

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

CHRISTOPHER LAMPARELLO)
)
 Appellant / Cross-Appellee,)
)
 v.) Nos. 04-0211
) and 04-2122
 JERRY FALWELL and JERRY FALWELL MINISTRIES,)
)
 Appellees / Cross-Appellants.)

OPPOSITION TO PETITION FOR REHEARING

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ADDENDA

- ADDENDUM A: Plaintiff's Exhibit H and Authenticating Affidavit
- ADDENDUM B: Excerpt from Falwell's Opening Brief
- ADDENDUM C: Excerpt from Joint Appendix

Appellees Jerry Falwell and Jerry Falwell Ministries (jointly, “Falwell”) seek rehearing and rehearing en banc for three main reasons: (1) alleged “misconduct” of the panel that “defiled” this appeal and warrants disqualification and censure; (2) alleged conflict with prior holdings of this Circuit and other courts on the issue of “initial interest confusion”; and (3) supposed misapplication of the statutory factors enumerated by Congress for deciding whether a domain name was registered or used with a “bad faith intent to profit” in violation of the cybersquatting law (“ACPA”). Falwell’s arguments, and particularly his personal attack on the panel, are based on misreading the panel’s opinion, on gross misstatements about the record, and on erroneous legal arguments. Moreover, the cases discussed on the issues of initial interest confusion and cybersquatting pose no conflict with the panel’s holdings. Accordingly, both rehearing and rehearing en banc should be denied.

I. THE PANEL WAS NOT GUILTY OF MISCONDUCT.

Falwell asserts that the panel held “Lamparello’s website found at *www.fallwell.com* could not be confused with Dr. Falwell’s website found at *www.falwell.com*, notwithstanding that Dr. Falwell’s website is not in evidence.” Pet.

1. According to Falwell, the panel must have viewed Falwell’s website online, which, he argues, “defiles” the proceeding and warrants the panel’s disqualification. *Id.* 3-4. That argument is rife with legal and factual error.

First, the panel did not compare the actual appearance of Falwell’s web site with the actual appearance of Lamparello’s anti-Falwell web site. Rather, it said,

“Lamparello’s website looks nothing like Reverend Falwell’s; indeed, Lamparello has made no attempt to imitate Reverend Falwell’s website.” Opin. 9. The panel was simply confirming what Falwell’s counsel acknowledged at oral argument – nobody looking at the anti-Falwell web site would think that it was Falwell’s:

Q: “Even without the disclaimer, anybody reading this web site would know that it wasn't Reverend Falwell's web site, wouldn't they?” . .

A: “Well, I think that is probably true.”

Oral Argument CD, 25:55 to 26:15.

Second, the assertion that Falwell’s own home page is not in the record is false. Lamparello attached the home page as Exhibit H to Docket Entry No. 25, in support of his Opposition to Falwell’s Motion for Summary Judgment. *See* Addendum A.

Third, Falwell is wrong to argue that it would necessarily be improper for the a member of the panel to have looked at the Internet and taken judicial notice of the appearance of Falwell’s web site. Judges commonly cite web sites,¹ and Falwell himself cited on appeal material that could be found on the Internet but was not in the appellate record. Brief of Appellees, Cross-Appellants, page 44 (Addendum B).

The Court should not countenance Falwell’s baseless attack on the panel.

¹ *Republican Party of Minnesota v. White*, 536 US 765, 790 (2002); *In re Holocaust Victim Assets Litigation*, — F3d —, 2005 WL 2175955 (CA2 2005), at *4, *10; *United States v. Councilman*, 418 F3d 67, 70 (CA1 2005) (*en banc*); *United States v. Foreman*, 369 F3d 776, 787 (CA4 2004) (Judge Gregory, dissenting); *Register.com v. Verio*, 356 F3d 393, *passim* (CA2 2004); *Cairns v Franklin Mint Co.*, 107 FSupp2d 1212, 1216 (CDCal. 2000), *aff’d on other grounds*, 292 F3d 1139 (CA9 2002); *Sannes v. Jeff Wyler Chevrolet*, 1999 WL 33313134 (SDOhio 1999), at *3 n3.

II. THE PANEL'S DISCUSSION OF INITIAL INTEREST CONFUSION IS NOT A GOOD REASON TO REHEAR THIS CASE.

Falwell argues that the panel contradicted several Fourth Circuit decisions, and the decisions of several other circuits, in its refusal to embrace the doctrine of initial interest confusion (“IIC”) and to apply it to the facts of this case. In any event, the panel’s holding on IIC is fully consistent with all of Falwell’s cases.

The panel began its discussion of IIC by noting that this Circuit’s cases had never embraced IIC; the Court then went on to hold that, in any event, IIC would not apply here because even in other circuits, the doctrine has only been applied in evaluating infringement claims brought against close commercial competitors. Falwell’s quest for rehearing en banc, however, turns on the claim that the **dictum** is wrong because IIC is a valid theory of trademark infringement; but he never shows that there is **any** conflict regarding the panel’s holding.

a. The Panel’s Holding Does Not Conflict With Prior Decisions.

The panel postponed consideration of whether IIC can **ever** state a valid theory of infringement by noting the most significant limitation imposed on IIC to ensure that it does not become merely a second bite at the apple for litigants who cannot establish likelihood of confusion: Every court to have employed IIC has applied that doctrine only to close commercial competitors using rivals’ trademarks for the purpose of attracting paying customers. Opin. 12-14 and n5. The same is true of every IIC case

cited in the rehearing petition. Yet many of those same courts have rejected trademark claims against Internet “gripe sites” with no commercial nexus.² The panel correctly refused to apply the doctrine of IIC to a purely non-commercial “gripe site” whose sole purpose is to put forward criticisms of the trademark holder, and **Falwell has not cited a single appellate decision** that does apply IIC to find a Lanham Act violation in that context. In fact, there are no such decisions.³

Falwell also cites *PETA v. Doughney*, 263 F3d 359 (CA4 2001), and *United Seniors Ass’n v. Social Security Admin.*, No. 04-1804 (CA4, Aug. 25, 2005), as supporting its IIC theories, but neither case supports rehearing. Apart from the fact that *PETA* never mentions IIC, it differs from this case in several significant respects. Doughney was a serial cybersquatter who registered numerous trademarks as domain names. He sought to sell the domain name *peta.org* to PETA by telling the press that if PETA wanted the name it should make him a offer. Moreover, whether to heighten PETA’s anxiety about his ownership of the name (thus increasing the “value” of the name in negotiations), or because of a genuine desire to promote commercial transactions in animal products, Doughney erected a web site at *peta.org* that was replete with links to furriers, butchers, taxidermists and other businesses. Finally,

² *Bosley Medical v. Kremer*, 403 F.3d 672 (CA 9 2005); *TMI v. Maxwell*, 368 F3d 433 (CA5 2004); *Taubman v. WebFeats*, 319 F3d 770 (CA6 2003).

³Even the two district court decisions involving “gripe sites,” cited in the Opinion, at 13-14 n6, involved efforts by opponents of the organizations involved to direct Internet users to purchase books, videos, classes, and other items.

Doughney did not defend his choice of domain name by saying that his web site was “about” PETA. Instead, he claimed that he was offering a parody of PETA. The panel in PETA (including Judge Michael, a member of the panel in this case), took Doughney’s parody defense at face value but held that the use of the domain name was inconsistent with this argument because the name did not contain a parody.

Falwell argues that, if the panel opinion were correct, Doughney could have defeated the Lanham Act claims simply by arguing that it would be obvious upon arrival at the web site that PETA is not its sponsor; that is, the case was lost only because of bad lawyering. But the case is wholly consistent with the panel’s IIC holding because the website could be deemed commercial (and hence subject to IIC analysis) in two respects. First, taking the site at face value, its purpose was to promote commercial dealings in animal products, and second, the “commercial” purpose revealed by the evidence was to extort a payment from PETA. Here, by contrast, it was undisputed that Lamparello had never sold commercial goods on his web site and that his **sole** purpose was to criticize Falwell’s views. Moreover, there has never been even the slightest suggestion that Lamparello was trying to extort Falwell to buy his domain name.

In other words, Doughney lost not because his lawyer chose bad arguments but because the record so plainly revealed the disingenuousness of his parody argument and his actual extortionate intent. If, in some future case, a defendant like Doughney tries to “hide behind” the panel’s holding, we trust that a realistic assessment of the

evidence will allow the court in that case to look behind the face of defendant's arguments to perceive his actual commercial motive – the court will treat it, as the Panel suggested, as a “faux noncommercial site.” Opin. 17 n7.

The panel decision is also consistent with *United Seniors*, for several reasons. First, *United Seniors* did not arise under the Lanham Act. The case involved the deliberate use of deceptive methods, preying on a population that is peculiarly susceptible to confusion, to solicit funds by repeated mailings in envelopes that were designed to look like mailings from the Social Security Administration (“SSA”). Opin. 4-5. SSA sued under section 1140 of the Social Security Act, 42 U.S.C.A. § 1320b-10, which forbids use of 18 words, phrases and acronyms

in connection with any item constituting an advertisement, solicitation, circular, book, pamphlet, or other communication, . . . in a manner which such person knows or should know would convey, or in a manner which reasonably could be interpreted or construed as conveying, the false impression that such item is approved, endorsed, or authorized by the Social Security Administration. . . .

Expert witnesses identified several respects in which the envelopes were deliberately designed to mislead recipients about the source of the mailings and described the likely reactions of the recipients. The court rejected the argument that the statute did not apply to envelopes, but only to the messages contained in the envelopes, because “the plain language of § 1140(a)(1) supports a contrary interpretation.” *Id.* at 9.

United Seniors thus involved the construction of a completely different statute, which does not require “likelihood” of confusion but merely the reasonable possibility

of a misimpression (“reasonably could be interpreted,” § 1140(a)(1)(A)); and the statutory issue was whether the statute applies to envelopes. Here, there is no question that the Lanham Act applies to domain names; the question is whether the truthful use of a domain name to identify the **subject** of a non-commercial web site is infringing. Second, the fact that the misleading information on the envelope was used to solicit money from the target audience makes *United Seniors* entirely consistent with the panel’s refusal to apply IIC doctrine to non-commercial gripe sites. Third, the expert testimony in *United Seniors* showed the manner in which that defendant’s use of the words was deliberately targeted and could confuse a particularly vulnerable segment of the population, which the statute was specifically intended to protect. Here, by contrast, the expert testimony showed how little impact the claimed confusing use would have on actual Internet users, and Falwell’s stipulation of “no measurable impact,” JA190 (Addendum C), makes this case starkly different from *United Seniors*.

B. The Panel Wisely Withheld Judgment on Whether Initial Interest Confusion Can Ever Support for an Infringement Finding.

Even if the Court were prepared to grant rehearing *en banc* to decide whether the Panel’s dictum about IIC was well considered, the Panel’s analysis was entirely proper. In the Internet context, some courts say that IIC occurs when a consumer looking for a trademark holder is drawn by use of the mark in a domain name, meta tags, or keyword advertising, to a website that is **not**, once viewed, confusing about

source. Nonetheless, the consumer may decide that he is interested in the goods or services marketed there, and thus stay and look further **despite** the lack of confusion. *Brookfield Communications v. West Coast Entertainment*, 174 F3d 1036, 1062 (CA9 1999). The hypothetical user decides not to continue to look for the markholder, not because of any illusions about who sponsors the website he or she is viewing, but because the website provides other attractive inducements. For example, the consumer may perceive that the current website offers good comparative information, or cheaper prices for functionally equivalent goods, or higher quality goods.

Although the concerns that produced the theory are understandable, and although one can find reference to IIC in a few pre-Internet cases where it appeared that a commercial concern was deliberately using an imitation of a rival's trademark to steal customers, the theory of IIC also contradicts one of the fundamental tenets of trademark law – that trademark law does not cater to the careless or inattentive by avoiding merely temporary or possible confusion.⁴ Indeed, trademark law 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

⁴*Therma-Scan v. Thermoscan*, 295 F.3d 623, 636 (CA6 2002); *Duluth News-Tribune v. Mesabi Pub. Co.*, 84 F.3d 1093, 1098-1099 (CA8 1996); *Woodsmith Pub. Co. v. Meredith Corp.*, 904 F.2d 1244, 1246 n3 (CA8 1990); *Scandia Down Corp. v. Euroquilt*, 772 F.2d 1423, 1429 n1 (CA7 1985); *Astra Pharmaceutical Products v. Beckman Instruments*, 718 F.2d 1201, 1207 (CA1 1983).

required to serve other values.⁵

However, discussion of the IIC theory became more frequent in early Internet cases because of judges feared that Internet users were fickle or foolish and would not persist in seeking web sites if the first one they found was not what they were originally seeking, and also because few search mechanisms existed to help Internet users locate web sites by any means other than domain name “guessing” – i.e., typing the URL into the browser. *E.g.*, *Panavison v. Toeppen*, 141 F3d 1316, 1327 (CA9 1998); *Jews for Jesus v. Brodsky*, 993 FSupp 282, 303, 307 (DNJ 1998). Because of enormous improvements in search engine technology, coupled with Internet users’ increasing use of search engines to find web sites, and because judicial understandings of user sophistication have also evolved, judges have largely abandoned the assumptions that they made several years ago. The very same courts that pioneered the application of IIC to the Internet are much more cautious in applying it. *Interstellar Starship Serv. v. Epix*, 304 F3d 936, 942 (CA9 2002); *Entrepreneur Media v. Smith*, 279 F3d 1135, 1147 (CA9 2002). *See also* Expert Report of Milton Mueller, JA 81-91.

Like the First Circuit, this Court has never embraced (or rejected) IIC as a form of confusion whose “likelihood” is alone a basis for infringement liability. *See*

⁵*August Storck, supra* (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).

Hasbro v. Clue Computing, 232 F3d 1, 2 (CA1 2000) (praising district court for not needlessly “entering the ‘initial interest confusion’ thicket”). To be sure, in assessing the existence of actual consumer confusion in one case, the Court considered among other things the fact that customers entered defendant’s restaurant because they thought it was the plaintiff’s, but then left in anger when plaintiff’s coupons were not honored. *See Lone Star Steakhouse v. Alpha of Virginia*, 43 F3d 922, 927 (CA4 1995). But the Court did not decide that a mere likelihood of IIC was actionable. Moreover, the record in this case made it a poor candidate for plenary consideration of when IIC can ever show Lanham Act infringement because there was no evidence of actual IIC. Indeed, there was no evidence or even a suggestion that Falwell was losing visitors to his web site because of Lamparello’s anti-Falwell web site. *See* JA 190 (stipulation that “Lamparello’s domain name and web site . . . had **no measurable impact on the quantity of visits to defendants’ web site**”). Moreover, because Lamparello’s sole purpose in creating his web site was to put forward non-commercial criticisms of Falwell’s ideas (not the side-business activities that justify the acquisition of trademark rights), application of IIC to hold Lamparello liable because of the mere “likelihood” that members of the public might experience **ephemeral** confusion about the location of Falwell’s own web site posed significant First Amendment concerns about injunctions against non-commercial speech.⁶

⁶Falwell claims that because, during the first three weeks of May 2004, some 231 visitors used Lamparello’s hyperlink to www.falwell.com to go to Falwell’s own

Consistent with this Court’s longstanding reluctance to adopt trendy but expansive new theories of federal statutory liability, the panel properly withheld judgment on whether IIC can ever form a basis for infringement claims. Likewise, the en banc Court should wait for a case in which the issue is properly and necessarily presented on a full record.⁷

III. THE PANEL’S APPLICATION OF THE CYBERSQUATTING LAW WAS PROPER AND DOES NOT CONFLICT WITH ANY APPELLATE DECISIONS IN THIS CIRCUIT OR ELSEWHERE.

Falwell complains about the panel’s application of the cybersquatting law (“ACPA”), but he does not cite a single ACPA decision as conflicting with the panel’s holding. Indeed, the “statement of counsel” required by Rule 35(b)(1) does not mention the ACPA, and Falwell did not discuss the ACPA in his merits brief. (He invoked the ACPA only in his reply in support of his cross-appeal faulting the district judge for refusing to award him \$1,000,000 in statutory damages.) Falwell does not confront the panel’s central holding regarding the ACPA – that rather than applying

web site, there must have been appreciable actual IIC. Pet 7 n9. Because it was stipulated that Lamparello received about 200 visits per **day**, Opin. 4, it was only a minute fraction of all persons visiting Lamparello’s web site who proceeded directly to Falwell’s. Moreover, there was no indication whether the users of Lamparello’s hyperlink did so because they reached Lamparello’s site by mistake, or because, having considered Lamparello’s arguments, they wanted to see Falwell’s side.

⁷Similarly, the Court should reject Falwell’s attempted bait and switch: his promise that if the Court grants rehearing en banc, he will make several arguments about the panel’s “error” that he could not fit into his 21-page Petition. Pet. 4.

the ACPA factors in some wooden recitation, a court should weigh them together to decide whether the defendant has engaged in the sort of conduct at which the ACPA was aimed – the registration of domain names embodying trademarks for the purpose of extorting a payment by the markholder, or to derive advertising revenue from the diversion of Internet traffic. Opin. 15, 17, 18-20. That holding follows *Virtual Works v. Volkswagen of America*, 238 F3d 264, 267 (CA4 2001): “Cybersquatting is the practice of registering well-known brand names as Internet domain names in order to force the rightful owners of the marks to pay for the right to engage in electronic commerce under their own brand name.”

Where, by contrast, the only purpose of the domain name is to identify a web site that criticizes the trademark holder, the **uniform position** of the appellate courts addressing the issue is that the ACPA inapplicable. Opin. 18-20 (discussing cases). Here, Falwell’s discussion of the ACPA is precisely the sort of wooden recitation of factors against which the cases warn. Indeed, Falwell offers no explanation of how he thinks the panel’s evaluation of the factors was erroneous. And, although he declares that he should prevail on every factor, he never contends that Lamparello registered the domain name or created the web site to make money or for any purpose other than making his non-commercial criticisms. Indeed, that non-commercial **purpose** was undisputed below, and recognized even by the district court.

Wholly apart from this fundamental flaw in his argument, Falwell’s discussion

of the ACPA is larded with conclusory, contradictory and irrelevant assertions. For example, reversing his position at oral argument, he faults the panel for supposedly ignoring the rule that a summary judgment ruling is reviewed de novo, and refusing to view the evidence in the light most favorable to the non-moving party, Pet. 17-18, but then cites no examples of this refusal.⁸ Indeed, most of the relevant facts were stipulated below, and the rest were undisputed. It was only the legal conclusions to be drawn based on the undisputed facts that remained to be decided. Then, he argues that the district court “found” certain facts, and that the panel decision under the Uniform Dispute Resolution Procedure made “findings [that] are entitled to weight,” Pet. 19 & nn11, 20, but this Court has held that UDRP rulings have no weight in a subsequent lawsuit. *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 626 (CA4 2003). Instead of showing why the panel was wrong regarding the factors, Falwell shifts the discussion to the Lanham Act, quoting a Second Circuit decision (which, considering the “intent” factor regarding likelihood of confusion, stated that knowledge of the senior user’s mark “may signal bad faith”) for the proposition that use of a trademark in a domain name “is bad faith as a matter of law.” Pet. 20. But if this analysis applied to the ACPA, the requirement of bad faith intent to profit would simply duplicate the **independent** ACPA requirement that the domain name be identical or confusingly similar to the trademark. This final

⁸ At oral argument, Falwell’s counsel insisted that the “light most favorable” principle does not apply on appeal. Oral Argument CD 34:40 to 37:20.

ground for rehearing should also be rejected.

CONCLUSION

The petition for rehearing and rehearing en banc should be denied.

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