in bad faith. [T]he term ‘exceptional’ should be interpreted by courts to require a showing of a high degree of culpability on the part of the infringer, for example, bad faith or fraud. . . . [A] bad faith finding under the ACPA does not compel a finding of malicious, fraudulent, willful or deliberate behavior.

*Id.* at 370 (quotations and citations omitted).

Falwell’s only basis for seeking fees in this case is that Lamparello finished only two years of college, is not a trained priest, and yet has the audacity to contradict a well-established religious figure on matters of doctrine. FalBr55. These facts do not provide any basis for awarding fees under the *PETA* standard. Nor does Falwell acknowledge that, according to one of the cases he cites, not to speak of every other circuit to consider the issue directly, his failure to show any actual damages is “an important factor in determining whether a case is exceptional.” *Texas Pig Stands v.*

*Hard Rock Café*, 951 F2d 684, 697 n23 (CA5 1992); *see also Tamko Roofing Prods. v. Ideal Roofing Co.*, 282 F3d 23, 33 (CA1 2002); *Bishop v. Equinox Int'l Corp.*, 154 F3d 1220, 1224 (CA10 1998); *Ferrero USA v. Ozak Trading*, 952 F2d 44, 49 (CA3 1991); *Hindu Incense v. Meadows*, 692 F2d 1048, 1052 (CA6 1982). *Cf. Shell Oil Co. v. Commercial Petroleum*, 928 F2d 104, 108 n6 (CA4 1991) (denying fees under state law because there were no actual damages).

Here, even if the Court decides that Lamparello's registration and use of [www.falwell.com](http://www.falwell.com) for his gripe site was improper, many other courts have come to contrary conclusions in cases of domain names in the form [www.trademark.com](http://www.trademark.com). Indeed, the Fifth, Sixth, and Seventh Circuits, and district courts in Alabama, California, Illinois, Maryland, Minnesota, and New Jersey have authorized the use of such domain names for websites, either because the sites were noncommercial or created without extortionate intent, or because the websites were facially non-confusing, or for both of these reasons. The extent of contrary rulings surely bars the conclusion that Lamparello's failure to predict that this Court would disagree constituted an "exceptional" case warranting an award of attorney fees, or that the lower court abused its discretion in so determining.

## CONCLUSION

The district court's order granting summary judgment for Falwell should be

reversed, and the case should be remanded with instructions to enter summary judgment for Lamparello. The district court's denial of Falwell's requests for awards of damages and attorney fees should be affirmed.

Respectfully submitted,

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