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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

J.K. HARRIS & COMPANY, LLC, a South
Carolina limited liability company,

Plaintiff,

v.

STEVEN H. KASSEL, an individual;
and FIRSE TAX, INC., a California
Corporation, d/b/a TAXES.COM,

Defendants.

No. 02-0400 CW

ORDER GRANTING
IN PART AND
DENYING IN PART
PLAINTIFF'S
APPLICATION FOR
A PRELIMINARY
INJUNCTION

Plaintiff J.K. Harris & Company, LLC moves for a preliminary injunction enjoining Defendants from 1) using the trade name "J.K. Harris" on Defendants' "taxes.com" website; 2) publishing defamatory, untrue or misleading information about Plaintiff;

3) using HTML code and computer programming techniques to divert Internet users looking for Plaintiff's website to Defendants' website; and 4) using any editorial position at Internet directories to promote Defendants' business and interfere with Plaintiff's business.

The Court issued a temporary restraining order on February

1 6, 2002 and set a hearing date for February 15, 2002. By
2 stipulation of the parties, that date was extended. The matter
3 was heard on March 15, 2002. Having considered all of the
4 papers filed by the parties and oral argument on the motion, the
5 Court grants in part Plaintiff's motion for a preliminary
6 injunction and denies it in part.

7 BACKGROUND

8 A. The Parties

9 Plaintiff claims to be the largest tax representation and
10 negotiation company in the United States. It specializes in
11 negotiating with the IRS to eliminate or reduce assessed tax
12 liability and to work out favorable payment terms. Declaration
13 of Monica Linder (Linder Dec.), ¶ 4. Defendants are direct
14 competitors with Plaintiff in the business of tax
15 representation. *Id.* ¶ 5.

16 B. Facts Relevant to False Representation Claims

17 Both Plaintiff and Defendants advertise their services on
18 the Internet. Plaintiff's universal resource locator (URL) is
19 www.jkharris.com. Defendants' URL is www.taxes.com. Defendants
20 have published on their website unfavorable information about
21 Plaintiff. Prior to the issuance of the TRO in this case,
22 Defendants' website contained a page entitled "JK Harris
23 Employees Tell of Wrongdoing While Complaints Pile Up." On this
24 page, Defendants describe a federal investigation of Plaintiff,
25 criticize Plaintiff's business practices, and republish
26 anonymous statements about Plaintiff from individuals identified
27 as former customers or former employees of Plaintiff.

1 Defendants also solicit information critical of Plaintiff for
2 publication on their website. Plaintiff contends that numerous
3 statements attributable both to Defendants and to those
4 anonymously contributing to Defendants' website are false and
5 misleading.

6 C. Facts Relevant to Consumer Confusion Claim

7 Many consumers looking for services on the Internet use a
8 "search engine" to identify the URL of the company they are
9 seeking. When a user enters a name into a search engine, the
10 search engine provides a list of websites that contain that name
11 and, presumably, the information sought by the user. Plaintiff
12 alleges that Defendants have manipulated the website
13 architecture of taxes.com so that when a consumer searches for
14 Plaintiff's website, Defendants' website is among those websites
15 displayed. Specifically, Plaintiff contends that this was done
16 by a) "creating keyword density" using Plaintiff's trade name
17 and permutations thereof; b) creating "header Tags" and
18 "underline Tags" around sentences that use Plaintiff's trade
19 name; c) using Plaintiff's trade name as a "keyword" in numerous
20 areas of the website;
21 d) using various "hot links" to websites with information about
22 Plaintiff. Declaration of Tony D. Spencer (Spencer Dec.) ¶ 5;
23 Supplemental Declaration of Tony D. Spencer (Spencer Supp. Dec.)
24 ¶ 4.

25 On October 23 and 24, 2001, Plaintiff conducted a series of
26 searches for the name "JK Harris" on eleven different Internet
27 search engines. In one of eleven searches, Defendants' website
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1 was the first one listed. On most of the searches, a link to
2 Defendants' website under the title "Complaints about JK Harris
3 Pile Up" was listed among the first ten links. On March 11,
4 2002, Plaintiff conducted an identical search. Defendants'
5 website appeared among the first ten websites listed on all
6 eleven search engines.

7 D. Editor Position

8 Defendant Kassel is an editor of the Open Directory Project
9 (ODP). The ODP produces a comprehensive directory of web sites
10 by relying on numerous volunteer editors who rank and decide
11 which web sites are useful resources for the web public.

12 LEGAL STANDARD

13 "The basis for injunctive relief in the federal courts has
14 always been irreparable injury and the inadequacy of legal
15 remedies." Weinberger v. Romero-Barcelo, 456 U.S. 305, 312
16 (1982). To establish entitlement to a preliminary injunction, a
17 moving party must demonstrate either:

18 (1) a combination of probable success on the merits and
19 the possibility of irreparable harm, or

20 (2) that there exist serious questions regarding the
21 merits and the balance of hardships tips sharply in its
22 favor.

23 Rodeo Collection, Ltd. v. West Seventh, 812 F.2d 1215, 1217 (9th
24 Cir. 1987); California Cooler, Inc. v. Loretto Winery, Ltd., 774
25 F.2d 1451, 1455 (9th Cir. 1985); see also William Inglis & Sons
26 Baking Co. v. ITT Continental Baking Co., 526 F.2d 86, 88 (9th
27 Cir. 1975); County of Alameda v. Weinberger, 520 F.2d 344, 349
28 (9th Cir. 1975). The test is a "continuum in which the required

1 showing of harm varies inversely with the required showing of
2 meritoriousness." Rodeo Collection, 812 F.2d at 1217 (quoting
3 San Diego Comm. Against Registration and the Draft v. Governing
4 Bd. of Grossmont Union High Sch. Dist., 790 F.2d 1471, 1473 n.3
5 (9th Cir. 1986)). To overcome a weak showing of merit, a
6 plaintiff seeking a preliminary injunction must make a very
7 strong showing that the balance of hardships is in its favor.
8 Rodeo Collection, 812 F.2d at 1217.

9 DISCUSSION

10 Plaintiff seeks injunctive relief under several distinct
11 legal theories. Plaintiff asserts a claim under the Lanham Act
12 both because Defendants' conduct creates "initial interest
13 confusion" among consumers looking for Plaintiff's services and
14 because, Plaintiff contends, Defendants have published false and
15 misleading representations of fact on their website. 15 U.S.C.
16 § 1125(a).

17 Plaintiff also bases its request for injunctive relief on
18 alleged violations of State laws prohibiting unfair competition
19 and false and misleading advertising. See Cal. Bus. & Prof.
20 Code
21 §§ 17200, 17500.

22 Lastly, Plaintiff brings a claim for defamation, contending
23 that the false statements published on Defendants' website are
24 injurious to Plaintiff's reputation.

25 D. Lanham Act

26 Section 43 of the Lanham Act provides:

27 Any person who, on or in connection with any goods or
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1 services, or any container for goods, uses in commerce
2 any word, term, name, symbol or device, or any
3 combination thereof, of any false designation of
4 origin, false or misleading description of fact, or
5 false or misleading representation of fact, which (A)
6 is likely to cause confusion or to cause mistake or to
7 deceive as to the affiliation, connection or
8 association of such person with another person, or as
9 to the origin, sponsorship, or approval of his or her
10 goods, services, or commercial activities by another
11 person . . . shall be liable in a civil action by any
12 person who believes that he or she is or is likely to
13 be damaged by such act.

14 15 U.S.C. § 1125.

15 1. Initial Interest Confusion

16 The Ninth Circuit has held that "initial interest
17 confusion" is actionable under section 43 of the Lanham Act.
18 Initial interest confusion "occurs when a consumer is lured to a
19 product by its similarity to a known mark, even though the
20 consumer realizes the true identity and origin of the product
21 before consummating a purchase." Eli Lilly & Co. v. Natural
22 Answers, Inc., 233 F.3d 456, 464 (7th Cir. 2000); see also
23 Brookfield Communications, Inc. v. West Coast Entm't Corp., 174
24 F.3d 1036, 1062 (9th Cir. 1999).

25 In Brookfield Communications, the court held that the
26 plaintiff Brookfield was the senior user of the trademark
27 "MovieBuff." The court enjoined the defendant West Coast from
28 using the URL "moviebuff.com" because such use was likely to
cause confusion among consumers as to the source of the
defendant's services. 174 F.3d at 1053-1061 (applying eight
factor test enunciated in AMF Inc. v. Sleekcraft, 599 F.2d 341
(9th Cir. 1979)).

The court also enjoined the defendant from using the

1 plaintiff's trademarked term in its HTML code. Although HTML
2 code is not visible to consumers and, therefore, is not likely
3 to cause consumer confusion, the use of trademarked terms in a
4 website's hidden code "will still result in what is known as
5 initial interest confusion." Brookfield Communications, 174
6 F.3d at 1062.¹ The court reasoned that

7 Web surfers looking for Brookfield's "MovieBuff"
8 products who are taken by a search engine to
9 "westcoastvideo.com" will find a database similar
10 enough to "MovieBuff" such that a sizeable number of
11 consumers who were originally looking for Brookfield's
12 product will simply decide to utilize West Coast's
13 offerings instead. Although there is no source
14 confusion in the sense that consumers know they are
15 patronizing West Coast rather than Brookfield, there is
16 nevertheless initial interest confusion in the sense
17 that, by using "moviebuff.com" or "MovieBuff" to divert
18 people looking for "MovieBuff" to its web site, West
19 Coast improperly benefits from the goodwill that
20 Brookfield developed in its mark.

21 Id.²

22 Plaintiff here alleges that Defendants have constructed the
23 taxes.com website so that web surfers searching for Plaintiff's
24 website will be referred to Defendants' website as well.

25 Plaintiff alleges that Defendants have accomplished this purpose
26 by applying a "strategic combination of computer programming
27 techniques," including excessive uses of Plaintiff's trade name,
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29 ¹The Brookfield Communications court used the term
30 "metatags" to refer to "HTML code not visible to Web users but
31 used by search engines in determining which sites correspond to
32 the keywords entered by a Web user." 174 F.3d at 1061-1062
33 n.23.

34 ²Defendants' argument that initial interest confusion is
35 only actionable when combined with a separate trademark
36 infringement claim is unpersuasive. The above-quoted rationale
37 from Brookfield makes clear that initial interest confusion is a
38 distinct harm, separately actionable under the Lanham Act.

1 the use of "header tags" and "underline tags" around sentences
2 containing Plaintiff's trade name, and the use of larger fonts
3 and strategic placement of sentences containing Plaintiff's
4 trade name on Defendants' website.

5 The alleged result of Defendants' conduct is that web users
6 who search for Plaintiff's trade name are simultaneously given
7 an opportunity to visit Defendants' website by clicking on a
8 link that stated, prior to the issuance of the TRO in this
9 action, "Complaints about JK Harris Pile Up." A reasonable
10 consumer would not believe that Plaintiff is the sponsor of this
11 negative publicity, but might choose to investigate these
12 charges by visiting Defendants' website before securing
13 Plaintiff's tax representation services. Once at www.taxes.com,
14 potential consumers are provided with what Plaintiff alleges are
15 false and misleading comments about Plaintiff's services. Web
16 users might then decide that because of the negative comments
17 about Plaintiff they should secure tax representation services
18 from Defendants, or, they might simply decide that the services
19 offered by Plaintiff and Defendants are sufficiently similar
20 that "it is not worth the trouble" of returning to Plaintiff's
21 website. Id. at 1064.

22 In this way, Plaintiff alleges that its potential customers
23 may be diverted to Defendants' services. As was the case in
24 Brookfield Communications, consumers will immediately realize
25 that they are not patronizing Plaintiff. Nevertheless, the
26 alleged use of Plaintiff's trademark in the HTML code and in the
27 content of Defendants' website allows Defendants initially to
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1 divert Plaintiff's potential consumers to its website.

2 Defendants contend that their intent is not to confuse
3 customers, but to warn them about business practices which
4 Defendants contend are harmful to consumers. Defendants argue
5 that their use of Plaintiff's trademark for this purpose is
6 "nominative" use and, therefore, permissible.³

7 In New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d
8 302, 308 (9th Cir. 1992), the Ninth Circuit articulated a three
9 part test for determining when an unauthorized use of an
10 undisputed trademark is permissible. The court stated

11 where the defendant uses a trademark to describe the
12 plaintiff's product, rather than its own, we hold that
13 a commercial user is entitled to a nominative fair use
14 defense provided he meets the following three
15 requirements: First, the product or service in question
16 must be one not readily identifiable without use of the
17 trademark; second, only so much of the mark or marks
18 may be used as is reasonably necessary to identify the
19 product or service; and third, the user must do nothing
20 that would, in conjunction with the mark, suggest
21 sponsorship or endorsement by the trademark holder.

22 971 F.2d at 308. In a footnote elaborating on this standard for
23 "nominative fair use," the court stated, "Thus, a soft drink
24 competitor would be entitled to compare its product to Coca-Cola
25 or Coke, but would not be entitled to use Coca-Cola's
26 distinctive lettering." Id. n.7.

27 In Playboy Enters., Inc. (PEI) v. Welles, 279 F.3d 796 (9th
28 Cir. 2002), the court applied the New Kids on the Block three
part test to the request of the plaintiff PEI to enjoin the

26 ³Nominative use occurs when "the only word reasonably
27 available to describe a particular thing is pressed into
28 service." New Kids on the Block, 971 F.2d at 308.

1 defendant Welles from using PEI's trademark in the metatags in
2 Welles' website. In that case, the court held that Welles could
3 continue to use Playboy's trade names in her metatags because
4 those trademarks actually described the services provided by
5 Welles. "There is no other way that Ms. Welles can identify or
6 describe herself and her services" Welles, 279 F.3d at
7 802. Although the facts of Welles are inapposite here
8 (Defendants need not use Plaintiff's trade name to identify
9 Defendants' own products), the Ninth Circuit noted that its
10 holding was intended to protect those who criticize the holder
11 of a well-known trademark as well as those, like Welles, whose
12 notoriety is tied to it. "Similarly, someone searching for
13 critiques of Playboy on the Internet would have a difficult time
14 if Internet sites could not list the object of their critique in
15 their metatags." Id. at 804.

16 Plaintiff's request for an order enjoining Defendants from
17 using the trade name "J.K. Harris" on their website or in the
18 HTML code for their website must be evaluated pursuant to the
19 New Kids on the Block three part test.

20 In cases in which the defendant raises a nominative use
21 defense, the above three-factor test should be applied
22 instead of the test for likelihood of confusion set
23 forth in Sleekcraft When a defendant uses a
24 trademark nominally, the trademark will be identical to
25 the plaintiff's mark, at least in terms of the words in
26 question. Thus, application of the Sleekcraft test,
27 which focuses on the similarity of the mark used by the
28 plaintiff and the defendant, would lead to the
incorrect conclusion that virtually all nominative uses
are confusing.

26 Welles, 279 F.3d at 801. In this case, unlike Brookfield
27 Communications, Defendants are using Plaintiff's mark "to

1 describe the plaintiff's products." New Kids on the Block, 971
2 F.2d at 308. Thus, if their use satisfies the three prongs of
3 the New Kids on the Block test, it is permissible.⁴

4 Under the three part New Kids on the Block test,
5 Plaintiff's request to enjoin all uses of the trade name J.K
6 Harris by Defendants is overly broad. Defendants' use of
7 Plaintiff's trade name in links to other web pages and when
8 disseminating truthful factual information is nominative fair
9 use. New Kids on the Block, 971 F.2d at 307 (competitors may
10 use a rival's trademark in advertising and other channels of
11 communication if the use is not false or misleading) (citing
12 Smith v. Chanel, Inc., 402 F.2d 562 (9th Cir. 1968)).⁵

13 In fact, all uses of Plaintiff's trade name by Defendants
14 satisfy the first and the third prongs of the nominative use
15 test. The first prong is met because, like the singing group
16 New Kids on the Block and the company Playboy Enterprises, the
17 tax representation service J.K. Harris is simply "not readily
18 identifiable without use of the mark." New Kids on the Block,
19 971 F.2d at 308. The third prong is met because it is clear
20 from the context of Defendants' website that Plaintiff has not

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22 ⁴In Brookfield Communications, on the other hand, the
23 defendant used the plaintiff's trade name without referring to
24 the true owner of the mark. 174 F.3d at 1066. The defendant's
25 use was consequently analyzed pursuant to Sleekcraft and the
26 court enjoined the continued use of the plaintiff's trade name.

27 ⁵In a later portion of this order, the Court addresses
28 Plaintiff's allegation that Defendants have published false
information about Plaintiff on their website. Here, however,
the Court is only addressing Plaintiff's request to enjoin
Defendants from all uses of the name "J.K. Harris" as proscribed
by the Lanham Act.

1 sponsored or endorsed the information provided there.

2 However, the second prong of the New Kids on the Block test
3 requires that "only so much of the mark or marks be used as is
4 reasonably necessary to identify the product or services." 971
5 F.2d at 308. Some of the computer programming techniques that
6 Defendants are alleged to be using may not satisfy this
7 requirement. In Welles, for example, the court noted that its
8 determination that the nominative use doctrine protected Welles'
9 use of PEI's trademark was fact-specific. That "decision might
10 differ if the metatags listed the trademarked term so repeatedly
11 that Welles' site would regularly appear above PEI's in searches
12 for one of the trademarked terms." 279 F.3d at 804.⁶

13 In order reasonably to identify its competitor, J.K.
14 Harris, Defendants need not use "header Tags" or "underline
15 Tags" around sentences containing Plaintiff's trade name.
16 Defendants also do not need to use Plaintiff's trade name and
17 permutations of Plaintiff's trade name as keywords seventy-five
18 separate times, or increase the font size and underline the
19 sentences containing Plaintiff's trade name, or place sentences
20 containing Plaintiff's trade name at the top of Defendants' web
21 pages. See Spencer Dec.

22 ¶ 5.

23 Because some of Defendants' uses of Plaintiff's trade name

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25 ⁶The Ninth Circuit did not hold that this is the only way to
26 show that the use of a protected trademark does not meet the
27 second prong of the New Kids on the Block test. Rather, a
28 trademark holder may use other evidence to show that a defendant
has used the trademark more than was necessary to identify the
product.

1 are not nominative, they may be enjoined if Plaintiff shows that
2 it is likely to succeed on its claim that the impermissible uses
3 of its trade name are likely to cause initial interest confusion
4 among consumers. Plaintiff argues that the declaration of its
5 expert establishes a likelihood of succeeding on this claim.
6 That declaration states that Defendants have constructed the
7 website architecture of www.taxes.com in such a way as to create
8 initial interest confusion among consumers. Defendants, on the
9 other hand, have submitted a declaration from Defendant Kassel
10 which states that "taxes.com does not utilize initial interest
11 confusion or any other improper means to divert customers or
12 potential customers from J.K. Harris' website to its own."
13 Kassel Dec. ¶ 8.

14 Under the Lanham Act, courts generally look to a number of
15 factors to determine if confusion is likely. These factors
16 include whether the products are competitive, the intent of the
17 individual accused of the trademark violation and the degree of
18 care used by consumers in searching for the trademarked goods.
19 See Checkpoint Systems, Inc. v. Check Point Software
20 Technologies, Inc., 269 F.3d 270, 297-98 (3d Cir. 2001). These
21 factors all suggest that Defendants' excessive use of
22 Plaintiff's trade name is likely to cause initial interest
23 confusion. Consequently, Plaintiff's evidence that Defendants'
24 website was designed in a manner to induce consumer confusion is
25 sufficient to show a likelihood of success on its initial
26 interest confusion claim.

27 Under the Lanham Act, "[o]nce the plaintiff has
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1 demonstrated a likelihood of confusion, it is ordinarily
2 presumed that the plaintiff will suffer irreparable harm if
3 injunctive relief is not granted." Metro Pub., Ltd. v. San Jose
4 Mercury News, 987 F.2d 637, 640 (9th Cir. 1993). Defendants
5 have submitted evidence intended to rebut this presumption.
6 Specifically, Defendants submit two reports from "hitbox.com"
7 that purport to list in order of popularity the keywords used to
8 reach the taxes.com website. These reports, if admissible and
9 accurate, suggest that only a small percentage of the web users
10 who have visited Defendants' site have done so after searching
11 for the words "JK Harris" or "J K Harris." The evidence
12 submitted by Defendants, however, has not been authenticated
13 and, therefore, lacks the persuasive force necessary to rebut
14 the presumption of irreparable harm.

15 Consequently, Plaintiff has shown a likelihood of success
16 on its initial interest confusion claim and, under the Lanham
17 Act, irreparable injury may be presumed. Brookfield
18 Communications, 174 F.3d at 1066. Although Plaintiff is
19 entitled to injunctive relief on this claim, that relief is
20 limited to prohibiting Defendants from using Plaintiff's trade
21 name more than is necessary to identify Plaintiff's product.
22 See Brookfield, 174 F.3d at 1066.⁷

23 2. False and Misleading Advertising

24 Plaintiff has also moved to enjoin any "statement

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26 ⁷The "hot links" on Defendants' website connecting users to
27 Plaintiff's website, two Wall Street Journal articles, a
Newswire article, and a St. Petersburg Times article appear to
28 constitute fair use and are not enjoined.

1 concerning plaintiff J.K. Harris . . . that is defamatory,
2 untrue, or misleading and that is known, or by the exercise of
3 reasonable care should be known, to be defamatory, untrue or
4 misleading." Whether any of the content on Defendants' website
5 may be enjoined as false and misleading is separate and distinct
6 from the question of whether Plaintiff is likely to succeed on
7 its claim that Defendants' use of Plaintiff's trade name causes
8 initial interest confusion among consumers.

9 Defendants argue that this Court may not enjoin any of the
10 content on their website because such an order would constitute
11 a prior restraint on speech in violation of the First Amendment.
12 Organization for a Better Austin v. Keefe, 402 U.S. 415, 419
13 (1971) (an injunction is a "prior restraint on expression [that]
14 comes to this Court with a 'heavy presumption' against its
15 constitutional validity") (citing Carroll v. President and
16 Comm'rs of Princess Anne, 393 U.S. 175, 181 (1968); Bantam
17 Books, Inc. v. Sullivan, 372 U.S. 58, 70 (1963)).

18 Plaintiff, on the other hand, contends that the presumption
19 against prior restraints is inapplicable because the speech in
20 question here is commercial speech and the Supreme Court has
21 made clear that false or misleading commercial speech "is not
22 protected by the First Amendment at all." City of Cincinnati v.
23 Discovery Network, Inc., 507 U.S. 410, 434 (1993); see also
24 Central Hudson Gas & Electric Corp. v. Public Service Comm., 447
25 U.S. 557, 566 (1980) (misleading commercial speech is beyond the
26 reach of the First Amendment).

27 It is true that false or misleading commercial speech may
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1 be prohibited entirely. In re R.M.J., 455 U.S. 191, 203 (1982).
2 It is also true that the Lanham Act specifically proscribes
3 false statements made in a commercial advertisement that have a
4 tendency to deceive a substantial segment of the audience.
5 Southland Sod Farms v. Stover Seed Co., 108 F.3d 1134, 1139 (9th
6 Cir. 1997). A party who has been or is likely to be injured as
7 a result of the false statement, either by direct diversion of
8 sales from itself to another or by a lessening of the goodwill
9 associated with its products, may seek an injunction. See id.;
10 U-Haul Int'l, Inc. v. Jartran, Inc., 793 F.2d 1034, 1042 (9th
11 Cir. 1986). However, these principles do not resolve the
12 permissible breadth of any injunction entered pursuant to this
13 section of the Lanham Act.

14 In U-Haul Int'l, for example, the Ninth Circuit upheld a
15 permanent injunction against advertisements "found to be false
16 and deceptive," under the Lanham Act. 793 F.2d at 1042.
17 However, the Ninth Circuit modified the injunction to avoid
18 First Amendment concerns. The court noted that the injunction,
19 as it was written, could have been read to proscribe truthful,
20 as well as deceptive, speech. Id. The court, therefore,
21 narrowed the injunction to assure its limitation to
22 representations specifically "found to be false and deceptive in
23 this proceeding" by the district court. Id. at 1042-1043.
24 Similarly, in Castrol v. Pennzoil Co., 987 F.2d 939 (3d Cir.
25 1993), the court upheld a permanent injunction prohibiting
26 publication of false commercial speech. The statements that
27 were enjoined, however, were the specific statements "which the
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1 court found to be literally false." Id. at 949.

2 Both U-Haul Int'l and Castrol indicate that although false
3 commercial speech may be enjoined, any such injunction must be
4 limited to those statements likely to be in violation of the
5 Lanham Act. Plaintiff here seeks a broad injunction against
6 "defamatory, untrue, or misleading" statements. Such an
7 injunction is overbroad because it would reach more than the
8 specific statements claimed to be in violation of the Lanham
9 Act. See Castrol, 987 F.2d at 949. Consequently, the Court
10 will not extend the temporary restraining order prohibiting the
11 publication of "any statement concerning Plaintiff J.K Harris
12 that is false or defamatory and that is known, or by the
13 exercise of reasonable care should be known, to be false or
14 defamatory."

15 Notwithstanding the broad language of Plaintiff's
16 application for injunctive relief, it identifies specific
17 statements previously published on Defendants' website that
18 Plaintiff contends are false, as follows:

- 19 a) "The [J.K. Harris] sales force is not trained for
20 the job of helping clear up the IRS debt, but to
sell the client on peace of mind"
- 21 b) "[O]nce most clients are on board at J.K. Harris
22 they are simply ignored"
- 23 c) "The taxpayer was being mislead as to what could
be accomplished and in what time frame."
- 24 d) "I retained the services of J.K. Harris & Co to
25 represent me before the IRS and nothing has been
done. Meanwhile the problems continue."
- 26 e) "The JK Harris Co. . . . scammed us with no
27 results and no refund after initial retainer."
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- 1 f) "The [J.K. Harris] co. is fraudulent and a scam
2 and needs to be uncovered. They are worthless."
- 3 g) "The sales force is largely high pressure salesmen
4 whose only job is to get your name on a contract
5 and pick up a check."
- 6 h) "It is highly unlikely that you will speak with a
7 licensed tax pro . . . until long after you have
8 paid JK Harris."
- 9 i) "I have spoken to hundreds of current and former
10 JK Harris clients who have never even spoken with
11 a licensed tax pro despite having paid thousands
12 of dollars."
- 13 j) "John Klintworth Harris was a CPA licensed in both
14 North Carolina and South Carolina. After being
15 faced with disciplinary proceedings he opted to
16 turn in his licenses to practice in both states,
17 perhaps sensing they would take them away if he
18 didn't act first."
- 19 k) "Do you want to work with a company run by a man
20 who can't even keep his CPA licenses????"
- 21 l) "I have spoken to numerous tax professionals all
22 of whom have said it is extremely rare for any CPA
23 to ever turn in his/her license. All stated that
24 the only reason a CPA would ever do that is to
25 avoid having the license taken away
26 involuntarily."
- 27 m) "If you are a current client of JK Harris . . .
28 [y]ou are in for a long wait and nothing getting
done with your case."
- n) "They [J.K. Harris] have to farm out their tax
returns because they don't have the man power to
process what they already have."
- o) "There are consultants working for that company
right now that will sell you an [Offer In
Compromise] whether you qualify or not."

Each of these representations may be susceptible to being
found "literally false, either on its face or by necessary
implication, or . . . literally true but likely to mislead or
confuse consumers." Southland Sod Farms, 108 F.3d at 1139.

1 Each of these statements, therefore, may be actionable under the
2 Lanham Act. Plaintiff has submitted a declaration sworn under
3 penalty of perjury that these statements are, in fact, false.
4 In response, Defendant Kassel has submitted a declaration
5 stating that the information "I myself gathered . . . is
6 publically available and factually correct." Declaration of
7 Steven H. Kassel (Kassel Dec.), ¶ 2. As to the remainder of the
8 information about Plaintiff on Defendants' website, Kassel
9 declares only that he is "informed by the persons submitting
10 this information that it is factually true." Id.

11 The Court will not enjoin those statements Defendant Kassel
12 has declared, based on personal knowledge, to be factually
13 accurate. Plaintiff cannot show a likelihood of success in
14 proving that these statements are proscribed by the Lanham Act
15 because the declarations from the parties are of equal weight
16 and directly contradictory. Plaintiff has shown a serious
17 question going to the merits of whether Defendants have violated
18 section 43 of the Lanham Act by publishing false representations
19 of fact misleading to the public. However, because enjoining
20 these statements prior to an adjudication of their truth or
21 falsity would suppress arguably protected speech, the Court
22 concludes that the balance of hardships does not tip decidedly
23 in Plaintiff's favor.⁸

24 _____
25 ⁸Statements g), h), i), j), k), and l) above were posted by
26 Defendants. Defendant Kassel cannot have personal knowledge of
27 the truth or falsity of statements i) and l) because the truth
28 or falsity of those statements depends on whether the "numerous
(continued...)

1 Those statements that Plaintiff has declared to be false
2 that were submitted to Defendants by third parties are enjoined.⁹
3 The only evidence in the record indicates that these statements
4 are false and misleading and prohibited by the Lanham Act.
5 These statements, moreover, are harmful to the business
6 reputation and good will of Plaintiff. Plaintiff has shown both
7 a serious question as to whether these statements are false and
8 that the balance of hardships tips in its favor. Because
9 Defendants have submitted no admissible evidence that these
10 statements are true or, for some other reason, constitutionally
11 protected, they suffer no hardship in having these statements
12 enjoined.

13 Therefore, Plaintiff is entitled to an injunction
14 prohibiting the dissemination of all of the statements listed
15 above with the exception of statements g), h), j) and k).¹⁰

16 _____
17 ⁸(...continued)
18 tax professionals" and "hundreds of current and former JK Harris
19 clients" with whom Defendant Kassel allegedly spoke were
20 truthful. Therefore, Defendant Kassel's declaration is
21 sufficient to rebut the alleged falsity of statements g), h),
22 j), and k). Those four statements are not enjoined at this
23 time.

24 ⁹Statements a) through f), m), n) and o) were submitted by
25 third parties. There is no admissible evidence that these
26 statements are true. These statements are therefore enjoined.

27 ¹⁰Plaintiff's request for injunctive relief pursuant to
28 California's prohibition on false and misleading advertising is
29 duplicative of its request under section 43 of the Lanham Act.
30 Under Cal. Bus. & Prof. Code § 17500, Plaintiff is entitled to
31 the same relief enjoining specific allegedly false and
32 misleading statements to which it is entitled under the Lanham
33 Act. Similarly, Plaintiff also alleges that several of the
34 statements detailed above are defamatory. Plaintiff's request
35 (continued...)

1 B. California Statutory Claims

2 Plaintiff's causes of action under California Business and
3 Professions Code sections 17200 and 17500 largely restate its
4 claims under the Lanham Act. Plaintiff contends that Defendants
5 have engaged in "unfair" business practices within the meaning
6 of
7 § 17200 because they purposely constructed their website to
8 create "initial interest confusion" and because Defendant Kassel
9 has used his editorial position at Internet directories to
10 promote Defendants' business and interfere with Plaintiff's
11 business.

12 The first contention has been addressed above. The second
13 contention is unpersuasive. Plaintiff has submitted a
14 declaration that states that Defendant Kassel is one of
15 "numerous volunteer editors who rank and decide which websites
16 are useful resources for the web public." Spencer Dec., ¶ 6.
17 Plaintiff contends that this position imposes a duty on
18 Defendant Kassel to edit submissions to the ODP in an impartial
19 manner. Plaintiff further contends that Defendant Kassel
20 breached this duty by failing to move Plaintiff's tax
21 representation service to the proper category after Plaintiff
22 had failed to submit it properly.¹¹ Plaintiff's declaration

23 _____
24 ¹⁰(...continued)

25 to enjoin defamatory statements by Defendants is also rendered
moot by the Court's holding on the Lanham Act claim.

26 ¹¹Plaintiff also contends that Defendant Kassel breached his
27 alleged duty as an ODP editor by adding news articles critical
(continued...)

1 asserts that this conduct has resulted in "completely
2 eliminating J.K. Harris' web site from the Tax Negotiation and
3 Representation and Tax Preparation directories." Id.

4 Plaintiff's allegation that Defendant Kassel has misused
5 his editorial position does not justify injunctive relief.
6 Plaintiff has failed to submit sufficient evidence to create a
7 serious question concerning Defendant Kassel's alleged breach of
8 his alleged duty as an ODP editor. Nor has Plaintiff shown how
9 the alleged breach damaged Plaintiff. Plaintiff has submitted
10 no evidence substantiating its claim of "complete elimination"
11 from the appropriate directories.

12 CONCLUSION

13 For the foregoing reasons, the temporary restraining order
14 issued by this Court on February 6, 2002 is vacated.
15 Plaintiff's application for a preliminary injunction is granted
16 in part and denied in part.

17 It is ORDERED that, pursuant to the Lanham Act § 43, 15
18 U.S.C. § 1125(a), Defendants, and their agents, servants,
19 employees, successors and assigns, and all other persons acting
20 in concert with or in conspiracy with or affiliated with
21 Defendants, are enjoined and restrained from:

22 a) using more of Plaintiff's trade name than is
23 reasonably necessary to identify that it is Plaintiff's services
24 being described, including using "J.K. Harris" or any

25 _____
26 ¹¹(...continued)
27 of Plaintiff to the Tax Negotiation and Representation category.
28 This accusation is unsubstantiated.

1 permutation thereof as a keyword for the taxes.com website more
2 often than is necessary to identify the content of the website;
3 using
4 "header Tags" and "underline Tags" around sentences including
5 Plaintiff's trade name on Defendants' website (www.taxes.com);
6 and increasing the prominence and font size of sentences which
7 include Plaintiff's trade name.

8 b) using on or in Defendants' website (www.taxes.com)
9 or making, disseminating, or causing to be made or disseminated
10 to the public, through Defendants' website, or in any newspaper,
11 other publication, or advertising device, by public outcry or
12 proclamation, or in any other manner whatever, the allegedly
13 false statements listed on pages seventeen and eighteen of this
14 Order, with the exception of statements g), h), j) and k).

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Dated: 3/22/02

s/CLAUDIA WILKEN
CLAUDIA WILKEN
United States District Judge