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3:01-CV-01752 BOSLEY MEDICAL V. KREMER

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O.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

BOSLEY MEDICAL INSTITUTE, INC.,

Plaintiff,

v.

MICHAEL STEVEN KREMER,

Defendant.

Civil No. 01-1752 WQH (JMA)

ORDER GRANTING DEFENDANT'S MOTION TO DISMISS, TO STRIKE, AND FOR PARTIAL SUMMARY JUDGMENT [Doc. No. 67]

ORDER DENYING PLAINTIFF'S MOTION TO STRIKE [Doc. No. 78]

ORDER DENYING PLAINTIFF'S MOTIONS FOR SUMMARY JUDGMENT [Doc. Nos. 82, 91]

ORDER RE: DEFENDANT'S MOTIONS FOR LEAVE TO PRESENT SUPPLEMENTAL AUTHORITY [Doc. Nos. 106, 112]

Defendant Michael Kremer moves to dismiss and for partial summary judgment on Plaintiff's federal claims, and to strike Plaintiff's state law claims. Plaintiff Bosley Medical Institute, Inc. moves for summary judgment on Plaintiff's federal trademark infringement and trademark dilution claims. On April 2, 2004 counsel for the parties appeared for oral argument before the Honorable William Q. Hayes, United States District Judge. Having considered the parties' briefs and oral argument, the Court enters the following decision.

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Background

Plaintiff Bosley Medical Institute, Inc. manages and markets surgical and consultation offices which provide hair transplantation, restoration, and replacement services. *First Amended Complaint* ("*FAC*") ¶ 6. Bosley owns the following trademarks and service marks: Bosley, Bosley Medical, Bosley Healthy Hair, Bosley Healthy Hair Formula and Bosley Healthy Hair Complex for hair care products, surgical hair restoration, and consulting relating to the hair and scalp (collectively, "the marks"). *Id.* ¶ 8. Defendant Michael Kremer is a dissatisfied former Bosley patient. *Id.* ¶ 26. In 1991 Kremer received hair replacement services from Dr. David Smith at a Bosley facility in Seattle, Washington. *Id.* In 1994 Kremer filed a medical malpractice lawsuit against Bosley, but the court dismissed the suit through summary judgment. *Id.* ¶ 27.

Bosley alleges that Kremer attempted to extort money from Dr. Smith and Dr. L. Lee Bosley, the company's founder. *Id.* ¶¶ 28-35. Specifically, Bosley alleges that Kremer first delivered a letter to Dr. Smith's home in May 1999, demanding $400,000 to "prevent the possibility of being brought down" with the Bosley organization. *Id.* ¶¶ 28-29. On January 7, 2000 Kremer purchased and registered the Internet domain name "bosleymedical.com." *Id.* ¶ 31. Bosley alleges that on January 12, 2000 Kremer left a letter at Bosley's Beverly Hills office, threatening to criticize Bosley on the website bosleymedical.com unless his monetary demands were met. *Id.* ¶ 32. On March 29, 2001 Kremer purchased and registered the domain name "bosleymedicalviolations.com." *Id.* ¶ 34. Bosley alleges that in November 2001 Kremer sent letters to some of Bosley's affiliated physicians, threatening publication of derogatory, critical information on websites located at his two registered domain names. *Id.* ¶ 35. Kremer continues to maintain the websites for the purpose of publishing "numerous derogatory and critical statements that refer to and identify Bosley, its president, Dr. L. Lee Bosley, hair care and restoration services provided by Bosley, and Bosley's business." *Id.* ¶ 41.

On November 28, 2000 Bosley filed a complaint with the World Intellectual Property Organization ("WIPO") Arbitration and Mediation Center. Bosley alleged that Kremer had purchased and registered domain names identical or confusingly similar to Bosley's marks in bad

faith, that he could not establish a legitimate right in the domain names, and that he was using the domain names to harass and intimidate Bosley and its employees. The WIPO panel found in Kremer's favor, concluding that there was no potential trademark violation because Kremer's domain names were not registered for a commercial purpose. The panel further found that Bosley had instituted the WIPO proceedings for the purpose of "squelching" Kremer's negative commentary.

On June 12, 2001 Bosley filed suit against Kremer in the Northern District of Illinois, bringing claims for cyberpiracy, trademark infringement, trademark dilution, unfair competition, libel and actual malice. Kremer filed several motions attacking the pleadings, including a motion to dismiss for lack of personal jurisdiction or, in the alternative, to transfer venue. Bosley consented to the venue transfer, and on September 27, 2001 the case was transferred to the Southern District of California. In October 2001 Kremer moved to dismiss the complaint for failure to state a claim, to dismiss the cyberpiracy, libel and actual malice claims for lack of subject matter jurisdiction, and to strike the pleadings under California's anti-SLAPP statute. Bosley requested, and was granted, limited discovery in order to respond to the motions. In October 2003 the parties reached a settlement concerning the libel-based claims.

On October 9, 2003 Bosley filed the FAC, effectively mooting the pending motions. The FAC alleges claims for (1) trademark infringement under the Lanham Act, (2) unfair competition under the Lanham Act, (3) trademark dilution under the Lanham Act, (4) cybersquatting, (5) trademark infringement under California law, (6) trademark dilution under California law and (7) unlawful business practices under California Business and Professions Code § 17200. Kremer now moves to dismiss the federal trademark claims, to strike the state law claims under the anti-SLAPP statute, and for partial summary judgment. Bosley cross-moves for summary judgment on its trademark infringement and dilution claims.

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Legal Standards

I. Consideration of Matters Outside the Pleadings

Kremer moves to dismiss Bosley's federal trademark claims under Rule 12(b)(6) for failure to state a claim upon which relief may be granted. He also moves for partial summary judgment. Together with his moving papers, Kremer presented affidavits with supporting exhibits. Bosley moves to strike the affidavit and accompanying exhibits as matters outside the scope of the pleadings and not subject to judicial notice. As a general rule, a district court may not consider any material beyond the pleadings in ruling on a Rule 12(b)(6) motion. *See Lee v. City of Los Angeles*, 250 F.3d 668, 688 (9th Cir. 2001). Subject to certain exceptions, when

> matters outside the pleadings are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56.

Fed. R. Civ. P. 12(b)(6). Notice to the parties that the court will treat the motion as one for summary judgment need not be explicit. *In re Rothery*, 123 F.3d 546, 549 (9th Cir. 1998). Notice is adequate if the non-moving party is "fairly apprised" before the hearing that the court will look beyond the pleadings. *Id.* "A party is 'fairly apprised' that the court will in fact be deciding a summary judgment motion if that party submits matters outside the pleadings to the judge and invites consideration of them." *Id.* Here, not only did Bosley file its own cross-motions for summary judgment on the same claims that are the subject of Kremer's Rule 12(b)(6) motion, it submitted material outside the pleadings for the Court's consideration in connection with those motions. Accordingly, the Court may properly treat Kremer's motion to dismiss as a motion for summary judgment under Rule 56(c).

II. Summary Judgment

Summary judgment is appropriate under Rule 56 of the Federal Rules of Civil Procedure where the moving party demonstrates the absence of a genuine issue of material fact and entitlement to judgment as a matter of law. Fed. R. Civ. P. 56(c); *see also Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986). A fact is material when, under the governing substantive law, it could affect the outcome of the case. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248

(1986). A dispute over a material fact is genuine if "the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Id.*

A party seeking summary judgment always bears the initial burden of establishing the absence of a genuine issue of material fact. *Celotex*, 477 U.S. at 323. The moving party may meet this burden in two ways: (1) by presenting evidence that negates an essential element of the nonmoving party's case or (2) by demonstrating that the nonmoving party failed to make a showing sufficient to establish an element essential to that party's case on which that party will bear the burden of proof at trial. *Id.* at 322-23. If the moving party fails to discharge this initial burden, summary judgment must be denied and the court need not consider the nonmoving party's evidence. *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 159-60 (1970).

If the moving party satisfies its initial burden, the nonmoving party cannot defeat summary judgment merely by demonstrating "that there is some metaphysical doubt as to the material facts." *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986); *see also Anderson*, 477 U.S. at 252 ("The mere existence of a scintilla of evidence in support of the nonmoving party's position is not sufficient."). Rather, the nonmoving party must "go beyond the pleadings and by her own affidavits, or by the depositions, answers to interrogatories, and admissions on file, designate specific facts showing that there is a genuine issue for trial." *Celotex*, 477 U.S. at 324 (quoting Fed. R. Civ. P. 56(e)) (internal quotations omitted).

In ruling on a motion for summary judgment, "[t]he district court may limit its review to the documents submitted for purposes of summary judgment and those parts of the record specifically referenced therein." *Carmen v. San Francisco Unified Sch. Dist.*, 237 F.3d 1026, 1030 (9th Cir. 2001). Therefore, the court is not obligated to "scour the record in search of a genuine issue of triable fact." *Keenan v. Allen*, 91 F.3d 1275, 1279 (9th Cir. 1996) (citing *Richards v. Combined Ins. Co.*, 55 F.3d 247, 251 (7th Cir. 1995)). The court must view all inferences drawn from the underlying facts in the light most favorable to the nonmoving party. *Matsushita*, 475 U.S. at 587. "Credibility determinations [and] the weighing of evidence ... are jury functions, not those of a judge, [when] he [or she] is ruling on a motion for summary

judgment." *Anderson*, 477 U.S. at 255.

When parties submit cross-motions for summary judgment on the same claim or issue, each motion must be considered on its own merits and analyzed under Rule 56. *See Fair Housing Council of Riverside County, Inc. v. Riverside Two*, 249 F.3d 1132, 1136 (9th Cir. 2001). The court must consider the appropriate evidentiary material identified and submitted in support of both motions, and in opposition to both motions, before ruling on the motions. *Id.* That both parties assert that no genuine issues of material fact exist does not vitiate the court's responsibility to determine whether disputed issues of material fact are present. *Id.* (quoting *United States v. Fred. A. Arnold, Inc.*, 573 F.2d 605, 606 (9th Cir. 1978)).

III. California's Anti-SLAPP Statute

"California's anti-SLAPP (Strategic Lawsuit Against Public Participation) statute provides a mechanism for a defendant to strike civil actions brought primarily to chill the exercise of free speech." *Metabolife Int'l, Inc. v. Wornick*, 213 F.Supp.2d 1220, 1221 (S.D. Cal. 2002) (Rhoades, J.) (citing Cal. Civ. Proc. Code § 425.16(b)(1)). "The California Legislature passed the statute recognizing the public interest to encourage continued participation in matters of public significance ... and finding that this participation should not be chilled through abuse of the judicial process." *Id.* (citations omitted). Under the anti-SLAPP statute, where an action arises from any act in furtherance of a person's right to petition or to free speech, the action is subject to a special motion to strike unless the plaintiff can demonstrate a probability of prevailing. *See Batzel v. Smith*, 333 F.3d 1018, 1024 (9th Cir. 2003).

In order to prevail on an anti-SLAPP motion, the defendant is required to make a prima facie showing that the plaintiff's suit arises from an act by the defendant made in connection with a public issue in furtherance of the defendant's right to free speech under the United States or California Constitution. *Id.* (citing *United States ex rel. Newsham v. Lockheed Missiles & Space Co.*, 190 F.3d 963, 971 (9th Cir. 1999). *See also* Cal Civ. Proc. Code § 425.16(e) (defining "act in furtherance of a person's right of ... free speech."). The burden then shifts to the plaintiff to establish a reasonable probability that the plaintiff will prevail on his or her defamation claim. *See Lockheed,* 190 F.3d at 971. "The plaintiff must demonstrate that the

complaint is legally sufficient and supported by a prima facie showing of facts to sustain a favorable judgment if the evidence submitted by plaintiff is credited. *Batzel*, 333 F.3d at 1024 (citations omitted). As with a motion for summary judgment, the evidence the plaintiff submits in support of its claims must be admissible evidence. *Kyle v. Carmon*, 71 Cal.App.4th 901, 907 (1999). If the court denies an anti-SLAPP motion to strike, the parties continue with discovery. *Batzel*, 333 F.3d at 1024. Once the plaintiff's case has survived the motion, the anti-SLAPP statute no longer applies and the parties proceed to litigate the merits of the action. *Id.*

Discussion

I. Kremer's* Ex Parte *Requests for Leave to Present Supplemental Briefing

Kremer filed two *ex parte* motions for leave to submit additional briefing. The first seeks leave to submit an additional affidavit, new authority, and new evidence. The case authority deals with the interplay between trademark law and a consumer's right to register a domain name and establish a website publishing criticism of a person or a business's goods and services. The new evidence is an advertising mailer Kremer received from Bosley in March 2004 and percipient observations made during a recent visit by Kremer to Bosley's Portland, Oregon offices. Kremer offers the mailer and the information he gathered through the office visit as evidence that there is no likelihood of confusion between his websites and Bosley's trademarks. The Court **GRANTS IN PART AND DENIES IN PART** Kremer's *ex parte* motion of March 29, 2004. The Court will consider the new case authority, but declines to consider Kremer's affidavit and accompanying exhibits.

Kremer's second motion requests that the Court consider two recently decided cases concerning the Lanham Act's commercial use requirement. The Court **GRANTS** Kremer's *ex parte* motion of April 27, 2004, and will consider the additional authority.

II. Kremer's Websites

Kremer maintains two websites concerning Bosley and its services: bosleymedical.com and bosleymedicalviolations.com. The two sites are substantially the same. Both sites contain content critical of Bosley, descriptions of various government investigations into Bosley's services and business practices, and descriptions of medical board disciplinary actions against

Dr. Bosley. "In internet parlance, a web name with a 'sucks.com' moniker attached to it is known as a 'complaint name,' and the process of registering and using such names is known as 'cybergriping.'" *Taubman Co. v. Webfeats*, 319 F.3d 770, 772 (6th Cir. 2003). Although Kremer's domain names do not include the word "sucks," or other pejorative terms, the commentary contained in the websites may rightly be termed cybergriping. The main page at bosleymedical.com depicts a prominent caption which states, "The Bosley Medical Institute Sued By Attorney General for False Advertising." The primary content of this site concerns the Los Angeles District Attorney's Office Consumer Protection Division's investigation of Bosley. There are links to reports generated during the investigation and to a document entitled "Accusation and Petition to Revoke Probation of Larry Lee Bosley." The site also contains links to Bosley's home page, bosley.com, and to a website discussing a Japanese company's buyout of Bosley's shares. Finally, there is a link to Kremer's second website, bosleymedicalviolations.com, which contains similar links to information about the investigations. The latter site includes a list entitled "10 Things You Should Know About the Bosley Medical Group" and information on how consumers can protect themselves from disreputable doctors.

Both sites include information about the instant lawsuit, accompanied by a link to Public Citizen, the nonprofit group who is providing Kremer's legal representation in this action. Both sites have a prominent disclaimer: "This website contains information critical of the Bosley Medical Institute and is not affiliated with it in any way. The Bosley Medical Institute website is located at www.bosley.com." Finally, both sites include a disclaimer about nonprofit status. Small print at the bottom of the bosleymedicalviolations.com site states, "This is a non-profit website." Similar print at the bottom of the bosleymedical.com site states, "This site is non-commercial and intended for consumer information purposes only."

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III. Bosley's Federal Claims

A. Overview of Bosley's Claims

Bosley asserts four federal claims: trademark infringement, trademark dilution, cybersquatting and unfair competition. To establish its trademark infringement claim, Bosley must prove that Bosley has valid protectable trademarks and that Kremer's use of the marks in interstate commerce creates a likelihood of confusion. *See* 15 U.S.C. 1125(a)(1); *Bally Total Fitness Holding Corp. v. Faber*, 29 F.Supp.2d 1161, 1163 (C.D. Cal. 1998). "Dilution is defined as 'the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of ... competition between the owner of the famous mark and other parties, or likelihood of confusion, mistake or deception.'" *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1326 (9th Cir. 1998) (quoting 15 U.S.C. § 1127). To prevail on its trademark dilution claim, Bosley must show that (1) its marks are famous, (2) Kremer is using the marks in interstate commerce, (3) Kremer's use of the marks began after the marks became famous and (4) Kremer's use of the marks presents a likelihood of dilution of the marks' distinctive value. *See* 15 U.S.C. § 1125(c); *Panavision*, 141 F.3d at 1324.

"Cybersquatting is the Internet version of a land grab. Cybersquatters register well-known brand names as Internet domain names in order to force the rightful owners to pay for the right to engage in electronic commerce under their own name." *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 946 (9th Cir. 2002). To establish cybersquatting, Bosley must show that Kremer has evinced a bad faith intent to profit from his registration and/or use of Bosley's marks in connection with his websites and that his domain names are confusingly similar to Bosley's marks. *See* 15 U.S.C. § 1125(d).

Finally, the Lanham Act also prohibits unfair competition arising out of trademark violations by recognizing two protectable interests: protection against unfair competition in the form of an action for false advertising and protection against false association in the form of a lawsuit for false endorsement. *See Kournikova v. General Media Communications, Inc.*, 278 F.Supp.2d 1111, 1116-17 (C.D. Cal. 2003). Section 43(a) of the Lanham Act provides:

> Any person who, in connection with any goods or services ... uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, false or misleading representation of fact, which --
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship or approval of his or her goods, services, or commercial activities by another person ... shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

15 U.S.C. § 1125. Section 43(a) prohibits unfair competition generally in the form of "false advertising," "trade libel," and "product disparagement" claims. *See Zenith Electronics Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1347-48 (Fed. Cir. 1999). To state a claim for a violation of § 43(a), the defendant must allege that (1) the plaintiff made a false or misleading statement of fact in commercial advertising or promotion about its or another's goods or services, (2) the statement actually deceives or is likely to deceive a substantial segment of the intended audience, (3) the deception is material in that it is likely to influence purchasing decisions, (4) the plaintiff caused the statement to enter interstate commerce, and (5) the statement results in actual or probable injury to the defendant. *Id.* at 1348.

The Court will now turn to the parties' cross-motions for summary judgment on Bosley's federal claims. Bosley's claims and Kremer's defenses hinge on whether Kremer made commercial use of Bosley's marks and whether Kremer's use of Bosley's marks gives rise to a likelihood of confusion between his websites and Bosley's goods and services. Thus, the Court will first address these two elements.

B. Commercial Use

The Lanham Act defines "use in commerce" as "the bona fide use of a mark in the ordinary course of trade." 15 U.S.C. § 1127.

> Congress intended to limit only commercial speech, as opposed to political or other more closely protected speech, when it passed the dilution statute; thus, it included the requirement that the use be a commercial one. A successful argument that defendants make no commercial use of the marks, then, would be an argument that the speech associated with their actions was political, not commercial.

Playboy Enters., Inc. v. Netscape Communications Corp., 354 F.3d 1020, 1032 (9th Cir. 2004).

Commercial use requires the defendant to be using the trademark as a trademark, thereby capitalizing on its trademark status. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 880 (9th Cir. 1999); *Panavision*, 141 F.3d at 1325.

Bosley first argues that Kremer's conduct affects Bosley's interstate commercial activity, in that Kremer's use of Bosley's marks in the domain names affects Bosley's ability to offer goods and services in commerce. "[U]se of a mark to criticize a company is not inherently commercial speech. Courts have thus permitted the posting of this type of speech at websites under the noncommercial speech exception." *Nissan Motor Co., Ltd. v. Nissan Computer Corp.*, 231 F.Supp.2d 977, 980 (C.D. Cal. 2002) (citing *Ford Motor Co. v. 2600 Enters.*, 177 F.Supp.2d 661, 664 (E.D. Mich. 2001) and *Bally*, 29 F.Supp.2d at 1166). In those two cases, the courts held that the use of the plaintiffs' marks in the domain names "fuckgeneralmotors.com" and "compupix.com/ballysucks" did not constitute commercial use for purposes of the plaintiffs' trademark dilution claims. However, the court in *Nissan* found commercial use where the defendant had registered and published disparaging commentary at the domain names "nissan.com" and "nissan.net."

> [U]nlike *Ford Motor Co.* and *Bally*, the instant case presents a situation in which the mark *itself* is also the domain name. The goodwill that Nissan Motor has built up in the Nissan mark ensures a steady stream of visitors expecting to find Nissan Motor at nissan.com and nissan.net. Critical commentary at nissan.com and nissan.net would exploit this goodwill in order to injure Nissan Motor. Under these circumstances, the critical speech becomes commercial and is subject to the proscriptions of the [Federal Trademark Dilution Act].

Nissan, 231 F.Supp.2d at 980 (emphasis in original).

Bosley relies on *Nissan* to support its argument that Kremer's use of Bosley's marks in the domain names affects Bosley's ability to offer goods and services in commerce, and as such, is a commercial use. Kremer argues that the analysis in *Nissan* is flawed because the district court combined the commercial use analysis with the element of likelihood of confusion. The Court agrees. In *Nissan*, the court's commercial use analysis focused on the fact that internet users accessed the defendant's sites because they assumed that the sites belonged to Nissan Motor. Evidence of actual confusion is a factor to weigh in analyzing likelihood of confusion.

See AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979).

Bosley next relies on *Planned Parenthood Fed'n of Am., Inc. v. Bucci* to argue that Kremer's efforts to cause economic damage to Bosley constitutes a commercial use. In that case, the defendant registered the domain name "plannedparenthood.com" in order to create an anti-abortion website. The district court held that although the defendant was not engaged in selling or advertising goods and services, his use of the plaintiff's marks was commercial because he used the marks in an attempt to cause economic harm. *Planned Parenthood*, 1997 WL 133313 at *3 (S.D.N.Y. March 24, 1997). The Sixth Circuit disapproved of this analysis in *Taubman*. "[A]though economic damage might be an intended effect of [the defendant's] expression, the First Amendment protects critical commentary when there is no confusion as to source, even when it involves the criticism of a business. Such use is not subject to scrutiny under the Lanham Act." *Taubman*, 319 F.3d at 778. Here, as will be discussed shortly, there is no likelihood of confusion between Kremer's websites and Bosley's marks. Kremer's desire to undermine Bosley's business, and his use of Bosley's marks to further that agenda, do not constitute a commercial use of the marks.

Next, Bosley argues that Kremer's websites make commercial use of its marks because the websites contain links to other hair industry websites. Kremer counters that his websites are purely noncommercial -- he derives no revenue from them and his sites contain no paid advertising. *Kremer 2d Aff.* ¶ 23. He states that the links in question lead to discussion group websites about baldness, a Google-run archive called alt.baldspot. *Id.* ¶25. Bosley does not dispute that Kremer's sites contain no paid advertising; rather, it points out that the links on Kremer's sites lead to other sites which contain links to advertising about Bosley's competitors. Kremer admits that those sites include links to commercial websites. However, the commercial content on those sites is one step removed from Kremer's own websites. Further, Kremer is not engaged in his own business enterprise through his websites. In *Taubman*, the Sixth Circuit found that the defendant had engaged in commercial use because his cybergriping site also contained a link to his Webfeats business. *See Taubman*, 319 F.3d at 775. Here, a review of Kremer's websites shows that their sole purpose is to provide critical content of Bosley and its

services, and to inform the public about the various government inquiries into Bosley's business practices. The fact that Kremer's sites link to another site which in turn includes commercial links is insufficient to infuse Kremer's sites with a commercial purpose.

Bosley further argues that the commercial use element is met because Kremer's attempt to extort money from Bosley constitutes a bad faith intent to profit from use of the marks in the domain names. Registering a domain name that includes a valid trademark with the intent to profit through reselling the domain name to the trademark's owner constitutes commercial use under the Lanham Act. *See Panavision*, 141 F.3d at 1325; *Avery Dennison*, 189 F.3d at 880; *Taubman*, 319 F.3d at 776 (finding of commercial use "limited ... to such instances where the defendant had made a habit and business of such practices."). Bosley alleges that on January 12, 2000 Kremer left a letter at Bosley's Beverly Hills office, threatening to criticize Bosley on the website bosleymedical.com unless his monetary demands were met. *FAC* ¶ 32. Bosley further alleges that in November 2001 Kremer sent letters to some of Bosley's affiliated physicians, threatening publication of derogatory, critical information on websites located at his two registered domain names. *Id.* ¶ 35. Kremer admitted in his deposition that he delivered a letter to Bosley's offices in January 2000. *See Kremer Depo.* pp.105-07. The letter is attached to the FAC and reads in full: "Let me know if you want to discuss this. Once it is spread all over the internet it will have a snowball effect and be too late to stop. M. Kremer [redacted telephone number]. P.S. I always follow through on my promises." *FAC* Ex. H. Although this letter references the internet, there is no mention of Kremer's websites and no offer to sell the domain names to Bosley in exchange for not publishing derogatory information about Bosley. The Court finds that the January 2000 letter is insufficient evidence of an intent to profit. Further, Bosley has not submitted any evidentiary support for its allegation that Kremer sent the November 2001 letter. Bosley's argument that Kremer's bad faith intent to profit demonstrates commercial use fails for lack of evidentiary support.

In sum, the Court concludes that Kremer's use of Bosley's marks in his domain names and on his websites is purely noncommercial. Bosley has not presented evidence demonstrating that Kremer's use of the marks is "in the ordinary course of trade," or that it was related to any

business purpose. No genuine issues of material fact remain with respect to the commercial use element of Bosley's claims.

C. Likelihood of Confusion

The Ninth Circuit has developed eight factors to guide the determination of likelihood of confusion: (1) the similarity of the marks, (2) the relatedness of the parties' services, (3) the marketing channels used, (4) the strength of the plaintiff's mark, (5) the defendant's intent in selecting its mark, (6) evidence of actual confusion, (7) the likelihood of expansion into other markets and (8) the degree of care likely to be exercised by the purchasers. *See Sleekcraft*, 599 F.2d at 348-49. Bosley argues that potential customers could access Kremer's sites, believing those sites to be Bosley's official website. Bosley also asserts that it has evidence of actual consumer confusion. Bearing the *Sleekcraft* factors in mind, the Court finds that the Sixth Circuit's decision in *Taubman* forecloses Bosley's arguments on the likelihood of confusion element. To establish a Lanham Act violation, Bosley must prove a likelihood of confusion "*between the parties' goods or services*. Under Lanham Act jurisprudence, it is irrelevant whether customers would be confused as to the origin of the websites, unless there is confusion as to the origin of the respective products." *Taubman*, 319 F.3d at 776 (citations omitted) (emphasis in original).

In *Taubman*, the defendant maintained a website about a shopping mall called The Shops at Willow Bend. The defendant registered the domain name "shopsatwillowbend.com." The plaintiff, the mall's corporate owner, filed suit against the defendant for trademark infringement and demanded that the plaintiff surrender the domain name. The plaintiff maintained official mall websites at "theshopsatwillowbend.com" and "shopwillowbend.com." The district court granted the plaintiff's motion for a preliminary injunction and barred the defendant from using the domain name. The Sixth Circuit reversed, finding that the plaintiff could not establish a likelihood of confusion between its websites and the defendant's website.

> [Defendant] has placed a conspicuous disclaimer informing customers that they had not reached Taubman's official mall site. Furthermore, [Defendant] placed a hyperlink to Taubman's site within the disclaimer ... Here, a misplaced customer simply has to click his mouse to be redirected to Taubman's site ... we find no likelihood that a customer would be confused as to the source of

Taubman's and [Defendant's] respective goods.

Id. at 777.

In the instant case, both of Kremer's websites include a prominent disclaimer. "This website contains information critical of the Bosley Medical Institute and is not affiliated with it in any way. The Bosley Medical Institute website is located at www.bosley.com." A person who intended to visit Bosley's official site and mistakenly accessed Kremer's websites has only to click upon the "www.bosley.com" portion of the disclaimer to connect to Bosley's official site. Further, the pejorative content at Kremer's sites would also immediately alert a visitor to the sites that he had not accessed Bosley's official site. The Court adopts the Sixth Circuit's reasoning in *Taubman* and concludes that Bosley cannot establish a likelihood of confusion.

D. Summary

Bosley cannot prevail on its federal claims against Kremer because it cannot prove commercial use or a likelihood of confusion. Bosley's claims for trademark infringement, trademark dilution, cybersquatting, and unlawful business practices each require Bosley to prove that Kremer made commercial use of Bosley's marks. All but the trademark dilution claim require Bosley to prove a likelihood of confusion between the parties' goods and services. No genuine issues of material fact remain with respect to Bosley's federal claims. Kremer is therefore entitled to summary judgment on those claims.

IV. Bosley's State Law Claims

Bosley alleges state law claims for trademark infringement, trademark dilution and unlawful business practices under California Business and Professions Code § 17200. Kremer moves to strike these claims under California's anti-SLAPP statute. Bosley argues that Kremer's motion is groundless because (1) the anti-SLAPP statute does not apply to trademark claims, (2) trademark claims do not fall within the statute's scope and purpose, and (3) Kremer's right to address matters of public concern does not include the right to post critical commentary about Bosley using its marks as a domain name.

Bosley contends that the anti-SLAPP statute does not apply to trademark claims. "Kremer's own authority acknowledges that the favored causes of action in SLAPP suits are

defamation, various business torts such as interference with prospective economic advantage, nuisance, and intentional infliction of emotional distress, which all have to do with the content of speech." *Pl.'s Opp'n* at 31 (citations omitted). Bosley cites no authority which states that the anti-SLAPP statute does not apply to trademark claims. The case it does cite, *e-Cash Technologies, Inc. v. Guagliardo*, 127 F.Supp.2d 1069 (C.D. Cal. 2000), does not bar this motion. The defendant in that case counterclaimed for cancellation of the plaintiff's trademark, trade libel, slander of title, unfair business practices, and unfair competition. The plaintiff moved to strike the counterclaims under the anti-SLAPP statute. The court determined that the plaintiff's anti-SLAPP motion was moot because the defendant voluntarily dismissed the speech-related counterclaims. Here, Bosley voluntarily dismissed its libel claim. Nonetheless, for the following reasons, the Court finds that Kremer's anti-SLAPP motion is not moot and that the statute's scope and purpose properly applies to Bosley's trademark claims.

The anti-SLAPP statute is intended to protect against an action arising from any act in furtherance of a person's right to free speech. *See Batzel*, 333 F.3d at 1024. Through this lawsuit, Bosley seeks a determination that Kremer's use of its marks violates federal and state trademark laws. Bosley also seeks an injunction prohibiting Kremer from "using the Bosley Marks *in any way* in connection with any website or business;" and from "using any other mark so similar to the Bosley Marks so as to be likely to cause confusion, mistake, or deception, or to dilute the value of the Bosley Marks, in connection with any website or business." *FAC* at 15 (emphasis supplied). Thus, the relief Bosley seeks would have a chilling effect on Kremer's free speech rights. As discussed above, Kremer is not making commercial use of Bosley's marks. Rather, his use of the marks in his domain names and websites is in connection with non-commercial critical consumer commentary, which is protected speech. *See Bally*, 29 F.Supp.2d at 1167 ("Faber is using Bally's mark in the context of a consumer commentary to say that Bally engages in business practices which Faber finds distasteful or unsatisfactory. This is speech protected by the First Amendment."). It is therefore imperative that Bosley's state law claims be tested under the anti-SLAPP statute to ensure that Kremer's free speech rights are not infringed through Bosley's prosecution of this lawsuit.

Thus, the burden shifts to Bosley to establish a reasonable probability that it will prevail on its trademark infringement, trademark dilution and unlawful business practices claims. The same analysis and elements apply in California trademark and unfair business practices claims as those that apply in federal trademark claims. *See Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1180 (9th Cir. 1988); *Avery Dennison*, 189 F.3d at 874. Thus, to prevail on its California trademark infringement and unfair business practices claims, Bosley would have to establish commercial use and likelihood of confusion. To prevail on its California trademark dilution claim, Bosley would have to establish commercial use. As discussed above, Bosley cannot prove either element. Bosley therefore cannot demonstrate a reasonable probability that it will prevail on the merits of its state law claims. Those claims must be stricken under the anti-SLAPP statute.

Conclusion and Order

For the foregoing reasons, the Court dismisses Plaintiff Bosley Medical Institute's First Amended Complaint with prejudice.

1. The Court **GRANTS** Defendant Michael Kremer's motion to dismiss, strike, and for partial summary judgment;
2. The Court **DENIES** Plaintiff's motion for summary judgment on its trademark infringement claim; and
3. The Court **DENIES** Plaintiff's motion for summary judgment on its trademark dilution claim.

The Clerk of the Court shall enter judgment in accordance with this Order.

IT IS SO ORDERED.

Dated: 4/29/04

WILLIAM Q. HAYES
United States District Judge

cc: Magistrate Judge Adler
All Counsel of Record