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7 UNITED STATES DISTRICT COURT
8 NORTHERN DISTRICT OF CALIFORNIA

9 J.K. HARRIS & COMPANY, LLC

10 Plaintiff,

11 vs.

12 STEVEN H. KASSEL, *et. al.*,

13 Defendants.
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CASE NO. C 02-0400 CW

**REPLY BRIEF OF AMICUS CURIAE
ELECTRONIC FRONTIER
FOUNDATION IN SUPPORT
DEFENDANTS' MOTION FOR
RECONSIDERATION**

[No Hearing Noticed]

Hon. Judge Claudia Wilken

Date of First Filing: 1/23/02

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18 This case presents an important question of first impression, arising at the nexus of the
19 First Amendment, the “initial interest confusion” doctrine, and the “nominative fair use” defense:
20 how should the second prong of the three-part “nominative fair use” test announced in *New Kids*
21 *on the Block v. New America Publishing*, 971 F.2d 302 (9th Cir. 1992), be applied when a
22 company makes purely nominative uses of a competitor’s marks in the text (as opposed to
23 metatags and domain names) of web pages containing critical, but truthful,¹ commentary about
24 the competitor’s goods and services?
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28 ¹ Amicus EFF does not for purposes of this motion challenge this Court’s ruling with respect to false or misleading information, addressed in part (b) of the preliminary injunction.

1 **I. “QUANTITY OF USAGE” IS A POOR METRIC FOR MEASURING INITIAL**
2 **INTEREST CONFUSION.**

3 Citing *New Kids* and *Playboy Enterprises v. Welles*, 279 F.3d 796 (9th Cir. 2002),
4 Plaintiff suggests a “quantity of usage” metric as the appropriate measure for the second prong of
5 the *New Kids* nominative fair use defense. *See* Opposition to Amicus Curiae Brief of the
6 Electronic Frontier Foundation Plaintiff, at 5 (hereinafter “Opposition”). Put another way,
7 Plaintiff would like a court to simply count the number of times a mark is used, without regard to
8 their context or nominative purpose. Neither *New Kids* nor *Welles*, however, support such a view.

9 In *New Kids*, the Ninth Circuit overlooked entirely the number of times the “New Kids on
10 the Block” name was used, focusing instead on the fact that the defendants had referenced only
11 the name, rather than any distinctive logos or other stylistic elements. *See New Kids*, 971 F.2d at
12 308 & n.7 (use satisfies second prong of the test by not taking “distinctive logo” or “distinctive
13 lettering”). In the *Welles* case, the Ninth Circuit approved of the nominative use of the “Playmate
14 of the Year” mark in the defendant’s banner ads and web page headings, again without mention
15 of the number of times the mark appeared. *See Welles*, 279 F.3d at 802 (“Welles’ banner
16 advertisements and headlines satisfy [the second prong of the *New Kids* test] because they use
17 only the trademarked words, not the font or symbols associated with the trademarks.”). Although
18 the court went on to disapprove of the use of the “PMOY ‘81” mark in the “background” graphics
19 of defendant’s web pages, this disapproval turned on the fact that the use in question failed the
20 first prong of the *New Kids* test, as the background graphics did “not even appear to describe
21 Welles,” *see id.* at 804, rather than the number of times the mark was repeated.

22 While the “quantity of usage” may be certainly be a relevant consideration in some
23 instances, *see id.* at 803 (noting that defendant’s metatags did not repeat Playboy marks
24 extensively), the very First Amendment values that animate the “nominative fair use” doctrine
25 make it a poor metric in the instant case. Here, the Taxes.com web pages in question were
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1 devoted to cataloging a variety of complaints and critical press accounts of Plaintiff’s products
2 and services, a category of expression that courts have recognized as deserving of solicitude. *See*
3 *id.* at 804 (noting that those seeking to critique Playboy must be allowed to use its marks in
4 metatags); *Bihari v. Gross*, 119 F. Supp. 2d 309, 323 (S.D.N.Y. 2000) (noting that trademark law
5 must not foreclose comment on commercial affairs). Insofar as the information is truthful, it
6 would be a strange exercise of judicial censorship to require that Plaintiff’s mark only be used a
7 handful of times before imposing a less-effective substitute (e.g., “the heretofore mentioned Bad
8 Company”).

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11 **II. APPLICATION OF THE INITIAL INTEREST CONFUSION DOCTRINE IN
THIS CASE WOULD UNDERMINE FIRST AMENDMENT VALUES.**

12 Contrary to Plaintiff’s contention, amicus EFF is not arguing that “initial interest
13 confusion” may never extend beyond metatags. *See* Opposition at 5. Certainly, the Lanham Act
14 permits a court to step in where a likelihood of confusion is shown, or where a protectible logo or
15 design has been appropriated unnecessarily, or where the text is false or misleading.

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17 Where all of these elements are missing, however, First Amendment values require that
18 trademark rights give way to the public right to comment freely. Here, Taxes.com published
19 truthful information regarding a matter of public concern—namely, the quality of Plaintiff’s tax
20 representation services. The public plainly has an interest in obtaining truthful information
21 regarding the companies they patronize, and competitors have both the incentive and the right to
22 deliver such information. And because Taxes.com’s speech is not “purely commercial—that is,
23 ... it does more than propose a commercial transaction—... it is entitled to full First Amendment
24 protection.” *See Mattel, Inc. v. MCA Records*, 296 F.3d 894, 906 (9th Cir. 2002).

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26 This Court, moreover, concluded that “a reasonable consumer would not believe that
27 Plaintiff is the sponsor of this negative publicity.” *See J.K. Harris & Co. v. Kassel*, No. CV-02-
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1 400 CW, 2002 WL 1303124, 62 U.S.P.Q.2d 1926 (N.D. Cal. Mar. 22, 2002), at 8. Despite this
2 absence of any likelihood of confusion, however, the preliminary injunction entered against
3 Taxes.com, requiring it to edit its publication, both for format and content, prior to any final
4 adjudication on the merits.

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6 This apparent collision with the First Amendment is by no means compelled by trademark
7 law policies. So long as a Taxes.com’s use of Plaintiff’s mark is nominative—used only to
8 identify and comment on Plaintiff’s own products and services—and does not create a likelihood
9 of confusion, there appears to be no support in trademark policy for judicial incursion into web
10 page content. In this case, Plaintiff has produced no evidence suggesting that any of the seventy-
11 five uses of its mark was anything other than nominative—used to identify and comment on
12 Plaintiff’s own products. Similarly, Plaintiff has produced no evidence suggesting that Taxes.com
13 appropriated elements (such as stylized lettering or logos) that were unnecessary to its nominative
14 use. If Taxes.com collects on a single web page 75 newspaper articles critical of Plaintiff, it is
15 difficult to discern the trademark policy that is thereby undermined. The public, rather than being
16 confused, is better informed. If the web page in question is indexed by search engines as a page
17 relating to Plaintiff, that too appears to serve, rather than undermine, the consumer protection
18 impetus behind trademark law.

21 **III. CONCLUSION**

22 According to the Ninth Circuit, a court in applying the second prong of the *New Kids*
23 nominative fair use defense asks whether the defendant used “only so much of the mark ... as is
24 reasonably necessary to identify the product or service.” *See New Kids*, 971 F.2d at 308.
25 Taxes.com here used only that aspect of the mark—Plaintiff’s name—that was necessary to
26 convey truthful information and commentary regarding a competitor’s services. Accordingly,
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1 there is no reason to accept Plaintiff's invitation to expand the reach of "initial interest confusion"
2 into new, uncertain First Amendment territory.

3 For the reasons set forth herein and in the opening brief of amicus EFF in support of
4 Defendants' motion for reconsideration, the Court should reconsider its March 22, 2002
5 preliminary injunction ruling, find that Plaintiff has failed to establish a substantial likelihood of
6 prevailing on its initial interest confusion claim under the Lanham Act, and vacate section (a) of
7 its preliminary injunction.
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11 DATED: August 30, 2001

THE ELECTRONIC FRONTIER FOUNDATION

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13 By: S/ Fred von Lohmann

14 Amicus Curiae
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