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J. K. HARRIS & COMPANY, LLC, a South Carolina limited liability company, Plaintiff,
v. STEVEN H. KASSEL, an individual, and FIRSE TAX, INC., a California corporation
d/b/a TAXES.COM, Defendants.

No. C-02-0400-JCS

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALI-
FORNIA, SAN FRANCISCO DIVISION

2002 U.S. Dist. Ct. Briefs 400; 2002 U.S. Dist. Ct. Briefs LEXIS 37

August 23, 2002

Brief

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TITLE: PLAINTIFF'S BRIEF IN OPPOSITION TO AMICUS CURIAE BRIEF OF THE ELECTRONIC FRONTIER FOUNDATION

TEXT: **[*2]** Plaintiff herein, J. K. Harris & Company, LLC ("J. K. Harris") by and through its undersigned attorneys, respectfully submits this brief in opposition to the Amicus Curiae Brief in Support of Defendant's Motion for Reconsideration ("Amicus Brief") submitted by The Electronic Frontier Foundation ("EFF").

INTRODUCTION

According to its Amicus Brief, EFF opposes the Court's March 22, 2002 preliminary injunction order (the "Order") against defendants Steven H. Kassel and Firse Tax, Inc. on the grounds that the order somehow "upsets" the balance between trademark law and free expression. However, in arguing this point, EFF takes the erroneous position that only the abuse of trademarks in "metatags" or URLs can run afoul of trademark law in the context of the **[**2]** Internet, and ignores or misstates case law which holds otherwise. In point of fact, existing case law makes it abundantly clear that the initial interest confusion doctrine applies to more than just "metatags" or URLs. Just as this Court found in its Order, defendants' repeated and unreasonable use of plaintiff's trademark -- which appeared over 75 times on defendants' website -- causes this case to fail the second prong of the nominative fair use test. Notwithstanding the misleading nature of EFF's brief, no basis exists to overturn the Preliminary Injunction in this matter.

ARGUMENT

Contrary to EFF's contention, the likelihood of confusion standard has not been "relaxed" or "eliminated" in cases of initial interest confusion. *See* Amicus Brief at p. 2, ln. 27.; p. 9, lns. 3-5. Rather, as stated by the Ninth Circuit, the

test used to assess the likelihood of confusion must be "pliant," *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999), and courts are cautioned to avoid "excessive rigidity when applying the law in the Internet context; [as] emerging technologies require a flexible approach." *Id.* The [**3] initial interest confusion doctrine does not, as the EFF would have it, put "trademark law on a collision course with free expression," Amicus Brief, p. 9, ln. 5., but is merely one of the pliant, evolving methods of addressing the likelihood of confusion in cases involving the web sites of commercial competitors. The specter of First Amendment concerns that EFF raises in its brief it just that -- a specter -- and has absolutely no application to the facts of this case.

[*3] I. THE INITIAL INTEREST CONFUSION DOCTRINE APPLIES TO MORE THAN JUST "META-TAGS"

EFF's entire argument is predicated on its claim that the Court has confused one type of HTML tag -- the "metatag" -- with other types of formatting tags on a web page, and that the Court's confusion has caused an unwarranted expansion of the initial interest confusion doctrine, which in turn allegedly raises First Amendment concerns. *See* Amicus Brief at pp. 3-5. This argument, however, is not only a straw man, but simply wrong; the Court's Order clearly identifies the various types of tags and the uses of plaintiff's trade name with which plaintiff takes issue, and does not lump them under the heading [**4] of "metatags." *See* Order at p. 3. Furthermore, the Court applied the initial interest confusion doctrine to the facts of this case in a manner that is consistent with existing case law on the doctrine, and did not expand it in this case by applying it to specific content and formatting of defendants' web pages.

Although EFF cites *Brookfield*, *supra*, and *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002), for the proposition that the initial interest confusion doctrine applies *only* to the improper use of a trademarked term in the metatags of web pages, a thorough reading of these cases demonstrates that EFF's reliance is misplaced, and that its argument is more than slightly disingenuous. First, the *Brookfield* court explicitly defined its use of the term metatags as "encompassing HTML code generally," rather than limiting it to just that code appearing within the metatag" code markers. *Brookfield*, 174 F.3d at p. 1061, n. 23. While the *Brookfield* court appeared to be dealing only with HTML code that was not visible to the user, it cited two cases that clearly base their rulings of trademark infringement [**5] on the repeated use of the plaintiff's trademarks in text visible to the user on the defendant's web pages. *See Playboy Enters. v. AsiaFocus Int'l, Inc.*, 1998 U.S. Dist. LEXIS 10359, *7-8 (E.D. Va. February 2, 1998) (plaintiff's trademark was used in upper left and right corners of each page, in an email address, and in a graphic on virtually every page entitled "ASIAN-PLAYMATES FOR THE PLAYBOY IN ALL OF US."); *see also Playboy Enters. v. Calvin Designer Label*, 985 F.Supp. 1220, 1221 (N. D. Cal. 1997) (plaintiff's trademark was used in several phrases on the web site, together with repeated use of the trademark in "machine readable code").

[*4] Second, the *Welles* court examined the use of plaintiff's trademark not just in the metatag code of the defendant's web site, but also its appearance in the "masthead" of the web site, in various banner ads, and in the "wallpaper" (a background design appearing on a web page, covering the entire width and length of the browser window) of defendant's site. *Welles*, 279 F.3d at p. 800. In point of fact, the *Welles* court found that the repeated use of plaintiff's trademark [**6] in the defendant's "wallpaper" failed the nominative use test, as discussed in greater detail below. *Id.* at p. 804.

The Court's Order in this case clearly follows existing case law in looking at all instances where the plaintiff's trademark appears in the web pages and HTML code of the defendants' web site, in order to assess the initial interest confusion of consumers who are searching for plaintiff's site. The Court's Order recognizes, as EFF does not, that this examination is necessary because today's Internet search engines look for keywords not just in the metatag code of a web site, but also in "actual text on the web page." *Brookfield*, at p. 1045. The effect, therefore, is that "[t]he more often a term appears in the metatags and in the text of the web page, the more likely it is that the web page will be hit" in a search for that keyword and the higher on the list of hits' the web page will appear." *Id.* n1

n1 EFF, on the contrary, appears to take the position that reviewing all occurrences of the plaintiff's trademark on the defendants' directly competitive web site in order to determine whether trademark infringement will occur will somehow hinder the continued development of Internet search engines. *See* Amicus Brief at pp. 9-11. This argument makes no sense in light of the well-established history in the copyright field regarding fair use of another's copyrighted work, which is the basis of the nominative fair use doctrine in the trademark field. Free expression in the copyright field has not been unduly hindered by the application of the fair use doctrine in that context, just as it is not hindered in the trademark context by application of the nominative fair use doctrine.

[**7]

II. THE COURT PROPERLY FOUND THAT DEFENDANTS USED PLAINTIFF'S TRADEMARKS MORE THAN REASONABLY NECESSARY

Contrary to EFF's assertion, the Court's holding that defendants' improperly used plaintiff's trademark more than reasonably necessary on defendants' web site does not need to be reconsidered. The Court properly applied the nominative fair use test as set out in *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302 (9th Cir. 1992) to the facts of this case. Nothing in [*5] *New Kids on the Block* or in other Ninth Circuit case law requires a court to limit its consideration of a defendant's usage of a plaintiff's trademark to just some of the uses, such as those uses in the metatag code of defendants' web site.

In fact, such a result would run counter to the nominative fair use doctrine, as the question of whether the use of one's trademarks by another is fair cannot be answered without considering the quantity of the usage. See *New Kids on the Block*, at p. 308, n. 6 (discussing the underlying policies of the fair use doctrine in copyright law, and stating that where the use is "small in relation to the new work created, the fair user is profiting largely from his own creative efforts rather than free-riding on another's work."). This is evident in the *Welles* case, where the court came to a different conclusion when applying the nominative fair use doctrine to the few instances where the trademark appeared in metatags, headers and banner ads, as compared to the repetitive use of the trademark in the defendant's "wallpaper." The *Welles* court found the repeated depiction of the plaintiff's trademark in the latter context "not necessary to describe" the plaintiff and held that this use failed the fair use test. *Welles* at p. 804. In addition, the court noted that its finding that the use of plaintiff's trademarks in the defendant's metatags was nominative "might differ" if the trademark were repeated so often in the metatags that it would affect search engine results in favor of the defendant's site over the plaintiff's. *Id.*

Similarly, the Court in this case found that the defendants have used plaintiff's trademark much more than is reasonably necessary for the purpose of identification of plaintiff. Order, p. 12. This unreasonable and excessive unfair usage included the use of the trademark set off by header tags, increased font size tags and underline tags in sentences using plaintiff's name, the use of the trademark or permutations thereof seventy-five times as keywords, and placing sentences containing plaintiff's name at the top of defendants' web pages. *Id.*

By the same token, this repeated use of plaintiff's trademark does not fall within the grounds of "nominative use in comparative advertising," as EFF contests. Amicus Brief, p. 7. EFF's reliance on *Brookfield* to support its contention is once again misplaced. While the *Brookfield* court concedes that one can use another's trademark to refer to the other's goods or services for purposes of comparative advertising, the court describes only one specific use of the other's trademark for such a purpose. *Brookfield*, at p. 1066 (defendant may "include an advertisement banner . . .", emphasis added). Nowhere does the *Brookfield* court indicate that repeatedly using a competitor's trademark on one's web site constitutes a nominative fair use, and it cannot be construed as supporting such a proposition in this case, where defendants' have used plaintiff's mark in seventy-five separate instances. n2

n2 *SSP Agricultural Equipment, Inc. v. Orchard-Rite Ltd.*, 592 F.2d 1096 (9th Cir. 1979), also cited by EFF, is inapplicable for the same reason. *SSP Agricultural* deals with just two repetitions of the plaintiff's trademark in defendant's comparative specification sheet, which detailed the similarities and differences, in a dual column format, between the plaintiff's and defendant's products. *Id.* at p. 1102. Such use was clearly a nominative fair use for the purpose of comparative advertising. *Id.* at 1103.

Finally, EFF's expansion of the *Brookfield* road-sign metaphor is incorrect. The *Brookfield* court stated that initial interest confusion would exist in the hypothetical situation where West Coast Video posted a sign on the highway telling consumers that Blockbuster was at the next exit when in reality Blockbuster was one exit beyond the one specified, with West Coast Video's store instead being at the exit specified on the sign. [*11] *Brookfield*, at p. 1064. EFF argues that defendants' web pages are akin to one billboard posted by a small business owner warning potential Wal-Mart customers of alleged unfair practices of the Wal-Mart chain. Amicus Brief at p. 6. However, defendants' repetitive and unreasonable use of plaintiff's trademark in multiple web pages n3 is more like a competitor posting seventy-five misleading signs in a row on the highway, telling the consumer to get off at the next exit to get to Wal-Mart, and then, when the consumer takes the exit, he or she finds instead a billboard denouncing Wal-Mart's practices, posted in front of the competitor's store.

n3 At one point plaintiff's trademark appeared on over 40 web pages of defendants' website.

In sum, EFF's attempt to sidestep the Court's proper application of the nominative fair use doctrine by raising the First Amendment flag falls far short of the mark. EFF simply ignores the facts of this case, not to mention the law, which this Court undeniably sets forth as the [**12] basis for its Order, which facts more than sufficiently establish that the defendants used the plaintiff's trademarks much more than reasonably necessary to identify the plaintiff or compare their services with the plaintiff's services. n4

n4 EFF's citations in this section of its brief to *Bihari v. Gross*, 119 F.Supp.2d 309 (S.D.N.Y. 2000), *BigStar Entertainment, Inc. v. Next Big Star, Inc.*, 105 F.Supp.2d 185 (S.D.N.Y. 2000), and *Interstellar Starship Svcs. v. Epix, Inc.*, 184 F.3d 1107 (9th Cir. 1999) are also inapposite. *Bihari's* facts do not "mirror" those confronting this Court, as *Bihari* dealt only with the use of another's trademark in one's metatag coding (*Bihari*, at p. 317), while *BigStar* and *Interstellar* dealt with the use of the plaintiff's trademark in the defendant's domain name (*BigStar*, at pp. 189-190; *Interstellar*, at p. 1108). The trademark uses at issue here differ dramatically from these cases. Furthermore, *BigStar* does not even involve actual competitors with similar products or a strong trademark, unlike this case. *BigStar*, at p. 211.

[**13]

CONCLUSION

For the foregoing reasons, J. K. Harris respectfully requests that this Honorable Court deny Defendants' Motion for Reconsideration.

Dated: August 23, 2002

Respectfully submitted,

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