

Case Nos. 02-17353 and 03-15420
(motion for consolidation pending)

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

VISA INTERNATIONAL SERVICE ASSOCIATION, a Delaware corporation,
Plaintiff/Appellee,

v.

JSL CORPORATION, a Nevada corporation
Defendant/Appellant.

United States District Court for the District of Nevada, Las Vegas
Case No. CV-S-01-0294-LRH/LRL

BRIEF OF APPELLEE

MICHAEL J. McCUE
JENNA F. KARADBIL
LEWIS AND ROCA
3993 Howard Hughes Parkway
Suite 600
Las Vegas, NV 89109
(702) 949-8224
(702) 949-8363 (Facsimile)

Of Counsel:
BETH M. GOLDMAN
M. PATRICIA THAYER
HELLER EHRMAN WHITE &
McAULIFFE
333 Bush Street
San Francisco, CA 94104-2878
(415) 772-6000

Attorneys for Appellee
VISA INTERNATIONAL SERVICE ASSOCIATION

CORPORATE DISCLOSURE STATEMENT

Cases No. 02-17357, 03-15420 (motion for consolidation pending)

Pursuant to Federal Rule of Appellate Procedure 26.1, the undersigned counsel for Appellee states that Visa International Service Association does not have any parent corporation and there is no publicly held company that owns 10% or more of its stock.

DATED: June 18, 2003

LEWIS & ROCA, LLP

By


Michael J. McQue
Attorneys for Plaintiff/Appellee

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES	iii
STATEMENT OF THE ISSUES	1
STANDARD OF REVIEW.....	1
SUMMARY OF ARGUMENT.....	2
STATEMENT OF THE FACTS.....	5
I. JSL’s Services Offered Under The <i>Visa</i> And <i>eVisa</i> Marks	5
II. JSL’s Use Of The <i>Visa</i> And <i>eVisa</i> Marks.....	7
III. The Fame Of The <i>Visa</i> Mark.....	9
IV. The Meaning Of The Prefix “e” On The Internet.....	10
ARGUMENT.....	10
I. Background On The Federal Trademark Dilution Act.....	11
II. JSL Used <i>Visa</i> And <i>eVisa</i> As Trademarks, Not As Generic Terms.....	16
A. JSL Did Not Use <i>Visa</i> Or <i>eVisa</i> In Their Generic Sense.....	
B. JSL’s Belated Attempt to Create a Generic Use is Not Sufficient to Avoid Liability	19
C. The First Amendment Concerns Raised by JSL Are Adequately Addressed by Existing Trademark Law	21
D. Conclusion on Genericness	23
III. It Is Irrelevant Whether “Distinctiveness” Is A Separate Requirement For Protection Under The FTDA Because <i>Visa</i> Is Inherently Distinctive.....	23

	<u>Page</u>
IV. The District Court’s Finding Of Dilution Below Is Consistent With The Supreme Court’s Construction Of The FTDA In <i>Moseley</i>	26
A. The Meaning of the Actual Dilution Standard	27
B. Actual Dilution Can Be Established Because the Parties' Marks are Identical or Nearly Identical.....	30
C. Actual Dilution Was Established Below Based on JSL's Use of <i>Visa</i> and <i>eVisa</i> in the Unique Context of the Internet..	35
D. Actual Dilution Was Established Below Based on the Unrefuted Expert Testimony	40
E. Conclusion on Actual Dilution.....	44
CONCLUSION	45

TABLE OF AUTHORITIES

<u>Case</u>	<u>Page</u>
Federal Cases	
<u>Avery Dennison Corp. v. Sumpton,</u> 189 F.3d 868 (9th Cir. 1999)	10, 12
<u>Brookfield Communications, Inc. v. West Coast Entertainment Corp.,</u> 174 F.3d 1036 (9th Cir. 1999)	21
<u>Continental Airlines, Inc. v. United Air Lines Inc.,</u> 53 U.S.P.Q.2d 1385 (T.T.A.B. 2000)	33
<u>Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc.,</u> 198 F.3d 1143 (9th Cir. 1999)	16
<u>Golden West Financial v. WMA Mortgage Services,</u> 2003 WL 1343019 (N.D. Cal. March 13, 2003)	
<u>Harrods Ltd. v. Sixty Internet Domain Names,</u> 302 F.3d 214, 238 (4th Cir. 2002)	38, 39
<u>Keyser v. Sacramento City Unified School Dist.,</u> 265 F.3d 741 (9th Cir. 2001)	2
<u>Kellogg Co. v. National Biscuit Co.,</u> 305 U.S. 674, 59 S. Ct. 246 (1938)	16
<u>King of the Mountain Sports, Inc. v. Chrysler Corp.,</u> 968 F. Supp. 568 (D. Colo. 1997)	
<u>KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.,</u> 328 F.3d 1061 (9th Cir. 2003)	
<u>Mattel, Inc. v. MCA Records, Inc.,</u> 296 F.3d 894 (9th Cir. 2002) 22

Case

Mirage Resorts, Inc. v. Stirpe,
152 F. Supp. 2d 1208 (D. Nev. 2000) 37

Moseley v. V Secret Catalogue, Inc.,
537 U.S. 418, 123 S. Ct. 1115 (2003) 1, 4, 22, 26-32, 40, 43-44

Nabisco, Inc. v. PF Brands, Inc.,
191 F.3d 208 (2d Cir. 1999)

Panavision Int’l, L.P. v. Toeppen,
945 F. Supp. 1296 (C.D. Cal. 1996),
aff’d, 141 F.3d 1316 (9th Cir. 1998) 10, 12-14, 35-38, 44

Pinehurst, Inc. v. Wick,
66 U.S.P.Q.2d 1610, 2003 WL 1870238 (M.D.N.C. 2003) 31-32, 35-37

Playboy Enterprises Inc. v. Welles,
279 F.3d 796 (9th Cir. 2002) 31-32

Porsche Cars North America, Inc. v. Spencer,
55 U.S.P.Q.2d 1026 (E.D. Cal. 2000) 37

Referee Enterprises, Inc. v. Planet Ref, Inc.,
201 U.S. Dist. LEXIS 9303 (E.D. Wisc. Jan. 24, 2001) 33

**Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v.
Utah Div. of Travel Development,**
170 F.3d 449 (4th Cir. 1999) 27

In Re SPX Corporation,
63 U.S.P.Q.2d 1592 (T.T.A.B. 2002) 33

In Re Styleclick.com, Inc.,
57 U.S.P.Q.2d 1445 (T.T.A.B. 2001) 33

<u>Case</u>	<u>Page</u>
<u>Teletech Customer Care Management (California), Inc. v. Tele-Tech Co, Inc.,</u> 977 F. Supp. 1407 (C.D. Cal. 1997)	37
<u>Thane Int'l, Inc. v. Trek Bicycle Corp.,</u> 305 F.3d 894 (9th Cir. 2002)	10-11, 31-32
<u>Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.,</u> 212 F.3d 157 (3d Cir. 2000)	24
<u>Triton Energy Corp. v. Square D Co.,</u> 68 F.3d 1216 (9th Cir. 1995)	2
<u>Virtual Works, Inc. v. Network Solutions, Inc.,</u> 106 F. Supp. 2d 845 (E.D. Va. 2000), <u>aff'd on other grounds</u> , 238 F.3d 264 (4 th Cir. 2001)	
<u>Visa Int'l Serv. Ass'n v. Bankcard Holders of Am.,</u> 211 U.S.P.Q. 28 (N.D. Cal. 1981)	17, 21-22
<u>Visa Int'l Serv. Ass'n v. VISA/Master Charge Travel Club,</u> 213 U.S.P.Q. 629 (N.D. Cal. 1981)	17, 24
<u>Wal-Mart Stores, Inc. v. Samara Brothers, Inc.,</u> 529 U.S. 205 (2000)	17, 24-25
<u>Wynn Oil Co. v. Thomas,</u> 839 F.2d 1183 (6 th Cir. 1988)	

Docketed Cases

<u>Busy Body, Inc. v. Fitness Outlet, Inc.,</u> No. D2000-0127 (WIPO Apr. 22, 2000)	34
<u>Cellular One Group v. Wingspan, Inc.,</u> No. D2000-1290 (WIPO Dec. 9, 2000) ...	

Case

Crédit Lyonnais v. Association Etre Ensemble,
No. D2000-1426 (WIPO Dec. 7, 2000) 34

General Electric Co. v. Online Sales.com, Inc.,
No. D2000-0343 (WIPO June 19, 2000) 34

Nike, Inc. v. Zia,
No. D2000-0167 (WIPO Apr. 27, 2000) 34

Ty Inc. v. Parvin,
No. D2000-0688 (WIPO Dec. 9, 2000) 34

United States Code:

15 U.S.C. § 125(c) (2000)

15 U.S.C. § 125(c)(1) (2000) 11, 23-24

5 U.S.C. § 125(c)(4) (2000) 22

5 U.S.C. § 1127 (2000) 11, 28

Other Authorities

Federal Trademark Dilution Act of 1995,
H.R. Report 104-374, 1996 U.S.C.C.A.N. 1029 1

J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition
(2000 ed.):

§ 11:11 21

§ :46 18

§ 11:62 22

Page

§ 11:87 26

§ 12:2 7

§ 12:3 17

§ 12:20 16-17

§ 24:70 12

§ 24:103 15

Restatement (Third) of Unfair Competition § 25(2) cmt. i 15

STATEMENT OF THE ISSUES

1. Based on the undisputed material facts, did the District Court correctly conclude that JSL's use of the *Visa* and *eVisa* marks dilutes the distinctiveness of Visa International's famous *Visa* mark in violation of the Federal Trademark Dilution Act, when the sole difference between the parties' marks was JSL's addition of the generic "e" prefix (used to denote the electronic commerce version of a business) and when JSL did not use *Visa* or *eVisa* in a generic sense?

2. Is the District Court's finding of trademark dilution in favor of International supported under the actual dilution standard established by the Supreme Court in Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 123 S. Ct. 115 (2003), when the parties' marks are identical or nearly identical, when JSL's adoption and use of the <evisa.com> domain name deprived Visa International of using its famous *Visa* mark in that manner and placed the *Visa* name reputation at the mercy of JSL, and when JSL's use of *Visa* and *eVisa* blurred the distinctiveness of the *Visa* mark?

STANDARD OF REVIEW

Visa International agrees with JSL that the standard of review of the District Court's order granting partial summary judgment in favor of Visa International is *de novo*. See JSL's Brief at 3. However, the Court may affirm the District Court's

grant of summary judgment on *any* basis supported by the record even if any of the several reasons for the District Court's granting of summary judgment erroneous. See Triton Energy Corp. v. Square D Co., 68 F.3d 1216, 1220-21 (9th Cir. 1995); Keyser v. Sacramento City Unified School Dist., 265 F.3d 741, 750 (9th Cir. 2001).

SUMMARY OF ARGUMENT

This appeal addresses the issue of whether a party can legally usurp a famous trademark for its own use by using the identical mark, or by merely adding the letter "e" as a prefix to the famous mark.

The Federal Trademark Dilution Act ("FTDA"), 15 U.S.C. § 1125(c) (2000), protects famous marks against use of identical or nearly identical marks that "lessen the capacity of the famous mark to identify or distinguish goods or services." (Emphasis added.) JSL has appealed the District Court's entry of summary judgment holding that, based on the undisputed material facts, JSL's use of a mark comprised of Visa International's famous *Visa* mark (frequently used with the letter "e" added as a prefix) "has diluted, by blurring, the distinctive quality of Visa International's *Visa* mark in violation of the FTDA." ER 172-73.

The record below indisputably establishes that: (1) *Visa* is one of the most famous trademarks in the world; (2) JSL adopted and used Visa International's

Visa mark alone and by adding the prefix “e” to form *eVisa*; (3) the prefix “e” is a commonly used generic abbreviation for “electronic” to denote the electronic commerce portion of a business; (4) the *Visa* and *eVisa* marks used by JSL are identical or nearly identical to Visa International’s *Visa* mark; (5) JSL used *Visa* and *eVisa* as trademarks, not as generic terms; (6) JSL’s use of the <evisa.com> domain name on the Internet precluded Visa International from using a domain name almost wholly comprised of its signature mark; and (7) unrefuted expert testimony demonstrates that JSL’s use of *Visa* and *eVisa* lessens the capacity of the *Visa* mark to distinguish goods and services. Based on the undisputed material facts, JSL’s use of the *Visa* and *eVisa* marks causes actual dilution of the distinctiveness of Visa International’s *Visa* mark as a matter of law.

Contrary to JSL’s argument on appeal, Visa International is not seeking to stop others from using the word “visa” in its generic sense in connection with immigration or travel visa services. Moreover, JSL’s repeated contentions that JSL is merely using “visa” in its “ordinary English sense” in connection with immigration and travel visa services is simply not true. See JSL’s Brief at 6, 1 & 26. As set forth below, the record indisputably demonstrates that JSL does not provide immigration or travel visa services. To the contrary, the record indisputably demonstrates that JSL used *Visa* and *eVisa* as trademarks on the

Internet in connection with a variety of services *other than* immigration and travel visa services, including, for example, online credit card processing. Indeed, JSL is attempting to obtain a federal trademark registration of *eVisa* for development and translation services,” not immigration or travel visa services. JSL cannot establish that it used *Visa* or *eVisa* in a generic sense and, therefore, JSL cannot rely on a fair use defense to Visa International’s trademark dilution claim.

Moreover, the Court should not reverse the District Court’s entry of summary judgment based on the Supreme Court’s recent decision in Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 123 S. Ct. 1115 (2003). In Moseley, the Supreme Court agreed with the minority of circuit courts of appeal in holding that “actual dilution” rather than “likelihood of dilution” is the appropriate standard for determining dilution under the FTDA. 23 S. Ct. at 1124. The District Court’s order, which was entered *after* the Supreme Court granted certiorari in Moseley, acknowledged the existence of both standards, applied both standards to the of the instant case, and held that JSL’s use of the *eVisa* mark is “likely to dilute or has diluted” the distinctiveness of Visa International’s *Visa* mark. ER at 72-73. The undisputed facts in the record are sufficient to support a finding of dilution under either standard.

Accordingly, the Court should affirm the District Court's holding that JSL's use of the *Visa* and *eVisa* marks (including the <evisa.com> domain name) dilutes the distinctiveness of the *Visa* mark in violation of the FTDA.

STATEMENT OF THE FACTS

Although the Statement of Facts set forth in JSL's brief is generally accurate, there are some material inaccuracies and omissions as set forth below.

I. JSL's Services Offered Under The *Visa* And *eVisa* Marks.

JSL's brief is based on the false premise that JSL is using the term "visa" in "its ordinary English sense" in connection with immigration and travel visa services. See, e.g., JSL's Brief at 6, 1 & 26. The record does not contain any evidence that JSL has offered immigration and/or travel visa services at any time. Instead, the record shows that JSL has offered only other types of services: (1) web design services; (2) web marketing services; (3) web programming services; (4) payment services (including online credit card processing); (5) shipping services; (6) a directory of online resources; (7) translation services; and (8) computer tutorials. See ER 94-95; Supplemental Excerpts of Record ("SER") 2, 4, 162, 66.

Moreover, prior to this appeal, JSL had not argued that it actually provided immigration or travel visa services. Indeed, in its application to register the *eVisa* mark, JSL represented to the United States Patent and Trademark Office that it

provides “web site development and translation services via a worldwide computer network” in connection with the *eVisa* mark. SER 35-37. In JSL’s Answer and Counterclaims and in the sworn declaration of Joseph Orr (JSL’s principal) filed with the District Court, JSL represented that it provided the following services: (1) payment services; (2) a directory of online resources organized by category; and (3) “multi-lingual sources to purchase goods from the U.S. for shipment to other countries.” SER 39, 59, 60. Moreover, in JSL’s Answer, it did not assert generic use or fair use of *Visa* as a defense. SER 43, 50-52.

On January 5, 2002 (more than four years after JSL registered the <evisa.com> domain name and nearly one year after Visa International filed this suit), JSL filed in the District Court a supplemental statement of facts in opposition to Visa International’s motion for summary judgment on trademark dilution. The supplemental statement indicated that “[o]n January 10, 2002, JSL revised its evisa.com web site” and referred the District Court to printouts of the revised web site. SER 211. The printouts showed that JSL added to its web site a link entitled “Travel Visa Information,” which led to a short listing of links to other web sites that presumably provided information on travel visas. SER 211-21. JSL did not add the “Travel Visa Information” link on its web site until three days *after* Visa International pointed out in a brief filed on January 7, 2003, in the District Court

that JSL had not established a fair use defense. Accordingly, JSL's contention that it used *Visa* as a generic term in connection with providing immigration or travel visa services is an after-the-fact misguided attempt to conjure up some putative fair use of the *Visa* mark.

II. JSL's Use Of The *Visa* and *eVisa* Marks.

JSL's Statement of Facts fails to disclose how JSL has used both *Visa* and *eVisa* on the <evisa.com> web site. JSL used the *Visa* mark on its web site at <evisa.com> in a font that is nearly identical to the font used by Visa International as shown below. See SER 6, 33, 158.

JSL's Use of *Visa*:²



Visa International's Use of *Visa*:



In addition to using *Visa* on JSL's website and as part of the <evisa.com> domain name, JSL has used the *Visa* and *eVisa* marks in several different ways on

¹ As Visa International explained: "because JSL is not offering immigration or travel visa services at <evisa.com>, it is not using <evisa.com> in a descriptive or generic sense, which are bases for claiming fair use." SER 193.

² Note that a color version of JSL's use was not available.

several versions of its web sites, including: (a) *Visa* in all capital letters; (b) *eVisa* in mixed upper and lower case letters; and (c) *eVisa* in all lower case letters with the letter “e” appearing in red and the mark *Visa* appearing in blue against a white background, as shown in Figure below. ER 94-95; SER 2, 4, 133, 160-66, 208,

These latter two formats emphasized that the mark is “e” plus “visa” rather “evisa.” JSL’s use of the color blue for the mark *Visa* against a white background was similar to Visa International’s long-standing use of the *Visa* mark in blue against a white background on hundreds of millions of payment cards (including Mr. Orr’s *Visa* card), merchant decals and web sites, as shown in Figure 1.2 below. SER 4, 94, 97, 162-66.



Figure



Figure .2

Orr designed the *eVisa* logo that appeared on the <evisa.com> web site. SER 94. At the time that Orr created the *eVisa* logo, he was well aware of Visa International’s *Visa* logo and had been a *Visa* cardholder since 1987. SER 94.

Moreover, JSL used *Visa* and *eVisa* in prominent lettering, size, and type at the top of the home page of the <evisa.com> web site in a manner that clearly

indicated that JSL treated them as trademarks, rather than generic terms. See SER 133, 162-66, 208, 210, 214. Indeed, JSL even used the “sm” abbreviation for service mark in connection with *eVisa*. SER 162-66, 210.

JSL also sought to exploit the *Visa* mark by falsely representing that JSL accepted *Visa* payment cards for services offered at the <evisa.com> web site when, in fact, JSL was never an authorized *Visa* merchant and had an arrangement to launder payments with a third-party merchant that was purportedly authorized to accept *Visa* payment cards. See SER 95-96.

III. The Fame Of The *Visa* Mark.

Although JSL admits that *Visa* is a famous mark under the FTDA (JSL’s Brief at 8 n.1), some of the relevant material facts supporting the extraordinary fame of the *Visa* mark were omitted from JSL’s statement of facts, including the following:

- *Visa* has been ranked as the 4th top brand in the world, ahead of Apple, Toyota, Camel, Mars, Ford, Time, Porsche, Barbie, Shell, Honda, Pampers, Canon and Virgin. ER 168; SER 22.
- Among financial service brands, *Visa* was ranked 1st, ahead of American Express and MasterCard. SER 28.

- With regard to the “breadth” that a brand has achieved in terms of age spread, types of consumers and international appeal, *Visa* was ranked 6th worldwide, ahead of CNN, Pepsi-Cola, Microsoft and Gillette. SER 34.
- *Visa* ranked as the 17th strongest brand on the Internet in a survey of consumers in the United States. SER 106.

IV. The Meaning Of The Prefix “e” On The Internet.

JSL also omitted the undisputed material fact that the letter “e” is commonly used on the Internet as an abbreviation for “electronic” and to denote the e-commerce version of a business. SER 29-31

ARGUMENT

To establish that JSL violated the FTDA as a matter of law, Visa International was required to show based on the undisputed material facts that: (1) the *Visa* mark is famous; (2) JSL was making commercial use of the *Visa* mark or a nearly identical mark; (3) JSL’s use of *Visa* or *eVisa* began after Visa International’s *Visa* mark became famous; and (4) JSL’s use of the *Visa* or *eVisa* mark dilutes the distinctive value of Visa International’s *Visa* mark. See Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 873-74 (9th Cir. 1999); Panavision Int’l, L.P. v. Toeppen, 141 F.3d 316, 1324 (9th Cir. 1998); accord Thane Int’l,

Inc. v. Trek Bicycle Corp., 305 F.3d 894, 905 (9th Cir. 2002). The only element that is the subject of this appeal is whether JSL's use of the *Visa* and *eVisa* marks dilutes the distinctiveness of Visa International's *Visa* mark.

I. Background On The Federal Trademark Dilution Act.

Under the FTDA, the owner of a famous mark is entitled to an injunction against another's commercial use of a mark, if such use begins after the owner's mark has become famous and such use causes dilution of the distinctive quality of the owner's mark. 15 U.S.C. § 1125(c)(1) (2000). "Dilution" means the "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception." 15 U.S.C. § 1127 (2000) (emphasis added).³

³ The legislative history makes the point clear:

[The FTDA] recognizes that a cause of action for dilution may exist whether or not the parties market the same or related goods or whether or not a likelihood of confusion exists. Thus, a mark protected against dilution can have acquired its fame in connection with one type of good or service and, as a result, be so famous as to be entitled to protection against dilution when used on or in connection with an unrelated good or service.

Federal Trademark Dilution Act of 1995, H.R. Report 104-374, U.S.C.C.A.N. 1029, 1035 (104th Cong., 1st Sess.)(emphasis added).

The FTDA protects the trademark owner who has invested substantial resources in developing a signature mark and making that mark distinctive and famous against misappropriation of the value of the mark. Panavision, 14 F.3d at 1326. As J. Thomas McCarthy, a leading authority on trademark law, explained:

The dilution theory grants protection to strong, well-recognized marks even in the absence of a likelihood of confusion, if defendant's use is such as to diminish or dilute the strong identification value of the plaintiff's mark even while not confusing customers as to source, sponsorship, affiliation or connection. **The underlying rationale of the dilution doctrine is that a gradual attenuation or whittling away of the value of a trademark**, resulting from use by another, constitutes an invasion of the senior user's property right in the mark and gives rise to an independent commercial tort. [Emphasis added.]

J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24:70 (2000 ed.) ("McCarthy"). However, the FTDA only protects "a select class of marks" that are "truly prominent and renowned" to avoid "upset[ting] the balance in favor of over-protecting trademarks, at the expense of potential non-infringing uses." Avery-Dennison, 189 F.3d at 875. The FTDA sets forth eight factors that

courts may consider in determining whether a mark is famous. 5 U.S.C. § 25(c).⁴

Traditionally, there were two types of dilution: blurring and tarnishment. Blurring is the “whittling away” of the selling power and value of a trademark caused by unauthorized use of the mark. Panavision Int’l, L.P. v. Toeppen, 945 F. Supp. 296, 1304 (C.D. Cal. 1996), aff’d, 4 F.3d 316 (9th Cir. 1998). Tarnishment occurs when a famous mark is used for poor quality products or services or is used in a manner that is unwholesome or demeans the character of the trademark owner. Panavision, 4 F.3d at 326 n.7. The rise of the Internet led to a form of blurring known as “cybersquatting dilution,” which refers to a defendant’s use that “lessens the capacity of the [plaintiff’s] marks to identify and distinguish [plaintiff’s] goods and services on the Internet.” Panavision, 4 F.3d at 1326 n.5 (quoting Intermatic, Inc. v. Toeppen, 947 F. Supp. 227, 240 (N.D.

⁴ The eight (8) statutory factors are: (1) the degree of inherent or acquired distinctiveness of the mark; (2) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (3) the duration and extent of the advertising and publicity of the mark; (4) the geographic extent of the trading area in which the mark is used; (5) the channels of trade for the goods or services with which the mark is used; (6) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom the injunction is sought; (7) the nature and extent of use of the same or similar marks by third parties; and (8) whether the mark is federally registered. 15 U.S.C. § 1125(c) (2000).

Ill. 996)) (emphasis added).⁵ The instant case involves dilution by blurring, including cybersquatting dilution.

The concept of dilution and the distinction between trademark infringement and dilution is illustrated by the following hypothetical example. The Shell Oil Company owns the SHELL trademark in connection with gasoline. The start-up Bay Beer Company begins using the SHELL trademark in connection with beer. Consumers are not likely to be confused as to source, sponsorship or affiliation between SHELL gasoline and SHELL beer because the products are unrelated. However, if the SHELL mark is within the special class of famous trademarks as defined by the FTDA, then Shell Oil Company would be entitled to stop the Bay Beer Company from using SHELL for beer because such use diminishes the distinctiveness of the SHELL mark; consumers will begin to associate SHELL

⁵ This Court noted that:

Trademark dilution on the Internet was a matter of Congressional concern [in enacting the FTDA]. Senator Patrick Leahy (D-Vt.) stated: ‘[I]t is my hope that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.’

Panavision, 141 F.3d at 1326 (quoting from 141 Cong. Rec. § 19312-01 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy)) (emphasis added).

with gasoline *and* beer *and* a variety of other goods and services for which the SHELL mark is adopted and used.

It is well-established that a generic use of a term does not constitute a diluting use. See McCarthy § 24:103 (“There is no dilution of the trademark meaning of plaintiff’s word mark if the defendant is not using the word as a trademark.”); Restatement (Third) of Unfair Competition § 25(2), comment i (“Nontrademark uses, because they do not create an association with a different user’s goods, services or business, are unlikely to dilute the distinctiveness of a mark.”). For example, the FTDA would not prevent use of the term “shell” in a generic, non-trademark sense. If a company were to sell shotgun shells or sea shells, the company would be able to use the term “shell” in connection with these products without violating the FTDA because the company’s use would likely be considered a generic use of the term “shell” rather than a trademark use. Consumers who encounter the word “shell” in connection with shotgun shells or sea shells would not perceive the word “shell” in this context to be a source identifier. In contrast, use of SHELL in connection with beer would constitute a trademark use because “shell” is not generic for any type of beer. Use of SHELL as a trademark for beer or other goods and services not offered by the Shell Oil

Company would diminish the distinctiveness of Shell Oil's SHELL mark, because it would no longer be associated with only Shell Oil.

II. JSL Used *Visa* And *eVisa* As Trademarks, Not As Generic Terms.

JSL argues that its use of *Visa* as part of the *eVisa* mark does not dilute the distinctiveness of Visa International's *Visa* mark because JSL is using *Visa* in its generic sense in connection with immigration and travel visa services. JSL's Brief at 12. Visa International agrees that the term "visa" is generic when used in connection with immigration or travel visa services. However, "visa" is a trademark, not a generic term, when it is used in connection with goods or services other than immigration or travel visa services. As set forth below, the record conclusively establishes that JSL used *Visa* as a trademark, not as a generic term.

A. JSL Did Not Use *Visa* Or *eVisa* In Their Generic Sense.

Visa is not a generic term for the services offered by JSL. A generic term is the general name of a product or service, such as RESTURANT for an eating place or SHREADED WHEAT for a shreaded wheat biscuit. See Kellogg Co. v. National Biscuit Co., 305 U.S. 674, 59 S. Ct. 246 (1938); McCarthy, § 2:20; accord Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc., 198 F.3d 1143, 1147-49 (9th Cir. 1999).⁶ Whether a term is generic or not depends on the

⁶ "If determined to be generic, that term can never function as a mark or be

goods or services with which it is associated. A term may be generic for one good or service, but not for another. See McCarthy § 12:3.

JSL's use of *Visa* in connection with the services that it provides is arbitrary because the dictionary meaning of the word "visa" has no relevance to any of JSL's services.⁷ JSL has used the *eVisa* mark in offering: (1) web design services; (2) web marketing services; (3) web programming services; (4) financial services (including online credit card processing); (5) shipping services; (6) a directory of online resources; (7) translation services; and (8) computer tutorials. ER 94-95; SER 2, 4, 33, 162-66, 208-10. JSL's use of *Visa* is arbitrary and, therefore, constitutes trademark use.

JSL's use of *Visa* would be considered generic only if JSL were using the term exclusively in connection with immigration and/or travel visa services.

given trademark protection" McCarthy § 12:20. Generic terms "are regarded by the law as free for all to use" and are in the public domain when used in their generic sense. McCarthy §12:2.

⁷ Similarly, *Visa* is arbitrary when used in connection with Visa International's financial services because a "visa" has nothing to do with financial services. See, e.g., Visa International Service Ass'n v. VISA/Master Charge Travel Club, 213 U.S.P.Q. 629, 635 (N.D. Cal. 1981) ("A strong mark, such as the VISA trademark, is considered distinctive, arbitrary"); Visa International Service Ass'n v. Bankcard Holders of America, 211 U.S.P.Q. 28, 40 (N.D. Cal. 1981) ("A strong mark, such as the VISA trademark, is considered distinctive, arbitrary The trademark, VISA, is a strong mark which is entitled to protection against . . . the dilution of the value of its trademark.").

sole instance in which JSL used “visa” in a generic sense is in the link on its web site entitled “Travel Visa Information” because “visa” in that context referred to a travel visa. SER 212-16. In contrast, JSL’s use of “visa” in the *eVisa* trademark in connection with its offering of numerous other services constituted trademark use, not generic use.

Furthermore, JSL clearly used *Visa* and *eVisa* as trademarks, not as generic terms. Use of a generic or descriptive term does not constitute fair use if the term is used in a prominent manner based on lettering, type style, size and visual placement. See McCarthy, § 11:46. JSL used *Visa* as the dominant portion of the *eVisa* mark and featured the *Visa* mark in prominent lettering, type style, size, and visual placement on JSL’s web site. See ER 94-95; SER 2, 4, 33, 162-66, 208, 210. Indeed, JSL even used the “sm” abbreviation for service mark in connection with *eVisa*. SER 62-66, 210. Accordingly, JSL’s use of *Visa* and *eVisa* was not a fair use.

Finally, JSL’s actions belie its claim that it is using *Visa* as a generic term. JSL is seeking to obtain a federal trademark registration of *eVisa* for web site development and translation services via the Internet and has filed a declaration with the United States Patent and Trademark Office claiming under penalty of perjury that it owns the exclusive right to use the *eVisa* mark for such services.

SER 136. Notably, JSL did not disclaim “visa” as a generic term in its application. SER 135-37. Also, JSL has sued Visa International in this case alleging that Visa International’s use of the *e-Visa* mark is an infringement of JSL’s alleged trademark rights in the *eVisa* mark and JSL has opposed Visa International’s federal application to register the *e-Visa* mark. SER 50-51, 65-66. Thus, JSL is estopped from claiming that its use is generic while at the same time attempting to obtain a trademark registration and to enforce trademark rights in *eVisa*.

Accordingly, the undisputed facts show that JSL used the *Visa* and *eVisa* marks in connection with numerous services *other than* immigration or travel visa services and, therefore, JSL was not using *Visa* or *eVisa* as a generic term.⁸

B. JSL’s Belated Attempt to Create a Generic Use Is Not Sufficient to Avoid Liability.

JSL’s attempt to conjure up a generic use of *Visa* by merely adding links on its <evisa.com> web site to web sites that contain information on travel visas does not relieve JSL of liability for trademark dilution. See SER 211-21. As explained in the preceding section, JSL used *Visa* and *eVisa* in connection with services

⁸ Oddly, JSL is inconsistent in its brief as to whether it is using *Visa* in a generic sense. In one section, JSL argues that it is using *Visa* in its generic “English-word sense.” JSL’s Brief at 5-6. In other sections, JSL concedes that it is using *Visa* in a “creative/trademark sense.” JSL’s Brief at 19-21. The record clearly shows that the latter assertion is accurate.

other than providing information on immigration or travel visas. Such uses cannot qualify as generic uses.

JSL only added a link to information on travel visas to its web site after this lawsuit was filed, after Visa International's motion for summary judgment on dilution was fully briefed, and after Visa International had pointed out the meaning of fair use in this context. SER 211-21. Thus, JSL's addition of links to "visa" information on its web site is obviously not a bona fide preexisting fair use of "visa" in a generic sense.

Allowing JSL to escape liability by merely adding to its existing <evisa.com> web site links to web sites containing information on travel visas would allow the fair use defense to eviscerate the FTDA. Under JSL's argument, a defendant to an FTDA claim would be able to escape liability for dilution in every case involving a non-coined trademark by merely making a single use of the mark in a purported generic sense. For example, in applying JSL's argument to the SHELL hypothetical discussed above, Bay Beer Company would be able to escape liability for its diluting use of SHELL in connection with beer simply by adding information about sea shells on its web site or on its beer cans. This cannot be and was not what Congress intended when it passed the FTDA.

JSL's after-the-fact purported generic use of *Visa* based on a "Travel Visa Information" link on its web site does not alter the fact that JSL used *Visa* and *eVisa* as trademarks for numerous other services unrelated to immigration or travel visas.

C. The First Amendment Concerns Raised By JSL Are Adequately Addressed Under Existing Trademark Law.

JSL erroneously contends that "[t]his appeal implicates the extent to which a private entity . . . may claim intellectual property rights in an English word that is used with its English language associations." JSL's Brief at 21. As explained in Section II.A., JSL did not use *Visa* in its generic sense. Moreover, JSL's concern about the extent to which a party may claim intellectual property rights in a mark composed of an English word is already addressed under existing principles of trademark law, as well as in the FTDA itself.

It is well established under existing principles of trademark law that an English word *can* serve as a trademark when used in an arbitrary or suggestive manner. Arbitrary marks are common English words that have no relevance to the goods and/or services to which they are applied, such as SHELL for gasoline, APPLE for computers, SATURN for automobiles, and VISA for financial services. See McCarthy § 11; King of the Mountain Sports, Inc. v. Chrysler Corp., 968 F. Supp. 568, 576 (D. Colo. 1997); Visa Int'l, 21 U.S.P.Q. at 40 (the *Visa*

trademark is considered to be a “distinctive, arbitrary” mark because it is used for financial services). Suggestive marks are common words used in a manner that requires the consumer to use some imagination to understand the mark’s significance, such as ROACH MOTEL for insect traps and MOVIEBUFF computer software for a movie database. See McCarthy § 1:62; Brookfield Communications, Inc. v. West Coast Entertainment Corp., 74 F.3d 1036, (9th Cir. 1999).

It is also well established that rights in a mark comprised of an English word do not prevent others from using the term in its primary descriptive sense. See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 328 F.3d 1061 (9th Cir. 2003) (discussing classic fair use defense). Moreover, the FTDA, by its terms, does not prohibit fair use of a famous mark in comparative advertising, news reporting and commentary, and noncommercial use. See 5 U.S.C. § 1125(c)(4) (2000). These exceptions were included to allay First Amendment concerns. Moseley, 123 S. Ct. at 1122; Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 904-06 (9th Cir. 2002) (explaining that the non-commercial use exception intended to protect speech such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction).

Thus, contrary to JSL's contention, the First Amendment concerns about the application of the FTDA are already addressed in the statutory exceptions and under existing principles of trademark law.

D. Conclusion on Genericness.

Accordingly, JSL did not use *Visa* or *eVisa* in a generic sense and, even if it did in some limited respect, JSL's use of *eVisa* as a trademark for numerous services other than immigration or travel visas creates liability for trademark dilution.

It Is Irrelevant Whether "Distinctiveness" Is A Separate Requirement For Protection Under The FTDA Because Visa Is Inherently Distinctive.

JSL argues that the FTDA requires distinctiveness as a separate element of proof in addition to fame and that this requirement is "critical" to the resolution of this appeal. JSL's Brief at 17-29, 21. JSL's argument is incorrect. Requiring distinctiveness in addition to fame does not alter the result in this case because

is an inherently distinctive mark when used in connection with Visa International's goods and services – a point that JSL concedes in its brief. See JSL's Brief at 19.

By its terms, the FTDA protects trademarks that are "famous and distinctive." 15 U.S.C. § 1125(c)(1) (2000). However, as JSL recognizes, there is a split among circuits as to whether or not distinctiveness is a requirement in

addition to fame, when distinctiveness is one of the eight statutory factors for determining the fame of the plaintiff's mark. See 15 U.S.C. § 1125(c)(1) (2000); compare Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999) (distinctiveness required in addition to fame) with Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 167 (3d Cir. 2000) (distinctiveness is only one of several factors to be used in determining fame).

This split is irrelevant here because JSL admits that Visa International's *Visa* mark is inherently distinctive when applied to Visa International's goods and services. JSL's Brief at 4 ("VISA is arbitrary in the context of the financial services industry"). The dictionary meaning of the word "visa" is "an endorsement made by an authorized representative of one country upon a passport issued by another, permitting the passport holder entry into or transit through the country making the endorsement." ER 165 (citing Webster's New Universal Unabridged Dictionary (1996)). The *Visa* mark is arbitrary when used in connection with the goods and services provided by Visa International, such as financial and banking services, because the dictionary meaning of "visa" does not describe characteristic of these goods and services. See, e.g., Visa Int'l, 213 U.S.P.Q. at 635 (the *Visa* trademark is "distinctive, arbitrary").⁹

⁹ JSL's suggestion that "distinctiveness" has a different meaning for

Similarly, the fact that a mark such as *Visa* is an existing English word does not mean that it is not protectible under the FTDA. By its terms, the FTDA protects all famous and distinctive marks. By definition, arbitrary and suggestive marks are common English words that are considered inherently distinctive and automatically protectible. See Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 210-11 (2000) (citing CAMEL for cigarettes as an arbitrary mark and TIDE for detergent as a suggestive mark, both of which are inherently distinctive marks). The contention that ordinary English words are not protectible as marks is dubbed the “common word fallacy.” As McCarthy explains:

That a word is in common usage is quite irrelevant. The issue is whether the word is in common usage for similar goods or services such that its distinctiveness in the customer’s mind is blurred. Some of the strongest marks are “common words” found in the dictionary. For example, SHELL, CAMEL, and APPLE. They are intrinsically strong because they are arbitrary when

trademark infringement purposes than for trademark dilution purposes is groundless. JSL’s Brief at 20. Nothing in the case law supports this distinction. The sole “support” that JSL cites for this unique position is the Supreme Court’s discussion in Moseley of a 1927 law review article that is credited with originating the concept of dilution. The 1927 article discussed dilution in the context of a coined term (“Odol”) rather than an existing English word, yet the 1927 article did not say or imply that distinctiveness has a meaning in the dilution context that differs from the meaning of distinctiveness in the infringement context. Thus, the 1927 article is not relevant to and does not support JSL’s suggestion that distinctiveness has a dual meaning depending on whether infringement or dilution is at issue.

applied to gasoline, cigarettes and computers, respectively. They are also strong . . . because [they are] widely known and recognized by customers as marks.

McCarthy, §11:87; see also Wynn Oil Co. v. Thomas, 839 F.2d 183 n.4 (6th Cir. 1988) (“The significant factor is not whether the word itself is common, but whether the way the word is used in a particular context is unique enough to warrant trademark protection”). Accordingly, the fact that *Visa* is a word in the English language is irrelevant.

Thus, whether the Ninth Circuit requires distinctiveness as a separate element under the FTDA is irrelevant because Visa International’s *Visa* mark is distinctive and, therefore, protectible as a trademark.¹⁰

IV. The District Court’s Finding Of Dilution Below Is Consistent With The Supreme Court’s Construction Of The FTDA In Moseley.

JSL further argues that reversal is required because the District Court applied the “likelihood of dilution” standard rather than the “actual dilution”

¹⁰ JSL further argues that the consequence of not requiring proof of distinctiveness in addition to fame is that “the owner of a famous mark could monopolize words in non-competitive industries in which its English-word mark would otherwise be generic.” JSL’s Brief at 19. JSL’s argument is a non-sequitur. Requiring distinctiveness does not mean that the owner of a famous mark could stop others from using the mark in its generic sense. As discussed in Section I.B above, the generic use of a term does not constitute a diluting use and, therefore, is not actionable, regardless of whether the mark is distinctive as used by the trademark owner.

standard enunciated in Moseley, 537 U.S. 418, 123 S. Ct. 1115 (2003), and that the District Court did not find evidence of actual dilution. JSL's Brief at 27. Contrary to JSL's contention, the District Court below did apply the "actual dilution" standard, in addition to the "likelihood of dilution" standard, and made a finding that JSL's use of *Visa* and *eVisa* "has diluted the distinctiveness of Visa International's *Visa* mark," a finding that is supported by the record in this case. ER 172-73.

A. The Meaning of the Actual Dilution Standard.

In Moseley, the Supreme Court held that "actual dilution" rather than "likelihood of dilution" is the appropriate standard for establishing a violation of the FTDA. 123 S. Ct. at 1124. The Supreme Court held that a trademark owner must prove that there is an "actual lessening" of the "capacity" of a famous mark to identify and distinguish goods or services. Id. However, after holding that "actual dilution" is the appropriate standard for establishing a violation of the FTDA, the Supreme Court provided little guidance on how actual dilution can be established. The Supreme Court rejected the Fourth Circuit's holding in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development, 70 F.3d 449, 464 (4th Cir. 1999), that the "consequences of dilution," such as lost profits or sales, must be established. 123 S. Ct. at 1117. Moreover, the Supreme

Court recognized that “direct evidence of dilution” such as consumer surveys will not be necessary “if actual dilution can reliably be proven through circumstantial evidence” such as in, for example, “the obvious case . . . where the junior and senior marks are identical.” 123 S. Ct. at 1124 (emphasis added).

In a concurring opinion in Moseley, Justice Kennedy provided some guidance on how actual dilution can be established by focusing on the word “capacity” in the statutory phrase that defines dilution as the “lessening of the capacity of a famous mark to identify and distinguish goods or services.” 123 S. Ct. at 1125 (quoting 15 U.S.C. § 1127 (2000)) (emphasis added). Justice Kennedy observed that “the word ‘capacity’ imports into the dilution inquiry both the present and the potential power of the famous mark to identify and distinguish goods, and in some cases the fact that this power will be diminished could suffice to show dilution.” Id. (emphasis added). Justice Kennedy concluded that dilution can be established “[i]f a [junior] mark will erode or lessen the power of the famous mark” to distinguish goods and services. Id. (emphasis added). In other words, “[d]iminishment of the famous mark’s capacity can be shown by the probable consequences flowing from the use or adoption of the competing mark.” Id. at 1126 (emphasis added). Therefore, Justice Kennedy recognized that the actual dilution standard can be satisfied when the plaintiff establishes that dilution

will occur over time, because the famous mark's capacity to remain distinctive will be diminished as the probable consequence flowing from the defendant's use of the junior mark; however, the standard is not satisfied when dilution is only likely to occur.¹¹

The Supreme Court's holding in Moseley does not require or warrant reversal of the District Court's order in the instant case for several reasons. In the summary judgment briefs below, the parties spent a substantial amount of time addressing the issue of whether actual dilution or likelihood of dilution was the appropriate standard for liability under the FTDA. Instead of attempting to resolve this dispute while the same issue was before the Supreme Court in Moseley, the District Court recognized and applied *both* the likelihood of dilution and actual dilution standards. Indeed, the District Court entered its order below on October 24, 2002, *after* the Supreme Court granted certiorari in Moseley on April 5, 2002, and *after* the issue was fully briefed in the Supreme Court on September 23, 2002. Specifically, the District Court held that "[t]he established facts show [JSL]'s use

¹¹ By analogy, the probable consequence of certain immune system diseases over time is death because the person's capacity to resist infection has been diminished. However, medical intervention is warranted upon the diagnosis of the problem, rather than waiting for complete failure of the immune system. Similarly, Justice Kennedy seems to suggest that once it is diagnosed that a third party's use of a junior mark will inevitably blur over time the distinctiveness of the famous mark, injunction relief is warranted without the need to show complete destruction

of *eVisa* is likely to dilute or has diluted, by blurring, the distinctive quality of Visa International's *Visa* mark" and that "[JSL]'s use of the famous *Visa* mark in [JSL]'s domain name has diluted [Visa International's] ability to identify and distinguish its goods and services." ER 172 (emphasis added). Moreover, as set forth below, there was sufficient evidence for the District Court below to find actual dilution based on: (1) the obvious case of JSL's use of *Visa* and *eVisa* marks that are identical or nearly identical to Visa International's *Visa* mark; (2) JSL's use of *eVisa* as a domain name in the unique context of the Internet where Visa International is deprived of the ability to use that domain name and where the *Visa* name and reputation are put at the mercy of JSL; and (3) unrebutted expert testimony regarding the inevitable diluting impact of JSL's use of *eVisa* on the distinctiveness of *Visa*.

B. Actual Dilution Can Be Established Because the Parties' Marks are Identical or Nearly Identical.

The Supreme Court recognized in Moseley that actual dilution may be established circumstantially in, for example, "the obvious case . . . where the junior and senior marks are identical." 123 S. Ct. at 125 (emphasis added). The instant case should be considered an obvious case of trademark dilution within the meaning of Moseley.

of that mark's distinctiveness. See id. at 126.

JSL committed trademark dilution by using the *Visa* mark, which is identical to Visa International's *Visa* mark. SER 6, 133, 58. JSL also has committed trademark dilution by using the *eVisa* mark, which is nearly identical to and the legal equivalent of the *Visa* mark. In Thane International, Inc. v. Trek Bicycle Corp., 305 F.3d 894, 905 (9th Cir. 2002), this Court held that dilution can be established when the marks at issue are "identical" or "nearly identical." See also Playboy Enterprises Inc. v. Welles, 279 F.3d 796, 806 (9th Cir. 2002) (applying the "identical" or "nearly identical" legal equivalency standard); Pinehurst, Inc. v. Wick, 66 U.S.P.Q.2d 1610, 2003 WL 1870238 at *7 (M.D.N.C. March 23, 2003) (citing Moseley for the proposition that dilution can be established as a matter of law based on the "identical or virtually identical character of their domain names and Plaintiff's marks").

In evaluating the parties' marks at issue in an FTDA case, courts can conclude that: (1) as a matter of law, the parties' marks at issue are identical or nearly identical and, therefore, the actual dilution standard is satisfied; (2) as a matter of law, the parties' marks are sufficiently different to establish the absence of actual dilution; or (3) there is a genuine issue of fact regarding whether the parties' marks are nearly identical for purposes of the dilution analysis. In Playboy, this Court held that, as a matter of law, the defendant's use of the term PMOY

cannot dilute the plaintiff's PLAYMATE OF THE YEAR mark because they are not identical or nearly identical as a matter of law. Playboy, 279 F.3d at 806. In Thane, this Court held that there was a genuine issue of material fact as to whether the defendant's use of the term OrbiTREK was nearly identical to the plaintiff's TREK trademark because a reasonable fact finder could conclude either way. Thane, 305 F.3d at 904-05. Similarly, in Moseley, the marks at issue were defendant's use of "Victor's Little Secret" and plaintiff's "VICTORIA'S SECRET" mark, which were not sufficiently identical to establish dilution as a matter of law. Id. at 1124. On the other hand, in Pinehurst, the court held that the defendant's use of the <pinhurst.com> and <pinehurstresorts.com> (intentionally misspelled) domain names were "identical or virtually identical" to plaintiff's PINEHURST and PINEHURST RESORT AND COUNTRY CLUB marks so as to establish actual dilution as a matter of law. 6 U.S.P.Q. 1610, 2003 WL 1870238 at *7.

In contrast to the marks at issue in Moseley, Thane, and Playboy, but similar to the marks at issue in Pinehurst, the *eVisa* and *Visa* marks used by JSL are "identical" or "nearly identical" to Visa International's *Visa* mark as a matter of law. The sole difference between the *eVisa* and *Visa* marks is JSL's addition of the letter "e" as a prefix, which the District Court below expressly concluded "is a

commonly used prefix to denote the online version of a business” ER 72. The addition of the prefix “e” to the **Visa** mark is such an insignificant change that no reasonable fact finder could conclude that *eVisa* and *Visa* are not “identical” or “nearly identical.” See In Re SPX Corp., 63 U.S.P.Q.2d 1592, 1594-96 (T.T.A.B. 2002) (the “e” prefix means electronic and is merely descriptive for the “electronic or Internet nature of an item or service”); Continental Airlines, Inc. v. United Air Lines Inc., 53 U.S.P.Q.2d 1385, 1397 (T.T.A.B. 999) (“e” is a common descriptive term used as an abbreviation for electronic); In Re Styleclick.com, Inc., 57 U.S.P.Q. 2d 1445 (T.T.A.B. 2001) (affirmed USPTO’s descriptiveness refusal to register the mark E FASHION and held that the “e” prefix has come to signify an abbreviation for “electronic” and is commonly recognized as a designation for the Internet).

There are also numerous cases that have compared two marks that only differ by the prefix “e” and have concluded that the marks are identical or nearly identical. See, e.g., Referee Enterprises, Inc. v. Planet Ref, Inc., 201 U.S. Dist. LEXIS 9303, at *3 (E.D. Wisc. Jan. 24, 2001) (holding that the owner of the REFEREE mark was entitled to a preliminary injunction on a federal dilution claim against defendant’s use of the domain name <ereferee.com>); Crédit Lyonnais v. Association Etre Ensemble, No. D2000-1426 (WIPO Dec. 7, 2000)

(the Credit Lyonnais mark is "identical to the domain name 'e-creditlyonnais.com' as the addition of the letter "e-", rather trite in the internet world, would not affect the attractive power of the words "credit lyonnais") (emphasis added); Nike, Inc. v. Zia, No. D2000-0167 (WIPO Apr. 27, 2000) (<enike.com> "is identical or confusingly similar" to the NIKE mark, the "only difference . . . is the 'e', a difference [that is] insignificant") (emphasis added).¹² Accordingly, the addition of the letter "e" as a prefix to the *Visa* mark does not differentiate the resulting mark from the *Visa* mark.

Thus, based on the Supreme Court's observation that actual dilution can be establish circumstantially in the obvious case when the marks at issue are identical the instant case presents such an obvious case because the marks at issue are legal equivalents in that the only difference is the generic, trite and insignificant "e" prefix.

¹² See also Scholastic Inc. v. Applied Software Solutions, Inc., ICANN Case No. D2000-1629 (WIPO Mar. 15, 2001) (<escholastics.com> is "identical or confusingly similar" to the complainant's "SCHOLASTIC" mark); Cellular One Group v. Wingspan, Inc., No. D2000-1290 (WIPO Dec. 9, 2000) (domain name <ecellularone.com> is nearly identical to the CELLULARONE mark); Ty Inc. v. Parvin, No. D2000-0688 (WIPO Dec. 9, 2000) (<ebaniebaby.com> and <ebaniebabies.com> are nearly identical to the BEANIE BABY mark); General Electric Co. v. Online Sales.com, Inc., No. D2000-0343 (<e-ge.com> is nearly identical to General Electric's "GE" mark) (WIPO June 19, 2000); Busy Body, Inc. v. Fitness Outlet, Inc., No. D2000-0127 (WIPO Apr. 22, 2000) (<efitnesswarehouse.com> is "identical" to the FITNESS WAREHOUSE mark).

C. Actual Dilution Was Established Below Based on JSL's Use of *Visa* and *eVisa* in the Unique Context of the Internet.

The District Court's finding of actual dilution is further supported by Panavision Int'l, L.P. v. Toeppen, 945 F. Supp. 296, 1304 (C.D. Cal. 1996), aff'd, 141 F.3d 1316 (9th Cir. 1998), a case relied on by the District Court in concluding that JSL's use of *Visa* and *eVisa* dilutes the *Visa* mark. ER at 73.¹³

In Panavision, the Ninth Circuit recognized that in the unique context of the Internet the defendant's registration of a domain name that is identical or nearly identical to the plaintiff's famous mark inherently causes dilution to the plaintiff's mark because it deprives the plaintiff of the ability to use that domain name and puts the plaintiff's name and reputation at the mercy of the defendant. Panavision, 141 F.3d at 1327 ("[P]otential customers of Panavision will be discouraged if they cannot find its web page . . . [t]his dilutes the value of Panavision's trademark. . .

¹³ Panavision is still good law after Moseley. Indeed, one district court in the Ninth Circuit has already expressly concluded that Panavision was not inconsistent with, nor overruled by, Moseley. See Golden West Financial v. WMA Mortgage Servs., 2003 WL 1343019 (N.D. Cal. Mar. 13, 2003) (treating Moseley and Panavision as consistent). Moreover, another district court in a post-Moseley case applied Panavision in holding that the defendant's use of domain names containing plaintiff's famous trademarks constituted actual dilution within the meaning of Moseley. See Pinehurst, Inc. v. Wick, 66 U.S.P.Q.2d 1610, 2003 WL 1870238 (M.D.N.C. 2003).

this] puts Panavision's name and reputation at [defendant's] mercy")
(emphasis added).

While trademark law itself permits non-famous marks to be used by different parties for different goods and services, the domain name system on the Internet requires that each domain name be unique. See Panavision, 945 F. Supp. 2d at 302 ("the current organization of the Internet permits only one use of a domain name . . . only one business can operate on the Internet with the domain name 'acme.com'"). As a result, when a defendant registers a domain name containing a plaintiff's famous mark, the plaintiff is absolutely prevented from using that domain name, thereby causing actual dilution to the plaintiff's mark and actual harm to the plaintiff. For example, in Virtual Works, Inc. v. Network Solutions, Inc., 106 F. Supp. 2d 845, 848 (E.D. Va. 2000), aff'd on other grounds,

F.3d 264 (4th Cir. 2001), in granting Volkswagen's motion for summary judgment on dilution against the defendant that had registered and used the <vw.net> domain name, the court relied on Panavision and held that Volkswagen

"experienced economic harm as a result of not being able to use VW.NET . . ." See also Pinehurst, 203 WL 1870238 *6-7 (defendant's registration and use of the <pinehurstresort.com> and <pinhurst.com> domain names constitutes actual dilution of plaintiff's PINEHURST RESORT AND COUNTRY CLUB and

PINEHURST marks); Teletech Customer Care Management (California), Inc. v. Tele-Tech Co., Inc., 977 F. Supp. 1407, 1413 (C.D. Cal. 997) (defendant's registration and use of the <teletech.com> domain name prevents the plaintiff trademark owner of TELETECH from using that domain name and thereby causes dilution); Porsche Cars North America, Inc. v. Spencer, 55 U.S.P.Q.2d 1026, 1030 (E.D. Cal. 2000) (dilution found because defendant's registration and use of <porschesource.com> put plaintiff Porsche's "name and reputation at [defendant's] mercy by diminishing Porsche's ability to distinguish its goods and services"); Mirage Resorts, Inc. v. Stirpe, 152 F. Supp. 2d 1208, 1216-17 (D. Nev. 2000) (dilution found because defendant's registration and use of domain names, such as <miragehotelcasino.com>, containing plaintiffs' famous hotel casinos' marks, such as MIRAGE, put plaintiffs' names and reputations at the mercy of defendant).

Consistent with Panavision and its progeny, the District Court below concluded that:

[JSL's] use of the famous *Visa* mark in its [evisa.com] domain name has diluted [Visa International's] ability to identify and distinguish its goods and services. . . . [JSL's use of] <evisa.com> presents a serious impediment to customers trying to locate the *Visa* Web site. Finally, permitting [JSL's] unauthorized use of the *Visa* mark would put Plaintiff's name and reputation at the mercy of Defendant.

ER at 22-23 (emphasis added).

JSL attempts to distinguish the instant case from Panavision and its progeny by arguing that Panavision applies only to domain names in the format of <trademark.com>. JSL's Brief at 24-25. JSL contends that its ownership of <evisa.com> will not hamper web user's ability to find Visa International's web site at <visa.com>. JSL's argument is based on the false and unsupported premise that companies operate only a single web site and use only a single domain name comprised of their trademark followed by ".com." Visa International, like many companies, operates multiple web sites on the Internet for different segments of the market, such as:

- <e-visa.com> for information regarding Visa International's e-Visa technology, innovation and standards for electronic commerce;
- <VisaStudent.com> web site for information on products and services targeted to students;
- <VisaDestinations.com> web site for travel discount information services; and
- <VisaBuxx.com> web site for a Visa payment card targeted to teens and for financial education services for teens and their parents.

SER 38-42; 144-48; Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 238 (4th Cir. 2002) ("many companies legitimately register many, even hundreds,

of domain names consisting of various permutations of their own trademarks in combination with other words”). Moreover, Visa International, like many companies, uses several different domain names that contain the *Visa* mark to direct traffic to Visa International’s main web site, including <visa.com>, <visaplatinum.com>. <visacorporate.com>, <visa-international.com>, <visa-classic.com> and <visahorizon.com>. See SER 38-48; Harrods, 302 F.3d at 238 (“companies can register multiple domain names in order to maximize the chances that customers will find their web site”).

For purposes of illustration, web users searching for Visa Destinations, for example, can locate that site: (1) directly, by typing <VisaDestinations.com> into their web browser; or (2) indirectly, by typing <visa.com> into their web browser and clicking through several links to arrive at the <VisaDestinations.com> web site. In some cases, starting at a company’s main web site to locate a specific division or line of products or services could be tedious and time consuming.

third party is allowed to own and use a domain name containing the company’s trademark plus a generic component (such as <pinehurstresorts.com>, <miragehotelcasino.com>, <porschesource.com>, <ebaniebaby.com>, <e-ge.com>, <enike.com> or <evisa.com>), it would present an impediment to web users who are looking for the company’s sites devoted to a particular market, good

or service. Accordingly, JSL's ownership of the <evisa.com> domain name impedes web users who search for Visa International's e-commerce solutions by assuming that such services would be available at the domain name <evisa.com>. Furthermore, as recognized by the District Court below, actual harm is inflicted on Visa International by JSL's use of <evisa.com> in that JSL's "unauthorized use of the *Visa* mark would put Plaintiff's name and reputation at the mercy of [JSL]." ER at 73.

D. Actual Dilution Was Established Below Based on the Unrefuted Expert Testimony.

The District Court's finding of actual dilution below is further supported by the unrebutted testimony of a marketing and consumer behavior expert. In Moseley, the Supreme Court stressed that a major shortcoming of the plaintiff's dilution case was that there was no evidence from any expert or any other witness of the impact of the Victor's Little Secret name on the VICTORIA'S SECRET mark. 123 S. Ct. at 1120 ("Neither [the expert for Victoria Secret], nor any other witness, expressed any opinion concerning the impact, if any, of petitioners' use of the name 'Victor's Little Secret' on [the value of the VICTORIA'S SECRET mark]") (emphasis added). The Supreme Court further noted that "the expert retained by [Victoria Secret] had nothing to say about the impact of petitioners'

name on the strength of the [VICTORIA'S SECRET] mark.” *Id.* at 125 (emphasis added).

In the instant case, however, contrary to JSL's statement of what he said, Dr. Itamar Simonson (the Sebastian S. Krege Professor of Marketing at the Graduate School of Business at Stanford University) provided an expert declaration and report addressing the impact of JSL's use of *eVisa* on the distinctiveness of the *Visa* mark.

After addressing the fame of the *Visa* mark based on survey and other evidence, Dr. Simonson determined whether JSL's use of *eVisa* diluted the distinctiveness of the *Visa* mark by applying well-established principles of brand equity, brand dilution and consumer behavior. ER at 22. Dr. Simonson first examined whether consumers would associate the *eVisa* and *Visa* marks. ER 122. In making this determination, Dr. Simonson considered the distinctiveness and fame of the *Visa* mark, the environment in which the *eVisa* mark was used by JSL, the generic use of the “e” prefix for electronic commerce, and research on determinants of perceived similarity. ER 25-26. After analyzing each of these factors, Dr. Simonson concluded that the *Visa* and the *eVisa* marks would be seen as “nearly identical” by consumers and that *eVisa* will bring *Visa* to mind. ER at 125-26.

After concluding that *eVisa* will bring *Visa* to mind among consumers, Dr. Simonson then applied marketing and brand principles to determine whether trademark dilution will occur. Dr. Simonson opined that:

[E]xposure of consumers to the EVISA mark **will blur the meaning and associations of the VISA mark.** That is, the meanings and associations of VISA in the minds of those who have been exposed to the EVISA mark will over time come to reflect both the existing associations of VISA as well as any associations and impressions created by exposure to EVISA.

ER 127 (emphasis added). Dr. Simonson concluded that “marketing and branding principles lead to the inevitable conclusion that further third party uses of EVISA and VISA will blur the distinctiveness and possibly tarnish the VISA brand.” ER at 127 (emphasis added).

Dr. Simonson explained the impact of JSL’s use of *eVisa* as follows:

[O]nce JSL Corporation (or any other company) is allowed to use the EVISA mark, Visa International will have to depend on and **be at the mercy** of JSL, thus losing control over its most important asset, its [VISA] mark. . . . (¶) Indeed, the dilution of the VISA mark will undoubtedly intensify if consumers are exposed to additional marks, like EVISA, that bring VISA to mind and create new, possibly negative, brand associations. . . . (¶) The **impact of EVISA . . . will be to blur . . . the distinctive associations of the VISA mark,** making it more difficult for consumers to know what VISA stands for and **diminishing the effectiveness of the marketing activities of Visa International.**

ER 129-29 (emphasis added). Thus, Dr. Simonson's unrebutted expert opinion conclusively establishes that the impact of JSL's use of *eVisa* is the diminishment of the distinctiveness of Visa International's *Visa* mark, which is the critical element for proving actual dilution.

JSL failed to provide any evidence refuting Dr. Simonson's expert opinion. JSL presented no evidence rebutting Dr. Simonson's conclusion that the impact of JSL's use of *eVisa* will be the dilution of the distinctiveness of Visa International's famous *Visa* mark. Nor did JSL present any evidence rebutting Dr. Simonson's diagnosis and conclusion that the diminishment of the capacity of the *Visa* mark to distinguish goods and services is inevitable.

Dr. Simonson's unrebutted expert opinion establishes actual dilution within the "lessening of the capacity to distinguish goods and services" meaning of dilution as set forth in the FTDA, 15 U.S.C. § 1125(c), as set forth in the majority and concurring opinions in Moseley, and as set forth in this Court's decision in Panavision. In Moseley, the majority opinion stressed that there was a complete absence of expert testimony or other evidence of the "lessening of the capacity" of the plaintiff's mark to distinguish the plaintiff's services. 123 S. Ct. at 1125. In contrast, in the instant case, there is unrebutted evidence from Dr. Simonson establishing that the impact of JSL's use of the *eVisa* mark is the blurring of the

distinctiveness of Visa International's famous *Visa* mark. Moreover, as Justice Kennedy opined in Moseley, which echoed this Court's statement of the meaning of dilution in the Internet context in Panavision (141 F.2d at 1326), actual dilution can be established "[i]f a mark will erode or lessen the power [i.e., capacity] of the famous mark" to distinguish goods and services. Moseley, 123 S. Ct. at (emphasis added). Dr. Simonson's opinion proves actual dilution in accord with Justice Kennedy's opinion and Panavision by establishing that JSL's use of *eVisa* will inevitably dilute, blur, erode or lessen the distinctiveness and marketing power or capacity of Visa International's *Visa* mark.¹⁴ Such a diagnosis by a highly qualified marketing expert of the diminished capacity of the *Visa* mark to distinguish goods and services is sufficient to prove actual trademark dilution and is sufficient to warrant affirming the entry of a permanent injunction protecting Visa International from the trademark blurring that JSL's use of the *Visa* and *eVisa* marks has caused and will continue to cause unless enjoined.

E. Conclusion on Actual Dilution.

Based on the foregoing grounds, this Court should hold that the record below supports a finding of actual diminished capacity of the *Visa* mark to

¹⁴ The fact that Dr. Simonson sometimes spoke in the future tense does not reduce the actual nature of the dilution within the meaning of Moseley; it merely recognizes that dilution is certain to occur and that it often occur gradually over time.

distinguish goods and services sufficient to prove actual trademark dilution and is sufficient to warrant affirming the entry of a permanent injunction protecting Visa International from the harm that JSL's use of the *Visa* and *eVisa* will cause over time.

CONCLUSION

The Court should affirm the District Court's entry of summary judgment in favor of Visa International on its trademark dilution claim.

DATED this 18th day of June, 2003

LEWIS AND ROCA LLP



MICHAEL J. McCUE (Nev. Bar #6055)
JENNA F. KARADBIL (Nev. Bar #7396)
3993 Howard Hughes Parkway
Suite 600
Las Vegas, Nevada 89109
(702) 949-8224
(702) 949-6383 FAX

BETH M. GOLDMAN
M. PATRICIA THAYER
HELLER EHRMAN WHITE &
McAULIFFE
333 Bush Street
San Francisco, CA 94104-2878
(415) 772-6000

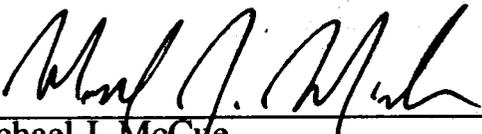
Attorneys for Plaintiff/Appellee
VISA INTERNATIONAL
SERVICE ASSOCIATION

CERTIFICATE OF COMPLIANCE

Pursuant to Circuit Rule 32(e)(4), the undersigned certifies that accompanying brief complies with Circuit Rule 32. The brief is double-spaced, utilizes 14-point proportionally spaced Times New Roman typeface, and contains 10,424 words.

DATED: June 18, 2003

LEWIS & ROCA, LLP

By 
Michael J. McCue
Attorneys for Plaintiff/Appellee