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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

NISSAN MOTOR CO., LTD., a) Case No. CV 99-12980 DDP (Mcx)
Japanese corporation; NISSAN)
NORTH AMERICA, INC., a) **ORDER GRANTING PLAINTIFFS' MOTION**
California corporation,) **FOR A PERMANENT INJUNCTION**
)
Plaintiffs,) [Motion filed on 09/23/02]
)
v.)
)
NISSAN COMPUTER CORPORATION,)
a North Carolina)
corporation; et al.,)
)
Defendants.)
)

This matter comes before the Court on the plaintiffs' motion for a permanent injunction. After reviewing and considering the materials submitted by the parties and hearing oral arguments, the Court grants the motion as set forth below.

BACKGROUND

The plaintiffs, Nissan Motor Co., Ltd. and Nissan North America, Inc. (collectively, "Nissan Motor"), and the defendants, Nissan Computer Corporation ("NCC") and The Internet Center, Inc. ("IC"), are familiar with the extensive factual and procedural

1 background in this case. Therefore, only an abbreviated history is
2 set forth below.

3 NCC is a North Carolina corporation in the business of
4 computer sales and services. It was incorporated in 1991 by its
5 current president, Mr. Uzi Nissan. IC is a North Carolina
6 corporation formed in 1995 as an Internet Service Provider. Nissan
7 Motor Co., Ltd. is a large Japanese automaker. Its subsidiary,
8 plaintiff Nissan North America, Inc., markets and distributes
9 Nissan vehicles in the United States.

10 At issue in this case is NCC's ownership and use of the
11 Internet domain names "nissan.com" and "nissan.net," registered in
12 1994 and 1996, respectively. Following unsuccessful negotiations
13 regarding the possible transfer from NCC to the plaintiffs of the
14 domain name "nissan.com," the plaintiffs filed a complaint against
15 NCC in December 1999. The complaint asserted claims for (1)
16 trademark dilution in violation of federal and state law; (2)
17 trademark infringement; (3) domain name piracy; (4) false
18 designation of origin; and (5) state law unfair competition. The
19 Court denied the plaintiffs' application for a temporary
20 restraining order. Subsequently the plaintiffs filed an amended
21 complaint, and NCC filed various counterclaims and an amended
22 answer. In November 2001, the Court granted the plaintiffs' motion
23 to add IC as a defendant.

24 In early 2002, the Court issued, among other things, certain
25 orders granting the plaintiffs' motion for partial summary judgment
26 as to the infringement of automobile-related goods/services and
27 granting NCC's motion for partial summary judgment as to the
28 plaintiffs' claim of cybersquatting. In August 2002, the Court

1 granted the plaintiffs' motion for summary judgment on their
2 dilution claim against NCC, and the plaintiffs' motion for summary
3 judgment on their alter ego and dilution claims against IC.

4 The plaintiffs' motion for a permanent injunction is before
5 the Court. The plaintiffs move the Court for a permanent
6 injunction against NCC's and IC's uses of the domain names
7 "nissan.com" and "nissan.net." Further, the plaintiffs seek
8 transfer of the domain names from NCC and IC to the plaintiffs.
9 The plaintiffs also request the Court to order NCC and IC to post
10 captions and disclaimers on "nissan.com" and "nissan.net," prior to
11 the transfer. Last, the plaintiffs move the Court to order NCC and
12 IC to refrain from posting links to commercial merchandising
13 websites, websites containing negative commentary or remarks
14 regarding the plaintiffs, and other activities that allegedly
15 dilute the plaintiffs' mark.

16 The defendants argue that "[g]iven Nissan Computer's vested
17 property rights in the domain names, demonstrated willingness to
18 comply with this Court's orders, and voluntary reformations of its
19 websites, transfer of nissan.com and nissan.net is not necessary to
20 protect Nissan Motor's mark." (NCC Opp. at 1.) The defendants
21 argue that an injunction need not issue in this case because the
22 specific injunction sought by Nissan Motor -- transferring the
23 domain names -- is not warranted. (See Opp. at 25.) Among other
24 things, the defendants argue that the requested permanent
25 injunction constitutes an impermissible retroactive application of
26 the law and would violate the defendants' First Amendment rights.

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1 **DISCUSSION**

2 A. Legal Standard

3 Under the Federal Trademark Dilution Act (the "FTDA"), 15
4 U.S.C. § 1125(c)(1), "[t]he owner of a famous mark shall be
5 entitled, subject to the principles of equity and upon such terms
6 as the court deems reasonable, to an injunction against another
7 person's commercial use in commerce of a mark or trade name"
8 Despite the defendants' attempt to argue that any permanent
9 injunction is unwarranted, the issues raised in conjunction with
10 this motion primarily involve the scope of such an injunction.

11 B. Analysis

12 1) The Relief Sought Is Not Impermissibly Retroactive

13 As an initial matter, the defendants argue that an injunction
14 cannot be granted here, as the granting of such an injunction would
15 be an impermissible retroactive application of the FTDA. The
16 defendants rely on Circuit City Stores, Inc. v. OfficeMax, Inc.,
17 949 F. Supp. 409 (E.D. Va. 1996), for the proposition that mere
18 ownership of the domain names -- which began prior to the enactment
19 of the FTDA -- cannot support the requested injunctive relief.
20 (See Opp. at 7.)

21 However, liability has been found in this case; the relief
22 requested is prospective and is not intended to punish the
23 defendants for pre-enactment activities. Circuit City
24 notwithstanding, injunctive relief under these circumstances is
25 supported by relevant case law. See Viacom Inc. v. Ingram Enters.,
26 Inc., 141 F.3d 886, 889 (8th Cir. 1998) (rejecting Circuit City on
27 the ground that, among other things, "the conduct sought to be
28 enjoined under the FTDA is Ingram's continuing use of its

1 BLOCKBUSTER marks, not its pre-enactment conduct."); Fuente Cigar,
2 Ltd. v. Opus One, 985 F. Supp. 1448, 1451-52 (M.D. Fla. 1997) (in
3 evaluating 1125(c) claim, the court rejects Circuit City; "Because
4 prospective relief, by its very nature, attaches legal (as opposed
5 to practical) consequences only to events after the statute's
6 enactment, it has no retroactive effect."). The Court finds that
7 the Supreme Court envisioned a situation such as this when it
8 wrote: "Even absent specific legislative authorization, application
9 of new statutes passed after the events in suit is unquestionably
10 proper in many situations. When the intervening statute authorizes
11 or affects the propriety of prospective relief, application of the
12 new provision is not retroactive." Landgraf v. USI Film Prod., 511
13 U.S. 244, 273 (1994). A permanent injunction is an appropriate
14 remedy in this case.

15 2) The Plaintiffs Are Entitled to an Injunction that
16 Prohibits Commercial Content at Nissan.com and
17 Nissan.net

18 In granting summary judgment, the Court held that "NCC's use
19 of the 'Nissan' mark as a domain name 'whittles away' the
20 distinctiveness of the 'Nissan' mark and the ability of the mark to
21 serve as a unique identifier of Nissan's products." (8/27/02 Order
22 Granting Summ. Judg. at 25.) Thus the Court found that the
23 defendants' use of those domain names constituted dilution.

24 However, in objecting to the permanent injunction sought by
25 the plaintiffs, the defendants correctly point out that not all
26 uses of domain names constitute unlawful dilution under the FTDA.
27 As recognized recently by the Ninth Circuit in Mattel, Inc. v. MCA
28 Records, Inc., 296 F.3d 894, 905 (9th Cir. 2002), noncommercial

1 speech is exempted from the FTDA. Dilution law "seeks to protect
2 the mark from association in the public's mind with wholly
3 unrelated goods and services." Id. at 904. However, the FTDA is
4 not intended to prohibit or threaten "noncommercial expression,
5 such as parody, satire, editorial and other forms of expression
6 that are not a part of a commercial transaction." Id. at 905
7 (quoting statements by the FTDA's sponsors in Congress). "[T]he
8 'noncommercial use' exemption [was intended] to allay First
9 Amendment concerns." Id. at 906.

10 At oral argument, the plaintiffs urged that, given the
11 famousness of the "Nissan" mark and the related expectations of
12 individuals going to nissan.com or nissan.net, any use of those
13 domain names is commercial in nature. The Court is not persuaded
14 by this argument. As the Court wrote in a prior opinion, "[t]he
15 mere use of another's name on the Internet, however, is not per se
16 commercial use." Bally Total Fitness Holding Corp. v. Faber, 29 F.
17 Supp. 2d 1161, 1166 (C.D. Cal. 1998). Indeed, it is unclear how
18 there is anything commercial about the defendants using nissan.com
19 to post, for instance, family photographs. While visitors to
20 nissan.com or nissan.net might expect commercial content, this fact
21 is not sufficient grounds to bring otherwise noncommercial speech
22 within the reach of the FTDA. Similarly, while the fact that
23 Nissan Motor would not reap the commercial benefits of nissan.com
24 and nissan.net were they to be retained by the defendants, the
25 Court does not believe that such an argument transforms
26 noncommercial use of the domain names into commercial use for
27 purposes of the FTDA. See Ford Motor Co. v. 2600 Enters., 177 F.
28 Supp. 2d 661, 664 (E.D. Mich. 2001) ("[T]he implication . . . that

1 the 'commercial use' requirement is satisfied any time unauthorized
2 use of a protected mark hinders the mark owner's ability to
3 establish a presence on the Internet or otherwise disparages the
4 mark owner is flawed."). Dilution was found in this case because
5 the domain names were, in fact, being employed for a commercial
6 purpose; the defendants may continue to use the domain names as
7 long as they are used for noncommercial purposes.

8 The Court concludes, however, that disparaging remarks or
9 negative commentary at nissan.com and nissan.net (and links to such
10 content) are sufficiently commercial to bring the defendants' use
11 of the domain names within the scope of the FTDA, and therefore
12 should be precluded. The Court notes that the use of a mark to
13 criticize a company is not inherently commercial speech. Courts
14 have thus permitted the posting of this type of speech at websites
15 under the noncommercial speech exemption. See e.g., Ford Motor
16 Co., 177 F. Supp. 2d at 665 (discussing "fuckgeneralmotors.com":
17 "If the FTDA's 'commercial use' requirement is to have any meaning,
18 it cannot be interpreted so broadly as to include any use that
19 might disparage or otherwise commercially harm the mark owner.");
20 Bally, 29 F. Supp. 2d at 1167 (discussing
21 "www.compupix.com/ballysucks": "trademark owners may not quash
22 unauthorized use of the mark by a person expressing a point of
23 view"). However, unlike Ford Motor Co. and Bally, the instant case
24 presents a situation in which the mark *itself* is also the domain
25 name. The goodwill that Nissan Motor has built up in the "Nissan"
26 mark ensures a steady stream of visitors expecting to find Nissan
27 Motor at nissan.com and nissan.net. Critical commentary at
28 nissan.com and nissan.net would exploit this goodwill in order to

1 injure Nissan Motor. Under these circumstances, the critical
2 speech becomes commercial and is subject to the proscriptions of
3 the FTDA. However, like the defendants in Ford Motor Co. and
4 Bally, the defendants in this case are free to post critical
5 commentary on other websites, as they have already done at
6 ncchelp.org.

7 Permitting the defendants to retain the domain names subject
8 to the limitation on critical speech is consistent with the
9 equities in this case. As this Court has pointed out in the
10 context of the plaintiffs' cybersquatting claim, the fact that the
11 domain name consists of the surname of the owner of the corporation
12 distinguishes the instant case from traditional cybersquatting
13 cases. (1/9/02 Order Re Cybersquatting at 9.) Similarly, the
14 defendants do not have a pattern of registering famous trademarks
15 and seeking to extort payment from trademark owners. (Id.)

16 Refraining from requiring the transfer of the domain names is
17 also consistent with the mandate that injunctions be as narrow as
18 possible. See Carroll v. President & Comm'rs of Princess Anne, 393
19 U.S. 175, 184 (1968) (an "order must be tailored as precisely as
20 possible to the exact needs of the case."); CPC Int'l, Inc. v.
21 Skippy Inc., 214 F.3d 456, 461 (4th Cir. 2000) ("Injunctions must
22 be narrowly tailored and should prohibit only unlawful conduct.").
23 In granting an injunction enjoining the defendants from using the
24 nissan.com and nissan.net domain names for commercial purposes, the
25 Court's order will do all that is necessary to prohibit unlawful
26 conduct by the defendants.

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1 **CONCLUSION**

2 Given the Court's granting of summary judgment and the
3 considerations outlined above, NCC and IC are hereby enjoined from
4 the following:

- 5 1) Posting commercial content at nissan.com and nissan.net;
- 6 2) Posting advertising (and permitting advertising to be
7 posted by third parties) at nissan.com and nissan.net;
- 8 3) Posting disparaging remarks or negative commentary
9 regarding Nissan Motor Co., Ltd. or Nissan North America,
10 Inc. at nissan.com and nissan.net;
- 11 4) Placing, on nissan.com or nissan.net, links to other
12 websites containing commercial content, including
13 advertising; and
- 14 5) Placing, on nissan.com or nissan.net, links to other
15 websites containing disparaging remarks or negative
16 commentary regarding Nissan Motor Co., Ltd. or Nissan
17 North America, Inc.

18
19 IT IS SO ORDERED.

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21
22 Dated: _____

DEAN D. PREGERSON
United States District Judge