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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/APPELLANT'S
REPLY IN SUPPORT OF
MOTION FOR STAY PENDING
APPEAL**

I. INTRODUCTION

Plaintiff/appellee Visa International Service Association ("Visa") attempts to muddle the issues in this motion for stay by responding to its own versions of JSL's arguments. Visa's contentions miss the essential point: In this motion, defendant/appellant JSL Corporation ("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) because the word "visa" is an ordinary English-language word, generic to the visa information and services industry. Thus, trademarks incorporating "visa" within that industry, such as "evisa," must not be enjoined. That limited claim is at the heart of JSL's appeal and its stay motion.

As for actual dilution, 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 established anything other than a possible mental association, regardless of whether Internet domain names are involved. Actual dilution has not been shown.

Finally, Visa claims that the harm from the injunction to JSL is imagined while the potential harm to it resulting from a stay is real. No evidence supports this claim.

II. DISCUSSION

A. JSL is Likely to Prevail on the Merits.

1. Visa's Suggestions of Bad Faith Only Serve to Raise Factual Issues.

Inexplicably, Visa has accused JSL of bad faith. (Visa's Opposition Brief at p. 3). If Visa must rely on JSL's alleged bad faith on this appeal, then Visa cannot prevail. This appeal arises from an order granting summary judgment. Many factors influence a determination of good or bad faith, making it unsuitable for determination on summary judgment. See Something Old, Something New Inc. v. QVC Inc., 53 U.S.P.Q.2d 1715, 1722 (S.D.N.Y. 1999). The district court implicitly recognized this notion when it examined Visa's allegations of bad faith in connection with Visa's summary judgment motion on its cybersquatting cause of action. The district court stated:

[T]he Plaintiff has presented evidence that could lead to the conclusion that the Defendant has acted in bad faith under a number of statutory factors. . . . In light of the Defendant's deposition and opinion letter from a reputable trademark attorney, there remains an unresolved issue of material fact regarding whether the Defendant had a reasonable belief that his conduct was lawful.

(McCue Decl., Ex. A, Order at p. 26:20-27:18).

2. The Evisa Mark Does Not Dilute the Distinctive Quality of the VISA Mark .

A claim under the FTDA requires a famous trademark, a junior trademark and the use of the junior trademark in commerce that causes dilution to the

distinctive quality of the famous trademark. Visa's concession that it does not oppose generic -- and therefore non-trademark -- uses of the word "visa" does not advance the analysis. The FTDA has never applied to such cases. Moreover, the fact that the trademark "VISA" is distinctive within its own field similarly misses the point. The junior mark must cause dilution to the **distinctive** quality of the famous mark. In the field of visa-related information and services, "VISA" has no distinctive quality.

FTDA only applies to trademarks and trade names. The FTDA states: "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**" 15 U.S.C. § 1125(c)(1) (emphasis added). A purely generic use of the word "visa" cannot be a mark or trade name. See Surgicenters of America, Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1014 -1015 (9th Cir. 1979) (a generic term cannot become a trademark). Thus, Visa's statement that it does not object to generic uses of the word "visa" is nothing more than an acknowledgment that Visa has no recourse under the FTDA against generic uses of the word. The fact that "evisa" is a trademark is not only what makes the FTDA relevant but is also what makes the construction of the FTDA critical to the resolution of this appeal.

The FTDA goes on to state that an injunction can be appropriate, ". . . 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) (emphasis added). The distinctive quality of "VISA" as a trademark is that it is arbitrary in the context of financial services. (Visa's Opposition Brief, p. 8). By contrast, "VISA" is not arbitrary -- indeed it is generic -- in the context of visa information and services. That is why an analysis of the distinctive quality of a famous mark is important. See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999) (construing the FTDA to require distinctiveness in addition to fame). That is also why the mark "VISA" must not dominate all junior marks with variations of the word "visa" in the visa information and services industry.¹

3. The Fact that the <Evisa.com> Site Offers Services Beyond Visa-Related Services Raises Factual Issues.

JSL has at all times acknowledged that <evisa.com> was dedicated to website development, general travel, immigration and visa information in the context of a multilingual content site. (JSL's Opening Brief, p. 1). In granting summary judgment, the district court found simply that "VISA" and "evisa"

¹ Visa misreads p. 17 of JSL's opening brief to the effect that only the owner of a coined term can claim protection under the FTDA. JSL's point, however, is that the mark "VISA" is junior to its English-language use, so Visa must defer to English language meanings of the word and the competing associations that those words create.

were very similar and casually dismissed any notion that it should examine the context in which the "evisa" mark had incorporated the word, "visa." (McCue Decl., Ex. A, Order at p. 23:11-25). If the district court had examined that context, the district court would necessarily have had to review factors that would be ill-suited to summary judgment, such as the English language meaning of the word "visa," how that English language meaning might relate to JSL's use of the "evisa" mark and whether JSL's use of the word "visa" in its name was in good faith. In short, Visa's summary judgment motion on dilution would have met the same fate as its summary judgment motion on its cybersquatting claim.

4. Visa Cannot Demonstrate Actual Dilution on This Record.

This district court granted summary judgment on Visa's dilution claim on the strength of authorities which held that a likelihood of dilution was sufficient to establish a claim under the FTDA.² Notwithstanding this, Visa argues that the record supports a finding of actual dilution as a matter of law.

In construing the meaning of actual dilution in Moseley v. V Secret

² The district court concluded: "As set forth above, based on the facts, Visa International has established a likelihood of dilution under the Ninth Circuit test." The test to which the district court referred was that set forth in Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 874 (9th Cir. 1999), which held a likelihood of dilution to be sufficient to state a dilution claim. At no point did the district court attempt to analyze the evidence against the actual dilution standard enunciated in Moseley v. V Secret Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115 (2003).

Catalogue, Inc., 537 U.S. ___, 123 S. Ct. 1115, 1124 (2003), the Supreme Court stated:

We do agree, however, with that court's conclusion [in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Development, 170 F.3d 449 (4th Cir. 1999)] that, at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution. As the facts of this case demonstrate, such mental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement under the FTDA. . . . 'Blurring' is not a necessary consequence of mental association.

Visa argues first that "VISA" and "evisa" are identical and second that its expert had opined that actual dilution had occurred.

"VISA" and "evisa" are not identical regardless of how one capitalizes the letters in each. The two words look different, and they are pronounced differently. By contrast, "evisa," which belongs to JSL and "e-visa," which belongs to Visa, are arguably identical. But then, "e-visa" is not famous.³

As for Visa's expert, he did not conclude from any empirical data that actual dilution had occurred. By his own admission, Dr. Itamar Simonson only evaluated, "whether the use of the mark EVISA is likely to dilute the VISA

³ Visa cites an unpublished district court case and a variety of ICANN cases in support of the notion that two domain names are identical regardless of the addition of an "e" prefix. Examination of these cases (Scholastic Inc. v. Applied Software Solutions, Inc., ICANN Case No. D2000-1629, is attached hereto) reveals that a "confusingly similar" standard is applied in that context -- not a standard requiring the domain names to be strictly identical.

mark of Visa International." (McCue Decl., Ex. E, ¶ 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 competing associations created by "evisa." (McCue Decl., Ex. E, ¶ 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"). However, "'Blurring' is not a necessary consequence of mental association." Moseley, 123 S.Ct. at 1124. Mental association is all that Dr. Simonson offered.⁴

Finally, Visa suggests that there should be special rules for domain names, citing to Panavision Int'l, L.P. v. Toepfen, 141 F.3d 1316 (9th Cir. 1998). Panavision is inapposite. In Panavision, the defendant engaged in a scheme to register Panavision's exact trademarks as domain names on the Internet for the purpose of extorting money from Panavision. In upholding the district court's

⁴ Interestingly, Dr. Simonson theorized that the English language use of the word "visa" does not dilute the mark "VISA" because consumers can readily recognize the distinction between generic and trademark uses of the word. What Dr. Simonson fails to assess, and offers no empirical support for, is why a consumer would associate "evisa" with "VISA" and not with the word, "visa," when the <evisa.com> web site references visas and not credit cards. After all, consumers can distinguish between marks "Apple" -- as in computers -- and "cranapple" -- the beverage.

finding of dilution, this Court noted that potential customers who are unsure about a company's domain name will often guess that the domain name is also the company's name -- thereby making a domain name of "trademark.com" a potentially valuable asset.

The present case does not involve "trademark.com." No evidence supports the notion that Visa's web site at <visa.com> is in any way hindered by JSL's <evisa.com> site.⁵

B. JSL Has Demonstrated Irreparable Harm.

Injury to the goodwill of a business or the loss of a unique opportunity to expand one's business can establish irreparable harm. Rent-A-Center, Inc. v. Canyon Television & Appliance, 944 F.2d 597, 603 (9th Cir. 1991); Tom Doherty Assoc., Inc. v. Saban Entertainment, Inc., 60 F.3d 27, 37-8 (2d Cir. 1995). In this case, JSL's principal, Joseph Orr, described the steps that JSL took to establish momentum for the <evisa.com> web site and recited the statistical differences between visits to the site before and after the injunction. (Orr Decl. ¶¶ 5-10). Visa discounted Mr. Orr's declaration as "vague and

⁵ Moreover, the technology that supported the result in Panavision is no longer the state-of-the-art. Consumers no longer need "to wade through hundreds of web sites" to find the correct site. The search engine technology pioneered by Google would rank Visa's web site at the top of the list. See Markoff, Zachary, "In Searching the Web, Google Finds Riches," B1 (April 13, 2003) <<http://www.nytimes.com/2003/04/13/technology/13GOOG.html>> (innovation by use of "link analysis" for web searching).

conclusory" (Visa's Opposition Brief at p. 15), but then Visa proceeded to find sufficient details with which to quibble. (Visa's Opposition Brief at p. 15-16).

Visa's main point, though, is that JSL's claim of irreparable injury is undermined by what Visa perceives as delay. On that score, the Court will note that Moseley materially shifted the likelihood of success in this case, that Moseley was decided on March 4, 2003, and that this motion was filed shortly thereafter.⁶

C. The Balance of Hardships Weighs in Favor of a Stay.

Visa's case for any hardship at all rests on its claim that the record establishes actual dilution as a matter of law. Visa has not put anything more substantial than that before the Court. As is shown above, the record fails to establish actual dilution. Indeed, if Visa has been unable to find any evidence of confusion, dilution or any other kind of harm during the three-and-a-half years from the time that it first learned of the site to the time that it won any sort of injunction, then it can manage the additional time necessary for this appeal to be decided.

⁶ Visa footnotes an argument that JSL was in contempt of court and that this stay should be denied on the grounds of unclean hands. In fact, the district court denied Visa's motion for contempt without prejudice in order for the court to make its expectations clear to JSL. Visa has not renewed its contempt motion.

III. CONCLUSION

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

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