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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.

No. 02-17353

D.C. No. CV-S-01-0294-
LRH/LRL

(District of Nevada, Las
Vegas)

**DEFENDANT/APPELLAN
T'S MOTION FOR STAY
PENDING APPEAL**

I. INTRODUCTION

This appeal arises out of an order imposing a permanent injunction in favor of plaintiff/appellee Visa International (“Plaintiff”) and against defendant/appellant JSL Corporation (“Defendant”), the owner of a website denominated <evisa.com>. Prior to the injunction, <evisa.com> was dedicated to website development, general travel, immigration and visa information in the context of a multilingual content site. The Plaintiff wanted to have “evisa” exclusively to itself, tried to negotiate for the name and filed suit after the negotiations failed.

The district court granted Plaintiff’s motion for partial summary judgment and ruled that <evisa.com> unlawfully dilutes Plaintiff’s ostensibly famous mark, “VISA,” for credit cards. The Federal Trademark Dilution Act of 1995 (“FTDA”), 15 U.S.C. Section 1125(c), sought to guarantee the exclusivity of the distinctive quality of a famous mark by permitting an injunction against a diluting use, not only where consumer confusion would occur between competitors, but even where the famous mark and the junior mark are used in different fields of commerce. Defendant respectfully submits that, unfortunately, the district court missed the finer points of the issue before it.

The Defendant’s mark, "evisa," uses “visa” in its ordinary English

language sense. The district court's holding therefore grants a monopoly to the holder of a famous mark over the descriptive use of English words in non-competitive industries. Thus, the trademark “Camels” – as in cigarettes – could block descriptive use of the ordinary English-language word in a domain name in any industry related to camels (dromedaries or bactrians), “Ivory” – as in soap – could block descriptive use of the English-language word in any industry related to ivory, and “Shell” – as in oil products – could block descriptive use of the English-language word in industries related to sea shells and egg shells. The district court further missed the nuance recently expressed by the U.S. Supreme Court in Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115 (2003), that the FTDA requires **actual dilution**, not a mere similarity between the senior and junior marks.

This motion is to stay the permanent injunction pending the appeal. The Defendant is likely to prevail on the merits. The FTDA is only intended to protect the distinctive qualities of a famous mark, not grant monopoly rights over English words. The FTDA is also only intended to apply to actual dilution, not a mere possibility of dilution. The Defendant is also subject to the possibility of irreparable harm. The Defendant has operated <evisa.com> and similarly denominated websites since 1997 -- well before

Plaintiff sought to make use of the term. The permanent injunction has shut down the site under that name, seriously disrupting the Defendant's business. Alternatively, on balance, a multi-billion dollar corporation such as Plaintiff is in a better position than the Defendant to wait until this Court resolves the significant legal issues presented on this appeal.

II. STATEMENT OF FACTS

A. Plaintiff's Use of VISA

The Plaintiff first used its "VISA" mark in 1976 and registered the VISA mark with the U.S. Patent and Trademark Office in 1977. The Plaintiff also owns forty-three related marks containing the word VISA that are used for a variety of goods and services. None of those marks use the word "visa" in its English-language sense. (Order dated October 22, 2002, "Order," attached as Exhibit A to the Declaration of Thomas E. Moore III, at 3:7-12).

Plaintiffs' use of the VISA mark is economically and geographically broad. The mark has been used in each of the 50 states, in over 300 countries and territories and over the Internet. The Plaintiff has over 21,000 licensees of the VISA mark around the world, including 14,000 in the United States. Seven hundred fifty million VISA-branded payment cards have been issued to cardholders worldwide, including over 350 million in

the United States. The card is accepted at 21 million merchants and automatic teller machines worldwide. (Order at 3:20-4:5).

During the last 25 years, the Plaintiff has, directly and through licensees, spent billions of dollars on advertising and marketing the VISA brand in print and other media. During the four-year period from 1997 through 2000, the Plaintiff spent more than \$1 billion on advertising in the United States alone. The Plaintiff is also renowned for its sports sponsorships. The VISA card is the official card of the National Football League, NASCAR, the Triple Crown series of horse races and the 2002 Salt Lake City Olympics. (Order at 4:14-5:3).

The scope of the VISA brand extends to the Internet. On the Internet, VISA is the most used brand for Internet purchases with a market share of approximately fifty-percent. In addition, the Plaintiff registered the domain name <visa.com> on or about March 8, 1994. The Plaintiff has utilized a web site at that domain name since November of that year. The <visa.com> web site provides information on a variety of products and services, including financial services, payment services, Internet shopping and information on new technologies. (Order at 5:7-6:2).

Several years later, in 1999, the Plaintiff initiated negotiations through an intermediary to purchase the <evisa.com> domain name from the

Defendant, who had owned the domain name since August 27, 1997. When the plaintiff was unable to obtain the domain, the Plaintiff proceeded to operate its own web site, denominated under the domain name <e-visa.com>. (Order at 7:19-8:20).

B. Defendant's Use of Evisa.com

By contrast to the millions of customers and billions of dollars over which the Plaintiff exercises dominion, <evisa.com> is run by a small company, the Defendant, whose principal is Joseph Orr. Mr. Orr is the sole owner and officer of defendant JSL Corporation.¹ Defendant JSL has no employees and operates out of Mr. Orr's apartment in New York City and from an office in Japan where JSL employs contractors who provide most of the services that JSL offers, such as translation and web development. The Defendant also uses a post office box in Las Vegas, Nevada, as its U.S. business address. (Order at 6:3-7).

Mr. Orr resided in Japan for approximately ten years, beginning in 1989. During that time, Mr. Orr and another individual founded an English language school in Japan named "Eikaiwa Visa." "Eikaiwa" means English

¹ The district court denominated Joseph Orr as the "Defendant" for the purposes of its Order in this matter. (Order at 6:25-26, n. 1). There was no basis for doing so. Mr. Orr was not a defendant, and the Plaintiff had made no showing to establish that Defendant JSL was the alter ego of Mr. Orr.

conversation in Japanese. They selected the word “visa” because it “already had some positive associations,” and suggested “world travel” and “global.” (Order at 6:8-17).

At some point, Mr. Orr tried to register the domain name, <evisa.com>, but someone had already registered that domain name. Instead, Mr. Orr registered <EVISA-jp.com>. Mr. Orr learned in August 1997 that <evisa.com> had become available and registered it at that time. Mr. Orr adopted the name because he thought that it was short, catchy and associated with travel. (Order at 6:18-7:2).

Defendant has used the trademark on its web site in several different styles. At the time of the motion for partial summary judgment in this case, Defendant used “evisa” all in lower case letters, with the “e” appearing in red and the “visa” appearing in blue. (Order at 7:3-10).

The availability of <evisa.com> apparently escaped the attention of the Plaintiff. On or about August 13, 1999, an entity called Marksman (a private investigator hired by Plaintiff) contacted Mr. Orr about purchasing the <evisa.com> domain name. Mr. Orr initially responded that the name was not for sale. At one point, Marksman offered \$50,000 for the domain name. That amount was refused, and a certain amount of negotiation-

posturing ensued. The parties did not reach an agreement.² (Order at 7:19-8:20).

The Defendant filed an application to register “evisa” as a trademark in October 1999. The Defendant also filed three trademark opposition proceedings before the PTO against the Plaintiff’s applications for “eVisa,” “e-Visa” and “e Visa.” (Order at 8:24-9:2, 9:20-24).

C. The Order

The Plaintiff filed its complaint on or about March 15, 2001. The complaint stated claims against the Defendant for trademark infringement, unfair competition under the Lanham Act, trademark dilution, cyber-squatting, common law trademark infringement, state law deceptive trade practices, and intentional interference with prospective advantage. (Order at 2:5-18).

On November 13, 2001, the Plaintiff filed a motion for summary judgment on its claim against the Defendant for trademark dilution. The Defendant counter-moved for partial summary judgment on the Plaintiff’s

² The Order is peppered with facts allegedly reflecting bad faith on the part of Mr. Orr in selecting and using <evisa.com> as well as other domain names. Because those facts were relevant only to the cross-partial-summary-judgment motions on Plaintiff’s cybersquatting claim, they need not be repeated here. Both motions were denied due to the existence of triable facts. (Order at 29:10-17).

claim for trademark infringement and then on Plaintiff's claim for cybersquatting. The Plaintiff countered the latter motion with its own motion for partial summary judgment to establish its cybersquatting claim. (Order at 1:15-24).

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

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

(Order at 14:5-23:2). In that analysis, the district court made no reference to the English language meaning of the word "visa," did not analyze how the English language meaning of the word might relate to the Defendant's use of

the “evisa” mark, did not address whether that English language use of “visa” was made in good faith, did not address the issue of actual dilution and did not discern whether any of those things might entail factual issues.

The district court enjoined the Defendant “from using or registering the eVisa mark and from using the <evisa.com> domain name.” In addition, the district court ordered, “Defendant shall forthwith deactivate the Web site at <evisa.com>.” (Order at 29:17-20).

The district court denied Defendant's motion to stay the injunction on February 12, 2003. (Moore Decl. at Ex. B).

D. Defendant's Harm After the Order

Traffic for a site like <evisa.com> is built up over time from people who link to it from other web sites. Indeed, search engines will rank a site based on the number of links to it that can be found on other sites. The domain name <evisa.com> was the identifier and location of the information and services that the Defendant provided to those who displayed interest in the content of the site. The domain name was also the identifier for the links from other web pages throughout the Internet. Over time, <evisa.com> enjoyed a fair rate of traffic from visitors from around the globe. (Declaration of Joseph Orr (“Orr Decl.”) at ¶¶ 3-5).

In addition, content at <evisa.com> was featured on the front page of

a very popular site, <slashdot.org>. <Evisa.com> enjoyed a surge in traffic after the <slashdot.org> posting. (Orr Decl. at ¶ 6).

All of that momentum was lost when the district court's order forced the Defendant to remove the domain name.³ (Orr Decl. at ¶ 7).

The Defendant has revived the content of the site at a new location, <3dtree.com>. Because all previous links were rendered useless, it will take a substantial amount of time -- if ever -- for the people who used to enjoy <evisa.com> to return. (Orr Decl. at ¶¶ 8-11).

III. DISCUSSION

A. Standards on a Motion to Stay Pending an Appeal.

This Court established in Lopez v. Heckler, 713 F.2d 1432, 1435-1436 (9th Cir. 1983), that the standard for evaluating stays pending an appeal is similar to that employed by district courts in deciding whether to grant a preliminary injunction. Thus, there are two interrelated legal tests. These

³ Many of a website's visitors reach the site by following a hyperlink from another web page. In the course of maintaining their web pages, webmasters will check the validity of their outbound links and will remove links to websites that no longer exist, even temporarily. Once they have removed these "broken" links, webmasters rarely attempt to revisit the missing websites, so removed links are only infrequently replaced even if the website comes back online. Further, since webmasters linking to a website need not ask permission nor inform the website owner of their links, Defendant does not necessarily know who linked to his <evisa.com> website -- and thus cannot inform them of the new location of its content. (Orr Decl. ¶ 8).

tests are "not separate" but rather represent "the outer reaches 'of a single continuum.'" Id. At one end of the continuum, the moving party is required to show both a probability of success on the merits and the possibility of irreparable injury. At the other end of the continuum, the moving party must demonstrate that serious legal questions are raised and that the balance of hardships tips sharply in its favor. Moreover: "[T]he relative hardship to the parties" is the "critical element" in deciding at which point along the continuum a stay is justified. The public interest is also a factor to be strongly considered.

In this case, the Defendant is likely to prevail on the merits or, in the alternative, to demonstrate that it has raised serious legal issues. The Plaintiff, through the FTDA, is trying to extend the reach of its VISA mark not only into a non-competitive industry, but also into an industry in which the single word "visa" is generic and untrademarkable. In addition, the Plaintiff failed to present evidence supporting summary judgment as to actual dilution of its famous mark, as is now required under Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115 (2003).

The Defendant also faces a possibility of irreparable injury. The district court shut down the sole portal through which the Defendant's actual and potential customers have had access the information that it provides.

The public interest also is implicated. Words are for everyone.

The public has an interest in restraining private intellectual property rights from extending to the descriptive use of English words.

B. The Defendant is Likely to Prevail on the Merits Because the Defendant Does not Use the Evisa Mark in a Manner that Dilutes the Distinctive Nature of the VISA Mark.

1. Background on Trademark Law.

The key to the Defendant's likelihood of success on the merits is the fact that the district court's order has extended trademark rights into an area into which trademark rights have never gone before. As the Third Circuit noted in Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 163 (3rd Cir. 2000), Congress enacted the FTDA against the background of existing federal trademark law. Under that law, trademarks have long been classified into five categories, as follows:

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

trademark. Id. The next category, "suggestive," denotes a term that suggests rather than describes an ingredient, quality, or characteristic of the goods and further requires imagination, thought, and perception to determine the nature of the goods. A suggestive term is entitled to registration without proof of secondary meaning. Id. An "arbitrary" term is an English word that is unrelated to the goods or services being offered for sale, such as "Camel" for cigarettes or "Carnation" for condensed milk. Id. Finally, a "fanciful" term is invented solely for its use as trademark, e.g., "Exxon" for oil and gas products. Id.

As noted above, generic terms alone lack any potential for becoming trademarks:

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

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

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

Camel	Ivory	Shell	Apple
Tide	Mustang	Arm & Hammer	
Pledge	Dial	Jockey	Gap
Carnation	Crest ⁴		

The marks in this list share certain attributes. First, each mark creates an immediate identification in the reader's mind of a given product and is a likely candidate for being a "famous" mark within the meaning of the FTDA. Second, each mark, in a different industry, can be found to be generic. Thus, "Ivory" is generic with respect to merchants of ivory, "Camel" is generic with respect to vendors of desert transportation, "Carnation" for sellers of carnations, *etc.*

Like the listed marks, "VISA," in the context of the financial services industry, is arbitrary. The dictionary meaning of the word "visa" is: "An official authorization appended to a passport, permitting entry into and travel within a particular country or region." The American Heritage Dictionary of the English Language, (4th Ed. 2000). The word is derived from the Latin, *carta visa*, meaning "the document has been seen." Id. Also like the listed

⁴ This list was compiled unscientifically from a poll taken of the staff at Defendant's counsel's law firm.

marks, the unadorned word, "visa," in the context of the visa information and services industry, is generic and not trademarkable at all. It is the genus of which a given visa-related service is a species.

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

There is a split among the Circuits on the issue of whether the FTDA requires both "fame" and "distinctiveness," or just "fame" alone. This case adds a new aspect to that debate.

The FTDA provides:

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

15 U.S.C. § 1125(c)(1). In Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999), the Second Circuit construed the FTDA to require both "fame" and "distinctiveness." The Second Circuit reasoned:

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

By contrast, in Times Mirror Magazines, Inc. v. Las Vegas Sports

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

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

212 F.3d at 167.

This case points to a construction of the FTDA that requires distinctiveness in addition to fame. If that distinction were not so, then the owner of a famous mark could monopolize words in non-competitive industries in which its English-word-mark would be otherwise be generic and could not have received trademark protection in the first place. That is the situation here. The Plaintiff's mark VISA cannot monopolize the visa information and services industry. There is no "distinctive quality" to the Plaintiff's mark within that industry.

The Supreme Court noted this limitation in its recent examination of the FTDA, quoting the 1927 law review article that launched the dilution

cause of action: "[I]ndeed the principal focus of the Schechter article, involved an established arbitrary mark that had been 'added to rather than withdrawn from the human vocabulary' and an infringement that made use of the identical mark." Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115, 1122 (2003). The makers of "Odol" mouthwash were not depleting the language by preventing use of the mark on steel goods, because they had been the ones to add their coined term to the language to begin with. Id. Because Plaintiff did not coin the term "visa," but took the term from an unrelated field, it does not have the right to withdraw the word from that field unilaterally.

Summary judgment must therefore be reversed. The district court made no findings with respect to the distinctive quality of the Plaintiff's mark within the industry in which the Defendant operated its web site. Evidence was presented which indicated that the Defendant did in fact offer visa information and services at <evisa.com>. (Orr Decl. at ¶ 2, Ex. A). Visa-related services is in fact a significant aspect of the <evisa.com> website. Any doubt on that score is for a trier of fact to determine, not for a court on summary judgment.

3. The Lack of a Finding of Actual Dilution is an Additional Ground on Which the Defendant is Likely to Succeed.

Defendant is further likely to succeed because the district court applied the now-rejected standard of "likely to dilute" rather than requiring proof of "actual dilution" as recently enunciated by the U.S. Supreme Court. In Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115 (2003), the plaintiff was the owner of the famous mark, "Victoria's Secret." The defendant was the owner of a junior mark, "Victor's Secret" and subsequently, "Victor's Little Secret." The district court granted summary judgment in favor of the plaintiff on its claim under the FTDA. There were no findings regarding any actual dilution of the plaintiff's famous mark, as opposed to a finding of the similarity of the two marks.

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

Moseley supplies an independent basis on which the Defendant is likely to prevail. Like the district court in Moseley, the district court in this case found only a similarity in the marks "VISA" and "evisa," not the

existence of actual dilution.

C. The Defendant Has Shown a Possibility of Irreparable Injury or that the Balance of Hardships Tips Sharply in Its Favor.

The Defendant has shown a possibility of irreparable injury. The lifeblood of any web site is traffic. The domain name <evisa.com> was the portal through which all traffic on Defendant's web site flowed. When the Defendant lost that portal and the related links from other sites, its traffic declined sharply, possibly never to return. (Orr Decl. ¶¶ 8-11).

In the alternative, the balance of hardships tips sharply in favor of the Defendant. <Evisa.com> is the proverbial tse-tse fly on the back of a rhinoceros. The Plaintiff has its billion dollar marketing budget, its sponsorships and a vast array of different kinds of advertising at its disposal. The Plaintiff also has its own successful domain name, <visa.com,> which has managed to flourish despite the concurrent existence of <evisa.com> over a period of years. In short, the Plaintiff is in a much better position to wait until the disposition of this appeal than is the Defendant.

D. The Public Interest Weighs in Favor of Granting a Stay.

This appeal implicates the extent to which a private entity, the Plaintiff, may claim intellectual property rights in an English word that is used with its English meaning. One of the foundations of this nation and its tradition of the right of free speech is that words belong to all of us. This

does not mean that words cannot be afforded copyright protection, trademark protection or trademark dilution protection under appropriate circumstances. Words can be afforded that protection. See Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 903 (9th Cir. 2002). It does mean, however, that a court should scrutinize the propriety of those circumstances. See id. at 904-907.

IV. CONCLUSION

For the reasons set forth above, the Defendant respectfully urges the Court to grant a stay pending the outcome of this appeal.

DATED: March ____, 2003

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