

## I. INTRODUCTION

The position of plaintiff/appellee Visa International Service Association ("Visa") appears to spring from its own sense of manifest destiny over "evisa" and any other mark or domain name incorporating "visa." The facts and the law must intrude upon that destiny, because Visa has muddled them hopelessly.

The U.S. Supreme Court stated, "the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution." Moseley v. V Secret Catalogue, Inc., 537 U.S. \_\_\_, 123 S. Ct. 1115, 1124 (2003). Visa has not met the standards of proof outlined in Moseley, regardless of whether Internet domain names are involved. Unless and until Visa proves that "evisa" has any effect on its marketing behemoth, defendant/appellant JSL Corporation ("JSL") has the right to continue to use the "evisa" mark unabated.

As for distinctiveness, Visa's contentions fundamentally miss the point: JSL has asserted that "VISA", albeit famous in the financial services industry, is not distinctive within the meaning of the Federal Trademark Dilution Act of 1995 ("FTDA"), 15 U.S.C. Section 1125(c). This is because the word "visa" is an ordinary English-language word, generic to the visa information and services industry. Thus, suggestive/descriptive trademarks within that industry incorporating "visa," such as "evisa," are not dilutive and should not be

enjoined. Indeed, in any context where the dictionary meaning of the term "visa" is strongly suggested, a mark containing "visa" cannot cause dilution of VISA, because the necessary condition - mental association - is not present. That limited claim is at the heart of JSL's distinctiveness argument.

## II. DISCUSSION

### A. On this Appeal, As in the District Court, Visa has the Burden of Showing That JSL's "Evisa" Mark Dilutes the Distinctive Quality of the "VISA" Mark.

This appeal arises from an order granting summary judgment. The standard on appeal is worth reiterating: A district court's grant or denial of summary judgment is reviewed *de novo*. LaVine v. Blaine School Dist., 257 F.3d 981, 987 (9th Cir. 2001); 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 (9<sup>th</sup> Cir. 1999). This means that Visa must show that JSL's mark dilutes the "distinctive quality" of the famous "VISA" mark. See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999). It further means that Visa must show actual dilution, not the likelihood of dilution.

Visa ascribes a "fair use defense" to JSL. (Appellee's Brief at 4, 6). The words "fair use" are no where to be found in JSL's brief. The burden of proof rests solely on Visa.

B. JSL Never Used the "VISA" Mark Alone and Did Not Change Its Web Site Mid-Action to Include a Reference to Visa Information and Services.

In its brief, Visa puts a good deal of emphasis on two purported facts. One purported fact is that JSL used the "VISA" mark alone in a trademark sense. The other purported fact is that JSL unscrupulously changed its web site during the pendency of Visa's motion for summary judgment to include a reference to visa information. The record does not support either.

The district court would undoubtedly react with surprise to the notion that JSL used the mark "VISA" alone. After all, the district court's order does not even bother to enjoin JSL from using the mark "VISA." (ER 179:17-20). In fact, the sole reference to which Visa cites for the notion that JSL used the mark "VISA" by itself can be found at Appellee's Supplemental Excerpts of Record, page 133. That page shows three Japanese characters joined with the letters "V-

I-S-A" representing the name of the English-language school in Japan, Eikaiwa Visa. (Further Excerpts of Record "FER" 5 at 167:2-6). JSL's actual use of the combined word is as follows:



Moreover, JSL did not promote that page to the public but posted it in the depths of a subdirectory to its web site for a brief period of time. (FER 4 at 162:12-163:20). That is why Visa did not bother with it until this appeal, when -- for the first time in light of Moseley -- Visa realized that it needed to show an identity of marks for actual dilution purposes.

The record also does not support the notion that JSL changed its web site in bad faith to add visa information. The original page of <evisa.com> with visa-related information can be found as part of Exhibit I to the McCue Declaration (ER 90-105, specifically p. 101). Visa filed that declaration as part of its summary judgment motion on November 13, 2001. (ER 36-38). The revised web pages set forth in Appellee's Supplemental Excerpts of Record, pages 211-221 (specifically p. 216), are updates, nothing more.

C. Nothing in the Record Supports a Finding of Actual Dilution within the Meaning of Moseley.

In Moseley v. V Secret Catalogue, Inc., 537 U.S. \_\_\_, 123 S. Ct. 1115

(2003), the U.S. Supreme Court held that the FTDA requires a showing of actual dilution, thereby rejecting the "likelihood of dilution" standard in use in many Circuits (including the Ninth Circuit's standard under Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 874 (9<sup>th</sup> Cir. 1999)). Citing Avery Dennison, the district court applied the likelihood of dilution standard in granting Visa's motion for summary judgment. (ER 170-174). Visa nevertheless argues that the district court found actual dilution and that such a finding was supported by the identity of the marks "VISA" and "evisa" and the unrebutted testimony of its expert.

1. The District Court Did Not Find Actual Dilution.

A fair reading of the district court's order undermines any suggestion that the district court found actual dilution. At the beginning of its analysis, the district court expressly described the standard that it would apply: "In the Ninth Circuit, this element of a dilution claim is satisfied if the plaintiff shows that 'the defendant's use presents a likelihood of dilution of the distinctive value of the [plaintiff's] mark.'" (ER 170:15-22). At the conclusion of its analysis, the district court repeated the content of the standard it applied: "The Court finds that the eVisa mark is likely to dilute the Visa mark. As set forth above, based on the facts, Visa International has established a likelihood of dilution under the Ninth Circuit test." (ER 173:22-174:2). During the course of its analysis, the

district focused on the idea that a defendant's mark need not be identical to a plaintiff's mark to establish a likelihood of confusion (ER 171:10-24), and specifically found that "evisa" and "VISA" are "very similar" (ER 172:1-8).

Visa wrenches a single sentence out of the district court's analysis: "The established facts show that Defendant's use of eVisa is likely to or has diluted, by blurring, the distinctive quality of Visa International's Visa mark." (ER 172:9-11). Taken in the overall context of the district court's analysis, that sentence does not amount to a finding of actual dilution.

2. "VISA" and "Evisa" Are Not Identical For the Purposes of Moseley.

In Moseley, the U.S. Supreme Court noted the proof problems attendant to its holding that liability under the FTDA requires a showing of actual dilution:

It may well be, however, that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can be proven through circumstantial evidence -- the obvious case is one where the junior and senior marks are identical.

123 S. Ct. at 1125. First, the Court's musings about the quantum of proof necessary to establish actual dilution fall short of being a holding; Moseley did not present a situation in which the marks were identical or in which there was any proof of actual dilution. Second, the Court's suggestion that actual dilution might be inferred from the identity of two marks falls short of an endorsement of

the notion that actual dilution must always be found when two marks are identical. Rather, the Court seemed to suggest that the identity of two marks constitutes evidence against which the holder of the junior mark might introduce other evidence.

However, regardless of any ambiguity surrounding some of the Court's statements, the Court clearly meant the word "identical" to mean "identical" and not "nearly identical." Indeed, the difference of a single letter is sufficient. In affirming much of the Fourth Circuit's analysis in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Development, 170 F.3d 449 (4<sup>th</sup> Cir. 1999), the Court approved a result which contrasted Ringling Bros.' mark, "the greatest show on earth," to Utah's "the greatest snow on earth." Utah's having switched the "h" in "show" to an "n" in "snow" was sufficient to warrant a level of proof of actual dilution beyond the near identity of the two marks.

Despite the implications of Moseley on the subject, Visa asserts that the marks "VISA" and "evisa" are sufficiently identical to establish actual dilution as a matter of law. This, too, would come as a surprise to the district court, who concluded that the two marks were "very similar" but not identical. (ER 172:7-8).

Visa's authorities to the effect that "nearly identical" is good enough under Moseley are inapposite. Both Thane International, Inc. v. Trek Bicycle Corp.,

305 F.3d 894, 905 (9<sup>th</sup> Cir. 2002) and Playboy Enterprises Inc. v. Welles, 279 F.3d 796, 806 (9<sup>th</sup> Cir. 2002) hold that the holder of a famous mark must show that the junior mark must be "identical or nearly identical" to establish a claim under the FTDA. Those cases both pre-dated Moseley. To the extent that the standard enunciated in those cases is a substitute for actual dilution, then the standard did not survive Moseley.

Visa also cited Pinehurst Inc. v. Wick, 256 F. Supp. 2d 424 (M.D.N.C. 2003), for the notion that "identical or virtually identical" is sufficient to establish actual dilution. In fact, the Pinehurst court combined the "identical or virtually identical" factor with other circumstantial evidence, such as demonstrable domain-name cybersquatting in a bad faith attempt to keep the Pinehurst Golf Resort off of the Internet all together, before drawing a conclusion of actual dilution. No similarly undisputed circumstantial evidence is present in this case.

The real crux of Visa's argument is that the letter "e" commonly denotes "electronic," thereby designating the online version of a business. More commonly, however, the letter "e" has universally-acknowledged sight and sound in English, as in the words "every" and "evade." There is no basis for this Court to write "e" out of the alphabet for the purposes of the FTDA. That would be inconsistent with Moseley and not good law.



Visa's authorities do not suggest otherwise. The three Trademark Trial and Appeal Board cases, In re SPX Corp., 63 U.S.P.Q.2d 1592 (TTAB 2002), Continental Airlines Inc. v. United Airlines Inc., 53 U.S.P.Q.2d 1385 (TTAB 2000), and In re Styleclick.com Inc., 57 U.S.P.Q.2d 1445 (TTAB 2001), are not letter "e" cases but are "e-dash" cases. In each, the TTAB cited to a dictionary reference which explained: "The 'e-dash' prefix may be attached to anything that has moved from paper to its electronic alternative, such as e-mail, e-cash, etc." See e.g. In re SPX Corp., 63 U.S.P.Q.2d at 1594. Thus, the TTAB affirmed the denial of registration of the marks "e-autodiagnostics," "e-ticket" and "E Fashion" as either being descriptive or generic because each trademark applicant was in the business of furnishing "electronic auto diagnostics," "electronic airline tickets" and "electronically available fashions." Significantly in each case, the TTAB did not ignore the "e-dash" in its determination, e.g., the TTAB did not regard "e-ticket" as identical to "ticket." Similarly, this Court should not regard "evisa" as identical to "VISA."<sup>1</sup>

In order to bolster its claim that the two marks are identical, Visa asserts that the rules should be different for the Internet, citing Panavision Int'l, L.P. v.

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<sup>1</sup> Visa also cites to an unpublished district court case and a variety of ICANN arbitration cases in support of the notion that two domain names are identical regardless of the addition of an "e" prefix. Examination of these cases reveals that a "confusingly similar" standard is applied in that context -- not a standard requiring the domain names to be strictly identical.

Toeppen, 141 F.3d 1316 (9<sup>th</sup> Cir. 1998). JSL has already explained that Panavision is inapposite and further that the Internet search engine technology that existed in 1998 has changed. (Appellant's Brief at 24-25).<sup>2</sup> JSL failed to anticipate, however, that Visa would not only express entitlement to <trademark.com> (Visa already owns <visa.com>) but also to dozens of variations of <trademark + anything.com> and <anything + trademark.com>. The rationale of Panavision and Pinehurst -- that the resulting economic harm when famous marks are themselves registered as domain names by cyber-pirates constitutes dilution -- does not apply when a trademark holder's sense of entitlement extends to dozens or even hundreds of variations of domain names, including those that no one has thought of yet. Panavision and Pinehurst do not constitute a license to monopolize the letters "v-i-s-a" in domain names.

3. Visa's Expert Declaration Does Not Establish Actual Dilution.

The Court in Moseley left unanswered many questions about how actual dilution is to be proved. The Court did, however, establish some parameters. On the one hand, actual loss of sales and profits need not be proved. Moseley,

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<sup>2</sup> Visa cited an unpublished Northern District of California case, Golden West Financial v. WMA Mortgage Services, 2003 WL 1343019 (N.D. Cal. March 13, 2003) for the proposition that Panavision was not inconsistent with nor overruled by Moseley. This overstated the situation considerably. The district court simply noted that if the plaintiff could not establish dilution under

123 S. Ct. at 1124. On the other hand, the fact that "consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution." 123 S. Ct. at 1125.

Visa contends that the report of its expert, Dr. Itamar Simonson, meets these standards. The district court in this case would further be surprised to learn that, given that it made no reference to Dr. Simonson's report in its order.<sup>3</sup> In fact, Dr. Simonson's report falls outside the Moseley Court's standards. Dr. Simonson did not conclude from any empirical data that actual dilution had occurred. If the Court expressed skepticism about consumer survey evidence in connection with actual dilution, then it would not likely consider an expert report that was bereft of any empirical basis. Moreover, as noted in Appellant's Brief (p. 28), Dr. Simonson's task did not extend to an analysis of actual dilution. He 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

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Panavision, then the plaintiff certainly could not establish dilution under Moseley. It is fallacious to suggest that Panavision and Moseley are equivalent.

<sup>3</sup> The lack of any reference to Dr. Simonson was likely a way to avoid a ruling on JSL's motion to exclude the report for lacking any reliable scientific methodology under Daubert v. Merrell Dow Pharm., Inc., 509 U.S. 579, 113 S.Ct. 2786 (1993) and Kumho Tire Co., Ltd. v. Carmichael, 526 U.S. 137, 119 S.Ct. 1167 (1999).

competing associations created by "evisa." (ER 127, ¶ 40, "[T]he 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").

In short, mental association is all that Dr. Simonson offered in his declaration. Mental association alone is not enough. Moseley, 123 S.Ct. at 1124. And, as is pointed out in Appellant's Brief (p. 23), Visa will have greater difficulty showing actual dilution than the holder of a famous fanciful mark would have in showing actual dilution of its fanciful mark. This is because Visa's English-word mark "VISA" already competes with existing uses of that word in the public's consciousness and vocabulary.

D. Visa Cannot Show that "Evisa" Impacts the Distinctive Quality of the Mark "VISA".

Put simply, JSL has argued that the FTDA requires the holder of a famous mark not only to prove fame but also to show an impact on the "distinctive quality" of that famous mark. Visa is unable to furnish that proof in this context, because "VISA" is not trademarkable in the applicable field of commerce. Thus, a suggestive/descriptive mark in that field with the word "visa" in it -- such as "infovisa," "visasearch" or "evisa" -- falls outside the scope of the

FTDA.<sup>4</sup>

Visa side-steps the debate about whether "fame" and "distinctive quality" should properly be considered separately. It asserts that "VISA" is very famous and that "VISA" is a very distinctive mark within the financial services/credit card industry. Considering that JSL conceded both fame (Appellant's Brief at 8 n.1) and that "VISA" is distinctive in its own industry (Appellant's Brief at 16), Visa's assertions do not advance the analysis of this case.

Instead, Visa misconstrues JSL's argument. Visa characterizes JSL's argument to be that JSL's mark, "evisa," is generic, thereby allowing Visa to triumph with the conclusion that JSL uses "evisa" as a trademark. "Evisa" is a trademark. The consequence of the mischaracterization is that Visa avoids any discussion about whether the FTDA permits it to dominate suggestive/descriptive trademarks in an industry in which its own mark is generic and untrademarkable. Visa's mischaracterization of JSL's position also does not advance the analysis of this case.

Visa further notes that the "evisa" web site covers a variety of subjects related to international business and travel, not just visa information. Visa argues that JSL should only have the benefit of its position if JSL's site were

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<sup>4</sup> Visa suggested that JSL failed to raise its argument about distinctiveness before the District Court. In fact, JSL raised the argument as part of its opposition to summary judgment. (FER 17-19).

dedicated exclusively to visa information and services. This too misses the point. The point is that Visa cannot extend the influence of its "VISA" mark over fields and businesses in which "VISA" could not have been trademarked in the first place. The test of whether "VISA" is generic is:

What do the buyers understand by the word for whose use the parties are contending? If buyers take the word to refer only to a particular producer's goods or services, it is not generic. But if the word is identified with all such goods and services, regardless of their suppliers, it is generic and so not a valid mark.

Surgicenters of America, Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1016 (9<sup>th</sup> Cir. 1979), quoting Bayer Co., Inc. v. United Drug Co., 272 F. 505, 509 (SDNY 1921). If Visa were to try to register "VISA" for the web site that JSL created, that registration would likely be denied under that test. This is because the owners of similar sites with similar services would need to describe the services on their sites as what they are.

Thus, JSL's essential point remains: Against the background of traditional trademark law, the scope of the FTDA does not cover a situation in which the "distinctive quality" of a famous mark is lacking. That "distinctive quality" is lacking when the holder of a famous mark attempts to extend its influence outside its own field of commerce and into a field of commerce in which the

famous mark could not have been trademarked in the first place.<sup>5</sup> For that matter, in any context in which the English meaning of a word is strongly suggested, the holder of a famous word mark needs to show affirmatively that it is the distinctive quality of its mark that is diluted. Because Visa made no attempt to make such a showing, summary judgment must be reversed.

E. JSL's First Amendment Concerns Are Valid, Especially Where Visa Seeks to Dominate a Word on the Internet.

As stated in Appellant's Brief (p. 21-22), the extent to which a private party can dominate the use of an English word and limit the commercial free speech rights of competitors and non-competitors is a concern. Given the logical extension of Visa's arguments, that it alone should have rights to domain names incorporating the word "visa," those concerns are justified.

Again, JSL is not seeking to engage in a "common word fallacy" or to suggest that, properly construed, the FTDA has no place on the Internet. JSL simply suggests that a balance be drawn so that no private party can unduly monopolize an ordinary word.

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<sup>5</sup> At least one court has recognized a difference between distinctiveness in a trademark infringement context and distinctiveness in a trademark dilution context, albeit under a state anti-dilution statute. In Viacom Inc. v. Ingram Enterprises, Inc., 141 F.3d 886 (8th Cir. 1998), the Eighth Circuit reversed the district court for characterizing Viacom's "BLOCKBUSTER" mark as a strong mark and applying that strong-mark concept into the dilution context. The court added: "[T]he fact that Viacom is seeking a complete monopoly on the use of a

### III. CONCLUSION

The FTDA requires the holder of a famous mark to prove that the junior mark "causes dilution of the distinctive quality" of the famous mark. The district court's grant of summary judgment and imposition of a permanent injunction must be reversed. Visa failed to demonstrate that the mark "evisa" actually diluted its marketing juggernaut, "VISA." Visa also failed to connect any impact that "evisa" might have had to the distinctive quality of "VISA." That distinctive quality is lacking where "VISA" is an ordinary word and untrademarkable for the package of services that JSL offered to the public.

When the Marx Brothers movie, "A Night in Casablanca" was about to premiere, Warner Brothers, the owner of "Casablanca" complained. Groucho responded:

I just don't understand your attitude. Even if you plan on re-releasing your picture, I am sure that the average movie fan could learn in time to distinguish between Ingrid Bergman and Harpo. I don't know whether I could, but I certainly would like to try.

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rather common word with multiple meanings would make us hesitate to uphold summary judgment on its dilution-by-blurring claim . . . " Id. at ..892.



Unless proved otherwise with hard evidence, the presumption should be that an average consumer can distinguish between "VISA" and "evisa" as well.

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