

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
Atlanta Division

CHARLES SMITH,	)	
	)	
Plaintiff/Counterclaim-Defendant,	)	
	)	
v.	)	Civil Action No.
	)	1:06 CV 0526 (TCB)
WAL-MART STORES, INC.,	)	
	)	
Defendant/Counterclaim-Plaintiff.	)	

**REPLY MEMORANDUM IN SUPPORT OF  
MOTION FOR SUMMARY JUDGMENT**

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Smith moved for summary judgment dismissing Wal-Mart's trademark and cybersquatting claims against his fourteen different anti-Wal-Mart parody designs as well as his anti-Wal-Mart domain names, raising trademark grounds such as non-infringement, non-dilution, non-commercial use, and fair use, and First Amendment protection for non-commercial speech even when that speech is made on items that are offered for sale. His motion was based on an 87-paragraph Statement of Material Facts ("Smith SMF") and on a memorandum of law ("Smith SJMem") that anticipated many of the arguments Wal-Mart makes in its opposition ("WMSJOpp"). Wal-Mart responded to Smith SMF by disputing many paragraphs or by objecting to them on legal grounds ("WMSMFOpp"), as well as by submitting a Statement of Additional Facts ("WM SMAF"), but as set forth in the attached analyses of those two documents, most of Wal-Mart's objections and additional facts themselves are without basis, leaving Smith's SMF almost entirely undisputed. This memorandum responds to the legal points in WMSJOpp that were not anticipated in Smith SJMem or in Smith's Opposition to Wal-Mart's Motion for Summary Judgment.

**I. Smith's Anti-Wal-Mart Designs Are Non-Commercial Speech and Constitute Parody Protected by Both the First Amendment and Trademark Law, Even Though They Are Offered for Sale and Even If Some Viewers Are Confused.**

In his previous briefs, Smith argued that printing anti-Wal-Mart messages on

T-shirts and other items is non-commercial speech that is fully protected by the First Amendment, as well as by the Lanham Act as construed in light of the First Amendment and the “non-commercial use” exception to the federal dilution statute, 15 U.S.C. § 1125(c)(3)(C), regardless of whether the Court accepts the Jacoby study as valid and regardless of whether the other “likelihood of confusion” or “likelihood of tarnishment” factors are deemed to favor Wal-Mart. Smith relied on three lines of cases for this point, exemplified by *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989), which accommodates the First Amendment interests of artists and authors by forbidding an infringement cause of action so long as the use of the trademark is not “explicitly misleading”; *Procter & Gamble Co. v. Amway Corp.*, 242 F.3d 539, 552-553 (5th Cir. 2001), which protects the right of expression so long as the primary motive of the speaker is to express criticism, not to sell more products; and *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 905-907 (9th Cir. 2002), which holds that the non-commercial use exception to dilution extends to all non-commercial speech, even in products that are offered for sale. Wal-Mart never directly confronts any of these arguments, but simply assumes that Smith’s designs are commercial because they are on shirts that are offered for sale, that the First Amendment therefore has only limited application because only “commercial speech” is at issue here, and thus that the level of confusion (and tarnishment) shown by the Jacoby study is sufficient to require that

Smith's designs be suppressed. None of Wal-Mart's argument has merit.<sup>1</sup>

First, although Wal-Mart completely ignores both the "primary motive" rule of *Amway* and the meaning of the "non-commercial use" exception in *Mattel v. MCA*, it does address *Rogers v. Grimaldi* and its progeny in a footnote, contending that those cases should be ignored because they did not involve "parody." In fact, courts **do** apply the *Rogers* balancing approach to parody cases, e.g., *Cliffs Notes v. Bantam Doubleday*, 886 F.2d 490, 495 (2d Cir. 1989), but, more important, the *Rogers* approach was developed to balance First Amendment rights against the legitimate concerns of trademark owners and to avoid needless conflict between the statute and the First Amendment. Just as the First Amendment protects movie directors, *Rogers*, and sports artists, *ETW Corp. v. Jireh Pub.*, 332 F.3d 915 (6th Cir. 2003), and hence requires accommodation even when survey evidence supposedly shows that the use of a trademark will cause confusion, the First Amendment surely protects Smith's right to use Wal-Mart's name and logo to criticize our nation's largest corporation. Accordingly, because Smith's designs are not "explicitly misleading," as required by the *Rogers* standard (and Wal-Mart does not claim that it can meet that standard),

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<sup>1</sup>Smith's First Amendment and parody arguments fully apply to his domain names, but Wal-Mart's infringement and dilution arguments do not, because Jacoby deliberately decided not to test whether the domain names (or web sites) were themselves confusing. We address domain name issues separately in Part III, *infra*.



Smith is entitled to summary judgment on that ground.<sup>2</sup>

Wal-Mart relies heavily on *Tommy Hilfiger Licensing v. Nature Labs*, 221 F. Supp.2d 410 (S.D.N.Y. 2002), and *Anheuser-Busch v. Balducci*, 28 F.3d 769 (8th Cir. 1994), as showing that First Amendment protection for the right of parody yields to a demonstrated likelihood of confusion. But both cases carefully distinguish themselves from cases like this one, and hence neither supports Wal-Mart's position. The issue in *Nature Labs* was whether a company that sold dog perfume under the brand name "Timmy Holedigger" infringed the "Tommy Hilfiger" mark, and although the court applied a parody analysis to decide whether there was infringement, it also held that First Amendment considerations were inapposite. Its reasoning, however, was that the mark was "being used at least in part to promote a somewhat non-expressive, commercial product," hence any First Amendment considerations could be outweighed "if in fact consumers are likely to be confused." *Id.* at 416. But the court qualified this point by saying that although this reasoning applies to commercial speech, a different analysis applies "where a mark is used on products whose principal purpose is to convey a message, such as posters or T-shirts." *Id.* at 415 & n.4. Here, the Wal-Qaeda designs are offered only on T-shirts and bumper stickers;

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<sup>2</sup>Wal-Mart acknowledges that the existence of parody, like application of First Amendment balancing, is an issue of law for the Court. WM SMFOpp. ¶¶ 34 et seq.

although the Walocaust designs were offered on a wider range of items, all of them were items whose point was to display the message, not to be functional. Indeed, imprinted apparel is often used to communicate messages. *See Cohen v. California*, 403 U.S. 15 (1971). Many parody cases cited by Wal-Mart to support its claims are similarly distinguishable because they do not involve expressive products.<sup>3</sup>

*Anheuser-Busch* did involve an expressive product, but the court's reasoning actually supports Smith's position here. That case involved a parody ad on the back cover of a magazine which, in order to comment on a recent oil spill, pictured bottles of Michelob beer (renamed "Michelob Oily") and stated, "One Taste and You'll Drink It Oily." The court found infringement and dilution based in part on the large numbers of survey respondents whose were confused,<sup>4</sup> and rejected Balducci's First Amendment defense on two principal grounds, neither of which applies here. First, because Balducci was trying to comment on an oil spill, he had no need to mention

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<sup>3</sup> *E.g.*, *Eli Lilly v. Natural Answers*, 233 F.3d 456 (7th Cir. 2000) (dietary supplement called "Herbrozac"). *See also Saks & Co. v. Hill*, 843 F. Supp. 620 (S.D. Cal. 1993) (consignment store named "Sacks Thrift Avenue").

<sup>4</sup>The court relied on a Jacoby survey showing that more than 60% of those surveyed thought either that the ad was an actual Anheuser Busch ad, or at least that plaintiff's permission would be needed to use the name, symbols or logo, and more than half thought the ad suggested that Michelob is contaminated with oil. Jacoby expressly asked respondents whether they were viewing an editorial or a parody; 45% said it was not an editorial, and 75% said it was not satirical. *Id.* at 773.

plaintiff's beer. *Id.* at 778. Second,

the confusion is wholly unnecessary to Balducci's stated purpose. By using an obvious disclaimer, positioning the parody in a less-confusing location, altering the protected marks in a meaningful way, or doing some collection of the above, Balducci could have conveyed its message with substantially less risk of consumer confusion.

*Id.* at 776.

This is a case in which Smith undertook precisely the sort of steps that Balducci did not. First, he uses Wal-Mart's name only because his purpose is to comment on Wal-Mart. He put strong anti-Wal-Mart statements on the CafePress Walocaust home page and a strong disclaimer of affiliation with Wal-Mart on the CafePress Wal-Qaeda home page. He kept his designs in locations where they are not likely to be seen by casual browsers before they see anti-Wal-Mart messages that should alert them to the parodic nature of his designs. The Wal-Qaeda web site that links to his Wal-Qaeda CafePress page is larded with anti-Wal-Mart statements calling attention to the anti-Wal-Mart character of the designs; his Walocaust web site, which will link to the CafePress Walocaust pages if Smith prevails in this suit, does the same. Smith **did** alter the Wal-Mart marks, using only no more than one fragment of its name "Wal-", "Wal★" or "Mart" in any of his designs.

Moreover, in a excess of caution, Smith has now added disclaimers of affiliation to the CafePress.com "product" pages, expressly stating, "Protest Wal-Mart

Wear this shirt” or “protest Wal-Mart display this sticker,” describing the items as an “anti-Wal-Mart shirt” or an “anti-Wal-Mart sticker” and expressly disclaiming any affiliation with Wal-Mart. Smith Reply Affidavit and Exhibit T. Even if Wal-Mart were to prevail in this litigation, an injunction requiring such a disclaimer is the most relief that Wal-Mart could be entitled to consistent with the First Amendment. *See Anheuser Busch v. Balducci, supra*, 28 F.3d at 778 (requiring narrow injunction where First Amendment is involved); *Westchester Media v. PRL USA Holdings*, 214 F.3d 658, 672-675 (5th Cir. 2000) (vacating for failure to give adequate consideration to sufficiency of a disclaimer in light of First Amendment concerns).<sup>5</sup>

Two other points remain on the parody / First Amendment issue. Wal-Mart argues that because Smith could express his views about Wal-Mart without placing them on T-shirts and similar items offered for sale, the availability of alternative means precludes reliance on the First Amendment. WMSJOpp at 8-9, citing such cases as *Dallas Cowboys Cheerleaders v. Pussycat Cinema*, 604 F.2d 200 (2d Cir. 1989). But the Second Circuit subsequently rejected the alternative means rule in *Rogers v. Grimaldi*, 875 F.2d at 999 n.4; *see Parks v. LaFace Records*, 329 F.3d 437, 450 (6th Cir. 2003) (“the Second Circuit all but retracted its *Dallas Cowboys* decision

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<sup>5</sup>Because there is no genuine issue about facts showing that Smith’s costs far exceeded his revenues, Smith SMF ¶¶ 60-63, summary judgment should be granted dismissing Wal-Mart’s damages claim, leaving **only** the issue of injunctive relief.

in *Rogers v. Grimaldi*.”) See also *Silverman v. CBS Inc.*, 870 F.2d 40, 48 n. 5 (2d Cir. 1989) (*Dallas Cowboys* ruling was in the context of a pornographic film that used blatantly false and misleading advertisements to imply endorsement).

Second, although Wal-Mart never explains why it persists in referring to Smith’s speech as “commercial,” it cites *Planetary Motion v. Techplosion*, 261 F.3d 1188 (11th Cir. 2001), for the proposition that the Lanham Act applies because there is “use in commerce,” WMSJOpp at 6, and *Bd. of Trs. of SUNY v. Fox*, 492 U.S. 469 (1989), as showing that non-commercial speech protections do not apply to speech that combines non-commercial speech with commercial speech. WMSJOpp at 9. But neither citation is apposite. *Planetary Motion* does not apply here for two reasons – Smith does not contend that he has not made “use in commerce” as that term is used in the Lanham Act for jurisdictional purposes, but rather that his use constitutes non-commercial speech; and in any event the software at issue in *Planetary Motion*, although offered without charge, was made available for the purpose of developing the software for eventual sale pursuant to customary practices in the software industry. *Planetary Motion* has no relevance to the use of a trademark for the purpose of political commentary on a major corporation.

*SUNY v. Fox*, *supra*, is even further afield – the issue there was whether a company that holds “Tupperware” style demonstrations to sell housewares to college

students could achieve the protections of non-commercial speech by including discussions of home economics in its sales presentations. The Supreme Court said no, because there is no reason why home economics cannot be discussed without trying to sell housewares. That reasoning has no application here, where the very point of Smith's designs is to criticize Wal-Mart. Smith is not generally in the business of selling T-shirts or other items, and there is no evidence and no reason to believe that he put Wal-Mart's logo on his expressive materials as a ruse to sneak non-commercial speech into ordinary efforts to promote commercial goods. "The fact that expressive materials are sold neither renders the speech unprotected, nor alters the level of protection under the First Amendment." *Cardtoons v. MLBPA*, 95 F.2d 959, 970 (10th Cir. 1996). Indeed, if the mere fact that a speaker *could* express its views about a trademark holder or trademarked goods without selling products containing such criticisms, is a reason to deny treatment of speech as noncommercial, then no company, including the *New York Times*, will be safe from regulation of its speech under commercial speech standards. Smith's speech here is non-commercial and hence fully protected by the First Amendment.<sup>6</sup>

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<sup>6</sup> Wal-Mart's only responses to Smith's defense of nominative fair use are (1) Smith waived the defense by omitting it from his Answer, (2) under *KP Permanent Make-Up v. Lasting Impression I*, 543 U.S. 111 (2004), the "extent of consumer confusion may be factor in determining objective fair use"; and (3) the 11th Circuit has not addressed nominative fair use. However, paragraph 3 of the Answer set forth

## II. Smith's Designs Do Not Create Any Likelihood of Confusion.

In his opening papers, Smith argued that each of the *Safeway* factors favors his position that there is no likelihood of confusion. *Safeway Stores v. Safeway Discount Drugs*, 675 F.2d 1160 (11th Cir. 1982). This reply discusses only those Wal-Mart arguments that were not previously addressed. (Of course, if the Court finds fair use, it need not review the likelihood of confusion factors.)

**Strength of Marks.** Smith has argued that Wal-Mart has no trademark rights in the “smiley face” and, indeed, that the smiley is generic. Wal-Mart has produced **no** evidence that it has such trademark rights, relying instead on a statement in the Court’s order on Smith’s discovery motion, made without specific reference to the smiley, that “Smith has conceded that Wal-Mart’s trademarks in their entirety are strong and distinctive.” DN 64, at 7. The Court did not say where Smith made that concession, although perhaps it was relying on Wal-Mart’s broad statements in its memorandum opposing compelled discovery, without citing anything except Smith’s acknowledgment that “**Wal-Mart**” is a strong mark, that Smith had conceded that all

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fair use as an affirmative defense, and the **holding** of *Lasting Impression* is that objective fair use is a defense even if there is confusion (it did not involve nominative fair use). Moreover, although this circuit has yet to discuss nominative fair use, no court of appeals has rejected the concept, and last year, in Trademark Dilution Revision Act, Congress expressly incorporated it into the Lanham Act. 15 U.S.C. § 1125(c)(3)(A) (defense of nominative fair use, which includes “identifying and parodying, criticizing, or commenting upon the famous mark owner”).

of Wal-Mart's marks were strong and distinctive. *E.g.*, DN 51, at 14-15 & n.7.

In fact, Smith has consistently contended throughout this litigation that Wal-Mart has no trademark in the smiley and that the smiley face is generic. Thus, for example, in his Answer, ¶ 19, Smith stated that "Wal-Mart has no trademark rights" in the smiley. In his Answers to Wal-Mart's Second Set of Interrogatories, No. 11, at 19, Smith stated, "the smiley-face is generic." In his Memorandum supporting his motion to compel, DN 41, Smith referred to "the 'smiley face' in which Wal-Mart claims to own trademark rights," at 9, 10, and in making an argument about abandonment made clear that he was holding to that position and was seeking discovery argue abandonment in the alternative – "Even assuming that Wal-Mart ever had rights in the 'smiley face' mark . . ." *Id.* at 11. *See also* Reply Brief Supporting Motion to Compel, DN 53, at 4, 5 n.1 (referring to the smiley face in which Wal-Mart "claims" a trademark interest).

Once the claim of genericness is raised, the proponent of an unregistered trademark – and Wal-Mart has no registered trademark in its smiley face – has the burden of proving that the mark is **not** generic, *Reese Pub. Co. v. Hampton Int'l Commun.*, 620 F.2d 7, 11 (2d Cir. 1980), *Burger King Corp. v. Pilgrim's Pride Corp.*, 705 F.Supp. 1522, 1525 (S.D. Fla. 1988), and even proof of secondary meaning would not help Wal-Mart because "generic terms cannot be 'rescued as trademarks'



by proof of secondary meaning.” *Id.* at 12. Accordingly, to the extent that Wal-Mart’s claims against Smith turn on his inclusion of the “smiley face” or the “frowny face” in any of his designs (the Walocaust eagle and the “stomping on free speech” Wal-Qaeda design), those claims must fail.<sup>7</sup>

**Similarity of Products.** Although Wal-Mart sells T-shirts, Smith’s evidence was that Wal-Mart does not sell to the general public (as opposed to selling uniforms to its own staff) T-shirts or other apparel bearing the words or logo “Wal-Mart” (and hence people seeing a shirt bearing a part of that logo would not likely assume that it comes from Wal-Mart). Smith Affidavit ¶ 52. Wal-Mart claims to have introduced contrary evidence, in the form of an affidavit from one of its officials stating that Wal-Mart sells apparel bearing its name, but that affidavit does not contradict the more specific evidence provided by Smith. Although Wal-Mart’s brief characterizes the affidavit as saying that Wal-Mart sells such shirts “to the public,” WMSJOpp at 25 n.35, citing Fox Affidavit, the Fox Affidavit does **not** include the quoted words.<sup>8</sup>

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<sup>7</sup>Because Jacoby’s survey regarding the Walocaust eagle was based on the (unwarranted) assumption that Wal-Mart has rights in the smiley, that error provides yet another reason why his survey must be disregarded.

<sup>8</sup>In response to Smith’s Interrogatory asking for the basis for its claim of likelihood of confusion, Wal-Mart failed to provide any evidence of similarity of products. Wal-Mart Response to Smith’s Interrogatories, No. 1. This part of the Fox Affidavit, therefore, should not be considered at all in this case.

Moreover, although Wal-Mart questions whether Smith has any foundation for statements about Wal-Mart sells “as a corporation,” Smith’s Reply Affidavit details the steps he took to ascertain the facts stated, including both searching Wal-Mart’s web site and calling its 800 order number, where he was told that such apparel could not be found. ¶ 5. The lack of similar products is undisputed.

**The Parties Cater to Different Markets** Attempting to avoid the undisputed fact that Smith very deliberately promoted sales of his anti-Wal-Mart designs only to those likely to share his antipathy to Wal-Mart, Wal-Mart cites *Safeway Stores* for the proposition that “the measure of similarity is not the junior users **intended** customers but the **actual** or **potential** customers.” Mem. at 26 n.36. There are several problems with this argument. First, even were this a correct statement of Eleventh Circuit law, Wal-Mart does nothing to show that persons who admire or are neutral about Wal-Mart are at all likely to penetrate Smith’s strongly anti-Wal-Mart web sites or CafePress home pages, and reach the point of considering whether to buy Smith’s T-shirts. Only Internet users who do that can become “potential” customers for Smith, not to speak of actual customers. Moreover, although *Safeway Stores* did use the phrase “actual or potential” customers, its primary reference was to “individuals to whom the companies cater” and “the parties would cater to the same general kinds of individuals.” 675 F.2d at 1166. Indeed, subsequent decisions within

the 11th Circuit have construed this *Safeway* factor as turning on the customers that the two sides **target**. *E.g., Frehling Enters v. Int'l Select Group*, 192 F.23 1330, 1339 (11th Cir. 1999) (“target the same types of customers”); *Citicasters Licenses v. Cumulus Media*, 189 F. Supp. 2d 1372, 1378 (S.D. Ga. 2002) (“cater to the same kinds of individuals”); *Reeves v. Motley Crue*, 21 U.S.P.Q. 2d 1587, 1991 U.S. Dist. LEXIS 19379 (N.D. Ala. Oct. 31, 1991), at \*14-\*15 (“similarity of the customers targeted by the sellers”), \*15 (plaintiff’s items “targeted at a larger group.”).

**The Parties’ Very Different Advertising.** Wal-Mart asserts that Smith “has conducted minimal advertising,” and hence the Court should treat this factor as neutral. WMSJOpp at 26. Its argument, however, is based on the proposition that Smith’s reliance on his web sites to promote attention to his designs is irrelevant because Smith did not have web sites independent of CafePress.com “until after he instituted this litigation.” *Id.* at 27 n.37. Although Wal-Mart’s assumption that Smith’s independent web sites were his only form of advertising is wrong – he sent emails to groups he thought would sympathize with his views, and he took advantage of news reports about this litigation to attract sympathetic buyers – it is also true that the Wal-Qaeda designs were not offered for sale until after the suit began, at which time Smith’s wal-qaeda.com web site was already posted. But more important, the principal relief sought here is an injunction. Consequently, Smith’s current use of his

walocaust.com web site (as well as his wal-qaeda.com site) as the only continuing means of promoting interest in his designs merits comparison with Wal-Mart's advertising. Therefore, this factor favors no likelihood of confusion.

**No Probative Evidence of Actual Confusion** Space considerations do not permit Smith to address all of the flaws in Wal-Mart's defense of Jacoby's survey. However, most of the problems with the study have previously been addressed in both Smith's summary judgment briefs and his memorandum and reply brief in support of his motion to exclude Jacoby's testimony. Even if Jacoby's testimony is deemed admissible, the Court should rely on the arguments presented in support of that motion as a basis for deciding that his study is not sufficiently probative to warrant a denial of summary judgment where the remaining confusion factors point strongly against a likelihood of confusion. *Scott Fetzer v. House of Vacuums*, 381 F.3d 477, 488 (5th Cir. 2004).

Wal-Mart's own citation of *Scott Fetzer* is highly misleading. Wal-Mart says that the opinion rejected a survey because it tested an unduly limited universe consisting of "only those who had purchased the vacuum cleaners at issue from the plaintiff. [*Id.* at] 487-488. A universe suggested by Smith [that is, only those who are likely to reach the product sales pages after having been winnowed out by his anti-Wal-Mart propaganda] would be no different from the overly narrow *Scott*

*Fetzer* universe.” WMSJOpp at 18. But the key difference between this case and *Scott Fetzer* is that there the plaintiff was the *senior user*, while here plaintiff Smith is the *junior user*, and the Fifth Circuit’s point in *Scott Fetzer* was that the proper universe to be surveyed is “a fair sampling of those purchasers most likely to partake of the alleged infringer’s goods or services.” *Scott Fetzer* thus strongly supports Smith’s claim that Jacoby’s point-of-sale confusion study tested the wrong universe.

In this regard, although Jacoby’s belated affidavit identifies, too late for discovery, a few cases where he allegedly studied other items sold online, he has not overcome his admission at his deposition that he knows nothing about Internet user experience or the way Internet users navigate to and through web sites. Deposition 30, 236, 240-241. His point-of-sale study thus lacks sufficient probative value to defeat Smith’s motion for summary judgment on the issue of point-of-sale confusion.

Wal-Mart claims that Jacoby’s decision to direct his respondents’ attention to only two individual T-shirt designs favored Smith “due to the combined weight of all the infringing items.” WMSJOpp at 16. There are two independent flaws in this contention. First, calling the other designs “infringing” begs the question because there is no evidence that any of the other designs **do** cause actual confusion, and hence no evidence to support the claim of infringement. Second, when several parody items are displayed together, the very combination tends to show consumers

that what they are seeing are parodies. *Tommy Hilfiger v. Nature Labs, supra*, 221 F. Supp.2d at 417-418.

Moreover, in another parody case where plaintiff relied on a Jacoby study, Jacoby did not dance around the question of parody, but rather asked his respondents directly whether they understood that they were looking at an “editorial” or a “satire.” *Anheuser-Busch v. Balducci*, 28 F.3d 769, 773 (8th Cir. 1994). We have argued above that survey research should not be used as a basis for finding likelihood of confusion in parody cases involving expressive products, lest consumers’ lack of sophistication or understanding of a joke serve as a basis for suppressing constitutionally protected commentary about a public figure corporation. But at the very least, if survey research is to be given a role in such cases, the courts should insist that the respondents be asked questions that give them an opportunity to focus on whether they are looking at parody or commentary.

Moreover, although Wal-Mart is correct to point out that some of Smith’s criticisms of the Jacoby study pertain only to the point-of-purchase aspect of Jacoby’s study (his so-called “web site simulation”), Smith also argues that both the constitutional protection for non-commercial speech, and Congress’ purpose in allowing a limited cause of action for post-sale confusion, bar the application of that doctrine to expressive items containing parodies. Smith SJMem. at 25; Smith SJOpp

at 23-26. Wal-Mart cites *Saks & Co. v. Hill*, 843 F. Supp. 620 (S.D. Cal. 1993), but that case is inapposite because it did not involve the use of parody for purposes of non-commercial speech. The parody at issue there was the name of a store, “Sacks Thrift Avenue,” which was intended to attract (presumably amused) customers to the defendant’s store to buy consignment goods, and not to communicate any non-commercial messages about the plaintiff department store.

Wal-Mart is a controversial company of which many members of our society disapprove, and those who do not like Wal-Mart should be accorded the right to display satirical designs expressing their hostility to that company, regardless of whether some other members of the public understand the criticism. At bottom, Wal-Mart’s claim in this case is that critics like Smith should not be able to make a profit by using its trademarks for the purpose of criticism. Although Smith has shown that profit was never his motive in this case (and that he did not, in fact, make any profit from his designs), legal rules that forbid private parties from entering the marketplace to sell items criticizing trademark holders would not only infringe the First Amendment rights of the would-be sellers of parodies, but also the First Amendment rights of would-be **consumers** of such parodies. *Board of Educ., Island Trees Union Free School Dist. No. 26 v. Pico*, 457 U.S. 853, 866-867 (1982).

**III. Summary Judgment Should Be Granted Dismissing Wal-Mart's Claims Against Smith's Domain Names.**

Smith moved for summary judgment dismissing all Wal-Mart's claims based on his domain names, pointing out both that the Jacoby study (on which Wal-Mart's infringement and dilution claims rest) deliberately did not test consumers' reactions to Smith's domain names or web sites and that there is no evidence that Smith registered the domain names with a "bad faith intent to profit" as required to violate the Anticybersquatting Consumer Protection Act ("ACPA"). Smith SJMem. 31-35.

Wal-Mart has made no response to the motion for summary judgment on its infringement and dilution claims against the domain names and has thus conceded that aspect of Smith's motion. Wal-Mart's perfunctory defense against summary judgment on the cybersquatting claims does not save that claim either.

Wal-Mart argues first that because the phrase "bad faith intent to profit" includes the word "intent," summary judgment is necessarily inappropriate. WMSJOpp at 35. But most ACPA cases resolve the issue of bad faith intent to profit on summary judgment, including all five appellate cases cited in Smith SJMem at 34. Moreover, in light of the fact that the ACPA is aimed at preventing extortionate registration or use of domain names, Wal-Mart's acknowledgment that Smith is not



trying to extort a payment for the domain names is fatal to its ACPA claims.<sup>9</sup>

### CONCLUSION

Smith's motion for summary judgment should be granted dismissing Wal-Mart's claims for infringement, dilution, and cybersquatting, and Wal-Mart's motion for summary judgment should be denied.

Respectfully submitted,

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<sup>9</sup>Wal-Mart's footnote 47 cites several factors as allegedly supporting its ACPA claim, but without any citation to law or evidence. Wal-Mart's argument on Factor IV ignores the language of the ACPA, which excuses the use so long as Smith has made "noncommercial **or** fair use of the mark addresses in a **site** accessible under the domain name." Regardless of how the Court rules on the CafePress.com uses, Smith's independent web sites make fair use of Wal-Mart's marks for purposes of criticism. Wal-Mart's arguments on Factor V not only assumes that the domain names are likely to cause confusion even though Wal-Mart presents no evidence about the domain names, but again ignores the language of the statute, which requires that the alleged cybersquatter have the "intent to divert consumers from the mark owner's online location . . . by creating a likelihood of confusion as to the source . . . of the **site**." There is no evidence that the domain names "walocaust.com" or "walqaeda.com" are intended to divert customers from walmart.com, or that there is any likelihood of confusion about who sponsors Smith's web sites.

**CERTIFICATE OF COMPLIANCE**

I hereby certify that this pleading has been prepared using Word Perfect in Times New Roman 14-Point font, and then published to PDF.

July 23, 2007

/s/ Paul Alan Levy

Paul Alan Levy