

I. STATEMENT OF JURISDICTION

The district court and this Court have subject matter jurisdiction over this case pursuant to 28 U.S.C. Section 1331 (federal question) and Section 1338(a) (trademarks). This Court has jurisdiction over this appeal pursuant to 28 U.S.C. Section 1291(a)(1) in that this is an appeal from a permanent injunction entered after the district court granted a motion for partial summary judgment. See LaVine v. Blaine School Dist., 257 F.3d. 981 (9th Cir. 2001).

The district court entered the order from which appeal No. 02-17353 was taken on October 22, 2002. Defendant/appellant JSL Corporation (“JSL”) timely filed its Notice of Appeal on November 20, 2002. See Fed. R. App. P. 4. The district court entered the order from which appeal No. 03-15420 was taken on February 12, 2003. JSL timely filed a Supplemental Notice of Appeal on March 3, 2003. See Fed. R. App. P. 4.

JSL filed a motion to consolidate appeal Nos. 02-17353 and 03-15420 on April 16, 2003. Plaintiff/appellee Visa International Services Association (“Visa”) does not oppose that motion. That motion is pending.

II. STATEMENT OF THE ISSUES

1. Whether summary judgment in favor of Visa’s dilution claim was proper, when Visa’s famous trademark, “VISA,” is not distinctive –

indeed, is generic -- with respect to circumstances in which the English word "visa" is used in its immigration/travel sense and that is the sense in which JSL uses the word within its mark, "evisa."

2. Whether summary judgment in favor of Visa's dilution claim was proper under the U.S. Supreme Court's recent case of Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115 (2003), when the district court applied a "likelihood of dilution" standard instead of the "actual dilution" standard confirmed in Moseley and the record is bereft of evidence sufficient to establish actual dilution.

III. REVIEWABILITY AND STANDARD OF REVIEW

Each issue is reviewable under 28 U.S.C. Section 1291(a)(1) and LaVine v. Blaine School Dist., 257 F.3d 981 (9th Cir. 2001). This is an appeal from a permanent injunction entered after the district court granted a motion for partial summary judgment. LaVine, 257 F.3d at 987.

This Court reviews the determination underlying the grant of an injunction by the standard that applies to that determination -- summary judgment in this case. Id. A district court's grant or denial of summary judgment is reviewed *de novo*. Id.; Balint v. Carson City, 180 F.3d 1047, 1050 (9th Cir.1999) (*en banc*). Summary judgment is appropriate if, viewing the evidence in the light most favorable to the nonmoving party,

(a) "the district court correctly applied the relevant substantive law" and
(b) there are no genuine issues of material fact. Id.; Fed. R. Civ. P. 56(c).
The burden of proof dictates which party must come forward with
affirmative, admissible evidence. Celotex Corp. v. Catrett, 477 U.S. 317,
325, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986). On a dilution claim under
the Federal Trademark Dilution Act of 1995 ("FTDA"), 15 U.S.C. Section
1125(c), the plaintiff must prove that each of the statutory requirements is
present. Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 874 (9th Cir.
1999).

IV. STATEMENT OF THE CASE

Visa filed its complaint on March 15, 2001. The complaint stated
claims against JSL for trademark infringement, unfair competition under the
Lanham Act, trademark dilution, cybersquatting, common law trademark
infringement, state law deceptive trade practices, and intentional interference
with prospective advantage. (Excerpt of Record ("ER") 1-14).

On November 13, 2001, Visa filed a motion for partial summary
judgment on its trademark dilution claim. JSL counter-moved for partial
summary judgment on Visa's claim for trademark infringement and then on
Visa's claim for cybersquatting. Visa countered the latter motion with its
own motion to establish its cybersquatting claim. (ER 151:15-152:3).

On October 22, 2002, the district court granted partial summary judgment on Visa's dilution claim and denied summary judgment as to the remainder of the motions before it. The district court enjoined JSL "from using or registering the **eVisa** mark and from using the <evisa.com> domain name." (ER 178:6-21) (emphasis in original).

Then, on February 12, 2003, the district court entered a further order that supplemented the original order. In that February 12, 2003 order, the district court made clear that JSL must abandon the registration of its trademark before the U.S. Patent and Trademark Office. (ER 182:15-183:4). The district court also entered summary judgment against JSL's trademark infringement counter-claim and denied JSL's motion to stay the injunction. (ER 186:13-21).

JSL has appealed from both the October 22, 2002 order permanently enjoining JSL's use of "evisa" and from the February 12, 2003 order. (ER 180, 190)

V. SUMMARY OF ARGUMENT

In granting summary judgment, the district court failed to apply the correct substantive law in two different respects. First, the FTDA permits an injunction only when a junior mark "causes dilution to the distinctive quality of the famous mark." The famous mark, "VISA," is only distinctive because

it is not used in an English-word sense in the financial services industry. If it were used in an English-word sense, "VISA" would be generic and not trademarkable. JSL's mark, "evisa," incorporates the word "visa" in its English-word sense, thereby, at the very least, raising issues of fact as to whether the FTDA is even implicated.

Second, the district court applied a "likelihood of dilution" standard in granting summary judgment. The U.S. Supreme Court has now held in Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115 (2003) that "actual dilution" is the standard. There is no evidence of actual dilution in the record.

VI. INTRODUCTION

This appeal arises out of orders granting summary judgment and imposing a permanent injunction in favor of Visa, and granting summary judgment against JSL, the owner of a web site denominated <evisa.com>. Prior to the injunction, <evisa.com> was dedicated to web site development, general travel, immigration and visa information in the context of a multilingual content site. Visa wanted to have "evisa" exclusively to itself and tried to negotiate for the domain name. When negotiations failed, Visa added a new web site, <e-visa.com>, as an adjunct to its existing <visa.com> web site.

The district court granted Visa's motion for partial summary judgment on its trademark dilution claim. The Federal Trademark Dilution Act of 1995 ("FTDA"), 15 U.S.C. Section 1125(c), sought to guarantee the exclusivity of the distinctive quality of a famous mark by permitting an injunction against a diluting use, not only where consumer confusion would occur between competitors, but even where the famous mark and the junior mark are used in different fields of commerce. JSL respectfully submits that, unfortunately, the district court missed the finer points of the issue before it.

JSL's mark, "evisa," uses "visa" in its ordinary English language sense. The district court's holding therefore grants a monopoly to the holder of a famous mark over the descriptive use of English words in non-competitive industries. Thus, the trademark "Camel" – as in cigarettes – could block a descriptive use of the ordinary word "camel" in any domain name or industry related to camels (dromedaries or bactrians), "Ivory" – as in soap – could block a descriptive use of the word "ivory" in any domain name or industry related to ivory, and "Shell" – as in oil products – could block a descriptive use of the word "shell" in domain names or industries related to sea shells and egg shells.

Properly construed, the FTDA does not grant that power to the owner

of English-word famous marks. The FTDA only permits injunctive relief when a junior mark dilutes "the distinctive quality" of the famous mark. English-word marks have no distinctive quality in uses or industries in which their generic meaning would have precluded their trademark status.

The district court further missed the nuance recently expressed by the U.S. Supreme Court in Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115 (2003), that the FTDA requires actual dilution, not a mere similarity between the senior and junior marks. The district court found similarity and nothing more.

The proper application of the FTDA precludes a resolution of this case in Visa's favor. Triable issues of fact exist regarding how the English language meaning of "visa" relates to JSL's use of the "evisa" mark, whether prior English usage of the word "visa" already diluted its purported distinctiveness, whether the word "visa" is appropriately descriptive of the <evisa.com> web site and whether JSL's use of the word "visa" in its name was in good faith. Triable issues of fact also surround the issue of actual dilution, especially where the consumer associations of the mark "VISA" already compete with associations surrounding the actual word "visa."

JSL has operated <evisa.com> and similarly denominated websites since 1997. JSL should be permitted to prove at trial that "evisa" can

continue to co-exist with "VISA."

VII. STATEMENT OF FACTS

A. Visa's Use of the VISA Mark¹

Visa first used its "VISA" mark in 1976 and registered the mark with the U.S. Patent and Trademark Office in 1977. Visa also owns forty-three related marks containing "VISA" that are used for a variety of goods and services. Significantly, none of those marks use the word "visa" in its English-language sense. (ER 39-83, 153:7-12).

Visas' use of the VISA mark is economically and geographically broad. The mark has been used in each of the 50 states, in over 300 countries and territories and over the Internet. Visa has over 21,000 licensees of the VISA mark around the world, including 14,000 in the United States. Seven hundred fifty million VISA-branded payment cards have been issued to cardholders worldwide, including over 350 million in the United States. The card is accepted at 21 million merchants and automatic teller machines worldwide. (ER 153:20 - 154:5).

During the last 25 years, Visa has, directly and through licensees, spent billions of dollars on advertising and marketing the VISA brand in

¹ For the purposes of this appeal, JSL concedes that "VISA" is famous within the meaning of the FTDA. These facts are provided for background information.

print and other media. During the four-year period from 1997 through 2000, Visa spent more than \$1 billion on advertising in the United States alone. Visa is also renowned for its sports sponsorships. The VISA card is the official card of the National Football League, NASCAR, the Triple Crown series of horse races and the 2002 Salt Lake City Olympics. (ER 154:14 - 155:3).

Visa registered the domain name <visa.com> on or about March 8, 1994. The <visa.com> web site provides information on a variety of products and services, including financial services, payment services, Internet shopping and information on new technologies. (ER 155:7 - 156:2).

Several years later, in 1999, Visa initiated negotiations through an intermediary to purchase the <evisa.com> domain name from JSL, who had owned the domain name since August 27, 1997. When Visa was unable to obtain the domain name, Visa proceeded to operate a new web site, <e-visa.com>, in addition to its existing <visa.com> web site. (ER 157:19 - 158:20).

B. JSL's Use of Evisa.com

By contrast to the millions of customers and billions of dollars over which Visa exercises dominion, <evisa.com> is run by a small company, JSL, whose principal is Joseph Orr. Mr. Orr is the sole owner and officer of

JSL. JSL has no employees and operates out of Mr. Orr's apartment in New York City and from an office in Japan where JSL employs contractors who provide most of the services that JSL offers, such as translation and web development. JSL also uses a post office box in Las Vegas, Nevada, as its U.S. business address. (ER 156:3-7).

Mr. Orr resided in Japan for approximately ten years, beginning in 1989. During that time, Mr. Orr and another individual founded an English language school in Japan named "Eikaiwa Visa." "Eikaiwa" means English conversation in Japanese. They selected the word "visa" because it "already had some positive associations," and suggested "world travel" and "global." (ER 156:8-17).

At some point, Mr. Orr tried to register the domain name, <evisa.com> as a shortened version of "Eikaiwa Visa." Someone had already registered it, so Mr. Orr registered <evisa-jp.com> instead. In August 1997, Mr. Orr learned that <evisa.com> had become available and registered it at that time. Mr. Orr adopted the name because he thought that it was short, catchy and associated with travel. (ER 156:18 - 157:2).

JSL has used "evisa" on its web site in several different styles. At the time of the motion for partial summary judgment in this case, JSL used "evisa" all in lower case letters, with the "e" appearing in red and the "visa"

appearing in blue. (ER 157:3-10). At the time of the motion for partial summary judgment, the <evisa.com> web site was dedicated to website development, general travel, immigration and visa information in the context of a multilingual content site. (ER 85 at pp. 90:10-91:5; ER 90-104).

The availability of <evisa.com> apparently escaped the attention of Visa. On or about August 13, 1999, an entity called Marksmen (a private investigator hired by Visa) contacted Mr. Orr about purchasing the <evisa.com> domain name. Mr. Orr initially responded that the name was not for sale. At one point, Marksmen offered \$50,000 for the domain name. That amount was refused, and a certain amount of negotiation-posturing ensued. The parties did not reach an agreement.² (ER 157:19 - 158:20).

JSL filed an application to register “evisa” as a trademark in October 1999. JSL also filed three trademark opposition proceedings before the U.S. Patent and Trademark Office against Visa’s applications for “eVisa,” “e-Visa” and “e Visa.” (ER 158:24 - 159:2, ER 159:20-24).

² The Order is peppered with facts allegedly reflecting bad faith on the part of Mr. Orr in selecting and using <evisa.com> as well as other domain names. Because those facts were relevant only to the cross-partial-summary-judgment motions on Visa’s cybersquatting claim, they need not be repeated here. The district court denied both motions due to the existence of triable facts. (ER 179:10-17).

C. The Order

On November 13, 2001, Visa filed a motion for summary judgment on its claim against JSL for trademark dilution. JSL counter-moved for partial summary judgment on Visa's claim for trademark infringement and then on Visa's claim for cybersquatting. Visa countered the latter motion with its own motion for partial summary judgment to establish its cybersquatting claim. (ER 151:15-24).

The district court granted partial summary judgment on Visa's dilution claim and denied summary judgment as to the remainder of the motions before it. In so ruling, the district court engaged in a somewhat perfunctory application of the facts to the *prima facie* case for trademark dilution. Specifically, the district court found that:

- The VISA mark is famous within the meaning of the FTDA;
- JSL is making commercial use of "evisa" in commerce;
- JSL's use of "evisa" occurred after VISA became famous; and
- JSL's use of "evisa" presents a likelihood of dilution of the distinctive value of VISA in that the two marks are substantially similar to each other.

(ER 164:5 - 173:2). In that analysis, the district court made no reference to the English language meaning of the word "visa," did not analyze how the

English language meaning of the word might relate to JSL's use of the "evisa" mark, did not address whether that English language use of "visa" was made in good faith, did not address the issue of actual dilution, including whether prior English-language usage rendered the term "VISA" less distinctive, and did not discern whether any of those things might entail factual issues.

The district court enjoined JSL "from using or registering the eVisa mark and from using the <evisa.com> domain name." In addition, the district court ordered, "JSL shall forthwith deactivate the Web site at <evisa.com>." (ER 179:17-20).

On February 12, 2003, the district court granted summary judgment against JSL's trademark infringement action as a necessary consequence of its previous order. The district court also clarified the injunction order to compel JSL to abandon its trademark registration. (ER 182:15-183:4; 186:13-21).

VIII. ARGUMENT

A. Because JSL Does not Use the Evisa Mark in a Manner that Dilutes the Distinctive Nature of the VISA Mark, Summary Judgment Must Be Reversed.

Visa, through the FTDA, is trying to extend the reach of its "VISA" mark not only into a non-competitive industry, but also into an industry in

which the word "visa" is generic and untrademarkable. In addition, Visa has failed to present evidence supporting summary judgment as to actual dilution of its famous mark, as is now required under Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115 (2003).

1. Background on Trademark Law.

As the Third Circuit noted in Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 163 (3rd Cir. 2000), Congress enacted the FTDA against the background of existing federal trademark law. Under that law, potential trademarks have long been classified into five categories, as follows:

The first category is "generic." A generic term is one that refers to the genus of which the particular product or service is a species. A generic term cannot become a trademark under any circumstances. Surgicenters of America, Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1014 - 1015 (9th Cir. 1979). The second category is "descriptive." A descriptive term specifically describes a characteristic or ingredient of an article or service. It can become a valid trademark by acquiring a secondary meaning. Id. The next category, "suggestive," denotes a term that suggests rather than describes an ingredient, quality, or characteristic of the goods or services and further requires imagination, thought, and perception to

determine the nature of the goods. A suggestive term is entitled to registration without proof of secondary meaning. Id. An "arbitrary" term is an English word that is unrelated to the goods or services being offered for sale, such as "Camel" for cigarettes or "Carnation" for condensed milk. Id. Finally, a "fanciful" term is invented solely for its use as trademark, e.g., "Exxon" for oil and gas products. Id.

As noted, generic terms cannot become trademarks:

The reason is plain enough. To allow trademark protection for generic terms, i.e., names which describe the genus of goods being sold, even when these have become identified with a first user, would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are.

CES Pub. Corp. v. St. Regis Publications, Inc., 531 F.2d 11, 13 (2d Cir.

1975) (Friendly, J.). By contrast, arbitrary marks are often considered strong marks because the goods or services involved have nothing whatsoever to do with the arbitrary word used as the mark. New West Corp. v. NYM Co. of California, Inc., 595 F.2d 1194, 1202 (9th Cir. 1979). There are quite a few of them in use:

Camel	Ivory	Shell	Apple
Tide	Mustang	Arm & Hammer	
Pledge	Dial	Jockey	Gap

Carnation Crest³

The marks in this list share certain attributes. First, each of them creates an immediate association in the reader's mind with a specific commercial product, and so is likely famous within the meaning of the FTDA. Second, each has a generic meaning in a different context. Thus, "Ivory" is generic with respect to merchants of ivory, "Camel" is generic with respect to vendors of desert transportation, "Carnation" for sellers of carnations, *etc.*

Like the examples above, "VISA" is arbitrary in the context of the financial services industry. The dictionary meaning of the word "visa" is: "An official authorization appended to a passport, permitting entry into and travel within a particular country or region." The American Heritage Dictionary of the English Language, (4th Ed. 2000). The word is derived from the Latin, *carta visa*, meaning "the document has been seen." Id. Also like the above-listed marks, the unadorned word, "visa," in the context of international travel/visa information and services, has a generic meaning and hence is not trademarkable at all. It is the genus of which a given visa-related service is a species.

³ This list was compiled unscientifically from a poll taken of the staff at JSL's counsel's law firm.

2. A Famous Mark Must be Distinctive to be Afforded Protection Under the FTDA.

There is disagreement among the Circuits on the issue of whether the FTDA requires both "fame" and "distinctiveness," or just "fame" alone. This case demonstrates "fame" and "distinctiveness" should properly be considered separately in construing the FTDA.

The FTDA provides:

The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.

15 U.S.C. § 1125(c)(1). As this court has noted, the Second Circuit has given a "lucid and scholarly discussion" of the requirements that language entails: both "fame" and "distinctiveness," Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999), cited in Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 903 (9th Cir. 2002). The Nabisco court first noted the importance of "distinctiveness" to trademark law:

Distinctiveness in a mark is a characteristic quite different from fame. Distinctiveness is a crucial trademark concept, which places marks on a ladder reflecting their inherent strength or weakness. The degree of distinctiveness of a mark governs in part the breadth of the protection it can command. At the low end are generic words--words that name the species or object to which the mark applies. These are totally without distinctiveness and are ineligible for protection as marks because to give them protection would be to deprive competitors of the right to refer to their products by name.

Against this background, the Nabisco court reasoned that:

It is quite clear that the statute intends distinctiveness, in addition to fame, as an essential element. The operative language defining the tort requires that 'the [junior] person's . . . use . . . cause[] dilution of the distinctive quality of the [senior] mark.' . . . There can be no dilution of a mark's distinctive quality unless the mark is distinctive.... A mark that, notwithstanding its fame, has no distinctiveness is lacking the very attribute that the antidilution statute seeks to protect.

Id. at 216 (citing such examples as "American, Federated, and Ace"). The unprecedented breadth of the exclusivity antidilution grants, throughout the realms of commerce, requires the dual-pronged limitation of fame and distinctiveness to avoid locking out necessary uses.

By contrast, in Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 167 (3d Cir. 2000), the Third Circuit found that "fame" and "distinctiveness" are redundant in a dilution context. Relying on 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24:70 (4th ed. 1997), the Third Circuit reasoned:

The double-barreled language 'distinctive and famous' reflected the goal that protection should be confined to marks 'which are both distinctive, as established by federal registration at a minimum, and famous, as established by separate evidence.' . . . However, when in the 1995 House amendment, the requirement of federal registration was dropped from the Bill, Congress neglected to also drop the mention of 'distinctive' introducing the list of factors. Thus, the word 'distinctive' was left floating in the statute, unmoored to either any statutory requirement or underlying policy goal.

212 F.3d at 167.

With all due respect to the Third Circuit, this case illustrates the necessity of a construction that requires distinctiveness in addition to fame. Without such a distinction between fame and distinctiveness, the owner of a famous mark could monopolize words in non-competitive industries in which its English-word mark would otherwise be generic and could never have received trademark protection in the first place.

3. A Mark Such as "Evisa" Does Not Impact the Distinctive Quality of the "VISA" Mark Because "VISA" is Generic With Respect to Visa Information and Services.

The fact that the trademark "VISA" is distinctive within its own field of financial services is beside the point. In fields in which the word "visa" is used in its English sense, "VISA" has no distinctive quality. Moreover, the fact that "evisa" utilizes the word "visa" in a creative/trademark sense and not in a generic manner does not change the analysis. If JSL did not utilize "visa" in a trademark sense, then the FTDA would not apply at all.

"'[D]ilution of the distinctive quality of the mark' is the key operative element of the statute." Nabisco, 191 F.3d at 116. The distinctive quality of "VISA" as a trademark is that it is arbitrary in the context of financial services. By contrast, "VISA" is not arbitrary -- indeed it is generic -- in the context of international travel/visa information and services. The FTDA

does not permit "VISA" to dominate all junior marks with variations of the word "visa" with respect to those services.

Granted, there is an irony here. An arbitrary mark such as "VISA" is considered strong for trademark infringement purposes. Yet, "VISA" can and should be limited by its English language meaning for dilution purposes. The Supreme Court implicitly noted this limitation in its recent examination of the FTDA, quoting the 1927 law review article that launched the dilution cause of action: "[I]ndeed the principal focus of the Schechter article, involved an established arbitrary mark that had been 'added to rather than withdrawn from the human vocabulary' and an infringement that made use of the identical mark." Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115, 1122 (2003). The makers of "Odol" mouthwash were not depleting the language by preventing use of the mark on steel goods, because they had been the ones to add their coined term to the language. Id. Because Visa did not coin the term "visa," but took the term from an unrelated field, it does not have the right to withdraw the word from that field unilaterally.

Moreover, the FTDA only applies to trademarks and trade names. If JSL were to have used the word "visa" in a purely generic sense, then the FTDA would not apply. Instead, the fact that JSL uses "visa" in a creative/-

trademark sense is not only what makes the FTDA relevant but is also what makes the distinctiveness requirement of the FTDA critical to the resolution of this appeal.

B. First Amendment Concerns Militate Against Granting Visa Private Intellectual Property Rights Over an English Word, Even If that Word is Used in a Commercial Sense.

This appeal implicates the extent to which a private entity, Visa, may claim intellectual property rights in an English word that is used with its English language associations. One of the foundations of this nation and its tradition of the right of free speech is that words belong to all of us. This does not mean that words cannot be afforded copyright protection, trademark protection or trademark dilution protection under appropriate circumstances. Words can be afforded that protection. See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002). It does mean, however, that a broad construction of "distinctiveness" under the FTDA can create a tension with the protection of commercial speech under the First Amendment. See *id.* at 905 n. 7.

"Where a statute is susceptible of two constructions, by one of which grave and doubtful constitutional questions arise and by the other of which such questions are avoided, our duty is to adopt the latter." *Jones v. U.S.* 529 U.S. 848, 857, 120 S.Ct. 1904 (2000). JSL urges this Court to construe

"distinctiveness" to avoid the kind of grave constitutional questions that a broad intellectual property right in an English word can create. The speech harms can be averted if it is recognized that "distinctiveness" limits the FTDA's scope to the fields in which the mark is distinctive, permitting its unfettered use elsewhere in language, culture, and commerce.

Because of the foregoing, the district court failed to apply the correct substantive law to this case. The district court should have acknowledged the implications of Visa's use of an English-word mark and the lack of distinctiveness that such use can imply before depriving JSL of the use of its mark.

C. The District Court Also Failed to Apply the Correct "Actual Dilution" Standard Before Granting Summary Judgment.

The district court applied the now-rejected standard of "likelihood of dilution" rather than the "actual dilution" standard. In Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115 (2003), the plaintiff was the owner of the famous mark, "Victoria's Secret." The defendant was the owner of a junior mark, "Victor's Secret," and subsequently, "Victor's Little Secret." The district court granted summary judgment in favor of the plaintiff on its claim under the FTDA. There were no findings regarding any actual dilution of plaintiff's famous mark, just a finding of the similarity of the two marks.

The U.S. Supreme Court held that actual dilution is necessary to state a claim under the FTDA. Simply put, the Court reasoned that the statutory language of the FTDA -- that injunctive relief is only available where the junior mark “causes dilution of the distinctive quality” of the famous mark -- “unambiguously requires a showing of actual dilution.” Id. at 1124. As for the parameters of actual dilution, the Supreme Court stated:

We do agree, however, with that court's conclusion [in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Development, 170 F.3d 449 (4th Cir. 1999)] that, at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution. As the facts of this case demonstrate, such mental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement under the FTDA. . . .

Id.

In other words, the owner of a famous mark must prove that a similar junior mark has some impact on the marketing juggernaut that a famous mark enjoys. Moreover, as the Supreme Court acknowledged, difficulties in proof are inherent under an "actual dilution" standard. Those difficulties are enhanced where, as here, the famous mark is also an English word: A trademark derived from a generic word already competes with existing uses of that word in the public's consciousness and vocabulary. On this point, Visa's own expert, Dr. Itamar Simonson, theorized that the English language

use of the word "visa" does not dilute the mark "VISA." (ER 128 at ¶ 43).

He believed that consumers can readily distinguish between generic and trademark uses of a word. (Id.). By way of example, Dr. Simonson offered that consumers can distinguish between "Apple" -- the computer, and "apple" -- the fruit. (Id.). However, consumers not only can distinguish between generic and trademark uses of a word like "apple," but also between two similar trademark uses in which one trademark references the fruit. "Apple" is a mark for computers. "Cranapple" is a mark for a cranberry-apple juice beverage. No consumer would imagine that the "apple" in "cranapple" references computers. Similarly, a consumer would more likely associate "evisa" with "visa" and not "VISA," when the <evisa.com> web site references visas and not credit cards.

It is expected that Visa will suggest that there should be special rules for domain names, citing to Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998). Panavision is inapposite. In Panavision, the defendant engaged in a scheme to register Panavision's exact trademarks as domain names for the purpose of extorting money from Panavision. In upholding the district court's finding of dilution, this Court noted that potential customers who are unsure about a company's domain name will often guess that the domain name is also the company's name. If persons such as the

defendant could act as a "spoiler," then consumers could potentially have to wade through hundreds of web sites in order to find the desired trademark owner's web site.

The present case does not involve a domain name denominated <trademark.com.> No evidence supports the notion that Visa's web site at <visa.com> is in any way hindered by JSL's <evisa.com> site. Moreover, the technology that supported the result in Panavision is no longer the state-of-the-art. Consumers no longer need "to wade through hundreds of web sites" to find the correct site. Search engine technologies such as Google utilize algorithms to rank web sites. (ER 134-136 at ¶¶ 5-8).

D. Because the FTDA Requires Both Distinctiveness and Actual Dilution, Summary Judgment Must Be Reversed.

1. Distinctiveness.

Summary judgment was not proper. In granting summary judgment on Visa's dilution claim, the district court failed to appreciate how Visa was extending trademark rights into an area in which it could not have trademarked "VISA" in the first place. The district court further failed to recognize the statutory requirement of actual dilution of the "VISA" mark by "evisa."

The district court found simply that "VISA" and "evisa" were very similar and casually dismissed any notion that it should examine the context

in which the "evisa" mark had incorporated the word "visa." (ER 173:11-25). If the district court had examined that context, the district court would necessarily have had to review factors that would be ill-suited to summary judgment.

The district court made no findings with respect to the distinctive quality of Visa's mark in the context in which JSL operated its web site. As is noted above, the word "visa" relates to passport authorizations for immigration and travel. The uncontroverted evidence submitted in deposition and summary judgment showed that <evisa.com> was coined from an English language school in Japan named "Eikaiwa Visa." (ER 86 and 87 at 151:9-153:16). The association with travel was a consideration in using the word "visa." (ER 85 at 89:5-14). The credit card company was not a consideration. (ER 87 at 153:7-16). Over time, the <evisa.com> web site became dedicated to web site development, general travel, immigration and visa information in the context of a multilingual content site. (ER 85 at 90:10-91:5). Thus, the issue of JSL's use of "visa" in an English-word sense is, at a minimum, sufficiently substantial to put the issue before a trier of fact, if not to defeat a dilution claim in its entirety.

JSL's good or bad faith in using the word "visa" also raises factual issues. In general, many factors influence a determination of good or bad

faith, making it unsuitable for determination on summary judgment. See Something Old, Something New Inc. v. QVC Inc., 53 U.S.P.Q.2d 1715, 1722 (S.D.N.Y. 1999). The district court implicitly recognized this notion when it examined Visa's allegations of bad faith in connection with Visa's summary judgment motion on its cybersquatting cause of action. The district court expressly found triable issues of fact on the allegation of bad faith. (ER 176:20 - 177:18). That finding was supported by the evidence. (ER 145-150).

2. Actual Dilution.

Visa bore the burden of proof of establishing actual dilution. The district court in this case found only a similarity in the marks "VISA" and "evisa" -- not the existence of actual dilution.⁴ Notwithstanding this, Visa is expected to contend that the record supports a finding of actual dilution as a matter of law.

Visa will likely contend that "VISA" and "evisa" are identical, thereby creating a presumption of actual dilution under Moseley. "VISA" and

⁴ The district court concluded: "As set forth above, based on the facts, Visa International has established a likelihood of dilution under the Ninth Circuit test." (ER 173:22-25). The test to which the district court referred was that set forth in Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 874 (9th Cir. 1999), (ER 170:15-22) which held a likelihood of dilution to be sufficient to state a dilution claim.

"evisa" are not identical regardless of how one capitalizes the letters in each. The two words look different, and they are pronounced differently. By contrast, JSL's <evisa.com> and Visa's later-created <e-visa.com> are arguably identical. Visa's argument that "VISA" and "evisa" are identical when Visa owns a later-created and later-registered site, <e-visa.com>, demonstrates only Visa's cavalier sense of entitlement to the mark "evisa," not that its famous "VISA" mark is being diluted.

Visa is further expected to contend that the expert report of Dr. Simonson, constituted un rebutted proof of actual dilution. By his own admission, though, Dr. Simonson only evaluated, "whether the use of the mark EVISA is likely to dilute the VISA mark of Visa International." (ER 112, ¶ 8). In the course of that evaluation, Dr. Simonson focused exclusively on the mental associations of consumers with respect to the famous "VISA" brand and the potentially competing associations created by "evisa." (ER 127, ¶ 40) However, "'Blurring' is not a necessary consequence of mental association." Moseley, 123 S.Ct. at 1124. Mental association is all

that Dr. Simonson offered.⁵

IX. CONCLUSION

Actual words impose limits on trademark law because a mark must have a distinctive quality to be trademarkable. The requirement of a distinctive quality is carried forward in the FTDA. "VISA" is not distinctive when the meaning of the English word, "visa," applies. That is the situation with "evisa." Actual dilution is also a limitation under the FTDA. "Evisa" and "VISA" have co-existed for years without actual dilution. JSL should be permitted to prove that this can continue. For these reasons and those set forth above, JSL respectfully urges this Court to reverse the district court.

DATED: April 21, 2003

TOMLINSON ZISKO LLP

By _____
Thomas E. Moore III
Attorneys for Defendant/Appellant

⁵ In the February 12, 2003 order, the district court made clear that JSL must abandon its registration of its trademark. The district court also dismissed JSL's trademark infringement claims as a consequence of its adjudication of Visa's dilution claim. If this Court were to reverse summary judgment on Visa's dilution claims, these aspects of the February 12, 2003 order would be reversed as well.